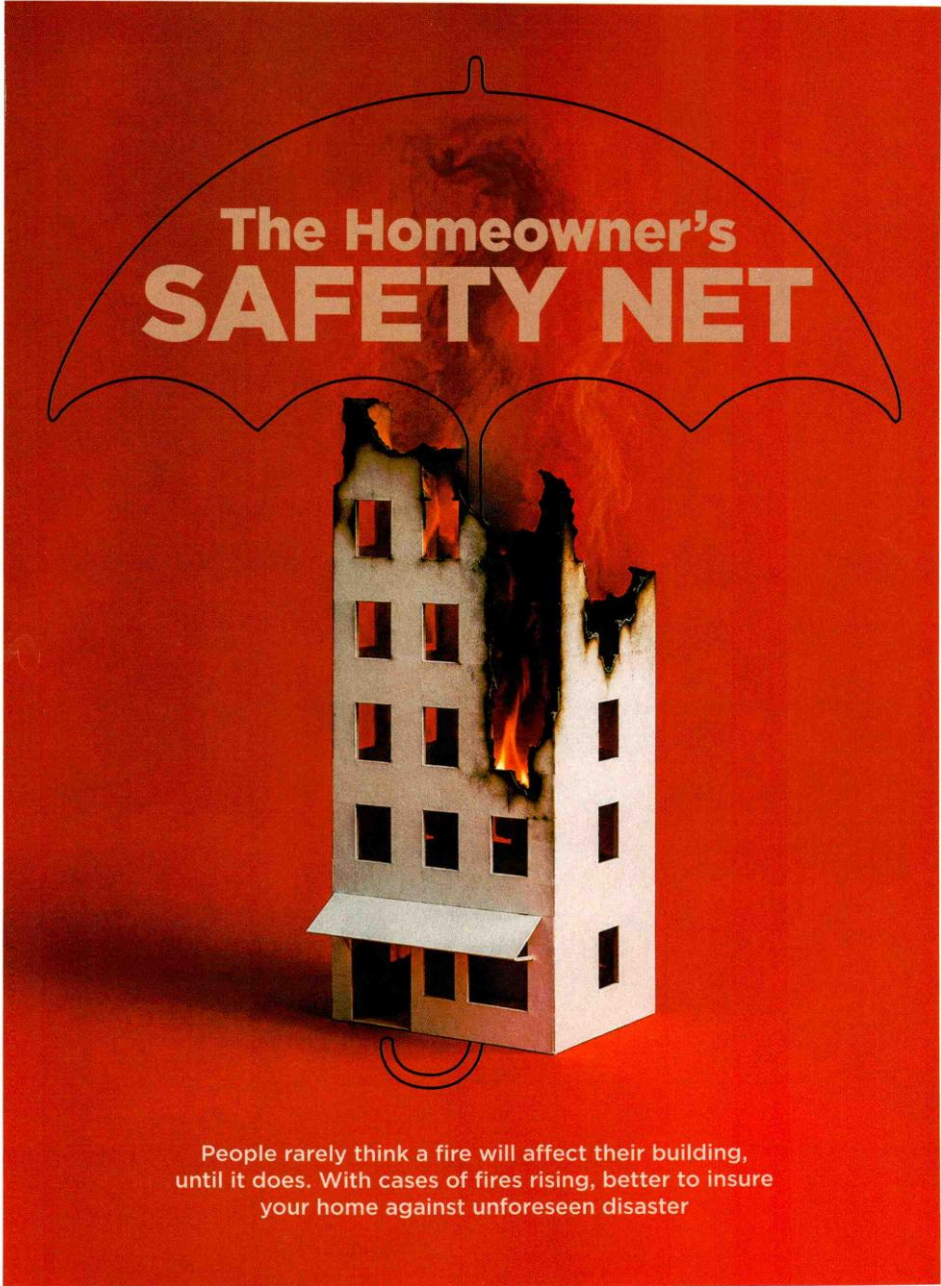


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| 31 Aug 2026  | The Homeowner's SAFETY NET | Outlook Business |

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The Homeowner's  
**SAFETY NET**

People rarely think a fire will affect their building,  
until it does. With cases of fires rising, better to insure  
your home against unforeseen disaster

110 | August 2026 / OUTLOOK BUSINESS

### • Sanjeev Sinha

**T**he recent fire incidents across the country have put the spotlight on discussions around the danger it poses to lives, the administrative loopholes, and the emergency response and evacuation procedures, among others. While these are important questions, what often gets overlooked is the psychological and financial impact of such incidents on the residents.

For most Indians, a home is a repository of countless memories and treasured possessions, with a deep emotional connect. From important documents to inherited souvenirs and jewellery to that first furniture or appliance bought as a family, a home defines relationships. It's also where most invest a lifetime of savings accumulated by cutting corners and compromising on other goals.

Incidentally, people often assume that the building's insurance will automatically protect them financially. Some simply postpone buying home insurance because it feels like an expense they may never need. But with most high-rises lacking the infrastructure to effectively tackle fire emergencies, the financial risks associated with fire and related damage are becoming harder to ignore. That damage can be minimised if you have home insurance with a fire cover at its core.

