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Mobile phone insurance biz likely to get a boost this year

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WITH the increase in the number of smartphones in the market, phone insurance services are expected to take off this year. Telecom service providers, device makers and distribution companies have started to push the plans to secure expensive phones, which is now a necessity for many for communication, entertainment and other purposes, including banking.

"Phones are the first and primary computing devices for a lot of people in India. Even if they are otherwise, the devices are an important part of our lives for

communication and entertainment. Devices are getting more and more sophisticated and the obvious thing to do is to secure them against theft and damage. Insurance services for phones would catch up much sooner than later," says Arvind R Vohra, country chief executive officer and managing director of Gionee India.

Recently, IT products distributor Ingram Micro launched a value-added insurance plan for smartphones and tablets. Starting at Rs 499 (right from devices that cost less than Rs 5,000), depending upon device's official retail price, the 'cover plus' offer benefits including multimedia

downloads and anti-virus protection besides insurance. The comprehensive insurance package is backed by the Oriental Insurance Company. It covers contingencies caused by accident, liquid, theft, burglary, fire and tempest. The other benefits also include free insurance for the first year; high residual value for the handset; protection against SIM misuse in case of theft, with coverage up to Rs. 1,000, and mobile bill protection against job loss in case of retrenchment, through which the user can avail of up to Rs 3,000 per month for three months.

Felix Wong, president at Ingram Micro, says: "Having strongly established our



presence in distribution, logistics and service management, offering value-added services, which are still at a very nascent stage, is the next logical step for us. As mobility becomes mainstream, we have identified a growing trend for increasing gadget protection. We seek to address the same with the cover plus, which comes bundled

with free insurance. Most of the mobile-insurance market is still unorganised with regional or city-specific players."

Different companies are offering mobile insurance products. For instance, under the Syska gadget secure product, one can cover basic phones costing Rs 4,000 to devices valued at around Rs 1 lakh (iOS) for risks like theft and damage.

R Suresh Nair, head, product development, Bajaj Allianz General Insurance, says, "We cover mobile phones under our my home all risk policy. It's a comprehensive insurance offering which protects not only the home, but also the belongings inside it, against risks

like fire, burglary and natural calamities. Mobile phones fall under the portable equipment segment. Compared to the past, customers are now choosing to insure domestic appliances as part of the policy."

State-run New India Assurance Co. also offers a policy for mobile phones that provides cover against fire, riot, strike, malicious damage and terrorist activities, theft, accident and fortuitous circumstances. The insurance cover provides compensation equivalent to the cost of replacement of the instrument by a new instrument of the same specification and same capacity, including all taxes and duties.

Chinese phone maker Xioami recently has launched Mi Protect plan, costing between Rs 275-499 for one-year validity, which offers Mi phones and tablets protection against any kind of accidental and liquid damage. Besides, it also offers SIM misuse insurance cover of up to Rs 3000 among other benefits.

Most standalone mobile insurance products cost anywhere between Rs 100-3,000 depending on handset value. "Some companies had launched mobile phone insurance plans by tying up with insurers some years back but complaints have been reported of difficult claim process. Thats a problem in case insured

phone gets stolen as police officials do not readily agree to mention in report that its stolen," said an insurance broker. According to MarketReportsHub.com, the global mobile phone insurance market is expected for account for nearly \$31 billion in revenue by the end of 2015.

The market is further expected to grow at a CAGR of nearly 10 per cent over the next five years, eventually accounting for over \$48 billion in revenue by the end of 2020.

(With inputs from
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