

After the floods, a boom in the insurance sector

Firms report rise in business as residents hurry to protect their belongings

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CHENNAI: In the aftermath of the December floods, insurance firms have witnessed a 40-50 per cent increase in policy sales in Chennai and the surrounding areas. "Call it 'fear psychosis' or 'being extra cautious', Chennaiites have become more alert when it comes to protecting assets. If you rewind back to a few months ago, the insurance claims touched Rs 5,000 crore after the floods," an insurance analyst pointed out.

The total losses due to the floods were estimated to be at least \$2 billion. Insured losses were \$0.8 billion, making the floods the second costliest insurance event in India on sigma records. "A large part of the losses originated from commercial lines as Chennai is home to many manufacturing companies, particularly in the motor industry," according to an analysis by Swiss Re on natural catastrophes and manmade disasters in 2015.

While individuals are opting for household insurance and motor insurance, industries are covering their properties under fire policy, machinery insurance and motor insurance. According to Bajaj Allianz General Insurance, their home insurance portfolio has grown by 30 per cent since the floods. The premium generated has also substantially gone up by 124 per cent post the floods



SAFETY FIRST: There has been a major spike in the number of people opting for home insurance, industry experts say— FILE PHOTO

PREPARING FOR THE MONSOON

IS CHENNAI READY?

in December. Sasikumar Adidamu, Chief Technical Officer, Non motor, Bajaj Allianz General Insurance, said, "From January to December 2015, the company saw a month-on-month rise of 25 per cent in its home insurance premium and a 12 per cent increase in the number of home insurance policies sold in Chennai and surrounding areas."

A senior official from The New India Assurance Company Limited said that most of the individual houses were insured only for the depreciated value or cost incurred by them at the time of construction many years ago. "Hence, they could not get full claim for their loss as

the property was not insured for the current re-instatement value. House owners are now opting for renewing the policy on present replacement value to make sure they get full protection," the official added.

Industries are also taking add-on covers such as removal of debris, architect fees, temporary removal of stocks, loss of rent and additional rent for alternative accommodation during the event of any loss. The MSME sector, where more than 14,000 units suffered losses to the tune of Rs. 11.8 lakh, is also opening doors to insurance firms.

"Before the floods, most of the industries financed by banks insured their property only to the extent of their loan amount. They are moving towards re-visiting the value for which their proper-

ty was insured and revising insurance for the current value," said an official from New India Assurance. "Entire assets including the compound wall are insured and more emphasis is given to adequacy of insurance. They are now cautious enough to get comprehensive cover for the full value of their property."

Insurance agents agree that business has boomed after the floods. Madhavan, an insurance agent in T.Nagar, said, "In the last six months, I have enrolled people for various policies and my business has increased by 200 per cent post floods. Customers are looking at comprehensive coverage that would include their appliances. People are also willing to shell out more from their pocket for the premium," he added.

