

Most Indians don't have home insurance despite high risk awareness, reveals Bajaj Allianz survey

- *75% of respondents were aware of the importance of home insurance*
- *64% of homeowners were aware that earthquakes and other natural calamities posed the highest risks to their homes*
- *The survey revealed that despite this, 70% of respondents did not have a home insurance policy*

Pune, 17th June 2015 - The floods in Jammu and Kashmir last year and the recent Nepal earthquake are reminders that natural calamities come without any warning. Though their occurrence is not in our hands, we can certainly keep our futures safe by insuring our homes. However, most Indians prefer not to spend on a home insurance policy despite awareness on the need for the cover among them, a survey conducted by Bajaj Allianz General Insurance Company has revealed.

1200 people from metros like New Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad, Ahmedabad, Pune and non-metros like Jaipur, Surat, Nagpur, Jalandhar, Chandigarh and other towns across India took this survey last month. 60% of these respondents were home owners, while 40% lived on rented space.

75% of respondents were aware that home insurance was essential. However, **only 30% of the respondents had home insurance for either their home or its contents.**

64% of homeowners felt earthquakes and other natural calamities were the biggest risks their homes were exposed to, followed by fire (28%) and thefts and burglaries (8%). Among those who lived on rent, 56% believed natural calamities were the biggest threat to their homes. 30% of them said fire was a major risk and 14% termed thefts and burglaries as risks.

This poses the vital question of why most Indian homes aren't insured despite public awareness on the importance of home insurance. Home insurance penetration in the country is at a dismal 0.07%. The demand for this cover was low because the general public found home insurance products and clauses complicated and difficult to understand, revealed the survey. It showed that most of the respondents were aware of home insurance as a risk management tool. However, they were not well informed about the coverage that different home insurance policies offered. Respondents also thought home insurance policies were expensive and came with the hassle of too much documentation such as lists to be submitted for contents of the home, etc.

Sasikumar Adidamu, Chief Technical Officer, Non-Motor Insurance, Bajaj Allianz General Insurance, said, “It is important for the industry to simplify and relay the importance and benefits of a home insurance policy to the common man. Contrary to the general belief, a home insurance policy is a very affordable financial tool and covers a wide array of risks a home and its contents are exposed to such as fire, theft or burglary, all natural calamities, electrical and mechanical breakdown, etc. For instance, for a home with a Rs. 1-crore cover, you need to pay a premium of only Rs. 5,000 per year.”

Further, most home owners utilized their savings to purchase a home with 37% of them preferring the finance option over home loans (31%). 32% utilized a mix of both the options to purchase a home. While 66% purchased homes for residential purposes, for 34% of home owners, it was an investment tool.

Mr. Adidamu added, “Since the average Indian spends most of his savings in buying his dream home, it becomes imperative to have a solution to the risks the home is exposed to. Today, we have comprehensive home insurance covers that are available in the market, which are easy to understand and come with minimum documentation. For instance, Bajaj Allianz My Home All Risk Policy protects not only the home, but also its contents, including portable equipment, against ‘All Risks’. The policy is easy to understand and comes with having to submit ‘minimum list of documents’. The insured need not furnish the list of contents in case sum insured exceeds Rs. 5 lakh. Most importantly, it covers your home at an ‘Agreed Value’ (area of the home multiplied by the value per square foot of property) unlike other home insurance policies that only cover the cost of construction.”

The survey further revealed that 46% of respondents thought the best time to buy a home was when there was a drop in property prices and 41% believed a drop in interest prices was the right time. Only 13% felt that festive season was a good time to purchase a home.

60% of home owners have purchased their home insurance policies from banking and financial institutions as these institutions have offered them loans. The remaining 40% purchased policies from agents and other sources.

Global warming and climate change, results of rapid urbanization, not only lead to weather extremes, but also increase the chances of natural disasters as well as our vulnerability. Calamities that were relatively less frequent in the last century are now increasing in frequency across the world, including the Indian sub-continent. The recent Nepal earthquake, floods in Jammu and Kashmir, cyclone Hudhud and Uttarakhand flash floods are testimony to this fact.

This makes it even more imperative that every Indian home be insured against unforeseen events.

About Bajaj Allianz General Insurance

Bajaj Allianz General Insurance, a joint venture between Allianz SE, the world's leading insurer, and Bajaj Finserv Limited. Allianz SE is a leading insurance conglomerate globally and one of the largest asset managers in the world. Bajaj Allianz General Insurance is one of the leading private general insurance companies in India. The Company offers various general insurance products like motor insurance, home insurance, health insurance, travel insurance and also unique insurance plans such as wedding insurance, event Insurance, film insurance. Bajaj Allianz General Insurance has been a profit-making company since its inception. The Company began its operations in 2001 and today has a presence in over 200 towns and cities in India. The Company has been constantly expanding its operations to be close to their customers.

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