

Porting for lower premium makes little sense

Make sure you don't lose significant benefits in the new policy

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Within a few years of buying a health insurance policy, people often find it has a number of shortcomings. They then wish to switch to a policy that offers better features and add-ons. Sometimes, people do so on account of a bad claim experience or a higher premium price. According to insurers, 10-18 per cent by value of the policy proposals they receive are for porting.

When a person applies for porting to a new company, it is possible the latter might consider the proposal unfavourable and decline. In that case, the policyholder will have to stick to his insurer. "All porting proposals are vetted by the underwriting guidelines. Underwriting a policy involves evaluating risk exposure and determining the premium that needs to be charged. The underwriter can also reject any policy," says S Prakash, chief operating officer, Star Health and

Allied Insurance.

Porting can only be done among similar types of health insurance policies. The features and benefits of the new policy are according to the new insurer, irrespective of what the earlier policy offered. Only the waiting period and the no-claim bonus are carried over.

"Portability allows a policyholder to transfer the credit gained for pre-existing conditions and time-bound exclusions while switching from one insurer to another, provided the previous policy has been maintained without any break," says Jyoti Punja, chief customer officer, Cigna TTK Health Insurance.

While porting, a policyholder may opt for the same sum insured as in the earlier policy, provided the new one offers that sum insured option. The sum insured can also be enhanced, depending on the insurer. "Though you can enhance your sum insured, the

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porting benefits will apply only to the extent of the sum insured and the no-claim bonus of the previous insurer," says Sasikumar Adidamu, chief technical officer, Bajaj Allianz General Insurance.

For instance, if you have a policy of, ₹500,000 and while porting you want to enhance the sum insured to ₹1 million, the porting benefits will apply only for ₹500,000 and bonuses.

Don't port only for the lower premiums. "If you want to port for a lower premium, make sure your coverage does not reduce as this will be a loss for you. Similarly, if you are going for a higher sum assured, keep in mind that you will have to serve the waiting period for the increased sum

assured value," says Naval Goel, chief executive officer, PolicyX.com.

Policyholders could face a few issues while porting. The premium of the new policy could be higher on account of added benefits. You also have to watch out against losing significant benefits in the new policy. Experts say insurers don't usually allow portability if the policyholder is in a higher age group or in poor health. Even if they accept such proposals, it is with a number of clauses and restrictions. Policyholders having a pre-existing disease that requires frequent hospitalisation are more likely to be rejected. Porting is allowed only at the

ON PREMIUM PRICES

Name	35 years (₹)	45 years (₹)
HDFC Ergo	23,034	24,707
Bajaj Allianz	21,284	26,739
General Insurance		
Max Bupa	21,660	24,665
Apollo Munich	18,201	21,288
Cigna TTK	17,426	21,229

Note: For a family of 3, staying in Delhi
Sum insured: ₹1 million Source: Industry

time of renewal of a policy. Apply for porting at least 45 days before expiry of your existing policy. The new insurer also needs to inform you of its decision within the renewal grace-period of the existing policy.

"During your grace period, if you meet with an accident, your existing insurer will not provide the cover to you as you haven't renewed your policy with it. But, the insurer you are porting to is bound to cover you during that period if it hasn't declined you by then," says Vaidyanathan Ramani, head-product and innovation, PolicyBazaar.