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Headline: - Insurance critical illness cover: What is it and why should you opt for it?

Insurance critical illness cover: What is it and why should you opt for it?

Amid rising medical and doctors' consultancy costs besides hospitalisation expenses, critical illness cover ensures lumpsum payment to policy holders in case a disease is detected.



When a critical illness is diagnosed, the insurer pays a lumpsum payment that can be used to cover hospitalisation

Extraordinary times call for extraordinary measures. Similar is the case with medical insurance. Although buying a health insurance is vital for all of us, it may still not be enough when a critical illness catches you unawares.

Medical insurance usually comes handy in case of hospitalisation along with miscellaneous expenses. However, when someone is diagnosed with a serious illness that entails a number of visits to the hospital, the usual medical insurance policy may not suffice.

So, what should one do? Well, the answer may vary from situation to situation but more often than not, it is a critical illness cover.

"The main reason for policyholders to buy a separate cover for critical illness is that these independent covers tend to insure a large number of critical illnesses, often over 30. Add-ons to existing plans tend to cover a smaller number of diseases," says Kapil Mehta, Founder of **SecureNow Insurance Brokers**.

"However, the benefit of add-ons is that you do not need to go through a separate medical test or proposal form. In one step, you can get the base and add-on cover. There does not seem to be any material incentive to buy separate covers for critical illness plans. The rates and policy coverages are the same for new and existing policyholders," he adds.

Bhaskar Nerurkar, Head, Health Administration Team, Bajaj Allianz General Insurance, says: "Health insurance policy is generally designed to provide coverage for medical expenses like in-patient hospitalisation, room rent, pre & post hospitalisation, among many others. Having a separate critical

illness policy will enhance your existing health insurance policy by providing additional benefits for covered critical illnesses. The need for additional coverage would depend on an individual's specific healthcare needs and financial situation."

Let us understand the common features of a critical illness cover:

Lumpsum payment at the time of diagnosis: When a critical illness is diagnosed, the insurer pays a lumpsum payment that can be used to cover hospitalisation and other expenses. It spares you from the need to claim reimbursement every now and then.

Protection against a series of illnesses: It covers a range of diseases such as cancer, angioplasty, heart attack, heart valve surgery, surgery to aorta, CABG, chronic lung disease, chronic liver disease and bone marrow transplant among others

Life cover embedded in the plan: In case of death due to an accident, the nominee is paid the accidental death benefit sum assured.

Tax benefit: The policy helps policyholders save tax under section 80D of the Income Tax Act.

It is, therefore, advisable to buy a critical illness insurance cover besides a regular medical insurance policy in order to expand the scope of sum assured, and also to meet the ballooning medical cost.