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Should you opt for Covid Kavach?

If you have a low cover or none, and face high risk, buy it as it covers PPE, homecare treatment and co-morbidities, unlike other basic plans.

by **Riju Mehta**

As protection against the raging Covid pandemic, insurance regulator, Irdai, directed all general and health insurers, on 26 June 2020, to bring out two standard Covid-specific plans—Covid Kavach and Covid Rakshak—by 10 July. While the mandatory Covid Kavach is an indemnity plan which pays for hospitalisation, Covid Rakshak is optional and a benefit-based plan, which means you get a lump sum on diagnosis from a government authorised diagnostic centre and on continuous hospitalisation of 72 hours. Some insurers have already brought out the products, while others are set to launch shortly.

Given the fact that the market already has basic health plans covering the disease as well as Covid-specific plans, what was the need for another exclusive indemnity plan to cover Covid? More importantly, what should the customers do?

"Covid Kavach is not only standardised, which means its features are uniform across insurers, but is also a more comprehensive version of the existing Covid plans. This is because it also covers homecare, PPE and treatment of co-morbidities when hospitalised," says Gurdeep Singh Batra, Head, Retail Underwriting, Bajaj Allianz General Insurance. Since these are not covered by basic health plans, you may end up paying from your own pocket. The plan also covers ventilator and ICU charges, as well as the cost of oximeter and oxygen cylinder.

Secondly, the average size of health plan that people have is ₹3-5 lakh, which may not be adequate for high costs of ₹10-15 lakh involved in the treatment of Covid. "Besides, Covid is very contagious and the entire family may be affected. In such a case, the low cover will not be able to take care of even a single person, let alone all the family members," says Bhabatosh Mishra, Director, Claims, Underwriting & Product, Max Bupa Health Insurance.

Since everyone may not have a high and a comprehensive cover, or may not be able to afford the high premium, or may have no health insurance at all, Kavach may be a good option to cover the enhanced risk in the current circumstances. With the Covid cases increasing at a fast pace, especially in bigger cities and metros, it may serve as an effective intermediary plan for the short term of 3-9 months. Besides, it can be used in combination with basic plans to increase the overall cover size. For instance, if you have a ₹5 lakh basic plan that covers Covid, you can take a ₹5 lakh Kavach plan to enhance your cover size to ₹10 lakh.

As for Covid Rakshak, which offers a lump sum, it can be especially useful in case of home isolation and treatment because you can spend the money at will on medicine, treatment or nursing charges. Remember, however, that the maximum cover offered under Covid Rakshak is ₹2.5 lakh as opposed to ₹5 lakh for Kavach.

"Also keep in mind that Kavach is only an ancillary product for a single disease and cannot be a replacement for the more comprehensive basic health plan," says Mishra. So, you can use it to augment a basic plan or buy it if you have no plan at all, but after the risk has reduced, purchase an indemnity plan, which can even be Arogya Sanjeevani whose cover size has now been enhanced.

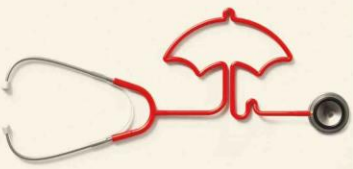
The premium rates availabe to *ET Wealth* at the time of filing the story seem reasonable and affordable, with Max Bupa Health Insurance charging a 35-year-old man ₹3,260 for a ₹5 lakh cover for a term of 9.5 months. Star Health & Allied Insurance, on the other hand, has set the premium for the age band of 0-45 years at ₹5,172 for a ₹5 lakh cover for a tenure of 9.5 months. The plans are also available for terms of 3.5 months and 6.5 months, which include a 15-day waiting period, when no claim will be entertained.

Covid Kavach & Covid Rakshak

CATEGORY	COVID KAVACH (MANDATORY)	COVID RAKSHAK (OPTIONAL)
Type	Indemnity plan (individual & family floater)	Benefit-based plan (only individual)
Sum insured	**₹50,000 - 5 lakh**	**₹50,000 – 2.5 lakh**
Covers	Hospitalisation (room, doctors' fees, ICU/ICCU, diagnostics, PPE kit, gloves, mask, ventilator)	Lump sum on diagnosis
	Homecare treatment (diagnostics, medicines, consultation, nursing, cost of pulse oximeter, oxygen cylinder and nebulizer)	
	Pre- & post-hospitalisation	
	Ayush treatment	
Waiting period	15 days	15 days
Requirement for claim	Covid positive diagnosis in a government authorised centre; hospitalisation for 24 hours	Covid positive diagnosis in a government authorised centre; hospitalisation for continuous 72 hours
Term	3.5 months, 6.5 months, 9.5 months (includes waiting period)	Same as Covid Kavach
Pre-existing	Includes cost for co-morbid conditions including pre-existing co-morbid conditions.	NA
Caps / limits	Lifelong renewability, migration and portability not applicable.	Same as Covid Kavach

Ceiling removed for Arogya Sanjeevani plan

Insurers can now offer covers higher than ₹5 lakh and lower than ₹1 lakh, but will the pricing remain as attractive as before?



The Insurance Regulatory and Development Authority of India (Irdai) has removed the upper and lower limits of the Arogya Sanjeevani standarised health insurance plans. The indemnity product was launched in April with a minimum cover of ₹1 lakh and a maximum of ₹5 lakh. These limits have now been removed, which could be a gamechanger for the low-cost standardised plans.

The move may be a way to provide easier access to higher covers given the large costs involved in Covid treatment. "After the pandemic outbreak, the cost of hospitalisation, especially in bigger cities, is becoming high and one should have an ideal cover of ₹10-15 lakh. Taking cognisance of this, the regulator may have decided to increase the limit," says Anand Roy, MD, Star Health & Allied Insurance.

A big pull factor for the plan was its low premium compared with similar plans in the market. Will this continue for bigger covers? Roy is confident the premium will continue to be lower than other plans. Agrees Sanjay Datta, MD, ICICI Lombard: "Since the caps and limitations will remain in place, the premium should be lower than similar market plans."

Others, however, are not so sure. "As the product was launched in the pre-Covid period, the potential impact of Covid has not been factored into the pricing. If the product has to be re-priced taking this into consideration, the premium may go up," says Bhabatosh Mishra, Director, Claims, Underwriting & Product, Max Bupa Health Insurance. It may not be possible to keep the ₹1-5 lakh products at the pre-Covid price and those above ₹5 lakh at new price points. "It will be a challenge to reconcile the two pricings," says Mishra.

As increasing the cover size is not mandatory, all insurers may not do so. Even though Star Health has decided to come out with higher covers before next month, others are waiting to gauge the demand. The extent to which the cover size will be enhanced is also not certain. "We may increase it by ₹2-3 lakh, certainly not go up to ₹50 lakh. We will take a decision depending on the demand for higher insurance covers," says Datta.

If the premium remains low, it will be a good product since it is standardised and comprehensive despite the caps. But if the premium is comparable with other plans, the buyer may get better and more comprehensive plans without caps. Instead of buying a bigger cover just for Covid-related expenses, it may be better to opt for the new Covid-specific plan, which covers equipment and homecare treatments. If the need is just for a bigger base cover, wait for a couple of months before you take a decision.