

Three Essential Insurance Covers to Rebuild One's Life

by Sasikumar Adidamu

Every natural catastrophe leaves behind a trail of massive destruction to life and property. It takes years for an individual to then get back to the financial condition that he had before the calamity. The total economic losses after any natural calamity, on average 10% are insured losses. In the last couple of years there has been a visible rise in the frequency of natural calamities. However, to secure yourself against the losses caused in the event of a natural calamity, it is imperative to be insured with the following 3 essential covers that could protect you, your loved ones and your assets against such losses and help you rebuild your life.

Personal Accident Cover

What if a natural calamity injures you severely and renders you incapable of earning an income? In such a scenario, if you have a term life insurance or health insurance policy, these will fail to trigger. What can salvage such a situation is a stand-alone Personal Accident (PA) policy. A term plan comes with a PA rider that provides a basic cover for only accidental death and permanent disability. Under a PA policy, total, partial and temporary disabilities are covered.

A ₹10 lakh personal accident death-only cover would cost you just ₹450 annually and ₹1,000 annually for a disability cover. The eligible sum insured for a PA policy is directly proportionate to your income and will be in the range of 100 to 120 times of your monthly income. This multiplier varies from insurer to insurer.

Home Insurance

A natural calamity can destroy or cause immense damage to the house and its contents, wiping away a person's life savings that he has invested in purchasing or building a house. If you are uninsured, the first cover



you must avail is home insurance.

A home insurance cover not only protects your home and its contents against damage due to fire and allied perils, burglary, robbery, theft, electrical mechanical breakdown of electrical, electronic and mechanical appliances, but also against natural calamities such as flood and inundation, earthquake, etc. Insuring a house worth ₹50 lakh would only cost ₹2,600 annually for an all risk cover. A policy that covers both the house for ₹50 lakh as well as its contents for ₹5 lakh against all perils would come at an annual premium of ₹7,000.

Motor insurance

The motor insurance policy would help you overcome the financial burden caused by damages due to flood etc. However, the policy would not pay for any aggravation of loss or damage to engine caused by cranking of the engine after the entry of water. Availing add-on covers would come to your rescue in such scenarios. By availing the Engine Protector add on cover, any engine-related damage due to inundation or seepage of water into the engine could be recovered, while a Depreciation cover would take care of the complete repair and replacement cost. Another essential add on cover is 24*7 Spot Assistance, which would provide round-the-clock roadside assistance and benefits.

(The writer is Chief Technical Officer, Non motor, Bajaj Allianz General Insurance)