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The importance of having adequate health insurance cannot be disputed, especially given the rise in lifestyle-related ailments and the increasing cost of medical treatment. Instead of buying separate health policies for each member, today a family can easily protect all members by buying a floater health insurance cover. It is cheaper and offers same benefits as individual health policies. Let us understand how family floaters work.

#### Gaining popularity

Given the popularity of family floater policies, insurance companies are selling more of these today than individual policies. The floater option offers the same coverage as the individual option.

"Majority of our policies cover more than one member from the same family and are opted as floater plans. This is due to the fact that floater plans are more economical, while at the same time they offer the convenience of managing and renewing just one policy instead of multiple individual policies," says Anuj Gulati, MD and CEO, Religare Health Insurance.

As per the Handbook of Indian Insurance Statistics published by Insurance Regulatory and Development Authority of India, 52% policies were sold under family floater in 2017-18 as compared to 40% in the year 2016-17. "The data indicates an increase in sourcing of family floater plans, which are very popular because in a single policy they offer wider coverage to all eligible family members under a floater limit/sum insured with a mild pinch to your pocket," says Roopam Asthana, CEO and whole time director, Liberty General Insurance.

In case of Max Bupa Health Insurance, family floater plans account for 85% of the total retail plans, while individual plans make up for only about 15%, says Ashish Mehrotra, MD and CEO of the company.

#### The benefits

The first and foremost benefit of a floater policy is ease of management. Both while



## Does floater health plan work for your family?

Family covers are cheaper than individual policies. Premium is based on oldest member's age and in some cases they may be expensive

enrolling for the policy or at the time of renewal, customers need not worry about maintaining multiple individual policies or multiple transactions. "It makes things simple even at the time of filing a claim where just one policy number is required to initiate the process," points out Gulati.

In a family floater, the sum insured is floated across the entire family and this helps in reducing costs. "If you spend Rs 100 for an individual policy, then for two adults, for a similar sum insured, the cost will be about 1.5 times and not double. This is almost a 25% saving. So, instead of Rs 200, the premium will be Rs 150," says Mehrotra.

"In a family floater, the possibility of all family

members falling ill at the same time is quite low. But on the other hand, individual plans have per member sum insured, so there's no worry of one person exhausting the entire sum insured," says Bhaskar Nerurkar, head-health administration team, Bajaj Allianz General Insurance.

To address this issue, some insurance companies offer the restore option. For instance, when the entire sum insured gets exhausted by one member, Religare offers an in-built product feature known as Automatic Recharge of Sum Insured which recharges the entire sum insured that can be used by other members.

Similarly, Max Bupa offers another option in its Family First policy - indi-

vidual plus floater sum insured. "Each member gets an individual sum insured, plus there is a floater sum insured above this, which is available to the entire family. This gives you a much higher sum insured at a much lower cost. You first draw from individual sum insured and then from your family floater," Mehrotra says.

The maximum number of members that can be covered in a family floater plan is six individuals - the proposer, spouse, two children and dependent parents. A family floater plan provides tax benefit under Section 80D of the Income Tax Act, 1961. Also, a policyholder can double the tax benefit in case he/she pays for dependent parents, says Mahavir Chopra, director -

health, life and strategic initiatives, Coverfox.com.

#### Conditions while buying

For someone who wants a larger cover with small premiums, it is better to have family floater plans. While calculating premium in a family floater plan, the age of the eldest member of the family and number of members are considered. While in individual health plans, the premium is decided based on the medical history of the applicant.

According to Chopra, while it is cheaper to buy a family floater than two individual plans under most circumstances, there are exceptions. If the age difference between the two members is high (such as you v/s your parents) or if one member is

#### How costs compare

##### INDIVIDUAL FAMILY HEALTH PLAN

##### Health Guard (Individual)

Age-Band	*Premium
3 months-20 years	₹8,040
36-40	₹11,787

\*Premium:

For Mr XYZ (age 40 years) = ₹11,787

For his spouse (age 38 years) = ₹8,040

For child 1 (age 8 years) = ₹8,040

For child 2 (age 5 years) = ₹8,040

Family discount applicable - 15%

Total premium = ₹33,706

##### FAMILY FLOATER HEALTH PLAN

2 adults + 2 children

##### Health Guard Family Floater

Age-Band	*Premium
36-40 years (taking the highest age band into consideration)	₹22,584

\*Total Premium= ₹22,584 as per Mr XYZ's age

Sum insured for both plans is Rs 10 lakh

Premium rates are exclusive of GST

Source: Bajaj Allianz Health Insurance

likely to fall sick more often.

For example, if policyholders purchase a family floater for Rs 10 lakh, any member can use that amount. But if due to some serious illness, there are large claims, other members will not be able to utilise the entire Rs 10 lakh.

"So for policyholders having senior citizen parents, it better to have a separate policy so their entire risk is covered," points out Rakesh Goyal, director, Probus Insurance Brokers.

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