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Critical illness policy must cover ailments relevant to your family

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Owing to rising pollution levels, sedentary lifestyles, and changing food habits, the incidence of critical illnesses has skyrocketed. Yet, very few people buy a critical illness cover that can offer them protection against these financially ruinous ailments. A study by PolicyX.com found that of every 100 policies purchased on its platform over the past year, only two were critical illness covers (89 were hospitalisation plans, seven were senior citizen plans, and one was an accidental cover).

How do they work?

Critical illness policies cover diseases like cancer, kidney failure, heart attack, coma, stroke, organ transplant, bone marrow transplant, paralysis, major burns, and others listed in the policy.

Says Naval Goel, founder and chief executive officer (CEO), PolicyX, "These policies cover a broad spectrum of life-threatening diseases and pay a lump sum amount if one is detected after the policy has commenced."

Reasonable premiums

Critical illness policies usually come with a high sum insured, as the cost of treating these illnesses is very high. A ₹10 lakh cover costs approximately ₹3,500-5,000, depending on the number of ailments covered.

Two variants of these policies are available. Says Roopam Asthana, CEO and whole-time director, Liberty General Insurance, "First is the bundled plan which covers a range of critical illnesses. Typically, the bundles cover nine, 25, or 43 conditions. Second are the disease-specific policies, which cover one particular condition such as cancer, kidney failure, etc." Both offer similar benefits.

Compensate for loss of income

The lump-sum payout acts as a replacement for loss of income and can also be utilised for costs that are not covered by a normal health insurance (hospitalisation) cover. Says Rahul M. Mishra, co-founder and director of



KEY FEATURES TO LOOK FOR

- Go for a policy with minimum waiting period
- Also select one with the minimal condition regarding survival after diagnosis
- Select a policy that offers lifetime renewal
- Some policies allow you to pay the premium for up to three years; some discount is available if you pay for a longer tenure in one go
- Many policies offer additional benefits, such as cancer reconstructive surgery, cardiac nursing, dialysis care, physiotherapy, etc. (there may be caps on these benefits)

PolicyEnsure. "The receipt of a lump sum allows the policyholder to focus on recovery without worrying about medical expenses."

Parthanal Ghosh, president, retail business, HDFC ERGO General Insurance Company, points out that a critical insurance policy offers coverage even if the policyholder avails treatment abroad.

They also offer tax deduction on the premium paid.

Only listed ailments covered

One drawback of these policies is that they only cover the illnesses specified in the policy. Says Mishra, "Many policies have waiting periods before certain illnesses are covered."

Be aware of exclusions

The exclusions vary from one insurer to another. Says Goel, "Critical illness policies do not cover dental care, cosmetic surgeries, illnesses not listed in the policies, maternity and infertility treatments, critical illness arising due to a congenital disorder, etc."

A claim under this policy cannot be sought during situations of war or natural calamities like earthquake, tsunami, etc. Says Ghosh, "Claims will be rejected if the insured participates in or is involved in naval, military, or air force operations, racing, diving, aviation, scuba diving, parachuting, hang-gliding, rock climbing, or mountain climbing."

Points to keep in mind

Review the list of critical ailments covered by the policy and see whether those relevant to your family's medical history are included. Says Ghosh, "Before deciding the sum insured, assess your current health status and lifestyle habits and then determine an appropriate coverage amount that will be adequate to handle medical expenses, loss of income, and financial obligations during a critical illness."

Check the total tenure. Says Asthana, "Some insurers put a cap on the maximum age of renewal. Check this particular ceiling before buying a plan." It is advisable to go with a plan that offers lifelong renewal.

Ghosh suggests checking the claim settlement ratio of the insurer.

These policies come with a survival period condition. Says Bhaskar Nerurkar, head of the health administration team, Bajaj Allianz General Insurance, "The insured needs to survive for a specific number of days after being diagnosed with a listed ailment to make a claim." The lower this period, the better.

Making a claim under this policy is simple. All a policyholder needs to do is submit the diagnostic reports for the listed ailment.

Finally, Goel suggests that if you have a family history of a critical illness or work in a risky and polluted environment, then you must purchase this plan.

