

Gender gap in insurance

With only a third of policies in their names, women need to insure themselves aggressively

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Life insurance penetration in India is already low at 3.69 per cent (2016-17) figure from the Economic Survey, 2018) and over and above that, women lag behind men in the purchase of life insurance by a wide margin. According to the annual report of the Insurance Regulatory and Development Authority of India (IRDAI), the total number of life policies sold in 2017-18 stood at 28.2 million while the first-year premium was ₹92,135 crore. Women accounted for only 32 per cent of both number of policies purchased and first-year premium. The situation is no better in health insurance. According to the National Family Health Survey (NFHS-4) of the Ministry of Health and Family Welfare, only 20 per cent of women aged 15-49 are covered by health insurance or a health scheme. These numbers underline the need for women themselves, and their families, to ensure that they are adequately protected.

Homemakers need life insurance: Many families do not consider it essential to buy life insurance for non-earning women, something that experts disagree with. "Even though the household's cash inflows will not be affected if she is no longer there, outflows will rise as the husband will have to pay for many of the duties she performs," says Deepesh Raghaw, founder, Personal Finance Plan, a self-registered investment advisor.

Insurers offer term cover to a non-earning spouse after a few checks. "There should be an insurable interest, that is, quantifiable financial loss to someone if the person passes away. Companies check for moral hazard, and they see

COVERS WITH MATERNITY BENEFIT ARE MORE EXPENSIVE

Insurer	Plan with maternity benefit	Annual premium (₹)	Plan without maternity benefit	Annual premium (₹)
Max Health Insurance	Heartbeat Gold	29,224	Go Active	17,977
Star Health Insurance	Star Comprehensive	18,361	Health Optima	14,892
HDFC Ergo	Health Suraksha -Gold	16,741	Health Suraksha Silver with regain & ECB	15,124
Apollo Munich	Easy Health Floater Premium	20,923	Easy Health Floater Exclusive	16,893

Premiums are for floater policies with sum insured of ₹10 lakh, where husband is 37 and wife is 30, inclusive of taxes. Source: Paisabazaar.

whether the payer has the requisite financial capability," says Bikash Choudhary, appointed actuary and chief risk officer, Future Generali India Life Insurance. Moral hazard refers to someone trying to benefit improperly from the purchase of insurance.

There are limits on the amount of cover a non-earning spouse can get. "Most insurers do not give more than 50 per cent of the cover given to the earning husband. They also have a cap on the absolute amount of cover," adds Choudhary. According to Raghaw, non-working women who find it difficult to get term insurance on their own should opt for a joint cover with their husbands, instead of buying an insurance-cum-investment plan.

Buy adequate life cover: Do not go by the rule of thumb of buying life cover worth eight or 10 times the annual income. "Ideally, the family's net worth plus sum insured should be adequate to take care of financial goals, square off liabilities, and meet expenses," says Raghaw. The wife and husband may split the amount of cover in proportion to their

salaries. For a non-working woman, buy a sum insured that will replace the economic value of her contributions.

Alter cover with circumstances: If children are born, the couple takes a home loan, or a child decides to go abroad for higher education, women will need to increase their term covers. Once the home loan is paid or the education goal is met, she may reduce her cover. When a woman decides to move from full- to part-time employment — to raise children or to take care of aged parents — she should reduce her cover. "Some insurers may be reluctant to reduce the sum insured on a term cover. Hence, buy two or three term covers instead of one, so that you can close down one when you need to reduce cover," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisers.

Integrate health covers post marriage: Before marriage, a woman may be part of her parents' floater health cover. After marriage, she should move into her husband's floater cover. Says Bhaskar Nerurkar, head-health administration



team... Bajaj Allianz General Insurance. "Usually the newly wed spouse is added to the husband's policy. Alternatively, she can continue in her parents' policy till renewal and opt for a new policy with her

spouse at renewal. All continuity benefits can be transferred to the new policy for herself and spouse. However, she needs to remove her name from her earlier policy." Both wife and husband should add

the spouse's name to the list of insured in their employers' policies.

When deciding the cover amount, factor in the cost of treatment at the hospital you would like to go to. "Costs vary widely across hospitals. Go for a family floater with a sum insured that will cover the majority of diseases. Raise this amount further to account for medical inflation. Reassess the sum insured every five years," says Dhawan. With growing age and income, buy a super top up and a critical illness plan.

Weigh pros and cons of maternity benefit: Both standalone and floater policies with maternity benefit are available. "One can never be sure about the risk of hospitalisation due to ailments during pregnancies, hence opting for a separate family floater with maternity benefit is imperative," says Prasan Sikdar, MD & CEO, Cigna TTK Health Insurance. Such policies cover the newborn from day one.

Do a proper cost-benefit analysis. Their cost, on average, is higher by 25-30 per cent than of policies without this feature (see table). "Many insurers offer this feature only in policies with higher sum insured. They have a waiting period of a couple of years and hence need to be purchased in advance," says Arvind Laddha, deputy chief executive officer, JLT Independent Insurance Brokers. These policies also come with caps. "If a fixed benefit is payable, the maximum could be capped at ₹1 lakh for a normal delivery and ₹2 lakh for a C-section. If the benefit is a percentage of sum assured, it could be capped at 1 per cent and 2-2.5 per cent respectively," says Premanshu Singh, CEO, Coverfox.com.

The policy may pay for only a limited number of deliveries. Once the family has had children, this feature becomes redundant. "If the feature is optional, do not opt for it at the next renewal," says Singh. "You may also move to a policy without this feature. If the same insurer will not shift you, port to another. One alternative, according to Raghaw, is to save money for this event, or depend on your employer's cover.