

# Cheat sheet for med cover

**DECISION-MAKING** 80 mediclaim policies, 15 critical illness policies, 15 top-ups and 12 special disease insurance plans. Which one to pick? HTMoney helps you

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**MUMBAI:** Have you ventured into the market to buy a health insurance plan for yourself? According to SecureNow.com, there are about 80 mediclaim policies, 15 critical illness policies, 15 top-ups and about 12 special disease insurance plans. How do you decide whether you need a top-up or if just a mediclaim policy will work? And how much is too much? Firstly, the health profile of each of you is different, so it is important to find which one fits your requirement. Here is how:

## HEALTH COVER AT WORK

If you are a salaried individual, most likely your company will be providing you a health cover. "An employer-based health insurance plan is a group plan offered to all the eligible employees of an organisation. This policy comes in effect in case of a hospitalisation occurring due to any incident mentioned in the policy document," said Vaidyanathan Ramani, head, product and innovation, Policybazaar.com.

However, in situations where you quit the job, the healthcare cover provided by your employer will cease to exist. Also, it may or may not cover your immediate family and the coverage may also not be enough to cover all your hospitalisation expenses.

## BASE HEALTH PLAN

Even if you have a cover from your employer, it is important to have a basic health cover. "Cancer costs are to the tune of ₹15-20 lakh and our employee provided health cover may barely have a cover of ₹5 lakh and may not be able to cover for cancer treatments in its entirety. Hence, you should always have your own cover apart from the one provided by your employer," said Kapil Mehta, founder of SecureNow.in, an insurance web aggregator. A basic indemnity plan can cover your family as well. "Your base indemnity plan is a plan

which can be renewed on yearly basis by paying the premium regularly so that you are covered. Your health insurance must be able to adequately cover you and your family," said Ramani. The premium for a ₹10 lakh cover of Royal Sundaram General Insurance Lifeline Supreme is ₹7,936 annually. It has a waiting period of three years for pre-existing conditions. Some examples for exclusions are maternity, eye and dental covers.

## TOP-UP PLAN

Healthcare cost has the highest inflation. A top-up plan can be used to stretch your sum insured levels to counter the inflation rates. "Though the sum insured remains the same. Rather than increasing the existing cover you can buy a top-up policy that acts as an add-on cover," said Ramani. So in case you are hospitalised, first your initial sum insured will be used and your top-up plan will be used only if the sum insured gets exhausted.

For example, the premium for New India Assurance top-up mediclaim with a maximum coverage limit of ₹10 lakh and a deductible of ₹5 lakh will cost ₹2,123 annually. In this product pre-existing conditions are covered after four years and health check-ups are not covered. "Your top-up policy can be from your existing insurance or a different company. Know that it is important to pay attention to the deductible at the time of buying a top-up policy," said Ramani.

## CRITICAL ILLNESS PLAN

As the name suggests, these plans cover critical illness such as organ transplants, cancer, heart attack and severe burns.

"Under a critical illness plan, the insurer will pay you a lump sum amount (the total sum insured) in case of any of the critical illnesses mentioned in the policy wordings. You then have the choice of using the amount for the treatment cost, recuperation expenses or pay off any debt taken during the treatment but most of critical illness-based plans are fixed bene-



ILLUSTRATION: SUDHIR SHETTY

## HOW MUCH IS ENOUGH?

### WHEN DO YOU NEED WHICH PLAN?

30-40	Base indemnity plan
40-50	Base indemnity plan + CI plan
50-60	Base indemnity plan + CI plan
70+	Base indemnity plan + CI plan

Note: There is no age criteria for buying a top-up. It can be bought when you feel your base plan is not sufficient.

AGE 35

Sum Insured\*  
₹10 lakh

Annual Premium\*  
₹9,380

Critical Illness cover\*  
₹10 lakh

Annual Premium\*  
₹3,539

Health Inflation

Total health cost in a year  
₹16,919

15%

Top-up required:  
₹10 lakh every 5 years

Premium for the top-up plan: ₹4,000

Broad cost for a ₹10 lakh top-up with a ₹10 lakh deductible

(\*Taking the example of HDFC Ergo Health Suraksha-Silver)

(\*Taking the example of HDFC Ergo Critical Illness Plan)

(SOURCE: PolicyBazaar.com and SecureNow.in)

## HOW TO CHOOSE?

**Base indemnity cover** is important, which should consider factors like: city you live in, age, lifestyle, hospital preference, medical inflation and family members you want to cover

**If there has been a history of any disease running in your family, you may want to go for a critical illness plan. If you think your base indemnity plan is not sufficient, you may want to look at top-ups available in the market.**

Source: PolicyBazaar.com

fit plans which get exhausted after one-time payment," said Ramani. "In order to provide more enhanced coverage, now there are indemnity-based critical illness plans in the market that can be renewed on yearly basis for continued coverage and protection." The average annual premiums of such indemnity plans are ₹2,353 for a cover of around ₹25 lakh for Religare's Super Mediclaim-critical illness, ₹1,933 for Super Mediclaim-cancer and ₹1,700 for Apollo Munich's policy.

## DISEASE-SPECIFIC PLANS

Such plans cover the entire treatment cost of a specific disease only. "The treatment can be taken at all stages starting from the diagnosis of the disease to advanced treatment stage. Unlike a critical illness plan, on diagnoses of a specific

disease, the plan waives future premium of the insured under certain circumstances," said Ramani. Disease-specific plans may work for people with a family history of a particular critical disease, he added.

## WHICH ONE TO CHOOSE?

"The first health insurance to buy is the basic mediclaim plan. This should have a sum assured at least equal to your annual income. This should then be supplemented by a critical health insurance if you can afford it. In future years the top-up can be used to increase the sum assured and match inflation increases," said Mehta. Critical illness caused to a family's breadwinner can cause huge financial crises but there are two ways in which you can protect yourself from it. Critical illness plans cover you for more

critical illnesses than one.

"If you have a family history of a particular ailment, you may buy a disease-specific plan along with a health insurance plan. Otherwise, a critical illness plan is sufficient," said Shreeraj Deshpande, principal officer and CEO (officiating), Future Generali India Insurance.

"A regular health insurance plan will offer coverage to pre-existing ailments such as diabetes or hypertension once a predefined waiting period is completed, which may vary from two to four years. In a disease-specific cover, the waiting periods are eliminated and ailments are being treated from day one though there may be sub-limits and/or co-pay in such disease specific cover, so only based on the requirement one may opt for disease-specific cover," he added.