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India Inc not covered, but insurers could be hit

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Mumbai: Most corporates have no insurance protection against coronavirus, since an add-on cover for business interruption has been avoided by them. Insurance brokers are asking corporate clients to re-examine their policies in light of the new risks.

“The property insurance in India and globally excludes the non-damage risk for business interruption,” said Sanjay Kedia, MD of Marsh India, the world’s largest insurance broking firm. In India, business interruption cover is sold in the form of a ‘loss of profit’ policy, which provides compensation for a shutdown of plant and machinery.

“Only specialised insurance products which are not common may have non-damage insurance for a business interruption for businesses. So, most corporates who have supply chain risk issues due to coronavirus are currently exposed to this risk and losses,” said Kedia.

NEW RISKS

For individuals, their medical insurance policies generally cover all hospitalisations, barring those excluded. Insurers are also likely to face liability on account of claims due to event cancellations.

According to Mohan C R, national head of property and risk management at Bajaj Allianz General Insurance, most of the ‘loss of profit’ policies will not be covering supply disruptions due to the virus outbreak. “However, there could be a business impact if there is a damage claim and replacement parts are to be sourced from China,” he said. In such a situation, the insurance company can help the company to source the parts from other markets where they might be available even if it is at a slightly higher price.