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[All you need to know about home insurance](#)

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- Most people realize the importance of home insurance only after they have suffered uncertain losses.
- One who builds or buys a home, which is a permanent asset, can face financial losses if not adequately protected.



The premium for home insurance can be as low as ₹5 per day. Photo: iStock

We painstakingly build our dream home and take measures to protect our loved ones by installing security doors, cameras or essential locking systems. Most of us, spend most part of our lives paying our home loans but forget to take one essential protection measure, which is home insurance. This cover safeguards your home against unknown adversities that can cause substantial financial losses.

Overall insurance penetration in India is less than 1% and the contribution of home insurance is even lower.

Who can buy and what is covered?

Anyone who is the owner or occupant of a property, including tenants, can purchase a home insurance policy. The policy can also be bought by organizations or firms who are owners of a property that is being used for residential purposes by employees, partners or other invitees.

Home insurance provides coverage against fire and allied perils, burglary, theft, terrorism, and among others, for the building, contents, jewellery and valuables, curios and works of art.

Additionally, those staying on rent can buy insurance for contents they own, as assets are also valuable and any damage to them can lead to financial loss. Owners can also opt for loss of rent cover, which helps in case your rental property gets destroyed due to some peril, and your tenant vacates it and you stop receiving rent.

Some home insurance policies also give customers an option to buy a policy for a period as low as a day to a long-term period of up to five years.

Why is home insurance important?

Security against natural calamities: One of the biggest losses in any natural calamity is the loss of one's home. During such calamities, a drastic difference has been noted between the actual economic loss and insured losses.

During natural calamities, damages to homes, properties, assets are substantially large, which are either insured or not insured. The losses that are insured by the policyholder are insured losses.

Thus, opting for home insurance can shield not only the structure of your house but also the contents.

Protect content, valuables and portable equipment: Under home insurance, an individual can insure the contents at home such as appliances, furniture, clothes, portable equipment like cellphones or laptops. Valuables like your jewellery can be separately covered under home insurance as well. You can also insure your jewellery that you are wearing not just at home, but also while travelling anywhere in the world.

Covers risk arising due to fire and theft: In case of incidents such as fire, a home insurance policy not only helps you with the cost of construction, as per your policy's terms and conditions but also offers add-ons such as resettlement cover for situations when you need to relocate due to severe damages at your home. In case of a theft in an insured's home, a home insurance policy can cover stolen or damaged contents as well.

Protection against liabilities: At times, physical or property loss of a third person caused by some accident at your home, such as a cylinder blast or perhaps a repair activity may cause a loss to your neighbour's property. All such contingencies can be effectively covered under home insurance by opting for public liability coverage.

Flexible valuation: Home insurance provides you the flexibility to choose between three types of cover. One, on an agreed value basis, where the loss is settled by the insurer on the value of the property or content agreed by the insured at the time of purchasing the insurance policy. Two, reinstatement basis, where the insurer will settle the loss by replacing the damaged property or item with a new one. Three, indemnity basis where the insured will get the compensation as per the market value of the house or item damaged after deduction for wear and tear.

Add-on covers: Home insurance also has add-on covers like loss of rent, temporary resettlement cover, public liability, pet dog insurance cover, ATM withdrawal cover, lost wallet cover, key and lock replacement cover which provides wider protection for your home.

The premium for home insurance can be as low as ₹5 per day. Most people realize the importance of home insurance only after they have suffered uncertain losses but it can be too late. One builds or buys a home which is a permanent asset and can face severe financial losses if not adequately protected. Make your house your home and let insurance shield you against ominous events.

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