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### [Do you need the 'innovative' riders that insurers are peddling?](#)

Riders enhance your insurance coverage, but they come with serious limitations. Understand what you're getting into.

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Insurance companies have been launching riders for their existing policies for years. But due to the COVID-19 pandemic, many insurance companies have turned their focus to launching new types of riders that are seemingly more relevant to the times we live in.

A rider is an additional insurance cover attached to a regular plan by paying more premium to life, health or vehicle policies.

The lure of riders is higher in health insurance. As Adarsh Agarwal, Appointed Actuary at Digit Insurance, says, "The percentage of people opting for add-on riders along with retail product stands at 36 percent for motor insurance and 47 percent for health policies between January and March 2020."

Though the premium paid for riders can be claimed for tax benefit, there are overall caps stating that rider premium should not be more than the base policy's rate.

Here are some of the innovative riders introduced by insurers.

#### **Slash the wait period**

Typically, a health policy comes with a waiting period for existing illnesses. But after a slew of changes introduced by the insurance regulator for pre-existing diseases coverage, Star Health & Allied Insurance has introduced an add-on cover. It allows you to 'buy back' the waiting period for pre-existing diseases. In simple words, you can reduce your waiting period by paying a little extra.

This rider offered under the comprehensive health insurance cover can help you reduce the waiting period for existing diseases from three years to one year. So, if you were suffering from kidney problems and claims arising from this disease aren't covered for the first four years, you can use this add-on cover and make claims for the same after one year.

While Star Health and Allied has used the rider method to help people reduce the waiting period, other insurers are slashing waiting periods on their products. ICICI Lombard General Insurance has reduced the waiting period on its new policies to 15 days from 30 days for COVID-related in-patient claims without any increase in premium for three health plans.

However, there are other existing health policies that come with a low waiting period already. Bajaj Allianz General Insurance offers an option of a one-year waiting period. "The senior citizen plan launched in 2005 has a waiting period of one year. The super top-up plan extra

care plus launched in 2017 also has a waiting of a year,” says Dr Rashmi Nandargi, Head – Retail Health, Travel and PA Underwriting, Bajaj Allianz.

### **Cancer protection**

HDFC Life launched Protect Plus, which offers a Cancer Cover and can be added as a rider with term plans as well as their traditional and unit-linked insurance policies. So, if a policyholder is detected with early stage cancer, then 25 per cent of the sum assured would be paid on diagnosis, while the balance is paid when the cancer worsens to a late stage. If the cancer is detected at a late stage, then the entire amount is paid at the time.

Srinivasan Parthasarathy, Chief and Appointed Actuary, HDFC Life, says, “The instances of cancer are increasing in India. We wanted to offer a low-cost solution to customers who want to get this additional coverage as a package.”

### **Moneycontrol’s Take**

Understand that a rider is terminated if the base policy is discontinued. Also, once a rider benefit is paid, no future benefits are paid. So, if you have a personal accident rider under your insurance plan, then once a benefit is paid, you wouldn’t be able to claim additional benefits in the future. Hence, a separate personal accident cover would work in your interest instead of a rider.

Assess whether no other individual policy offers this benefit before opting for a rider. So, a motor insurance rider, where depreciation is not applicable would be a choice to explore as one cannot take a separate policy for the same. But this is needed only for new vehicles, rather than a seven-year-old vehicle.

Rider benefits can also strip you off basic benefits such as renewing online. You would have to wait for offices to physically open and revive your policy if you opt for riders.

Also, premiums paid for riders don’t acquire a paid-up or a surrender value. Before you sign up for riders, understand the conditions as some insurers terminate the base policy even when the rider benefit is paid. So, for the want of accessories, you would be left without the basic clothes that protect you!