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Choosing the 'right' Health Insurance

Last week, I had shared my views on the importance of purchasing a health insurance cover to ensure worry-free and sustained-good-health. However, choosing the 'right' health insurance plan is an equally important decision, as only the correct health cover will effectively deliver-the-goods for you in case of a health adversity.

There are a number of plans available today that address requirements of varied consumer segments - from basic health insurance plans and top-up plans, to coverages that take care of your daily health needs, existing chronic ailments or even maternity-related expenses. Frankly, the wide range of products may leave you confused, so here are some basic thumb rules that you must follow; I call them the 10 commandments to securing your health:

Product /Plan: When you opt for a health insurance cover, ensure that its constituent features & services match your current and future healthcare requirements. Understand the product in detail and invest in it only when you are sure it will be of value to you; for example there are 'surgical cash' plans that offer a fixed benefit/payout in case the insured is required to undergo a surgery, however, it is imperative to understand that you must first secure your health with a vital comprehensive hospitalization indemnity plan before adding other plans to your health insurance portfolio. Similarly, it would not be useful to buy a top-up plan if you do not have means to cover the deductible amount, from your existing health insurance or your own funds.

Sum Insured: Be future ready while choosing your Sum Insured. Medical inflation is on a consistent upswing and the quantum of health cover that appears adequate today will be inadequate to cover your healthcare expenses in the next few of years. Citing an example from my previous article, a simple knee replacement that costs approx. Rs.4 lakh today would cost Rs.14 lakh in the next 7-8 years. So, in this case, don't be penny-wise – it might cost you dearly in future.

Premium: Use the simple principle of paying for what you get. Your premium should be commensurate to the features & services of your policy and the quantum of coverage (i.e. Sum Insured). Please compare similar products across insurers to understand what the appropriate premium for your chosen product would be.

New-age benefits & features: Go through the product offerings in detail to understand the unique offerings & innovative features currently being offered by specialized health insurance companies. Automatic Policy Recharge, Annual Health Check-up, Daily Hospitalization allowance, Treatment abroad cover and second opinion are some of the valuable benefits that make the offering highly attractive and prudent.

Network Hospital: This is a key aspect of a health insurance policy because if your insurer has a direct tie-up with a hospital, you can opt for the cashless treatment facility. In other words, you will not have to fork out any money and the claim will be directly settled by your insurance company - saving you the hassle of filing for reimbursement. Ideally, opt for an insurance company that offers cashless facility at a good number of quality hospitals – especially within your geographical proximity.

Exclusions: Before you commit yourself to buying a health insurance policy, go through the fine print, raise questions, and do not simply go by what you are told or promised verbally. The 'exclusions' notification/section of any health insurance policy is very important because it informs you about ailments and treatments that the policy doesn't cover. Be proactive on this front – else you might be in for an unwanted surprise when you file your claim.

No Claim Bonus: Just like your vehicle insurance policy, your health insurance policy too carries a 'no-claim bonus' feature. Thus, when you do not claim on your health insurance during a particular year, the insurance company provides you with a no claim bonus. This increases your sum insured at the same premium or reduces your premium while maintaining the same sum insured – depending on the no-claim bonus feature offered by the chosen insurer. Either way, ensure that your policy gets you a significant benefit with this feature.

Co-payment Clause: Co-payment means that the policyholder will have to share a part of her medical bill with the insurance company. For example, if the co-payment clause says 20%, it means that for every 100 rupees of claim, the insurance company will pay 80 rupees while the remaining 20 rupees would be borne by the insured. This clause could be part of the basic policy terms & conditions or could come into force for certain age-groups or sum insured levels. Hence, you should look for health insurance plans that offer a favorable co-payment clause throughout the policy life cycle.

Free look period: Health insurance policies usually come with a 15-day free-look period. It offers you the convenience of returning your policy, if you find it unsuitable, within 15-days of receiving the policy document; premium for the same is refunded after pro-rata deductions. However, you will only be in a position to take this decision after you have studied all aspects of your policy document in detail – it would be wise to do so at the earliest.

Track Record: You would most obviously choose a product that offers a combination of most of the above mentioned features. Yet, the quality of your insurer's service delivery and customer-oriented approach should also be critical decisive factors while choosing your health insurance policy. After all, what good is a fully-loaded or customized product if you are not able to utilize its services and features!

So buy an insurance cover that is not only adequate but also promptly delivers on your healthcare requirements as and when the need arises. Spend some time now to decide on the right product so that you won't have to fret later.