



KARVY BAZAAR BAATEIN

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Insure Health to Ensure Wealth

Health insurance is all important as it not only provides for the means of costly treatment, but also goes a long way in ensuring that the financial plans of an individual do not get adversely affected because of an unforeseen hospitalization.

Health insurance as the name suggests is the insurance for health. The health insurance cover does not secure health, but secures the payment of the expenses incurred to regain health from illness, disease or an accident. In case of any of these above 3 conditions being serious beyond a certain level a person has to get admitted in a hospital and undergo the required treatment to recover health. While this hospitalization is necessary, it also requires a person to spend on things such as the stay in the hospital, the nursing care received, the medicines, the fees of the doctor etc. If the hospitalization had happened in a critical condition or was done for undergoing a surgery, certain other expenses such as the charges of ambulance, cost of oxygen, blood, consumables, the fees of the surgeon, anesthetists, specialist doctors etc. gets added to this list of expenses.

Nowadays, private or corporate hospitals are preferred by a lot of people over and above the government hospitals. While the professionalism and care in these hospitals is expected to be more than what is available in state-run hospitals, the costs that come along with these attributes also exceed those of the government hospitals in every way. In fact, treatment in a private hospital is looked at by the majority of the population in our country as a luxury, the cost of which is certainly beyond their financial means. However, medical treatment is seldom a subject of choice and comes more as a compulsion. More often than not, a lot of medical procedures are required to be undertaken to save a precious human life. The more complicated a procedure, surgery

or treatment, the more experienced a specialist doctor, surgeon or medical practitioner is required to perform the procedure. Also, with the proper infrastructure and facilities for these procedures and surgeries mostly available in speciality hospitals, it is little that an individual can do to save on costs to be incurred on the medical treatment.

Its an irony that despite medical treatment now available for almost any illness or disease, the cost of this treatment remains beyond the financial means of the ordinary man. And thus, every year throughout the world millions of people die suffering from various diseases. Obviously, the deaths occur not because the treatment for these diseases and illnesses is unavailable, but because most of these people cannot afford the required treatment.

Hence, there exists the need for a provision to cover individual lives for the financial costs related to medical treatment. While the government has in place various programs for the benefit of the masses in this regard, these are often not adequate. And this gives rise to the requirement for self provisioning of proper medical treatment. In recent times, health insurance has emerged as one of the most popular means for this provision.

The concept of health insurance which was initiated as a mere instrument for reimbursement of the hospitalization expenses incurred for the insured person has evolved into a tool which provides comprehensive financial protection in the event of

hospitalization. Medical insurance plans today cover almost all the hospitalization expenses right from the charges of the ambulance used to transport the insured patient to the hospital to the final hospital bill. Some of these plans even provide for additional benefits such as pre and post hospitalization expenses associated with the treatment and care of the hospitalized person before and after the hospitalization period.

All these and more thoughtful features introduced in the health insurance plans are quite appreciated. However, often a large proportion of the insurable population fails to realize the necessity behind adequate health insurance cover. Moreover, as health insurance plans are not mandatory like the motor vehicle insurance cover, a number of people question the importance of these plans thinking that they will never require these as they are in good health.

However, as someone has rightly said, ill health and misfortune do not announce and come. Most healthy persons do also face the risk of ill health, disease and accidents requiring hospitalization and medical treatment. This hospitalization and treatment comes at a considerable cost and the absence of an adequate health insurance cover often requires the concerned individual or/and the family members to liquidate their hard earned savings and pay for these costs. Usually, these savings are looked upon as the basis for the achievement of the very important financial objectives of ones life. The objectives could be the purchasing of a house, provision of higher education for children, the celebration of one's daughter's marriage, or even the provision of the necessary income for self in the post retirement years. A drain on these savings due to unexpected medical emergencies can in turn cause the derailment of the achievement of the above financial objectives. The use of the savings to pay the heavy medical bills could result in the above objectives or goals of life being postponed to a later point of time. In a worse case, these financial goals might become unachievable and would need to be totally abandoned.

