Climate change on radar, insurers line up extreme heat, rain cover

Uditprasanna.Mukherjee
@timesofindia.com

Kolkata: More than 600 Kolkatans have bought the country's first 'climate change' insurance policies rolled out by a private insurer offering to compensate the customers for climate-related income loss or increased expenses.

Another private player and a PSU are set to launch the scheme — parametric policies in insurance jargon — soon.

The short-term scheme targets house owners, office-goers, auto and cab drivers, shop owners, delivery agents, home service professionals, gig workers and event attendees. The climate risks include extreme heat, cold waves, and excessive rainfall, and the policies covers increased living costs due to higher electricity use, unexpected commute cost, reduced sales due to extreme weather, supply chain delays due to flooding, leaks from prolonged rainfall, accidents caused by excessive rain, loss of income for daily wage workers, and event cancellations due to adverse weather.

The insurer, Bajaj Allianz General, has separate heat, rain, and cold index policies under its climate-risk products.

Climate experts say Bengal, Kolkata in particular, is among the most climate-vulnerable regions in India due to its unique geography, dense population, and rapid urbanisation. The state faces a high risk of cyclones, floods, sea-level rise, and extreme heat events, says Sanjay Vashist, who is part of the committee entrusted with drafting Kolkata's Climate Action Plan.

OVER 600 KOLKATANS BUY HEAT INDEX POLICY

- Climate-risk products include heat, cold and rain index policies
- Heat index policy rolled out in Kol; about 650 buy it
- Policy duration is 1 day to 1 month. Has to be bought 3 days ahead of risk period
- Customer to get insurance once temperature crosses a pre-decided trigger point, which is based on IMD data for three decades
- Trigger points in big cities like Kolkata vary from location to location
- Average premium is ₹1,000 for a cover of ₹20,000

Times of India dt: 10/06/2025