

Disease-specific policies are for individuals at high risk

Go for this policy if your family history or lifestyle puts you at high risk of contracting a disease; critical illness policy should otherwise suffice

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Apollo Munich Health Insurance recently launched a comprehensive cancer plan called 'iCan'. This policy pays 60 per cent of the sum insured on diagnosis of cancer, and the balance when the disease reaches an advanced stage or if there is a recurrence.

A wide variety of health insurance products are available today — group mediclaim provided by the employer, mediclaim policies, critical-illness covers, and so on. In the case of serious diseases, a key issue that arises is that the sum assured of general mediclaim policies often proves inadequate. That is when standalone disease-specific policies come in handy. Such policies are available for the heart, the kidney, diabetes, cancer, and dengue.

Prasun Sikdar, managing director and chief executive officer, Cigna TTK Health Insurance, said: "Disease-specific covers are best suited for people who have a higher probability of developing a particular illness due to family medical history or lifestyle. It is not possible to buy every disease-specific cover available, so narrow down to the covers that you need the most." Thus, if there is a history of heart disease in your family, buy a cardiac cover.

The main reason for buying disease-specific policies is that they come with an assured sum of a higher range. One characteristic of these plans is that they make payouts at various stages of the disease. For instance, if a person is diagnosed with cancer at an early/minor stage, 20-25 per cent of the sum assured is paid (the percentage varies from insurer to insurer). When the disease reaches a critical stage, the balance is paid. Some of these policies waive future premium payments after diagnosis. HDFC's Cancer Care Plan, for instance, pays 25 per cent of the sum assured at an early stage. The premium is waived for three years. The remaining 75 per cent is paid at the major stage, after which the policy terminates.

Another alternative for covering dreaded diseases is critical-illness policies. They cover 10-35 major ailments (the number varies from one insurer to another). On diagnosis of any disease on the list, the insured is paid the amount for which she or he is insured. The insurer does not make payouts in stages. Says Khalid Ahmad, head of product management, PNB MetLife Insurance: "The coverage provided

by critical-illness plans is generally at the severest stage of the illness."

Since disease-specific policies cover only one disease, their premiums are lower than those for critical-illness covers having a similar sum assured. For instance, the premium for Future Generali Cancer Protect is ₹1,408 for a 35-year-old, whereas HDFC Ergo's critical-illness policy covering eight diseases costs ₹3,539. According to Vaidyanathan Ramani, head, product and innovation, Policybazaar, "A critical illness policy is a better bet as it offers wider coverage."

People dependent on their employer's group health policy should be aware of their limitations. Typically, the sum insured in these policies tends to be low because they are planned for a large group of policyholders. "They do not provide a comprehensive risk

management solution based on the individual's requirements. Hence, it is very important to opt for additional covers," says Sasikumar Acididamu, chief technical officer, Bajaj Allianz General Insurance. One needs to supplement the employer's cover with a personal mediclaim cover. In the next stage, as affordability



PREMIUM COMPARISON

Disease-specific plans	Benefits/what it offers	Annual premium (₹)
Future Generali Cancer protect	No medical examination; no restriction based on annual income, occupation or smoking habits	1,408
Aegon life iCancer	Stage-based benefit payment; waiver of premium benefit	4,437
ICICI PRU Heart + Cancer plan	Pay-out on diagnosis and for minor condition; waiver of premium	4,395
Aviva Heart Care me	1 disease covered; lump sum pay-out on diagnosis; multiple claims	3,273
Critical illness plans	Benefits/what it offers	Annual premium (₹)
HDFC Ergo Critical Illness	8 diseases covered	3,539
Apollo Munich	37 critical illnesses covered	4,426
Max Health Assurance Critical Illness	20 diseases covered; no claim bonus of 5%	3,243

Note: Premiums are for a 35-year-old male; sum assured ₹700,000-1 million Source: PolicyX.com

improves, a person should buy a critical-illness policy (the probability of critical ailments increases with age). Those who feel they are at a high risk of contracting a specific disease

may opt for a disease-specific policy.

YOUR MONEY