The above would be a consequence of not having a health

insurance cover in case an individual has resources, though limited, to shoulder the costs of a proper medical treatment required for self or the dependants. Not to mention is the unfortunate fact of life where an individual does not have any financial resources to afford the costly medical treatment for self or dependants.

Although not much realized, ill health can actually lead to the exhaustion of the limited financial resources that an individual has so as to pose a threat to even the financial solvency of a person, let alone the non-fulfillment of the financial objectives.

As such, it is the negative financial consequences of the absence of a health insurance cover that require an adequate amount of insurance cover to be taken by an individual. Health insurance promises the financial basis for recovering from an illness or an accident with the required medical attention and care. A health insurance cover with an adequate sum insured thus ensures that the savings of a person remain intact even in case of the need for a costly hospitalization. These savings can then contribute towards the required amount of wealth forming the basis for the timely achievement of the financial objectives of the person.

The importance of the health insurance plans further gets strengthened in case of the requirement for a very expensive medical treatment. Here, even when the contribution of the health insurance cover is limited to the extent of the chosen sum insured, it goes a great way in ensuring that the financial solvency of the person is maintained.

Apart from the financial importance of health insurance as discussed above, these plans also do now provide some considerate features that were unheard of in the traditional health insurance plans. A few of these features that are worth a mention are: the extended range of sum insured to care of very heavy hospitalization bills; availability of health insurance cover to the elderly people through the exclusive senior citizen health insurance plans; family floater benefit providing the benefit of the entire sum insured being used by any of the insured family members.

Product Showcase :: Reliance Healthwise Policy

Healthwise policy is a medical insurance policy introduced by Reliance General Insurance Company. This policy offers financial assistance for policyholder and his family against hospitalisation expenses incurred towards disease / illness / injury in India along with host of value additions / options.

Uniqueness of the policy

Family floater policy: The total sum assured under the policy can be availed by anyone person in the family. Comprehensive protection is thus provided to the family members under one single policy.

Separate sum insured for critical illness: A separate double sum insured is automatically payable to the insured as soon as any of the listed critical illnesses is diagnosed.

Pre-existing condition/disease coverage: The policy covers the pre-existing conditions after 2 years / 4 years, depending on the choice of policy option.

Flexible coverage: Coverage of 1 year / 2 years can be opted for under the policy.

Renewal Discounts: Equivalent to 5% of renewal premium are available, if there are no claims in the previous year.

Covers provided by the policy

Hospitalization expenses: The expenses incurred as a hospital in-patient for a minimum of 24 hours are covered by the policy. These expenses include room, boarding and operation theatre charges, fees of surgeon, anesthetist, nurses, specialists, the cost of diagnostic tests, medicines, blood, oxygen, appliances like pacemaker, artificial limbs and organs, etc.

Day care treatment: The expenses for certain treatments / diseases like Cataract, Chemotherapy, etc. where 24 hours of hospitalization is not required, are covered under the policy.

Domiciliary Hospitalization: All expenses related to medical which is being administered at home, subject to the specific conditions applicable.

Donor Expenses: All hospitalization expenses incurred by the donor in case of major organ transplant are covered under the policy.

Policy is available under two options, viz. silver and standard policy

Details	Silver	Standard
Range of sum insured	Rs. 1 lakh to Rs. 5 lakhs	
Pre-Hospitalization	60 days	30 days
Post-Hospitalization	90 days	60 days
Pre-existing diseases	After 2 consecutive years of the policy period	After 4 consecutive years of the policy period
Critical illness cover	Not applicable	Not applicable
Major organ transplant	Applicable	Not Applicable
Expenses on accompanying person	Rs. 250 per day for 5 days	Rs. 200 per day for 5 days
Reimbursement of expenses for Local road ambulance services	Rs. 750	Rs. 500
Recovery benefit	Not Applicable	Not Applicable
Cost of health check up	Applicable	Applicable
Nursing allowance	Rs. 250 per day for 5 days	N.A.
Hospital daily allowance	Not Applicable	Not Applicable

Tax Benefits

The premium payable under the policy is eligible for deduction under Section 80D of the Income Tax Act, 1961.

