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# Three essential insurance covers for natural calamities

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EVERY natural catastrophe leaves behind a trail of massive destruction to life and property. It takes years for an individual to get back to the financial condition that he had before the calamity. Be it the recent Chennai floods or similar natural catastrophes in the past, the trend remains the same. If we reflect at similar incidents in the past, of the total economic losses after any natural calamity, on average 10% are insured losses. In the past couple of years, there has been a visible rise in the frequency of such natural calamities. Life and health insurance policies generally feature in most of our financial security portfolios. However, to secure yourself against the losses caused in the event of a natural calamity, it is imperative to be insured with the following three 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 standalone Personal Accident (PA) policy. A term plan comes with a PA rider that provides a basic cover for only accidental death and permanent disability. Also, such a rider offers a restricted cover. Standalone PA policies are benefit policies that will provide a cover for accidental disability or death, while also compensating you for loss of income incurred in the course of recovery. Under a PA policy, total, partial as well as temporary disabilities are covered.

A Rs 10-lakh personal accident death-only cover would cost you just Rs 450 annually and Rs 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 not insured, the first cover you must avail is home insurance. If you have already availed a policy for the structure, it is equally important to be adequately insured by enhancing your policy and extending the cover to the contents of the house as well as which would include

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, earthquake, etc. It also provides cover against acts of terrorism

your furniture, fixtures, electrical, electronic and mechanical appliances, clothes and sanitary fittings etc.

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icy that covers both the house for Rs 50 lakh as well as its contents for Rs 5 lakh against all perils would come at an annual premium of Rs 7,000.

New age home insurance covers allow you to avail the policy with minimum documentation. For instance, one does not need to submit a list of documents for contents worth Rs 5 lakh and above.

## Motor insurance add-on covers

During floods, your vehicle could be damaged due to entry of flood waters or it could be washed away by floods or damaged due to impact caused by collapse of compound walls or falling trees and branches.

You could also incur expenses for cleaning of the vehicle due to mud or water deposits. The motor insurance policy would help you overcome the financial burden caused by these damages. 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 to the vehicle 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 24X7 Spot Assistance, which would provide you round-the-clock roadside assistance and benefits, ranging from that for a flat tyre, towing assistance, even medical co-ordination and legal help, if required.

Availing a healthy mix of adequate covers would not only complete your umbrella of financial security against most unforeseen situations, but also ensure that you do not have to rebuild your life from scratch if you are affected by natural disasters.

The author is Chief Technical Officer (non-motor), Bajaj Allianz General Insurance. The views expressed in this article are his own.