

Group health cover easier to get if all participate

SANJAY KUMAR SINGH

The demand for health insurance, in the wake of the Covid pandemic, is high. But many people, especially the elderly, are finding it difficult to buy a retail health insurance cover as they have pre-existing diseases (PEDs).

Some, who have not done so already, have enrolled in the group medical cover offered by their child's employer (if it covers parents). Some are also exploring the possibility of purchasing a group health cover through their housing society's resident welfare association (RWA).

Can RWAs buy?

An RWA can buy a group cover for the people living in its housing society. Insurers are likely to offer a quotation if there are at least 100 participants.

However, a few barriers exist. When insurers offer a cover to an employer, they get a mix of young and old employees aged 20-60. Retirees get excluded. That is not the case in an affinity-based group, like a housing society. Insurers are comfortable offering a cover if all the households enroll. "If, say, only 150 of the 500 households participate, insurers may not be comfortable offering a cover. They know that those participating are the ones who are unable to buy a retail cover," says

OPTIONS AVAILABLE



- The elderly should try to enroll for the group cover provided by their child's employer
- But most companies nowadays cover the

employee's spouse and child only, few cover the parents

- If parents are covered, employees often have to bear the premium, or there is co-pay
- If the daughter or son moves from being an employee to working independently, the cover is lost
- Group health covers by banks are another option the elderly should try, though they, too, carry the risk of being withdrawn

Renewal can be refused

A group cover is issued for one year. "At the time of renewal, the insurer can refuse to renew the policy, or remove certain features, if it has had an adverse claim experience," says Naval Goel, CEO and founder, PolicyX.com.

Insurers are bound by regulation to renew a retail policy for the insured's lifetime.

If the claim experience is adverse, the insurer can demand a steep hike in premium at renewal. In retail policies, the regulator usually allows insurers to hike the premium after three years and keeps an eye on the quantum of hike.

What should RWAs do?

Before approaching an insurer, find out how many society members will participate. Also decide whether the RWA or the individual members will pay the premium (insurers prefer the former). Evaluate the policy features, especially the exclusion period for PEDs, room rent cap and other sub-limits (which should be minimal).

A co-payment clause may not be a bad thing. "The RWA may agree to a 15 per cent co-pay to keep the premium under control," says Mehta.

A group cover's sum insured may not exceed ₹1-5 lakh. Insurers can also refuse to renew it. So, members should purchase a retail cover and not rely entirely on the group cover.

Kapil Mehta, co-founder and managing director (MD), Secure Now Insurance Broker. The insurer may then turn down the proposal or demand a high premium.

The cost

Insurers take the group members' age into account when deciding the premium. "In case of a proposal for a non-employer-employee group cover, the premium will be computed based on the group's demography," says T A Ramalingam, chief technical officer, Bajaj Allianz General Insurance.

Insurers are likely to charge a premium of ₹1,000-1,500 per lakh

of sum insured for a younger person and ₹8,000-10,000 per lakh for an older person. Data on participants' date of birth is used to arrive at a blended rate.

No health check-up

A group cover allows all members, including the elderly, to be covered without undergoing a medical test. "These policies can also be customised. Features can be added or removed depending on the premium," says Indraneel Chatterjee, co-founder and principal officer, Renewbuy.com.

These policies can have fewer exclusions. Maternity cover can be offered without a waiting period. The waiting period for PEDs, which is two-four years in a retail policy, can be shorter or even be waived, based on the premium.



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