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Handbook on
Householders & Shopkeepers
Package Insurance

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1. About this book

This handbook is designed by the Insurance Regulatory and Development Authority (IRDA) as a guide on Householders & Shopkeepers Package Insurance Policies and gives general information only. No Information given herein replaces or overrides the terms and conditions of an Insurance policy.

Please approach a duly licensed agent or a broker or Insurance Company registered with IRDA for specific information regarding a policy or for any other additional information.

2 a) **Householders Insurance or Home insurance:**

- Home insurance is important as it provides a package of wholesome insurance protection for your house. It protects the building structure of your house, your personal property, valuable possessions within the house and takes care of your personal liability as well. In fact, householders' insurance is offered as a comprehensive policy with multiple insurance covers under a single policy. The coverage offered varies from one insurer to another, one plan to another and there can be a wide choice of sections/plans to choose from. Options are also available to choose Sum Insured limits against each Sub-Section/coverage offered under the policy. Some of the insurance companies also offer package discount for opting for more number of sections under the policy.
- **Scope of Cover and Benefits under Home insurance: The following coverage generally form part of the most of the comprehensive householder's insurance policies offered in the general insurance market.**
 - Insurance cover against Fire and allied perils (viz. Flood, cyclone, inundation etc.) for the House and its contents belonging to the proposer and his/her family members permanently residing with him/her.
 - Damage of building and damage or loss of household contents due to burglary, robbery etc;
 - All risks insurance for the jewellery and other valuable items such as cameras etc, against

- loss/damage by accident or misfortune while kept, worn or being carried anywhere in India.
 - Damage to the household electrical and mechanical appliances such as Television, refrigerator, microwave oven, wet grinder, personal computer etc., to name a few against loss of use due to sudden electrical/mechanical breakdown;
 - Bicycle insurance covering loss or damage to the pedal cycle,
 - Personal Accident insurance for the insured and family members;
 - Baggage insurance which can provide protection against loss of baggage during travel etc.
 - A number of other optional covers, such as coverage for earthquake, terrorism etc
- **General Conditions:**
 - Taking reasonable care and precautions for the safety of the property and preventing loss, injury, illness or damage to minimise claims.
 - Informing the insurer about any change in the information provided in the proposal and also in the event of a loss. If the loss is caused due to acts of any third party, then the same is to be informed to the insurer and the rights of recovery against third party be subrogated to the insurance company, on payment of claim.
 - **Some common Exclusions:**
 - Wear & tear: Normal damages caused due to regular wear and tear of the property.

- Loss of money /valuables due to carelessness, negligence, theft by members of family, shortage of money due to errors and omissions etc.
- War and nuclear risks etc.

Some useful tips!

1. Please write the name of the nominee in the proposal form in case you are opting for Personal Accident insurance.
2. Remember the policy expiry date and ensure renewal on time.
3. Keep a copy of the proposal form
4. Keep copies of receipts/bills of all valuable items such as jewellery etc.,

2. b) Shopkeepers' Policy:

Broadly Shopkeepers' Package Policy also provides comprehensive coverage similar to Householder's Package Policy, insuring the building and its contents, money etc. In addition, the following optional coverage may be available catering to the specific requirements of shop keepers:

1. Losses due to dishonesty by employees under Fidelity Guarantee
2. Losses due to business interruption arising out of damage to the shop/building due to Fire and allied perils, burglary etc.
3. Damage to the Neon sign and Glow sign boards of the shops
4. Legal liability due to damage to any third party arising out of insured's business

Popular forms of Package Insurance covers

Coverage	House-holders Policy	Shop-keepers Policy
Fire & allied perils Building & contents -	✓	✓
Burglary & Theft :	✓	✓
All risk coverage for jewellery and valuables	✓	NA
Money in safe /Transit	NA	✓
Fidelity guarantee of employees	NA	✓
Domestic appliances	✓	NA
Baggage insurance	✓	✓
Public Liability covering any injuries or damages caused to third parties	✓	✓
Employees Compensation : Covers workmen employed on wages	✓	✓
Personal Accident Cover	✓	✓
Loss of profits due to stopping of business (Fire etc.)	NA	✓

3. Frequently Asked Questions:

Q. Why should I buy Home Insurance?

Ans: Your Home Insurance covers the structure of your home as well as your movable/ immovable property within the house against unforeseen losses. Sometimes, your banker may require you to take insurance for the house as long as you have mortgaged it.

Q. What are the advantages of this Package policy?

- Many risks related to home covered under single policy
- Complete coverage at reduced and very competitive premium rates
- Simple and quick documentation
- Related items get covered under respective sections
- Less strain on pockets of insured
- Customized cover option available
- Benefits on sectional discount which will reduce the premium

Q. What is a peril?

Ans: It is reason for a loss and an insurance term for a specific risk. Some examples of perils are Fire, earthquake, burglary, accident etc.

