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In August 2023, insurance broker firm PolicyBazaar came up with a report showing that the cost of common ailments that require hospitalisation has more than doubled in the last five years. The same report also says that health insurance claims for infectious diseases and respiratory disorders have been growing at a rate of 14 per cent annually, which is twice as much as retail inflation.

That was an estimate for common diseases in the post-pandemic era.

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For critical diseases, the increase in treatment costs can pinch a patient more severely.

For individuals or a family with a basic health insurance plan, the sum insurance (SI) can be inadequate to cover the expenses of treatment.

It can force them to fall back on their personal savings to foot medical bills, thus increasing their financial burden considerably.

For a middle-income person, such unwanted medical costs can put their financial goals on hold.

In another scenario, if a person has a family history where recurring health issues are common, a basic health cover of Rs 10 lakh may also fall short of covering medical expenses.

In such a backdrop, the necessity of high-SI medical insurance comes to the fore.

Since most of the companies sell their high-SI medical cover plans as super top-up plans as add-ons with their basic plans, one doesn't have to pay much extra money for having a health cover of Rs 25 lakh or Rs 1 crore.

E.g., if a 30-year-old person living in Delhi goes for Star Health's Smart Health Pro Plan, the annual premium along with GST for SI of Rs 5 lakh is Rs 5,983. For a Rs 10 lakh SI, it is Rs 7,374.

But if one goes for a Rs 25 lakh or Rs 1 crore plan, they have to spend Rs 11,043 and Rs 15,515, respectively.

The premium for a Rs 1 crore cover is not even three times the premium of a Rs 5 lakh SI plan.

Siddharth Singhal, Business Head, Health Insurance, Policybazaar, says, "If you buy a health insurance policy with a sum assured of Rs 5 lakh, it would not be enough to cover most serious ailments such as cancer, chronic kidney diseases, and heart-related health conditions. Increasingly more customers are opting for Rs 1 crore health insurance plans, which are usually a combination of base plus super top-up plans from the same insurer. It comes at only 10–15% extra cost, provides 1 cr coverage at affordable rates and claims can be cashless."

Another important factor that a high-SI plan can help you with is beating rising medical inflation.

Adarsh Agarwal, Chief Distribution Officer, Digit General Insurance, says a medical treatment costing Rs 2 lakh today will cost Rs 7.41 lakh 10 years down the line.

"Individuals should take into account the future value of medical procedures and hospitalisation before buying a health insurance cover. The medical inflation rate in India is pegged at around 14%, which is among the highest in Asia. This essentially means that a medical procedure that costs Rs 2 lakh currently will cost Rs 7.41 lakh 10 years from now."

For a healthy person in their 30s, a basic health insurance plan may work, but having a high-SI cover plan in advance helps them complete the waiting period for critical illnesses at quite an early age.

Along with that, if you go without a claim for a year, your health insurance company may also reward you by giving you a discount on the premium.

Agarwal says, "One should get a health insurance cover as early in life as possible as the premium rates are the cheapest for youngsters, and they can finish any stipulated waiting periods for pre-existing diseases, specific illnesses, etc. when they are in good health."

The benefit of taking a high-SI policy early in life can come in old age, when one's medical expenses may multiply many times.

Bhaskar Nerurkar, Head, Health Administration Team, Bajaj Allianz General Insurance, says, "As individuals age, their healthcare needs tend to increase, making a higher sum insured prudent, especially for senior citizens. An additional benefit is that high-coverage insurance also provides you with a wider choice of hospitals, doctors, and healthcare facilities. Since the diagnosis of critical illnesses such as cancer, kidney- or heart-related diseases, and medications is also expensive, a high-SI plan can also help cover such expenses."

There was a time when medical insurance companies didn't cover most of the critical illnesses, but now some of them are covering as many as 99 critical diseases in their high-SI plans.

Shashi Kant Dahuja, Chief Underwriting Officer, Shriram General Insurance, says, "High coverage ensures that you can handle significant medical expenses without depleting your savings. It covers a wide range of medical services, including hospitalisation, surgeries, diagnostic tests, and medications. High coverage policies often include protection against critical illnesses, providing substantial financial support during such challenging times."

In general, insurance sums as high as Rs 1 crore are unused.

But in certain cases where multiple hospitalisations are required for a person with a critical disease or when one has to go for high-cost robotic or bariatric surgeries, such plans may come handy.

Shashank Chaphekar, Chief Distribution Officer, ManipalCigna Health Insurance, says, "A health insurance policy with higher sum insured can take care of everything – from treatment of critical illnesses such as cancer and heart-related ailments to advanced procedures such as robotic and bariatric surgeries."

The other benefit of a high-SI policy floater plan is that many family members can be covered under a plan, and everyone of them will have adequate insurance cover to meet their medical needs.

Nerurkar says, "In the case of a floater cover, the limited sum insured is available for all the family members and if there is more than one medical episode during the year, the cover selected may not be adequate. Hence, a higher sum insured under the floater plan is always advisable."

Before buying a medical insurance policy, one should consider factors such as age, family medical history, type of pre-existing diseases, having a high-SI policy by giving an extra premium may save from unwanted medical expenses that may cost your finances dearly.