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Product Showcase :: LIC Health Plus Plan

LIC Health Plus is a unit linked health insurance policy from Life Insurance Corporation of India Limited.

The policy provides:

1. Hospital cash benefit
2. Major surgical benefit
3. Domiciliary treatment benefit

Unique features of the policy

1. All members of a family are eligible for the cover and can be included at the inception of the policy.

Family members can be included during the policy tenure in case of:

- ❖ New born or adopted child
- ❖ Marriage

2. **Initial Daily Benefit (IDB)** is payable per day on the insured being hospitalized due to accidental bodily injury or sickness. The amount of benefit payment depends on the level of cover opted for under the policy.

IDB increases at the rate of 5% every year up to a maximum of 1.5 times of the original IDB value. This increase will not result in a corresponding increase in the HCB charges (as discussed later) under the policy.

3. **Treatment in Intensive Care Unit (ICU)** – In case of hospitalization involving treatment in ICU, the per day benefit will be twice that of the applicable HCB for that year.

4. **Major Surgical Benefit** – A lump sum benefit is payable in case of surgery. The benefit payable is a percentage of the sum assured under the policy and this percentage is dependent on the type of the surgery performed. This benefit is also subject to the policy terms & conditions in this regard.

Policy benefits

Death benefit:

In the event of death of the principal insured during the policy term:

- ❖ **Prior to completion of 3 years** – the policy terminates and the existing policy fund value is paid to the nominee.
- ❖ **After minimum 3 years' premium has been paid** – coverage for other surviving insured continues till the exhaustion of the fund value.

Maturity benefit:

The policy matures when the principal insured attains the age of 65 years. The policy fund value is paid as the maturity benefit.

Eligibility parameters – for Hospitalization Cash Benefit

Particulars	In case of principal insured and spouse insured	In case of child insured
Minimum age at entry	18 years (last birthday)	3 months
Maximum age at entry	55 years (near birthday)	17 years (near birthday)
Maximum cover ceasing age	65 years (near birthday)	25 years (near birthday)
Particulars	In case of principal insured	In case of spouse / child insured
Minimum IDB	Rs.250	Rs.250
Maximum IDB	Rs.2500	Rs.1500

Hospitalization Cash Benefit (HCB) is available only in case of hospitalization for a continuous period of more than 48 hours. Benefit payment is not available for the first 48 hours.

Family members can be included during the policy tenure in case of:

- ❖ 18 days of hospitalization which may include 9 days of hospitalization in ICU (if any), for the first policy year
- ❖ 60 days of hospitalization which may include 30 days of hospitalization in ICU (if any), from the second year onwards

Initial HCB must be in multiples of Rs.50

Eligibility parameters – for Major Surgical Benefit

Particulars	In case of principal insured and spouse insured	In case of child insured
Minimum age for commencement of MSB cover	18 years (last birthday)	18 years (last birthday)
Maximum MSB cover ceasing age	65 years (near birthday)	25 years (near birthday)
Maximum annual benefit	100% of the sum assured for each insured member	
Maximum life time benefit	3 times the sum assured for each insured member	

Major Surgical Benefit (MSB) is subject to the following conditions:

- ❖ Maximum amount payable for an insured family member during a policy year is equal to the sum assured
- ❖ If multiple surgeries are performed in one incision, MSB will be paid for the largest benefit for such cases
- ❖ MSB is not payable for the same type of surgery performed again during the policy term

MSB terminates on:

- ❖ Date of cover expiry
- ❖ Reaching the maximum life-time limit
- ❖ Death of the insured
- ❖ End of the policy term
- ❖ Divorce or legal separation of the spouse
- ❖ Lapsation of the policy

Waiting period applicable

In case of a new policy, the waiting period is 180 days. This means that for the initial 180 days, the policy does not provide any health cover. However, in case of an accident, no waiting period is applicable.

The waiting period in case of revival or reinstatement of policy is 90 days.