Q. How to buy home insurance and from whom?

Ans: You can contact any licensed insurance intermediary viz. insurance Agent, corporate agent or broker etc., and ask for brochures and

sales literatures pertaining to the home insurance policy you are looking to purchase. In case of any doubt, you can also contact any of the registered non-life insurers offering such insurance directly and ask for details. Make sure you understand the complete details of coverage available under the policy and fill up the proposal form giving factual details. Please remember, your wilful suppression of facts while filling up the proposal form can lead to dishonouring of your claim if arises at a later date.

Q. What type of Home insurance shall I buy?

Ans: The coverage under the insurance policy depends on the type of the policy you buy. It gives a number of options for wider scope of coverage at extra premium. For e.g. one may be able to insure against terrorism by paying additional premium. Similarly, by limiting coverage to a few sections or by opting for higher deductible, one may be able to save premium as well. The actual coverage depends on the choice of the proposer. The package of covers could have common terms, general conditions and General exclusions for all sections; as also specific terms, conditions and exclusions for specific sections of the policy. You must read the prospectus and understand the protection offered under policy. In case you have any doubts, you can ask the insurance agent, bancassurance or broker or concerned insurance company officials before purchasing policy.

Q. Whether Householders' insurance policy provides coverage for my garage, watertank, garden, servant quarters etc?

Ans: If the house mentioned in the proposal contains garages, water tanks, garden, servant quarters etc., within common boundaries of the private house and used for domestic purpose, then they may be covered under Householders' insurance policy. Check out the policy for this.

Q. Ours is a joint Family. Can possessions of all members of the family be covered under this policy?

Ans: Generally Family includes your spouse, children, parents and other dependants permanently living with you in your home. Therefore, even if it is a joint family, your possessions as well as that of other family members permanently residing with you may be covered under householder's insurance policy. Check what is covered and what is not.

Q. What is deductible/excess?

Ans: It is a portion of the loss that you first have to bear before the insurer pays the claim. The higher the amount of losses you are willing to take, the lesser the insurance premium may be for you.

Q. How much insurance is needed under this policy?

Ans: Ideally, your insurance value must be equal to the replacement cost of your home, its contents,

valuables as well as the liability, due to occurrence of a loss. For the insurance of household items, you can group the items under various categories like furniture, clothing, linen, utensils, crockery, jewellery etc. and give a value equivalent to the market value i.e. the value for which the item could be bought or sold in the market. The Sum Insured under Personal Accident cover generally goes up to 72 times of your monthly income.

Q. What is market value? How is it different from reinstatement value and agreed value?

Ans: In fact, insurance policies are contracts of indemnity which compensate the loss up to the sum insured, whether by way of repair, reinstatement or replacement at market value. Market Value is the cost of buying a similar item arrived at after applying the depreciation for the age and deduction of the salvage value of the old item insured. On the other hand, Reinstatement value can be the cost required for rebuilding of the asset without considering any depreciation. Sometimes, when it is not possible to calculate the exact value of items, for e.g. paintings and art works etc., Sum Insured may be arrived at on an agreed value basis viz. value is mutually agreed before issuance of the policy. Therefore, the exact nature of coverage depends on the specific policy wordings.

Q. Why shall I declare all my jewellery in the proposal form?

Ans: The Proposal form is the basis for issuance of insurance policy. Only those items that are listed in the proposal form will be covered under the insurance policy up to the value declared against each such item. Therefore, it is essential to mention all items of jewellery and other valuable items with their corresponding value while filling the proposal form.

Q. What is Mechanical/Electrical Breakdown of domestic appliances?

Ans: Normally, it means failure to work on the part of the domestic appliances such as Mixer-cum-Grinder, Television, Washing machines etc due to burning or any other sudden, unforeseen cause such as Voltage fluctuations, lightening etc. The resulting effect of stoppage of functions may necessitate either repairs or replacement of the item to make it functional again.

Q. What is an accident?

Ans: An accident is a sudden, unforeseen and involuntary event caused by external and visible means (beyond the control of an individual). For e.g. damage of residence due to earthquake/falling of a huge tree/ aircraft; injury of a person by a bull while walking on the road etc.

Q. Why should I purchase earthquake cover or terrorism cover at extra cost when it is optional?

Ans: Events such as Earthquakes and Acts of Terrorism will make your home unliveable. If you do not take these optional covers, your policy will not pay for losses arising out of these events.

Q. I have given a portion of my house for rent and can my insurance covers tenant also?

Ans: As an owner of the house, you can take insurance policy for the entire building. But your home insurance cannot provide insurance for the contents and other valuables belonging to your tenant. However, as a tenant, he can take a separate insurance policy covering the household goods etc., pertaining to him.

Q. I have a wedding in my family and want to know whether it is possible to have additional coverage during that period?

Ans: You must contact your insurer and you may be able to obtain an enhancement of sum Insured for the wedding period. You may also be able to buy insurance for covering property belonging to your guests under the liability item viz. Goods held in trust. Alternatively, there are customised package insurance policies available with some of the general insurance companies covering wedding as Event insurance. Such policies provide coverage for jewellery; money kept in the house during the wedding and may also reimburse the cost of cancellation of the event due to unforeseen circumstances.

