

Spike in banks seeking cash insurance cover

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There is a spurt in cash insurance, thanks to demonetisation.

The trend is visible in bankers' indemnity insurance, and cover for cash in the possession of bank branches and cash in transit, according to insurers.

"There is a significant jump in requests for cover for bankers' indemnity and others for amounts which are 400-600 per cent higher than before the demonetisation last week," Sasikumar Adidamu, Chief Technological Officer-Non Motor, Bajaj Allianz General Insurance, told *Business-Line* on Tuesday.

In some cases, the amounts in banks which are sought to be covered go to as high as ₹1,000 crore, he added.

Cash in transit

So is the case with cash in transit insurance. This is generally bought by cash management service providers and by some banks which need to replenish ATMs from time to time. "We have got phone calls from the first set of our customers seeking cover for higher amounts of cash in transit right after the announcement by the Prime Minister withdrawing ₹500 and ₹1,000 notes," Sushant Sarin, Senior Vice-President, Commercial Lines, Tata AIG General Insurance, said.

In view of the massive rush at ATMs, banks are replenishing them at frequent intervals and also in higher amounts. This poses security risks, especially in rural areas. There are 2.1 lakh ATMs across the country.

"The fear of moving huge amounts of cash without any insurance has certainly been a concern for us and slowed down the process in rural areas as only our head office can take a call on going for higher cover and moving cash without shield of insurance," a senior official of Telangana Grameen Bank said. The business opportunity, however, may not be huge for insurers as the spurt is expected to be a short-term phenomenon.