

# Health Insurance 101

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## Health Insurance 101 - Description

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### Individual or Floater Plan

- The Premium is decided based on the eldest in the family. Hence, if you select floater insurance (for you and your parents), as the age of your parents is more, the premium amount will be more. So always go with Individual plan for Parents.
- For elder people, take Individual Plan
- For family(Yourself, Spouse and Kids), take floater plan because the chances of everyone getting hospitalized at a time is very low, as everyone is young.

## Zonal vs Pan India Policy

- Premium of Zonal Policy, depends upon the zone. In Tier 1 city, the premium is higher, however, in Tier 2 and Tier 3 cities, the cost is lower. So if you buy the policy with the zonal, but went to hospital of another city which does not fall under that zone, then the insurance will not cover the whole amount. You have to bear some charge of the expense. So if you are not comfortable with zonal policy, then go with the PAN India type, for which the premium amount is same in all the city, and you can get service anywhere.
- When you are taking policy, you might be giving the address of your village which is rural and when you are getting the treatment, you are taking in the city. In such case, your insurer might not cover the charges in case of zonal policies.
- So its recommended that you take the pan india policy.

## Cover Amount

- Cover amount is very much customized, as it depends on various factors.
  - Which location are you living in - rural or tier 3 or tier 2 or tier 1
  - What is the average cost of heart surgery at your place
  - Average cost of one day ICU charge in your area.
  - For whom you are taking the insurance for (children or parent or self)
  - Do you/they smoke or Drink ?
  - What kind of job do you have (Mechanical or IT Job)
- The premiums are calculated after taking into account your age, your location (zonal), your medical condition, (any pre-existing diseases), and lifestyle habits (smoking, drinking, etc.)
- This amount is different for everyone. Ideally for kids, its 5L and for adults 10L

## Top Up vs Super Top Up

- There is a big difference between Top Up and Super Top Up. In short, take super top up, not top up.
- Both Top Up and Super Top Up, have something called a deductible limit. The deductible is the amount you must pay out of pocket/your insurer before the top up or super top up policy covers the rest.
- Example 1: If you have a base cover of ₹10 lakhs and a Super Top-Up of ₹30 lakhs with a ₹10 lakh deductible, you'll pay the first ₹10 lakhs from your base cover. Anything beyond that is covered by the Super Top-Up policy.
- Example 2: If your base cover is ₹10 lakhs, Super Top-Up is ₹30 lakhs, and the deductible is ₹20 lakhs, and your bill is ₹25 lakhs, you'll pay ₹10 lakhs from your base cover, ₹10 lakhs out of pocket (as per the deductible), and the remaining ₹5 lakhs will be covered by the Super Top-Up policy.
- Ideally, the deductible should match the base cover to ensure smooth coverage.

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- Problem with Top-Up: If you have a ₹10 lakh base cover and a ₹30 lakh Top-Up policy with a ₹10 lakh deductible, and you have multiple small medical bills (e.g., two ₹5 lakh bills), you would pay them from the base cover. But for the Top-Up to kick in, you need a single claim above ₹10 lakhs, so it wouldn't cover smaller bills.
  - Super Top-Up is more flexible: It allows you to accumulate smaller claims (e.g., ₹5 lakh twice) and, once the total exceeds the deductible (₹10 lakhs in this case), you can claim from the Super Top-Up for any subsequent medical expenses.
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- It is possible that you have taken your base plan from Vendor A and Top Up or Super Top Up plan from Vendor B. But it is recommended to take both from same vendor to avoid unnecessary delay or fight between 2 vendors in case of conflicts.
- Also, if you take (5 lakhs of base + 5 lakhs top up/super top up = 10 lakh coverage) the premium will be lower in comparison to 10 lakh base coverage.
- Also ask the agent when exactly I will not be able to claim in case of super top up, just to ensure if there are no hidden conditions.

## Group Insurance Policy (e.g. Corporate Insurance)

### Take separate insurance than Corporate Insurance Plans

### Conversion of Group Insurance Policy to Individual Policy

### Reimburse is better than cashless

- This is because of a hidden fight between the hospitals and insurance company which is hidden to the consumer.
- This causes low quality of the treatment and also few hospitals say that the treatment can start only after you pay certain amount beforehand.

## Must Have Features - Description

### Continuity

- Some policies are there which does not allow any cover after the age of 60.
- But the major health issues happen after the age of 60. So continuity matters.

### Room Rent Cap

In general it is

- 1% of sum assured for room rent
- 2% of sum assured for ICU For example, Say, if 500000 is your sum assured, then your room rent cap is 1% of 500000 that is 5000 and ICU rent cap is 2% of 500000, that is 10000.

It could be any of the below type

- Room Rent Cap linked with additional cost
- Room Rent Cap, no link with additional cos
- No Room Rent Cap
- Must not have any capping on room rent or ICU rent. Because, now-a-days, in general, in private hospitals, getting a room in hospital is much higher than what 1% of sum assured.
- Also, majority expenses are linked to your room rent cap based on insurance document.
- Also because I am paying the premium to a private company so that I can take any room and all the good facilities. Its not like I am getting any service for free by government that I need to adjust on certain things.

## Disease Sub Limit

It could be possible that if the plan has cap on certain disease, for example, an insurance plan can have a cap of 5 Lakhs on Heart disease. We should try to avoid such plans, but if the premium goes more than the budget, we can consider the re-adjustment, later.

- Ideally your policy must not have any sublimit.

## Waiting Period

### Standard Waiting Period

- In general this is 30days.
- So for example, if you took insurance today, you cannot claim anything for next 30 days.
- But always check that if the accident is allowed in this waiting period. Because accident is not something which is planned.

### Critical Illness Waiting Period

- Ask the agent, what are the illness which are included in this
- Ask what is the waiting period. In general this is 90 days.

