

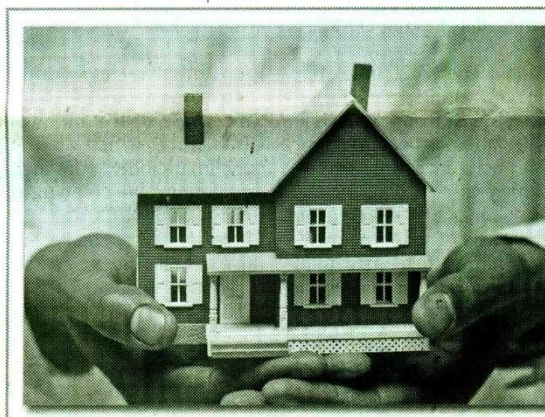
Major chunk of home insurance enquiries don't turn into policies

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EVERY natural or man-made calamity is a wake-up call. The perils of a disaster increase the risk perception of a homeowner. He makes enquiries about insuring his home and contents, but this hardly translates into home insurance policy. Of the total number of enquiries received through various channels after a natural disaster, hardly one-third gets converted into policies, says Sasikumar Adidamu, chief technical officer, non-motor insurance, Bajaj Allianz General Insurance. A survey done by the company also showed that while 75 per cent of respondents were aware that home insurance was essential, only 30 per cent had home insurance for either their home or its contents.

According to him, people are not very comfortable with the way home insurance products are structured and many find it difficult to understand the clauses of the policies and the jargons of insurance. "Most of the home insurance products want all the products in the house along with specifications like price, year of manufac-



Ground reality

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- Compared to health or motor insurance, the level of awareness in customers on home insurance is low
- As per a recent survey, only 30% of Indians have insurance for either their home or its contents

turing and capacity. People get tired about the listing process and leave the job in between," he said. Many policies insure the building based on the construction value, which would be much lower than the current market value and in case of products depreciation eats away a major chunk of the value.

"There are apprehensions about purchase, renewal, payment of premium and claim settlement procedure for home insurance. People mostly perceive it as an expensive financial investment. Most people are not adequately informed about the coverage that different types of home insurance policies

offer,' said Subrahmanyam B, head, health and commercial underwriting, product development & reinsurance, Bharti AXA General Insurance. The level of awareness among customers on home insurance is low in comparison to health or motor insurance. In such a scenario agents too tend to push the health or motor policies more than home, he added. As a result, home insurance penetration in the country is at a dismal 0.07 per cent. However, natural calamities largely see a spurt in the number of policies, despite lower conversions.

After the recent Nepal earthquake, Bajaj Allianz

saw the number of policies moving up to 22,200 in May this year compared to 5300 in April. Once the media reports about the natural calamity stops, people return to complacency and the numbers too get back to earlier levels. Adidamu believes that simpler products will help growth in the segment. According to him, after Bajaj Allianz launched its new home insurance product it has seen the segment grow several times higher than the previous year. The product insures buildings on agreed value and does not require listing of products up to a cover of Rs five lakh.

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