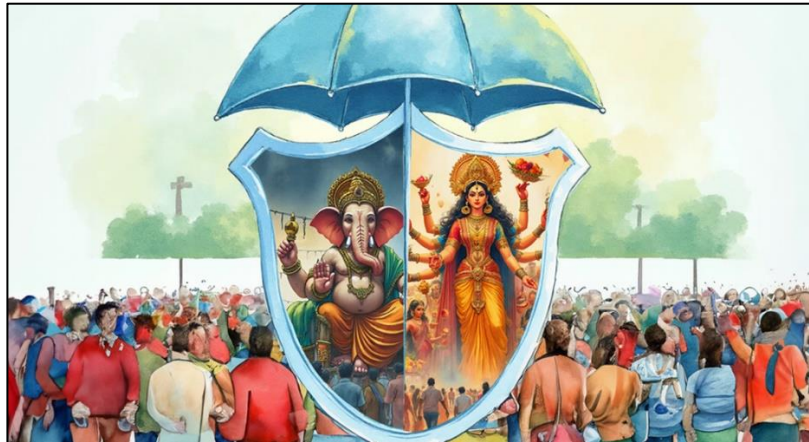


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9 Sep 2024	What INR400 crore cover for Mumbai's richest Ganpati means for the future of event insurance	The Economic Times

[What INR400 crore cover for Mumbai's richest Ganpati means for the future of event insurance](#)



Lord Ganesha, who demolishes all our obstacles, needs protection to ensure the smooth execution of the 10-day annual festival that began on Saturday, September 7, 2024. This year, the Gaud Saraswat Brahmin (GSB) Seva Mandal at King's Circle, Mumbai's richest Ganesh mandal, has procured a record-breaking insurance coverage of INR400.58 crore for its five-day festival from September 7 to 11. Mumbai is home to over 2,000 sarvajanik Ganpati mandals. While a significant number of these mandals have insurance coverage, not all are insured. Festival insurance typically includes coverage for aspects such as the gold ornaments adorning Lord Ganesha's statue, protection for devotees, and other associated risks. Rough estimates suggest that insurance coverage costs around INR20,000 plus GST (goods and services tax) for every event insurance having sum assured of INR1 crore.

In case of GSB Sewa Mandal, the premium is calculated to cover the entire period from when the gold jewellery is brought from the bank lockers to the pandal and until its return to the bank after the festivities. In case of personal accident coverage provided to Govindas during the Dahi Handi festival, the cost is only INR75 per person. This year, Oriental Insurance Company (OIC) has collected a total premium of INR75 lakh, with each Govinda covered at a rate of INR75. "This year, we have covered one lakh Govindas. Last year, we had provided cover to 95,000 Govindas," says Rashmi R Singh, chairman and managing director, OIC.

The event insurance market, which falls under the miscellaneous category, is gaining traction in the country. Though still emerging, this market is growing at a rate of 10%-15%, with six-seven key players actively participating. The event insurance market, which includes coverage for events like cricket matches, football, kabaddi, or any big musical event, is valued at around INR90 crore and is poised to exceed INR100 crore by next year. However, coverage for festivals like Ganpati, Dahi Handi, and Durga Puja currently remains relatively small, at approximately INR2 crore-INR3 crore nationwide. But with increasing awareness of event insurance, there is a steady growth in the segment, particularly during these festivals. Additionally, growing awareness of risks at large public gatherings has led to an increased demand for insurance.

This year, several Govindas injured while forming tall human pyramids during Dahi Handi on August 27 have been slow to approach the insurer to cover treatment costs. OIC has received 120 intimations of hospitalisation but only four actual claims so far. "These celebrations, which often involve the handling of valuable items such as jewellery adorning idols or large-scale public events, underscore the importance of having comprehensive insurance coverage," says TA Ramalingam, chief technical officer, Bajaj Allianz

General Insurance. Key players State-run insurers like New India Assurance and OIC are major players in the event insurance space. Private insurers, in contrast, often avoid this sector as they don't find it lucrative due to its small size. But, Amit Pai, chairman of GSB Sewa Mandal, puts it differently. He says that an insurer must study the entire event process carefully before quoting premiums. For instance, the insurance coverage that GSB Sewa Mandal, known for its gold jewellery-adorned Ganesha, secured. The policy was issued by New India Assurance, the mandal's regular insurer, though the premium amount was not disclosed.

This year, GSB Maha Ganpat, celebrating its 70th annual Ganeshotsav, is adorned with 66kg of gold ornaments and 325kg of silver and other precious items. New India Assurance has also been providing similar coverage for Lalbaug cha Raja, which is renowned for its enormous footfall, since 2010. The policy includes coverage for fire at the premises/pandal, burglary of the jewellery adorning the lord, and public liability. Additionally, it provides personal accident coverage for committee members and visitors to the pandal during the Ganeshotsav festival. "GSB Sewa Mandal, known as Mumbai's richest Ganesh mandal, has procured cover through the insurer on similar lines," says Girija Subramanian, chairman and managing director, New India Assurance.

The insurer also extends annual coverage to Shrimant Dagadusheth, Pune's most revered Ganpati, under "all risk" that covers perils such as fire, burglary, theft, and accidents under one policy. Premium calculation Calculating the probability and quantum of risk for festival insurance involves several steps and considerations, even though the coverage is typically for a limited number of days and classified as a 'force majeure' event as problems may be caused by an Act of God in forms like calamity. "Varied sets of data such as historical performance, event size, venue set-up and safety measures, weather conditions, geopolitical conditions, coverages required etc. are considered while pricing the risk," says Gaurav Arora, chief, underwriting, claims property & casualty, ICICI Lombard General Insurance.

Reaching out on a premium calculation for such a short-term event is not easy. Insurers usually go by claim experience as the data available in the public domain is limited. In case of personal accident coverage, insurers use the actuarial tables of this kind to calculate premiums. Some of such premium ratings are prepared by the actuaries. Normally, insurers go by the cost of the pandal and reach out a certain percentage of the same as premium, which is then multiplied by the number of days of the event. Furthermore, security arrangements play a vital role in premium calculations.

If security measures are proper in and around the festival site, such as CCTV surveillance, insurers provide discounts on insurance premiums while underwriting policies to these events. "The probability and quantum of risk are calculated based on various factors, including historical data, location and size of the mandal, security measures, and duration of the event," says Arti Mulik, chief technical officer, Universal Sampo General Insurance.

GSB Sewa Mandal's insurance premium has increased by merely 5% over past 10 years. The fundamental aspect of event insurance is assessing the risk involved. Insurers calculate premiums by evaluating the exposure associated with specific risk categories, using this analysis to set premiums based on data from previous years. One last thing A new trend has emerged in recent years. Venture capital funds investing in private sector insurance companies are focusing on topline growth by offering products at comparatively cheaper prices to boost volume at the cost of their management expense ratio. Once they achieve significant growth, these investors sell their stakes for substantial returns.