



How to plan for protection against uncertainties

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An indemnity-based comprehensive health policy carries great utility value, but is likely to fall short of requirements when it comes to treatment of critical illnesses like cancer and renal failure or even in case policyholders were to meet with serious accidents that necessitate prolonged hospitalisation and extended recuperation period.

In addition, policyholders' concerns about the ambiguity around claim settlement cannot be overlooked in case of indemnity-based health policies, especially if the cashless facility is not available at the hospital of their choice.

Critical illness covers: As the name suggests, these products offer coverage against dreaded ailments like paralysis, cardiac arrest, renal failure, cancer, stroke and so on. Usually, the claim amount is disbursed upon the diagnosis of such illnesses in case of these plans. Since these are fixed benefit plans, the claim is payable even if one has already made a claim under a regular indemnity-based plan. This amount can then be used to fund recovery process, lifestyle modifications, if any, and compensate any loss of income suffered during the period. In other words, policyholders have the flexibility to use the claim



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- **The claim amount in critical illness is disbursed upon the diagnosis in the policy**

proceeds as they deem fit.

Specialised cancer plans: Cancer treatment procedures are often exorbitantly priced, which means that footing the bills by dipping into savings funds is out of question. Same is the case of with diseases related to heart and renal failure. While signing up for one, check the sum insured for early-stage cancers as some plans promise to pay just 25% of the cover amount and there are few new insurers who offer lump-sum payouts up-to 150% of the sum insured. Again, also ascertain whether the plans will cease to be in force once the claim amount is paid out.

Since some forms of cancers are known to recur, the longevity of the policies is very important.

Personal accident policies: Why buy personal accident plans? The answer lies in the cost-benefit structure of these covers. For one, they offer a large cover at lower premium. These policies cover accidental death as well partial and total disabilities suffered due to accidents. Loss of income, if any, due to break in employment will also be covered, subject to limits mentioned in the policy wordings. As in case of any insurance policy, a meticulous reading of exclusions – i.e. what is not covered – is highly critical.

The limitations: Clearly, such products can indeed fulfill certain requirements of policyholders that regular policies probably cannot. But, do not forget that these are not comprehensive plans. Opting for such plans while ignoring comprehensive health plans could leave a gaping hole in your protection framework planning. Also, their key limitation is the clause by which they stand extinguished after the claim payout unlike a regular indemnity policy that comes with the lifelong renewal clause.

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