

Health Insurance in India

Be Responsible.....

Be Secure.....

About Health Insurance In India.....

Need for Health Insurance.....

Health treatment nowadays is very costly. More than the disease it is the cost of treatment that takes its toll. To get rid of health worries health / medical insurance is the answer. But over 70 per cent of these spends are out of pocket which leads to lot of hardships. According to a survey by NSSO (National Sample Survey Organization), 40 per cent of the people hospitalized have either had to borrow money or sell assets to cover their medical expenses.

It takes just one visit to a hospital to make us realize how vulnerable we are.

It is a tough ordeal if you are diagnosed with an illness and need to be hospitalized, no matter if you are rich or poor, male or female, young or old. The list of lifestyle diseases like heart problems, diabetes, stroke, renal failure, some cancers just seems to get longer and more common these days. Thankfully there are more specialty hospitals and specialist doctors – but all that comes at a cost. The super rich can afford such costs, but what about an average middle class person? For an illness that requires hospitalization / surgery, costs can easily run into 5 figures.

A Health Insurance Policy can cover such expenses to a large extent. Health insurance policy not only covers expenses incurred during hospitalization but also during the pre as well as post hospitalization stages like money spent for conducting medical tests and buying medicines. The cover will be to the extent of the sum insured.

The interesting find about health insurance in India was how people perceived health insurance in India. It is seen as an instrument to protect savings. It is not aimed at protecting the asset that is health. This is probably common to developing markets, where people tend to place wealth ahead of health. On a macro level, very few households in India have contingency plans to meet their health expenses. Health risks in India are perceived differently than the western population. Prior planning in health issues is yet to be a major priority.

Current Scenario in India.....

Health insurance has emerged as one of the fastest growing segments in the non-life insurance industry with 30 per cent growth in 2010-11. For the purpose of regulation, health insurance companies are classified as non-life

companies. Health insurance's annual premium collections are over Rs 6,000 crores. Despite the high growth, the business is a huge challenge for insurers because of the high losses over soaring medical expenses.

With a reach of just about 2% of the country's 1.2 billion population, India offers a huge potential in health insurance market. There are over 30 health insurance products in the category offered by both life and non-life insurers. While ICICI Lombard, Bajaj Allianz and Reliance General are some of the prominent general insurers in the health insurance space, Apollo DKV, Star Health & Allied Insurance are the standalone players.

The term **Health Insurance** is used to describe a form of insurance that pays for medical expenses. It is used more broadly to include insurance that covers disability or long-term nursing or custodial care needs. In simple words, if you are covered under Health Insurance, you pay some amount of premium every year to an insurance company and if you have an accident or if you have to undergo an operation or a surgery, the insurance company will pay for the medical expenses.

Types of Health Insurance.....

There are mainly 3 types of Health Insurance covers which are as follows.

1. Individual Mediclaim

The simplest form of health insurance is the Individual Mediclaim policy. It covers the hospitalization expenses for an individual for upto the sum assured limit. The premium is dependent on the sum assured. It is a cover which takes care of medical expenses following Hospitalization / Domiciliary Hospitalization of the insured in case of sudden illness, accident and any surgery which is required in respect of any disease which has arisen during the policy period.

This cover is a hospitalization cover and reimburses the medical expenses incurred in respect of covered disease / surgery while the insured was admitted in the hospital as an inpatient. The cover also extends to pre-hospitalization and post-hospitalization for periods of 30 days and 60 days respectively.

Example: If a family has 4 members you can take an individual cover of Rs. 2

lakhs each for each member. Each member is now covered for 2 lakhs. If all the 4 members are hospitalized, all 4 of them can get expenses recovered upto Rs 2 lakhs each. All the 4 policies are independent.

2. Family Floater Policy

Family Floater Policy is an enhanced version of the mediclaim policy. The policy covers each family member and the entire family's expenses are covered up to the sum assured limit. The family floater plan's premium is less than the separate insurance cover for each family member.

Example: If a family of 4 takes a family floater policy of Rs. 8 lakhs, they can claim medical expenses upto Rs. 8 lakhs in that policy year. If one person is hospitalized and claims Rs. 3 lakhs, it will be paid, but they will be left with only Rs. 5 lakh worth of medical expenses that can be reimbursed in that year. The next year, the policy will start with a fresh Rs. 8 lakhs. So, in many ways the family floater plan offers flexibility in terms of utilizing the overall insurance coverage among the group.

3. Unit Linked Health Plans

Health Insurance Companies have introduced Unit Linked Health Plans which combine health insurance with investment and pay back an amount at the end of the insurance term. The returns are dependent on market performance. These plans are new and still in development phase. People who can handle market linked products like ULIP and ULPP are only recommended to take this plan.

For a number of reasons, it is advisable to stay clear of unit linked health plans. Treat insurance purely as an expense. Opt for an Individual Mediclaim policy if you are single and opt for a Family Floater policy if you have family. Health insurance premiums come under tax exemption under section 80D for a maximum of Rs.15,000/-.