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## YOUR MONEY

### HOME INSURANCE

# Individual plan better than society's for full fire cover

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Recent fires in highrise residential buildings across the National Capital Region have raised concerns about the safety preparedness of homeowners. They have also highlighted a less-discussed aspect: Inadequate home insurance coverage.

#### Limits of society fire cover

According to experts, society policies provide only basic coverage, which is why personal plans are needed. "Even if your housing society has a group fire policy, an individual home insurance plan is essential for comprehensive protection," says Gurdeep Singh Batra, head, commercial underwriting, risk engineering services and global accounts, Bajaj General Insurance.

A comprehensive home insurance plan covers both the building structure and its contents, including furniture, electronics, jewellery, and other valuables. "Homeowners living in their own property should opt for a comprehensive plan that covers both the structure and contents. Tenants, however, can choose coverage limited to contents," says Batra.

#### Right sum insured for structure

The sum insured should reflect the actual cost of rebuilding the property. Insurers offer different valuation methods. The reinstatement value covers the full cost of reconstructing the house to its original condition without factoring in depreciation. This method offers better protection. "An escalation clause can be added to automatically increase coverage over time in line with rising construction costs," says Batra.

#### Right sum insured for contents

Homeowners should base the sum

insured for contents on the actual replacement cost of items. One approach insurers allow is called "new for old", which replaces damaged items with brand-new ones without factoring in depreciation. This method offers more comprehensive protection.

"Valuables such as jewellery can be insured at market or agreed value, while artworks must be covered on an agreed value basis," says Batra. He adds that it is important to maintain a detailed inventory of belongings, along with invoices or valuation certificates, to ensure accurate coverage and a smooth claims process.

If a homeowner purchases a high-value item after taking a home insurance policy, it is advisable to inform the insurer and have the item appropriately included in the policy coverage. "An additional premium will have to be paid for the balance period of the policy," says Batra.

#### What home insurance covers in case of a fire

Home insurance pays for repair or reconstruction of the home's structure, along with costs such as debris removal and professional fees.

"It also covers loss or damage to household contents like furniture, appliances, and electronics, with valuables often subject to limits or a separate declaration. If the home becomes uninhabitable, the policy may cover temporary accommodation expenses," says Ashwini Dubey, business head, home insurance, Policybazaar.com.

Homeowners should consider add-ons. "Electrical or mechanical breakdown cover can protect appliances damaged during incidents such as fire," says Shilpa Arora, cofounder and chief operating officer, Insurance Samadhan.

#### How to avoid claim disputes

Home insurance policies typically exclude losses caused by wilful damage or negligence. Homeowners should provide complete and accurate details about the property and its contents at the proposal stage.

At the time of claim, they should report the loss promptly, make full disclosure, maintain proper documentation, and cooperate with the insurer. "Inform the insurer about any material changes, such as address updates, structural alterations, change in usage, renting of the property, or if the home is no longer self-occupied, to ensure smooth claims," says Dubey.

After a fire, policyholders should inform the insurer immediately and notify the fire brigade and police without delay. They should preserve evidence by taking photographs or videos of the damage before any clean-up and cooperate with the surveyor. "Avoid tampering with the damaged property before inspection," says Arora.

The writer is a New Delhi-based independent journalist

### Premium rates for insuring your home for 5 yrs



SI is sum insured. Policy duration is five years. Premium rates are for Bharat Griha Raksha (standard home insurance cover). These are total premiums for five years. Premiums vary due to each insurer's individual pricing policy Source: Policybazaar