Q. Sometimes I work from home and use my laptop. Can it be covered under Home insurance policy?

Ans: Your personal computer or laptop may be covered under Home insurance policy provided it is not used for business /commercial purposes. Check for this option.

Q. I have misplaced keys of my safe and found them after two days when to my surprise found that the cash in safe is missing by Rs. 2 lakh. Can it be covered under householders' insurance?

Ans: Loss of cash from safe using your own keys/duplicate keys is generally not be covered, unless the key is obtained by threat or force.

Q. I have converted a portion of my house into a small shop for business. Can the shop also be covered under Home insurance?

Ans: Householders' insurance is not designed to cover the business use of your home. You can take a separate shopkeepers' insurance policy for insuring your shop.

Q. What will be the cost of a Shopkeepers' insurance policy?

Ans: The cost of policy or the Premium is determined on the basis of the type of insurance policy selected. It broadly depends upon the

- Perils to be covered
- The coverage opted

- The value of the items covered
- The deductibles opted
- Construction of building, nature of occupancy
- The location of property and contents of the shop etc.

Q. How to make a claim under the Policy?

- First of all, try to minimise the loss or damage to the extent possible and inform the insurer by phone or fax and in writing about occurrence of claim requesting for issuance of claim form.
- Simultaneously, you may obtain the documents as an evidence of loss required for quick processing of claims. For e.g.
 - Fire Brigade report in case of any Fire accident;
 - First Information Report (FIR) from Police, in case of theft, larceny or burglary along with a list of items stolen and their approximate value.
 - FIR report, in the event of accident resulting in death or injury of any insured person
 - Bills/Estimate of repairs/Invoice etc.
 - Other documents as prescribed by insurer under the policy
- Ensure timely submission of completed and signed claim form along other documents required under claim procedures.
- In case of appointment of any surveyor by insurer, extend full co-operation to the surveyor and provide necessary documents to substantiate the loss.

4. Policyholder Servicing Turnaround Times as prescribed by IRDA

Service	Maximum Turn Around Time
General	
Processing of Proposal and Communication of decisions including requirements/issue of Policy /Cancellations	15 days
Obtaining copy of the proposal	30 days
Post Policy issue service requests concerning mistakes/refund of proposal deposit and also Non-Claim related service requests	10 days
Life Insurance	
Surrender value/annuity/pension processing	10 days
Maturity claim/Survival benefit/penal interest not paid	15 days
Raising claim requirements after lodging the Claim	15 days
Death claim settlement without Investigation requirement	30 days
Death claim settlement/repudiation with Investigation requirement	6 months
General Insurance	
Survey report submission	30 days
Insurer seeking addendum report	15 days
Settlement/rejection of Claim after receiving first/addendum survey report	30 days
Grievances	
Acknowledge a grievance	3 days
Resolve a grievance	15 days

5. If you have a grievance:

The Consumer Affairs Department of the Insurance Regulatory and Development Authority (IRDA) has introduced the Integrated Grievance Management System (IGMS) which is an online system for registration and tracking of grievances. You must register your grievance first with the insurance company and in case you are not satisfied with its disposal by the company, you may escalate it to IRDA through IGMS by accessing www.igms.irda.gov.in. In case you are not able to access the insurer's grievance system directly, IGMS also provides you a gateway to register your grievance with the insurer.

Apart from registering your grievance through IGMS (i.e., web), you have several channels for grievance registration-through e-mail (complaints@irda.gov.in), through letter (address your letter to Consumer Affairs Department, Insurance Regulatory and Development Authority, 3rd Floor, Parishram Bhavan, Basheerbagh, Hyderabad:4) or simply call IRDA Call Centre at **Toll Free 155255** through which IRDA shall, free of cost, register your complaints against insurance companies as well as help track its status. The Call Centre assists by filling up the complaints form on the basis of the call. Wherever required, it will facilitate in filing of complaints directly with the insurance companies as the

first port of call by giving information relating to the address, telephone number, website details, contact number, e-mail id etc of the insurance company. IRDA Call Centre offers a true alternative channel for prospects and policyholders, with comprehensive tele-functionalities, serving as a 12 hours x 6 days service platform from 8 AM to 8 PM, Monday to Saturday in Hindi, English and various Indian languages.

When a complaint is registered with IRDA, it facilitates resolution by taking it up with the insurance company. The company is given 15 days time to resolve the complaint. If required, IRDA carries out investigations and enquiries. Further, wherever applicable, IRDA advises the complainant to approach the Insurance Ombudsman in terms of the Redressal of Public Grievances Rules, 1998.

Disclaimer:

This handbook is intended to provide you general information only and is not exhaustive. It is an education initiative and does not seek to give you any legal advice.