THE REFILL BENEFIT

By **Teena Jain Kaushal**

Should you opt for the restore option in your health insurance policy?

Do you know that only 1 per cent health insurance claims are above Rs 3 lakh? In fact, close to 85 per cent are just up to Rs 50,000. This holds true for most top insurers. Considering the small average claim size, does it make sense to opt for the 'restore' feature - which reinstates the sum assured if it is used up in any given policy year - in health insurance policies? While data show that the probability of people utilising this feature is quite low - according to estimates, it is less than 0.5 per cent, as it is generally activated above the Rs 2 lakh sum insured - this does not mean it is not important. Take the example of airbags in cars. They are costly and are activated rarely. But whenever they have to be activated, they save lives. The same applies to the 'restore' feature in health insurance policies.

A typical health insurance policy covers hospitalisation expenses up to the sum that has been insured. However, with rising health-care costs, it is very much possible that the entire sum insured is exhausted in a single hospitalisation. The 'restore' feature automatically kicks in when this happens.

What it is all about

The feature restores the entire sum insured if it is exhausted. Imagine that you have bought a family floater policy but use the entire sum insured in the beginning of the year. This means you will have to pay for all health-care expenses from your own pocket if another family member falls ill.

This is where the 'restore' feature can be useful. If you have paid more and opted for the 'restore' option, the insurer will reinstate the full amount on exhaustion of the sum insured.

Abhijeet Ghosh, Head, Health Insurance, Bajaj Allianz General Insurance, says, "In case a family member falls ill or meets with an accident, there are chances that the entire sum insured will be used up, leaving the others family members without any cover for the rest of the year. In such a situation, the 'restore' feature acts as a back-up. The sum insured is replenished for other family members."

The coverage varies from insurer to insurer. So, before opting for the feature, ask your insurer the following questions to know what is covered and what is not.

1. Does it cover same illnesses? You need to ask if the feature covers ailments for which the policy has been used earlier during the year. For example, if a person has used the sum insured for a paralytic attack, the same person cannot use the replenished sum insured for the same problem again during the year. This is the case with most policies.

M. Ravichandran, President, TATA AIG General Insurance Company, says, "The most common option involves paying for illnesses other than the one for which the claim was filed earlier. If the insured had claimed money for a heart attack, the restored sum insured will not pay for claims related to heart attack and related complications. The restored sum insured can be used by other members." A few policies, however, cover even the same illness. Bajaj Allianz's Health Guard Plan provides the option of reinstatement of sum insured for treatment of the same ailment during a policy year. Similarly, Star Health's Family Health Optima Plan has twin features - restore and recharge. While 'restore' is only for illnesses unrelated to the one for which the claim has been made, the 'recharge' benefit can be used even for illnesses for which the expense has been claimed.

Do you need to exhaust the entire sum insured in one claim?: A few insurers restore the cover only if the entire sum insured and cumulative bonus are exhausted in one claim. You need to ask the exact details of when the feature is triggered. Do you need to exhaust the full sum insured and cumulative bonus in one claim before the restore feature can be utilised in the subsequent hospitalisation? Or is the feature activated immediately without you having to wait till the next hospitalisation?

Nikhil Apte, Chief Product Officer, Accident & Health, Product Factory, Royal Sundaram General Insurance, says, "Some companies have a criterion that you have to exhaust your sum insured first before the feature is activated in the subsequent hospitalisation. But some policies, such as Royal Sundaram's Lifeline, have a feature under which the option is automatically activated while you are in hospital." This is certainly better than the first, where you have to wait for the next hospitalisation.

Do I need to buy higher sum insured for the feature?: Most insurers offer this benefit with policies that have high sum insured. For example, in Star Health, it is available only with policies where sum insured is Rs 3 lakh and above.

There is another important thing that you must know about the feature. Restore is not like the no-claim bonus that can be carried forward if not used in the policy year. Nikhil Apte says, "Restore is not a carry-forward benefit. If you don't utwilise it, you can't get credit in the subsequent policy year."

Hence, it's important for customers to read policy wordings carefully and understand the benefits before making a choice.

Restore feature

Higher sum insured is beneficial because of wider coverage. But it comes with additional costs. Restore helps you keep the premium down but at the cost of restrictions on when you can avail of the additional cover. "While the customer decides the adequate sum insured amount, he must also look for the reinstatement feature, especially if he is opting for a family floater plan. It provides additional back-up to the entire family in case a family member exhausts the sum insured during the year," says Ghosh from Bajaj Allianz General.

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