

[Joshimath Ground Report: Victims demand loan moratorium; insurance claims denied](#)



Mahatma Singh Pawar is one of the victims of the Joshimath crisis. Pawar has been running the guest house in the holy town since 2018.

Mint viewed his six-room guest house and saw that every single room, washroom, as well as kitchen, have developed approx 4 cm of cracks. Pawar said the cracks developed 4-5 days ago, and they are widening day by day. Pawar sniffled and said he has a loan of ₹ 20 lakh to pay. In the past few days, Pawar has earned only ₹ 100 each day from his restaurant which is located on the ground floor of his guest house.

“We abided by every single norm while constructing this guest house. We had received administration approval. But no one is helping us on vacating the house,” he said.

"We went to State of Bank of India (SBI), demanding loan moratorium, but were denied. Banks and insurance companies have told unless their roof fell down, nothing can happen," Pawar and his wife said while tears raced down their cheeks.

In Joshimath , there are approximately six to seven banks, including Public sector banks and corporate banks. Like Pawar, there are several businessmen, restaurant owners, and shopkeepers who have taken lakhs of loans from the banks and many are paying premiums to insurance companies.

Atul Shah, another victim of the land subsidence, who was seen near Bolero car with items of luggage said, "I am leaving the city as nothing is left here. I am going to Dehradun in search of a safe accommodation for my family". He says he has an emergency fund of six months and a loan of ₹ 10 lakh as he wipes his cheeks.

"I don't understand why we are not getting relief from the banks' side. So many people have loans to pay but when our sources of income are crashed then how will pay to the banks," striking a tone of anger, Shah questioned the government.

Uttarakhand Chief Minister Pushkar Singh Dhami on 11 January, announced interim assistance for the affected people, who are demanding compensation. CM Dhami has said that the compensation will be given in accordance with the market rate, which will be ascertained after taking all the stakeholders into confidence. On Wednesday, the Uttarakhand government announced interim assistance of ₹ 1.5 lakh to the victims.

Mint spoke with some of the insurance experts to understand the criteria of claim settlement in case of land subsidence. And, if the government demolishes a building due to safety issues, are insurers liable to pay.

EXPERTS OPINION

Is land subsidence covered under insurance?

Anil Varma, Managing Director, Construction & Property Insurance, Howden Insurance brokers India, said that land subsidence is a standard cover available under various property policies in India such as Standard Fire & Special Perils Policy, Bharat Griha Raksha, Bharat Laghu Udyam Suraksha, and Bharat Sookshma Udyam Suraksha Policies . This subsidence leads to normal cracking, settlement, or bedding down of new structures caused due to river / coastal erosion or groundworks or excavations. Such damage to the buildings attributable to subsidence gets covered under insurance policies.

Varma added, "the proximate cause of such subsidence needs to be proved to the Insurance company for any loss to be payable under Insurance. In such losses, the surveyors are appointed by the insurers who help ascertain the cause of subsidence considering the 'Act of God', perils, excavations, tunnelling work or corrosion of riverbeds or movement of the made-up ground".

On what basis can claim settlements happen in the case of home insurance?

The Insurance Regulatory and Development Authority (IRDAI) has standardised the Home Insurance product, named Bharat Griha Raksha Insurance. This is a comprehensive product which offers various covers for landslide, subsidence, inundation and malicious damage.

Varma said, "The cost of reconstruction of the building is paid in addition to the cost of repair of contents up to 20% of the sum insured subject to a maximum of ₹ 10 lakhs, if opted".

If the government declares a building "unsafe", in such cases, are insurance companies liable to pay the amount to a policyholder?

Gurdeep Singh Batra, National Head - Retail Non-Motor Underwriting, Bajaj Allianz General Insurance told Mint that in the current case of landslide subsidence at Joshimath, it stands covered under Bharat Griha Raksha Policy as covered peril under policy. However, there's a caveat to it. If the government orders demolition without any damage from covered peril under policy, then same may need to be reviewed in light of govt notification, if any.

In cases of heavy cracks and damage that have occurred at Joshimath's buildings and the government declares the building unsafe to dwell in or is risking the lives of others, issues such a notification which has a mention of such a peril covered under policy, then in that case, the insurers will be liable to pay, based on assessment.

Amit Ganorkar, President & Chief Operating Officer, Tata AIG General Insurance Co Ltd told Mint, "In case the insured home suffers a direct physical loss or damage due to subsidence of land on which the building is standing, coverage under Tata AIG's home insurance policy will be provided.

"Home insurance policy includes coverage for physical damage to the insured Home caused directly due to subsidence of land and landslide/Rockslide. Other situation will not be covered," Ganorkar said.

According to Varma, insurance companies do play an important role in indemnifying the damages to insured structures, suffered due to such 'Act of God' perils. "For all the insured properties, the insurance companies do pay the expenses incurred by the insured for demolition, removal of debris, and reconstruction of their damaged houses. There are covers available with Insurers for loss of revenue sustained due to such events. However, in a circumstance where the policyholder is no more, their legal heirs do have the right to claim damages sustained to the insured property".