### The Coverage

**What Is Covered?** In India, standard home-insurance policies, typically, have a fire insurance component. This covers the house and its contents against damage or destruction by numerous perils in addition to fire, such as lightning, explosion, earthquake, flood, storm, landslide, riot, vandalism, terrorism, burst pipes and sprinkler leakage. Most policies also protect against

smoke damage and water damage incurred while extinguishing a fire.

Says Gurdeep Singh Batra, head-commercial underwriting, risk engineering & global accounts, Bajaj General Insurance: "A home-insurance plan automatically includes fire insurance, along with allied perils such as storms, floods, typhoons, lightning, earthquakes, riots, strikes, malicious damage, impact damage and theft, all linked to the insured events. So, when someone buys a home-insurance policy, fire coverage is already built in and need not be bought separately."

Coverage may also extend to unusual events, such as aerial damage, missile-testing operations and bush or forest fires. Homeowners can also insure household contents,

circuiting, arcing, or leakage of electricity occurred is excluded; but applies only to affected machines.

"The policy also excludes valuables, such as bullion, unset precious stones, manuscripts, securities, coins, paper money, cheques, vehicles, and explosives unless specifically agreed for under the policy. Missing items without a clear identifiable event, items removed from the insured home, and consequential losses like market value reduction are not covered either," says Batra.

It is important to understand the limits of protection and ensure adequate coverage through endorsements or add-ons where necessary. "Since coverage and exclusions can vary across policies, homeowners should carefully review



**Homeowners can independently insure their flats as the society's building insurance only covers the structure, not household items**

such as furniture, appliances, electronics and other valuables, ensuring protection for both the house and everything inside it. Theft losses are sometimes covered if they result from an insured peril. You can also opt for additional burglary coverage as an add-on under your home-insurance policy to provide protection against losses from actual and attempted burglary at your home.

**What Isn't?** Homeowners should, however, be mindful of certain exclusions. Losses caused by deliberate or intentional acts, war or civil unrest, nuclear incidents and pollution are not covered unless directly linked to an insured event.

Damage to electrical or electronic equipment from where short-

the policy document to understand what is and isn't covered to avoid claim-related surprises and ensure adequate protection for their property and belongings," adds Batra.

Ashwini Dubey, head of home insurance, Policybazaar, says, "Many buyers choose the cheapest policy without reviewing what is covered and excluded. A lower premium may come at the cost of inadequate protection when a claim arises."

### Choose The Right Cover

Flat owners can independently insure their home and belongings, regardless of whether the building has insurance or not. This is especially important in high-rise apartments, where risks such as fire, electrical faults, water

## How To Raise A Claim

Timely intimation and proper documentation significantly improve the claim settlement process



### What To Do After A Fire Incident

- Ensure the safety of all occupants and contact emergency services immediately
- Inform the insurer as soon as possible and register the claim
- Take reasonable steps to prevent further damage to the property
- Preserve evidence of the loss, including photographs and videos
- Avoid disposing of damaged items until the insurer's surveyor has inspected the site



### Documents Required To Raise A Claim

- Duly filled claim form
- Copy of the insurance policy
- Fire brigade report, where applicable
- Police report, if required
- Photographs/videos of the damage
- Repair or replacement estimates
- Purchase invoices or proof of ownership for damaged items
- Any additional documents requested by the insurer during assessment

Source: Policybazaar

leakage, earthquakes or storms can affect multiple units. Individual home insurance provides an added layer of protection.

A housing society's insurance policy usually covers the building's structure and common areas, but may not protect your household contents, such as furniture and personal belongings. It may exclude renovations or interior upgrades too.

"A separate policy helps protect these assets and reduces the burden if your home is damaged by fire or another covered event," says Dubey.

A mistake homeowners often make is insuring only the house and

not the household contents. Also, it's important to increase the sum insured when renovating the house or buying expensive items.

"A comprehensive home-insurance plan is generally more beneficial, as it not only covers the structure of the house, but can also be extended to protect household contents, such as furniture, electronic equipment, clothing and valuables through separate valuations and add-on covers for home contents, which include global coverage for portable equipment, lost wallet, ATM withdrawal robbery, burglary, public liability and more," says Batra.

## The Sum Insured

The sum insured represents the maximum coverage available under a home-insurance policy. According to Policybazaar, many standard home insurance plans offer coverage of up to ₹12.50cr for the structure and up to ₹2cr for household contents. "Homeowners can choose coverage for just the building, just the contents, or both. When opting for combined coverage, the home is insured based on its structure value, while household belongings are covered according to the value declared by the policyholder," says Dubey.

Experts advise homeowners to ideally base the sum insured on the reconstruction cost of the property rather than its market value. "The most recommended option is the 'reinstatement value', which covers the cost of rebuilding the home to its original condition without accounting for depreciation," says Batra.

Market value coverage factors in depreciation and is generally used for apartments, while agreed value policies settle claims based on a pre-agreed valuation between the insurer and the policyholder.

Given rising construction costs, opting for an escalation clause can be useful, as it automatically increases the sum insured each year and helps prevent underinsurance. This clause can be added to any sum insured option under a home-insurance policy. It automatically increases the sum insured every year by up to 25%, ensuring that your coverage keeps pace with rising construction and replacement costs.

With rising home prices and high-rise living becoming the norm in most Indian cities, taking home insurance is mandatory. While no insurance policy can rebuild your family memories, the correct coverage can put your family back on their feet financially should an unforeseen disaster occur. 