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Buy the cover before the sickness

Timely tax planning is the key to having a secure financial future. Here are a few tips to get it right

By **Teena Jain Kaushal**
 In New Delhi

WHEN Raman Singh, 46, got diagnosed with diabetes, he immediately decided to get himself a health insurance cover. Before offering him a policy, however, the insurer asked him to get a series of tests done. Following the results, the company rejected Singh's application, deeming him unfit for a regular health plan, given his high-risk condition. "I was very disappointed when my health insurance proposal got rejected," says Singh. "Because of my old age and diabetes, the company declined me a cover."

But Singh should have known better. There are thousands like him who think about buying a policy when it gets too late. They do not realise that buying health insurance becomes tougher once you have a pre-existing disease.

For such people, there is some hope in disease-specific plans, such as those for diabetes and cancer. These plans offer cover even after you have been diagnosed with critical illness. However, they come at extra cost. These could include:

HIGH PREMIUM RATES

Disease-specific plans come at a very high price. Experts, therefore, advise clients to go for a basic health insurance policy. If a diabetic person leads a healthy lifestyle, s/he can opt for a normal policy as it covers everything after a waiting period of four years. Of course, if the diabetes is out of control, then one has to buy an illness-specific plan



CO-PAYMENT AND SUB-LIMITS

Co-payment is the percentage of cost you need to share with the insurer in the event of a claim. You pay that percentage from your own pocket, the insurer pays the remaining amount. Sub-limit is the limit up to which the insurer pays for certain expenses such as doctor's fees. It is common to have these clauses in health plans

TREATMENT-RESPECTIVE LIMITS

These cap the amount you can claim for a particular surgery. Therefore, even if the sum insured under a policy is big, such caps restrict the amount you can claim for a particular illness. You should also ask which illnesses are excluded in the policy to avoid getting a rude shock later

WAITING PERIOD

There should be no waiting

period for the disease for which you have bought an illness plan. A cancer policy will cover the illness from Day 1. For communicable diseases such as dengue, a nominal waiting period of 15 days is applicable in order to balance adverse selection.

WHAT TO DO

Disease-specific plans are meant for those who missed buying an individual health insurance policy at an early age. These plans are restrictive compared to regular health insurance plans and come with co-pays and sub-limits.

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EXPERT VIEW

Disease-specific plans come with co-payment. They also come with caps on amounts for certain named conditions.

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