
WHY BUY INSURANCE WHEN HEALTHY



We all desire good health and when we are in the pink of health, it is just so natural for us to not have the thought that something unfortunate might happen to us and hence not see the need for an insurance cover. Unfortunately, it is a fact of life that there will always be uncertainty to some extent. 'What if' - should you not be around to provide for your dependents or should you experience a medical crisis, would you then appreciate the financial provision made available from an insurance cover? Buying insurance is, in fact, buying peace of mind, but does it mean that when you want to buy it, you will get it?

An insurance application requires you to declare your health status, stating any pre-existing conditions you may have. A pre-existing condition is any health condition you have or have had prior to applying for an insurance cover. For instance, if you have had kidney stones at any time during your life, then kidney stones would be considered a pre-existing condition. Depending on the risk assessment of your health status, it is common for an insurer to charge a higher premium or exclude cover for a pre-existing condition or not offer any cover at all.

Generally, there has to be a non-existence of any medical conditions in order to obtain a standard cover where you get to pay just the standard premium rates for a full cover. However, if a pre-existing condition is deemed to be of non-recurrence, you should expect to be offered a standard cover. Childhood asthma is one such condition which will likely not re-occur in adulthood.

For life insurance which protects you against death, disability or critical illness, if a pre-existing condition is assessed to be not as serious as resulting in the insurer rejecting you an offer, it will likely be covered, but with an additional premium. This extra premium is known as premium loading and can generally be in the range of 30% to 100% of the standard premium. Hence, you may be paying double to cover a pre-existing condition that you may have.

Underwriting for health insurance is generally more stringent and it is common for a pre-existing condition to be excluded. A condition commonly excluded for a health insurance is that of high cholesterol. As a matter of fact, high cholesterol has many health implications, such as narrowing of blood vessels which may lead to heart disorder and its complications. Should you unfortunately be diagnosed with high cholesterol before obtaining a health insurance cover and be hospitalised to seek treatment for say, a heart condition, you would not be able to make any claim from your insurance which would have excluded cover for heart disorder and its complications due to high cholesterol.

If you were to be in a situation where a pre-existing condition is not having any recurrence, but you were to be scheduled for a follow-up review within the next few months, then your application for an insurance cover at that point of time would likely result in a postponement. This would mean that the insurance company would review your application at a later date, usually in 6 months' time when it would be able to assess the result of the follow-up review in due course.

For more serious illnesses like cancer and diabetes, insurance companies will likely decline an offer, especially for critical illness or medical cover. Similarly, it is very unlikely for anyone with a pre-existing condition of say, spondylosis, to be insured with a disability cover.

Above all, if you want full cover and to get your money's worth, buy insurance when you are healthy!