### Pre-Existing Disease Waiting Period(PED)

- Blood pressure
- Diabetes
- BP / Hypertension
- Heart Ailments / Conditions
- Asthma
- Thyroid
- Cancer etc.
- This should be as low as possible. Don't take any risk here.
- In general this is 2 to 3 years

### Waiting Period for Slow Growing Diseases

For certain diseases, IRDAI, has set up clear instructions that, these diseases has certain waiting period and that is not different with different vendor. **These are not Pre-Existing diseases.**

- ENT Disorders
- Hernia
- Cataract
- Osteoporosis
- Joint Replacement etc

## Co-Pay Option

- The insurer will ask to pay some percent of the claim in return of decreasing the premium.
- Never ever get any insurance which is asking you to pay a certain percentage.
- This is because you are taking the insurance for the purpose that you do not have to pay anything while you are in some sort of medical emergency and your finance should not be disturbed.

## Reasonable and Customary Clause

Say, you went to a hospital in your location for a heart surgery and in that hospital, you find the charge is 2 Lakhs and you did the surgery and claim for insurance. But it will get rejected, saying that there are other hospitals in that area which is offering the same surgery in 1.5 lakhs. So they will not reimburse the whole amount.

## Pre- and Post-Hospitalization Coverage

In general, now-a-days, policies are providing 30 days of pre-hospitalization policy and 180 days of post hospitalization policy.

## Ambulance Charges

## Exclusions

- Get the list of Exclusions is important before purchasing the insurance.

- These are the diseases which will not ever be covered by the insurer. Few insurance policy add some vital surgery in this list and few are ambiguous, stating that the surgery was not medically necessary. even though the doctor provides the same in written that this is required.

## Cover for Organ Donor

- What is the facility

## Daycare Coverage

If you go to the hospital but don't have to stay as it is not needed, so you came back home. In that case, an insurance policy which has daycare coverage enabled, will bear the expense.

## Domiciliary Hospitalization

if, due to the lack of hospital beds or certain mobility issues, an insured individual is bound to stay at home and get the treatment there - Under these 2 circumstances mentioned, insurer will cover the medical bills, cost of renting medical equipment, practitioner fees etc

## Good to Have Features - Description

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### Free Health Checkup

- Some insurance policy provide you the facility of having a full body check up once in a year. This will not interfere with your no claim bonus.
- It is recommended that you do these check ups and keep the files with you. This will be very helpful while reimbursement.

### No Claim Bonus

- If you don't claim on a specific year, the insurer provide you some reward by increasing the su assured by the som amount with the same premium.
- But ask the agent to know if you claim on a year, this benefits will get rolled back or will remain the same.

### Restoration Benefit

- This basically says that in a year, say on July, you exhaust your sum assured, then for the next months of the year, you are not insured. In such cases, the insurance policy restore your amount to the sum assured again. This is tricky because if this were the case, why don't we get unlimited sum assured.
- Tricky thing can be, the restoration can happen only once
- Another tricky thing can be that the restoration amount you cannot use for the same disease again.
- So clearly as the agent that in which scenarios you will not be able to use this restoration benefit.

### AYUSH Treatment

- Ayurveda Treatment Coverage is covered or not?

### Out Patient Consultation Fee

### Extended Coverage

You can claim for cosmetic or AYUSH treatment from your insurance company, if your insurance policy provided extended coverage.

### Critical Illness Cover if required

### Daily Cash Allowance

- Some cash will e provided on daily basis while you are in hospital. This is a good to have.
- Basically this amount is provided for some communication and travel fee that you or your relatives make.

## Choosing Insurer - Description

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### Choosing Right Health Insurance Company

- There are generally 2 types of insurance companies.
  1. General Insurance Company => Good For corporate, because these companies cover various types of insurance and provide in package.
  2. Stans Alone Health Insurance Company => Good for individuals.
    - Aditya Birla Health insurance Co. Ltd
    - Care Health Insurance Ltd
    - HDFC ERGO Health Insurance Co. Ltd
    - ManipalCigna Health Insurance Co. Ltd
    - Niva Bupa Health Insurance Co. Ltd
    - Reliance Health Insurance Ltd
    - Star Health and Allied Insurance Co. Ltd

### Ratios

## Claim Settlement Ratio

- Claim settlement ratio tells you about the percentage of claims settled by an insurer during a specified period.
- For example a claim settlement ratio of 90 tells you that the insurance company settled 90 claims for every 100 claims they book during the year.
- In general claim settlement ratio of 90% and above is stellar. A claim settlement ratio of 80-90% is decent. And anything less than 80% is a no-go.

## Solvency Ratio

- Simply, whether a company is stable enough and has enough cash-flow that it accepts the genuine claim or not.
- Company with lower solvency ratio somewhat indicates that company wants to save money by rejecting a genuine claim because the financial situation of the company is not that good.
- Ideally it should be  $\geq 2$

## Incurred Claim Ratio

- Ideally it should be between 60 to 85 Percent

## Private vs Government Insurer

## Cashless Claim Only Insurance

- Few Insurances are there which only allow cashless hospital treatments. This is critical because if you are not satisfied with the treatment of the hospital and decide to go to any other hospital, you will not get the claim at all, if the other hospital is not tied up with the insurer.
- So always go for the policies which are adaptable with both cashless and reimburse way of claim.

## Insurance Company Brand Value

## Network of Cashless Hospitals

- [HDFC Ergo Network Hospital](#)
- [Tata AIG Network Hospitals](#)

## Claim Process

- Cashless Process
  - Planned Hospitalization Process
  - Emergency Hospitalization Process
- Post Reimburse
  - Planned Hospitalization Process
  - Emergency Hospitalization Process