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The recent devastating fires in Los Angeles have underscored the importance of having the right fire insurance for homeowners. As communities rebuild and recover, it's a reminder that preparation is key when protecting one's property. Understanding your insurance options can make all the difference with the potential for environmental factors like drought and high winds to fuel wildfires. As a homeowner in a wildfire or fire-prone area, learning from these events and taking proactive steps to protect your property from any unexpected loss is essential.

Our homes are more than just structures—they embody years of hard work, cherished memories, and a profound sense of belonging. On top of this, people frequently spend 20–30% of the property's value on interiors, furniture, fittings, electronics, and other belongings—all of which are vulnerable to risks such as fire, natural calamities, theft and burglary. Hence, securing your home/property is crucial as it provides financial protection during a wildfire or any other fire-related damage.

“A standard homeowner's policy typically covers damage caused by accidental fire, forest fire and bush fire, but the extent of coverage may vary depending on the policy variant and provider. It is also essential to understand that it is not necessary for all home insurance policies to cover damages caused by wildfires. Many policies have specific exclusions related to fire damage. Hence, it is crucial for homeowners, especially in fire-prone regions, to read and understand their policies carefully and seek additional coverage if necessary,” says Gurdeep Singh Batra, Head–Property UW (E&S), Risk Engg, Global Accounts and Coinsurance, Bajaj Allianz General Insurance.

With a robust home insurance plan, you can secure your assets, interests, liabilities, and peace of mind against a range of natural and man-made calamities, including fire, explosions, earthquakes, cyclones, tsunamis, floods, landslides, and forest fires.

However, “to maximize the benefits of your fire insurance policy, it is crucial to handle the application process meticulously. Ensure you provide accurate descriptions and valuations of the assets and items to be insured. Maintain documentation, such as purchase receipts, to substantiate the value of your belongings at the time of policy purchase. This is particularly important, as proof may be required during claim processing. Creating a detailed inventory of all your belongings in an Excel sheet can help you track their value and ensure nothing is overlooked. Movable items like laptops and mobile phones can also be included in the policy for added protection,” informs Niharika Singh, ED, IFFCO Tokio General Insurance Company Limited.

Additionally, homeowners should consider the benefits of replacement cost coverage rather than actual cash value coverage. While the latter may seem more affordable, it only reimburses homeowners for the depreciated value of their property. In contrast, replacement values basis coverage provides funds for rebuilding or repairing the home at today's reconstruction / repair cost subject to max value up to opted sum insured, ensuring that you can restore your home to its former glory, even in the face of soaring construction costs in the wake of a disaster.

Another thing to keep in mind is the significance of a personalised approach to fire insurance. “Factors such as the age of the home, the materials used in its construction, and its location relative to fire-prone areas all play a role in determining insurance premiums and coverage needs. Homeowners should work closely with insurance agents to tailor their policies to their unique circumstances. This ensures adequate coverage and possible discounts for implementing fire prevention measures like defensible space around the property or fire-resistant landscaping,” informs Batra.

Finally, regular reviews of your insurance policy are essential. As property values fluctuate and the risks evolve, an annual policy review can help homeowners adapt their coverage to their current needs. It's a proactive step that can save them from significant financial strain in the unfortunate event of a disaster.

“In the unfortunate event of a fire, it is important to notify the insurer promptly. Claims can be filed online, via email, or by phone. Following your claim submission, a surveyor will typically assess the damage to the property, and the claim settlement process will proceed based on their evaluation,” says Niharika.

The cost of fire insurance is very affordable, starting from as low as Rs 25/- per lakh of coverage, making it a wise and accessible investment to protect your home and belongings.

The experiences from the LA fires serve as a crucial reminder: when it comes to fire insurance, being prepared and well-informed can be the difference between recovery and devastation.