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Demystifying Health Insurance Terms for Taking Informed Decisions

PERSONAL FINANCE

by Suresh Sugathan

Being a technical domain, insurance terms are often difficult to understand for most. Moreover, terms and conditions and insurance specific jargons add to the misery of a layman when it comes to insurance contracts. This more often acts as a bottleneck in creating awareness about insurance. Hence, the insurance industry is now taking collaborative efforts to de-jargonize insurance products and increase awareness about this domain across the country. Here we try to de-jargonize

some of the most commonly used health insurance terms to help you in making informed decisions.

Co-payment

Co-payment refers to the option of sharing a predefined percentage of claim amount in between the insured and the insurer. Exercising this option helps in lowering premiums while purchasing a health plan, since a co-payment restricts the insurer's liability as the insured agrees to bear a percentage of the total claim amount from of his or her own pocket. For instance, if you agree to a co-payment of 20% , then in case of a claim worth ₹1,00,000 you are entitled to bear a sum of

₹20,000 (20% of ₹1,00,000) from your own pocket while the insurer will take care of the balance amount of ₹80,000.

Deductible

Deductible refers to a specified amount that the insured has to bear prior to the health insurance plan takes care of the balance. Every policy has a component of voluntary deductible. Since this arrangement relieves the insurer of a part of their liability, it aids in lowering premiums. Higher the deductible lower the premium. For instance, you have opted for a deductible of ₹10,000 in your policy, then in case of a claim worth ₹1,00,000 you will have to bear ₹10,000 while the

balance of ₹90,000 will be taken care of by your insurer.

Day Care Treatments

These refer to medical treatments or surgical procedures performed in less than 24 hours, either under general or local anesthesia in a hospital or a day care centre. It is very important to note that Day Care Treatments do not include outpatient treatments. Some common day care treatments include Cataract surgeries, coronary angiography, chemo therapy, dialysis, etc.

Cumulative Bonus

Every claim free year earns you a higher sum insured, without any increase in the premi-

um. In the first claim free year the sum insured is increased by 5% and for every subsequent claim free renewal it is increased by another 10% on an average and is limited at 50%.

Grace period

If you forget to pay your insurance premiums on time, insurers grant you an extra 30 days to pay the same. Though you would not be covered during this lapsed time period, once the premium is paid, the policy would be reinstated with all the benefits intact. Also referred to as a break in period clause, claims arising during this period will not be admissible.

Pre and Post Hospitalisation Medical Expenses

Expenses incurred prior to hospitalisation in diagnostic tests, consultations, etc, are referred to as pre hospitalisation medical expenses. The same incurred after the hospitalisation is called the post medical expenses, which includes follow-up medications, tests, treatments etc.

About 30 to 60 days prior to hospitalisation is considered the pre hospitalisation period whereas post hospitalisation is usually 90 to 180 days after the hospitalisation.

(The writer is Head - Health Insurance, Bajaj Allianz General Insurance)