

Property Insurance in Nepal: What You Need to Know

Property insurance offers financial protection for homes, offices, and other physical assets against damage or loss caused by events like fire, theft, natural disasters, and vandalism. For businesses, it can also cover lost income if operations are disrupted.

Given Nepal's vulnerability to earthquakes, floods, and landslides, property insurance is crucial for both individuals and organizations. It helps cover the cost of repairs, replacement of damaged property, and lost revenue—reducing the long-term financial impact of unexpected disasters.

What Else Can You Insure?

Besides buildings and furniture, you can also insure:

- **Raw Materials** – Protects the inventory waiting to be processed or used in manufacturing.
- **Finished Products** – Covers completed goods stored in warehouses or ready for delivery.
- **Factory Equipment and Machinery** – Includes insurance for tools, machines, and specialized equipment essential to production.

This added layer of coverage is especially important for manufacturers and production-based businesses, helping them recover faster and reduce potential losses during downtime or disasters.

What Does Property Insurance Cover?

1. Basic Coverage (Perils Covered)

- **Accidental Fire**
- **Lightning**
- **Earthquakes**
- **Explosions**

- **Storms, Floods & Landslides**

2. Optional Add-Ons

- Riot & Strike
- Malicious Damage
- Terrorism

3. Insurable Property Types

- Buildings, offices, and factory units
- Furniture, equipment, and stationery
- Raw materials, stock, and finished goods

Premium and Claim Guidelines

Premium Calculation Factors:

- Property type and use
- Risk level based on location
- Value of contents and machinery

Deductible (Excess):

- **Earthquake:** 2% of claim or Rs. 10,00,000
- **Water-based Damage:** 5% or Rs. 500,000
- **Other Damages:** 1% or Rs. 500,000
- *Claims below Rs. 10,000 are not accepted.*

Additional Benefits

- **Architect, Engineer, and Surveyor Fees:** Up to 3% of the claim
- **Debris Removal:** Up to 10% of claim or Rs. 1,000,000 (whichever is less)

Special Benefits for Residential Properties

- Personal Accident Coverage for up to 5 people (within the insured home)
- Burglary and Dacoity Protection

Key Exclusions

Not covered:

- Consequential Loss
- Electrical damage from high voltage
- Boiler or machinery explosion
- Loss of digital data
- Cold storage temperature issues
- Government or military-related damage
- War, nuclear, or chemical risks

(See policy for a full exclusion list)

How Property Insurance Works

You pay a premium to stay covered. If a covered risk damages your property, you file a claim. After inspection, the insurer compensates you for repairs or replacements based on your coverage.

Why It Matters

Whether you're protecting a home, office, or manufacturing facility, property insurance is a smart investment. It cushions financial shocks, speeds up recovery, and ensures your operations continue with minimal disruption.