

Home insurance grows at over 10%

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Chennai: Home insurance in India which has always grown at less than 2% is now seeing a more than 10% growth with a large chunk of business coming in from bancassurance channels, say industry players.

Mortgage lenders are pressing borrowers to sign up home insurance in a bid to de-risk the asset, thereby pushing up penetration levels.

"We see on average 6,000-7,000 policies a month from our banking partners. So that would mean we'd see up to 85,000 policies a year from bancassurance channels. We do see some amount of business from individuals, who are interested in insuring their houses and household content, but nearly 95% of business is because banks mandate insurance as a pre-requisite," says M Ravichandran, president-insurance, Tata AIG General Insurance Co.

SAFE NEST

➤ **Home insurance usually covers** the taker against financial liabilities from damage to home from natural or man-made reasons.

➤ Add-on covers like **burglary, theft, earthquake, terrorism can be bought for specialized protection**



➤ Household items like **domestic appliances television, refrigerator, air conditioner, washing machine and valuables like jewellery can also be insured**

➤ **Contractors can take an all risk policy** for new development projects

With bigger realty projects kicking in, home insurance is getting a boost.

Realtors are taking insurance to protect the investment of their backers/promoters and this coverage gets passed on to the building society on completion.

"While the building society takes insurance for the entire structure, the insurance of individual flats also becomes easier once there is that opening wedge," says Tata AIG's Ravichandran.

When the intense flash flo-

ods in Chennai (last December) led to losses of at least \$2.2 billion and insured losses of up to \$755 million, many homes in the city suffered severe and irreparable damage.

"But a majority of the claims we settled were from industrial houses and individual motor policies. Only a handful of home insurance claims were settled," says a United India Insurance Co official.

While insurers did receive a lot of enquiries post-floods on home insurance, none of them converted into measu-

rable sales in the last six months.

"We were fielding quite a few calls post-floods from concerned citizens. But it did not really translate into more policies being underwritten," says Tata AIG's Ravichandran. It is difficult to ascertain the exact home insurance volumes as neither IRDAI nor any other industry body compiles data on this sector, say industry players.

Insurers are also trying to drive home insurance, by simplifying their product offering. "We are trying to increase awareness, simplify products and have seen a 40% growth in the number of home insurance policies sold in 2015-16 compared to 2014-15 as well as a similar growth in premium," says Sasikumar Adidamu, chief technical officer, non-motor, Bajaj Allianz General Insurance, while adding that the company had also seen a 14% growth in its property insurance policies.