

Building Cover (Property Insurance)

What does this mean?

Building Cover refers to insurance protection for the physical structure of a property. It covers the cost of repairing or rebuilding the building if it is damaged by insured risks.

This includes the permanent parts of the property such as walls, roof, floors, ceilings, doors, windows, and fixed installations.

In simple terms, building cover protects the house or building itself.

Why is this Important?

Protects a high-value asset

A building is usually the most expensive asset a person owns.

Covers reconstruction cost after disasters

Insurance helps rebuild the property after events like floods or earthquakes.

Required for home loans

Banks often require building insurance to protect the property financed through a loan.

Financial security during emergencies

Prevents large out-of-pocket expenses after unexpected damage.

How does it Work in Insurance?

The reconstruction value of the building is calculated.

The property is insured for this amount (Sum Insured).

If damage occurs due to covered risks, the insurer pays for repair or rebuilding as per policy terms.

Claims are settled after damage assessment and verification.

Insurance covers rebuilding cost, not land value.

What is Included in Building Cover?

Typical inclusions

Walls, roof, floors and ceilings

Doors and windows

Permanent fixtures and fittings

Electrical wiring and plumbing

Built-in cabinets and fixed installations

Boundary walls and gates (in some policies)

Garages and attached structures

What is NOT Included?

Common exclusions

Land value

Movable household items

Wear and tear or ageing

Poor construction defects

Intentional damage

Movable items are covered under contents insurance, not building cover.

Where is it Applicable?

Building cover applies to:

Independent houses and villas

Apartments (structure portion)

Residential buildings

Commercial buildings and offices

Property owners typically purchase this cover.

Which Risks are Covered?

Typical insured risks include:

Flood and storm

Earthquake

Lightning

Riots and strikes

Impact damage

Explosion

Coverage depends on policy wording and add-ons.

When Should You Take Building Cover?

You should insure the building:

When buying a new property

When taking a home loan

After renovations or extensions

At every policy renewal

The Sum Insured should be reviewed regularly to match reconstruction cost.

Simple Example

Vikram insured his house for ₹50 lakh (reconstruction value).

A cyclone damaged the roof and walls costing ₹15 lakh to repair. His building insurance paid the repair cost as per policy terms.

Key Points to Remember

Covers the physical building only

Different from contents insurance

Based on reconstruction cost, not land value

Essential for property owners

Needs regular review of sum insured

Simple Summary

Building cover protects the physical structure of a property, ensuring financial support to repair or rebuild the building after damage from insured risks.