Termination of health cover

Health cover terminates	HCB Cover	MSB Cover
On the date of cover expiry – on attainment of insured's maximum cover ceasing age	Terminates	Terminates
On reaching the maximum per policy benefits limits i.e.	365 days of hospitalization	3 times the sum assured
On the date of death of the insured	Terminates	Terminates
Insured spouse's cover terminates on the date of divorce / legal separation	Terminates	Terminates
On the date of termination of policy for any other reason	Terminates	Terminates

Domiciliary Treatment Benefit (DTB) – DTB is the benefit available after 3 years of premium has been paid. Benefit is paid from the available units in the policy fund. Here, maximum 50% of the fund value can be encashed to provide for the medical exigencies.

This benefit can be claimed twice in a policy year. It can be claimed even to make up for any shortfall in the daily hospital cash (IDB) or major surgical benefit (MSB) amount.

Investment fund

The profile of the fund to which the premium is allocated for investment purposes is as follows:

Fund Name	Investment Objective	Investment Allocation		
		Government Guaranteed Securities, Corporate Debt	Money Market Instruments	Listed Equity Shares
Health Plus Fund	Combination of income generation and (low risk) capital appreciation	Not less than 50%	Not more than 90%	Not less than 10% & not more than 50%

Premium is allocated to purchase the units of the fund after the deduction of the charges.

Premium payment

Criteria for the minimum premium payable is:

If policy is issued on	Minimum premium will be higher of
Single life	Rs.5,000 p.a. or 6 times the HCB of principal insured
Two lives	Rs.7,500 p.a. or arithmetic sum of 6 times the HCB of principal insured and 3 times the HCB of other insured
More than two lives	Rs.10,000 p.a. or arithmetic sum of 6 times the HCB of principal insured and 3 times the HCB of each of the other insured persons

There is not limit on the maximum premium that can be paid under the policy.

Annualized shall be payable in multiples of Rs.500 (i.e. premium is to be rounded off to the next Rs.500).

Premium can be paid annual, semi-annually or monthly. Monthly premium payment is to be only under ECS mode. No rebate is available for the choice of premium frequency.

Premium can be increased or decreased during the policy tenure, subject to the minimum premium as mentioned above. The increase in premium must be in multiples of Rs.500. Health cover limits remain unchanged even after an increase / decrease in premium amount.

Policy surrender

- ❖ Surrender value can be paid after three policy year from the commencement of the policy.
- ❖ Surrender value will be equal to the policy fund value as on the date of surrender of the policy.
- ❖ There will be no surrender charge.
- ❖ The policy will need to be surrendered compulsorily if the fund value falls below specified limits, or if the lapsed policy is not revived within two years from the date of the first unpaid premium being due for payment. In such a case, the policy is terminated and the existing fund value is paid to the policy holder.
- ❖ A compulsorily surrendered policy can be reinstated during the revival period of two years from the policy lapse.

Policy lapse

- ❖ If premium is not paid on time, the policy lapses. A lapsed policy can be revived before two years from the date of the first due and unpaid premium.
- ❖ Days of grace available for annual and semi-annual premium payment are 30 days. For monthly premium payment (through ECS mode) days of grace are for 15 days.
- ❖ If the policy lapses and premium has not been paid for minimum three initial years, the health cover also lapses. However, if in case the first three years' premium has been paid and the policy lapses due to the non-payment of any subsequent premium that is due, the health cover will continue for further two years, subject to the sufficiency of the policy fund to support the cover.

Medical and special report requirements

- ❖ The medical and special reports required for covering the MSB depends on the age of the life assured (nearer birthday) and the amount of the MSB sum assured. Please refer to policy conditions for further details.

Premium holiday

- ❖ Premium holiday option is available if the premium for the initial three policy years has been paid and if fund value is equivalent to minimum one annualized premium.

Policy does not provide for

- ❖ Policy loan.
- ❖ Assignment of the policy.
- ❖ Partial withdrawals (other than those taken to cover shortfalls for IDB and MSB amounts).
- ❖ Dating back of the policy.

Important: In this policy, the investment risk in the investment portfolio is borne by the policy holder.

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