

SECTOR WATCH

INSURANCE

Flood-damaged cars: What kind of insurance cover should you go for?

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MANY PARTS of northern India are facing heavy rainfall leading to waterlogging, landslides and road cave-ins. Several areas, including plush localities in cities, are partially submerged in water, causing damage to properties, cars and two-wheelers. The extent of damage will be known once the water recedes. For car owners, whose vehicles are damaged by floods, repair costs can be an expensive affair. However, with proper insurance coverage, one can recover a significant portion of that cost.

Do all car insurance policies cover flood-related damages?

"A comprehensive policy covers all types of accidents due to fire, flood and theft," says T A Ramalingam, Chief Technical Officer, Bajaj Allianz General Insurance.

Comprehensive car insurance policy provides cover for all damages due to floods, subject to depreciation on the basis of the age of the car. For all plastic and rubber parts, a 50 per cent depreciation is applicable, which means only half of the total repair cost will be reimbursed and the policyholder would have to bear the balance amount. However, a standalone comprehensive car insurance policy may not protect against all the damages.

Can an insurance company deny claims related to flood damage?

Though basic comprehensive car insurance policy

provides coverage for all flood-related damages, insurance companies can refuse to reimburse if there is damage to the car due to the driver's intentional action.

"If your car is parked in a basement and it gets drowned, and you report directly to the insurance company and tow it to a service centre or garage then there is no problem. But if you try to start your car after it was drowned, then your engine will go into hydrostatic lock. In that scenario, the insurance company will not cover the engine failure because it

is consequential damage due to an intentional action," says Nitin Kumar, Business Head - Motor Insurance, Policybazaar.com.

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What types of car insurance cover should one opt for?

With changing weather patterns, unplanned development and inadequate drainage systems, many cities are unprepared for extremely heavy rainfall and resultant floods.

While buying a car insurance cover, one should keep in mind these rising instances of heavy downpours. Along with a standard comprehensive car insurance plan, one should go for add-on covers such as zero depreciation and engine protection cover.

"We advise all our customers that they should not start their engines when stuck in a waterlogged area. The moment you start your engine and water gets in, it gets blocked and damaged," Bajaj Allianz General Insurance's Ramalingam says.

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