

[As floods become a recurring threat, here's how to insure your home from natural calamities](#)



Having comprehensive home insurance is essential to protect your home from all natural calamities including flood.

When water enters your premises, whatever is damaged, from flooring to paint, most contents is covered.

If your house is totally damaged, the insurance company pays you for up to the extent of the sum insured, or the actual cost of re-construction, whichever is less. While petrichor, the pleasant smell that frequently accompanies the first rain, always brings a smile on everyone's face after a sweltering summer, excess rainfall is a pain in itself when situations like floods arise. It could be Mumbai one year, Chennai or Bangalore the next. This year, the Himalayan states of Himachal Pradesh and Uttarakhand have faced the brunt with entire homes and roads getting washed away. The national capital of Delhi and its neighbouring areas are also grappling with rising water levels in the Yamuna. While natural calamities like floods happen unexpectedly, you can get your home insured against all natural calamities, especially floods. As of date, in India, home insurance penetration is abysmal, and is not as popular as other forms of insurance.

"However, it is one of the most important investments in your life. You should consider safeguarding your home with adequate insurance cover especially if your house is in flood or earthquake-prone areas," says Tarun Mathur, Chief Business Officer, General Insurance, Policybazaar.com, an insurance aggregator.

Understanding home insurance - what is covered

Home insurance covers you from natural calamities (earthquakes, floods, explosions, lightning, storms, volcanic eruptions etc.), man made hazards (theft, burglary, riots and terrorism) and accidents (fire and allied perils, electrical breakdowns, and damage caused by collision by any physical object such as falling trees, vehicles or walls etc.). So, if you have home insurance, you are covered from all the risks mentioned above.

“Under home insurance, there are typically three kinds of options available that one can choose,” says Vivek Chaturvedi, chief marketing officer and head of direct sales, Digit Insurance. They are the following.

Building-only cover: This cover protects the physical structure of the building and only covers the net usable area (carpet area), excluding any area covered by the external walls, areas under service shafts, balconies, verandah areas, and any exclusive open terrace areas, but including the area covered by the internal partition walls of the residential unit.

Content-only cover: Under this cover, one can protect the personal belongings of the house, which includes any content that is not permanently attached or fixed to the structure of the house. All household items such as furniture, electronic goods, and kitchen equipment are protected in this plan.

Comprehensive cover: This cover provides overall protection to both the building as well as the contents of the house and also provides optional coverage against equipment breakdown, burglary, etc.

Hence, one should go for a comprehensive cover. “It is recommended that homeowners should buy a policy under which the structure and the contents inside the home are insured under the canopy of a single home cover. This will not protect the building or the structure of your home but it will also cover anything within the premises,” says Mathur.

If you have a comprehensive home insurance cover, your house is protected from floods. We take a look at two different situations of flood damage and how it is covered.

What happens when your home is damaged by flood waters?

The first one is partial damage. Says Gurdeep Singh Batra, national head, retail, non-motor underwriting and coinsurance, Bajaj Allianz General Insurance, “It is partial damage when water enters your premises. Whatever is damaged- the flooring of your house, the walls of your house, the paint that has got damaged due to flood waters, and whatever contents damaged due to flood water is covered.”

He adds in the case of household content damage, you will be covered adequately. For example, if you have household goods worth ₹5 lakh in your house, you cannot insure for ₹1 lakh and get a coverage of ₹5 lakh. You will be covered to the extent of the sum assured depending on the damages. The damage to the building will also be adequately covered with a rate of depreciation that will apply, subject to the sum assured.

What happens when your home is totally destroyed or washed away by a flood

In the case your house is totally destroyed by flood or washed away, here is how the coverage works. “We will pay to rebuild the house, up to the extent of the sum insured or the actual cost of reconstruction, whichever is less. However, we must understand that home insurance does not cover the cost of land and only covers the cost of construction of property, “ says Nikhil Apte, chief product officer, product factory (health), Royal Sundaram General Insurance.

The insured does the estimation of losses with help of an engineer, the insurance company's certified surveyor then evaluates these losses, and accordingly pay-outs are done.

How much does home insurance cost?

Home insurance premiums will depend on various factors like sum assured, coverage, and so on. We take a look at the premiums of some major insurance companies.

POLICY TERM	SUM INSURED	RELIANCE GENERAL INSURANCE		BAJAJ ALLIANZ GENERAL INSURANCE		SBI GENERAL INSURANCE	
		Premium		Premium		Premium	
(In year)		(W/o GST)	(Incl. GST)	(W/o GST)	(Incl. GST)	(W/o GST)	(Incl. GST)
1	₹5 crore	₹1,025	₹1,210	₹1,400	₹1,652	₹1,405	₹1,658
2	₹5 crore	₹2,050	₹2,419	₹2,300	₹2,714	₹2,700	₹3,186
3	₹5 crore	₹3,075	₹3,629	₹3,450	₹4,071	₹3,930	₹4,637
4	₹5 crore	₹4,100	₹4,838	₹4,600	₹5,428	₹4,460	₹5,263
5	₹5 crore	₹5,125	₹6,048	₹5,750	₹6,785	₹6,375	₹7,523
6	₹5 crore	₹6,150	₹7,257	₹6,900	₹8,142	₹7,470	₹8,815
7	₹5 crore	₹7,175	₹8,467	₹8,050	₹9,499	₹8,435	₹9,953
8	₹5 crore	₹8,200	₹9,676	₹9,200	₹10,856	₹9,440	₹11,139
9	₹5 crore	₹9,225	₹10,886	₹10,350	₹12,213	₹10,350	₹12,213
10	₹5 crore	₹10,250	₹12,095	₹11,500	₹13,570	₹11,500	₹13,570

Add-ons to consider when buying home insurance for complete peace of mind

There are some add-on covers you may consider in your home insurance to give you additional protection in case of flood. “You may choose an add-on cover for portable electronics which are

usually not covered in standard home insurance plans. For instance, while a TV, or a refrigerator may be covered in a standard policy, a laptop or a phone would most likely not be covered,” says Mathur.

You may also go for a new for old cover. By opting for this feature, you would ensure that the insurer would replace any such items with new ones instead of reimbursing their depreciated value.

Finally, you may opt for the alternate accommodation add-on. Let's say your home gets damaged in a natural calamity or a man-made disaster. Since you had a home insurance plan, you need not worry about the cost of repairs as the insurance company would take care of those.

However, during this traumatic time, you would need to find another place to live till you get the repairs done. This could add to your agony. “By opting for the alternate accommodation add-on with your home insurance policy, you can ensure that you can simply move to an alternate accommodation on rent which would be paid for by the insurer. In essence, the insurance provider would pay for both the cost of repairing your house and finding you replacement housing during that time,” says Mathur.

Homeowners and tenants: What they need to keep in mind

When one is considering purchasing a home insurance cover, it is essential to understand certain aspects of the product as the plan differs depending on the ownership.

“For individual homeowners, it is advisable to opt for comprehensive coverage as it protects both the building and the contents of the house. On the other hand, if you own a flat in an apartment, then the housing societies should ideally get the structure insured,” says Chaturvedi. The flat owner then will only have to insure the contents of the house. In case the building isn't insured, then one can buy a cover individually as well to protect the structures of their flat.

However, if you are a tenant living in an apartment or an independent house, then you may only consider 'content-only' insurance cover that protects all your belongings in the house.