

Home insurance covers damage to neighbours

Some schemes offer this cover as part of the main policy, while in others it has to be purchased as an add-on

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In the recent fire at BeauMonde Towers in Mumbai, famous for housing actors and other celebrities, many properties were damaged. Given that the properties are quite expensive, around ₹160–480 million, repairs would cost a significant amount. This is where home insurance can come in handy. But before investing in such a policy, it is necessary to understand what it covers and what it doesn't. And also, the policy holder must know how to respond in case an incident like this happens.

Most policies cover risks such as fire, storm, cyclone, explosion, riots, impact damage and malicious damage. A home insurance cover provides protection to both the structure of the house and the contents within it. "While the building insurance cover allows rebuilding of the damaged portions of the insured house, the contents cover helps to replace damaged items such as furniture, fixtures and electronic appliances," says Nikhil Apte, chief product officer, Royal Sundaram General Insurance.

If a fire breaks out in your house, inform the insurance company at the earliest. Take photos of the damaged parts as this helps in the claim process. Your insurer could ask for additional documents,

which you will need to provide with the claim form. "In case of damage to the structure, you will need to submit a report made by an authorised architect to quantify the loss," says Tarun Mathur, chief business officer, General Insurance, Policybazaar.com. The insurer could appoint a surveyor to assess the damage. Once the claim is validated, the insurer will reimburse you. If you get the damage repaired yourself, keep all the bills and receipts as you will have to provide these to the insurer for making a claim.

If a fire in your house causes harm to your neighbour or any other third party, the insurance company will cover the damage to them too. Liability cover states that any bodily



HOME INSURANCE PREMIUMS

Insurance company	Bajaj Allianz General Insurance	HDFC Ergo General Insurance	Royal Sundaram General Insurance	Future Generali General Insurance
Plan	Standard Fire & Allied Perils	Standard Fire	Gruh Suraksha	Standard Fire & Allied Perils
Premium (structure only)	2,655	4,012	3,150	1,909
Premium (content only)	7,670	3,634	3,204	2,951
Premium (structure + content)	10,325	7,646	6,354	4,860
Earthquake	Covered	Covered	Covered	Covered
Fire & Allied Perils	Covered	Covered	Covered	Covered

*Premiums are for sum insured of ₹5 million for structure and ₹1 million for content
Source: Policybazaar.com

injury or damage caused to a third person on your premises or by you is liable to get cover. It also includes damages done to third-party property. A home insurance policy also takes care of any legal liabilities in the case of damage caused to a third person or property, on the insured's premises or by them," says Naval Goel, chief executive officer and founder, PolicyX.com.

A few home insurance policies provide third-party cover as an add-on cover. In such policies, a public liability add-on cover is needed to cover third-party injury or third-party prop-

erty.

Other add-ons offered with home insurance cover are employee's compensation cover (for injured driver, cook or guard), temporary resettlement cover (cover for alternative accommodation and transport), loss of wallet and key cover. "Neighbours sometimes sue the owner of the house from which the fire emanated. In such a scenario, the public liability cover under the home insurance policy pays for the damage done to the neighbouring houses," says

Sasikumar Adidamu, chief technical officer, Bajaj Allianz General Insurance.

Premium rates of home insurance policies depend on factors like the type of construction, protection systems available and claim history. The annual premium for a sum insured of ₹5 million for the structure and ₹1 million for the content of the house is around ₹3,000-5,000.

The extent of compensation depends on whether the house is adequately insured. "Damage to the building as well as the common area is settled on either market value basis or reinstatement value basis, which the insured selects at the time of buying the insurance cover," says Mahesh Balasubramanian, managing director and chief executive officer, Kotak General Insurance.

When a claim is settled on market value basis, the appointed surveyor assesses the claim by first calculating the cost of repairs and then applies a depreciation factor, depending on the age of the building. In case of settlement on reinstatement value basis, the claim is settled without adjusting for depreciation. The latter type of cover costs more but is preferable.

YOUR MONEY

