

Add child to family floater at the earliest

Some insurers may allow it anytime, otherwise do it at the time of renewal

SANJAY KUMAR SINGH

Health care costs are up, and not only for the elderly. Nowadays, hospitals aggressively urge parents to go for annual health care check-ups for children — starting from toddlers to high schoolgoers — as well, and most of them have packages for the same. And a couple with a newborn can suddenly see expenses shooting up.

The health care costs begin even before the child is born. Besides the usual check-ups, a normal delivery at a branded hospital can cost ₹50,000-70,000, while a C-section can cost ₹1-1.5 lakh in a metro.

"Most health insurance policies do not provide for this cost, so it may have to be paid out of pocket. Some policies cover it, but only after a waiting period of one-four years," says Amit Chhabra, business head, health insurance, Policybazaar.com. The health cover provided by the employer may cover maternity expense, but often only up to ₹25,000-50,000.

Once the child arrives, expect to make at least one visit each month to the paediatrician. In a metro, parents can end up spending ₹10,000-30,000 annually just on normal check-ups and vaccinations during the first couple of years. Today, parents opt for painless vaccination, which causes minimal discomfort and also does not trigger fever later. But such vaccines cost three-four times the normal ones.

Children are also more prone to infections and injuries, compared to, say, adults aged 30-45. Hospitalisation due to such an event can result in a bill of ₹1.5-5 lakh, or higher.

Once the child is 90 days old, parents must add her to the family health floater cover. Some

insurers allow this at all times of the year, and some only at the time of renewal. In the latter case, the child could be without a cover for a few months.

With the number of persons in the policy rising, the sum insured should be hiked. This can be done at the time of premium payment. "The sum insured must go up by at least 30-50 per cent when a child is added," says Ashish Yadav, vice-president and head-products department, ManipalCigna Health Insurance.

The sum insured that a family requires depends on a number of factors, including its budget.

"Going by the pace at which health

care costs are rising, a sum insured of ₹10 lakh is advisable. ₹5 lakh is the least a family should have," says Gurdeep Singh Batra, head-retail underwriting, Bajaj Allianz General Insurance.

As soon as a family decides to have a child, it should start building a

corpus to meet the associated expenses. Renu Maheshwari, Securities and Exchange Board of India-registered investment advisor, and co-founder and principal advisor, Finscholarz Wealth Managers, offers a few ballpark figures on how large it should be.

"First, the couple needs to accumulate an emergency fund equal to three-six months' expenses. In addition, if the wife is an earning member, she should accumulate at least two years of personal expenses. She should also set aside money to meet two years of family expenses she was taking care of," says Maheshwari. She suggests using an equity fund to raise this corpus if the time available is more than three years and a balanced fund if it is less. Closer to childbirth, the corpus should be moved into a liquid fund.



HIKE SUM INSURED WHEN A CHILD IS BORN

Insurer	Plan	Sum insured	
		₹5 lakh Annual premium (₹)	₹10 lakh Annual premium (₹)
Religare Health Insurance	NCB Super Premium	12,945	17,262
Max Bupa Health Insurance	Health Companion	14,916	16,295*
Star Health Insurance	Health Optima	14,060	17,883
Apollo Munich Health Insurance	Optima Restore	14,247	18,202
HDFC Ergo	My:health Suraksha Gold Smart	18,871	24,301

Premiums are for 31-year-old husband, 29-year-old wife, and one-year-old child living in a metro; * With Health Recharge Source: www.policybazaar.com