

FAQs ON HEALTH INSURANCE

1. What is Health Insurance? Why it is required?

When people fall sick or suffer accidental injury or disability, their treatment involves cost and financial support is required in case of disablement. Serious illness or injury increases the financial burden, giving rise to a feeling of financial insecurity. Health insurance serves as a protection against such financial insecurity as the risk is transferred to the insurance company which bears the cost of medical expenses and replaces income in case of disability.

2. Who regulates health insurance policies in India and how? Is it safe to go for these policies?

Health insurance in India is transacted by both Life Insurers and Non Life Insurers. It is regulated by the Insurance Regulatory and Development Authority through Regulations and instructions as and when required. Implementation is monitored through information tracking and inspections. Like other insurance policies, health insurance also is a contract and as long as the contractual obligations are fulfilled by the parties, it is a safe policy.

3. What all does the health insurance policy cover? Does it cover all medical expenses like in U.S.A? Or does it cover only the hospital expenses?

The health insurance coverage differs from policy to policy. Basically a health insurance policy covers medical and surgical expenses on hospitalization arising out of sickness or injury including pre and post hospitalization expenses for a limited period and does not provide for reimbursement of domiciliary medical expenses or out patient treatment. However, some policies offer cover for these eventualities also. A personal accident policy provides for compensation on death, permanent total disability, permanent partial disability and temporary total disability arising out of an accident. Health insurance policies of life insurers offer life cover along with surgical expenses and domiciliary medical expenses in addition to hospitalization expenses. Additional benefits like Ambulance charges, educational grant for children, travel expenses to the place of hospitalization, resident modification allowance in case of disability etc .are provided in some policies. There are some special policies for diabetic and HIV patients.

However, long term care benefits are not available in India and preventive checkup benefits are available under some policies subject to restrictions.

4. There are many plans and how should I choose the best plan for me? What minimum cover should I look for?

Minimum cover is required for hospitalization expenses including surgical expenses and accident and disability benefits. The plan should be selected on the basis of felt need and capacity to pay the premium for additional covers.

5. What are the pre conditions for coverage? Are these regulated by the regulator? What all do the premiums depend upon?

Not exceeding the upper age limit is usually a precondition for coverage at the time of entry and renewal. Health history is looked into to exclude cover for such existing illnesses and their complications. The age limit is decided by the companies. Condition on pre existing disease is not regulated by the Regulator. But the General Insurance Council has formulated a clause on pre existing diseases for adoption by all insurers

In India premium is based on the age of the applicant but depending upon claim history premium may be increased on subsequent renewals.

6. Is there an age limit for coverage? How can a senior citizen be covered?

The upper age limit for coverage varies from 75 to 78. Senior citizens can apply for health insurance which is granted subject to their undergoing a medical examination and exclusion of pre existing disease if any

7. Who is a T.P.A.? Is it good or bad? Should I always look for an insurer with a TPA?

T.P.A. is the Third Party Administrator, licensed and approved by the IRDA to whom health claim settlement operations may be outsourced by the insurance companies. However, some insurance companies deal with claim settlements themselves. The selection of insurance company may not depend on TPA but on product benefits. TPA is only an extension of the company and whether it is good or bad depends on its efficiency in providing health services.

8. How does one claim the expenses? Do I have to settle the bills before the claim?

The claim papers are to be submitted to the TPA or the company. Where cashless facility is available the hospital is paid by them directly, the expenses covered under the policy. The policyholder has to settle only the bills for expenses not covered. However, prior approval of the TPA/company is required to be taken for cashless facility.

9. What is a mediclaim policy? Is it different from health insurance offered now?

Mediclaim policy is one of the products under health insurance providing basically for reimbursement of medical and surgical expenses incurred on hospitalization due to sickness or injury. Pre and post hospitalization expenses for a limited period are also reimbursed. It is different from other health insurance products providing for accident and disability benefits and critical illness treatment expenses in a lump sum. Some mediclaim policies also provide for domiciliary treatment expenses and outpatient treatment in the hospital on reimbursement basis.

10. I am told that the policy will cover only new diseases and not any pre existing condition. Isn't this unfair?

Insurance can be only against new risks and not existing and known risks. Only fortuitous contingencies can be covered by insurance as otherwise it tends to become a gambling. However, some policies cover pre existing diseases after a waiting period subject to certain conditions. The General Insurance Council has since formulated a clause defining pre existing disease to be adopted by all insurance companies.

11. How are these policies renewed? Can they refuse renewal if a claim is made this year?

Health insurance policies have to be renewed by paying the premium before expiry of the previous policy, in continuity without any break. Any delay in renewal after expiry of the previous policy will make it a new one, resulting in exclusion of diseases for which claims have been preferred earlier. The IRDA has recently advised the insurers to include a clause for condoning delay up to 15 days in renewal and renewal should not be refused on the ground that claims have been preferred earlier.

12. What are accident and disability benefits? Are these covered only under life insurance policies?

Accident and disability benefits are covered both under life insurance policies and Personal Accident policies issued by the non life insurers. Life insurance policies, on payment of additional premium, provide for settlement of double (sometimes triple) the sum assured in case of accidental death and permanent total disability and also waiver of future premiums on such disability (with or without additional premium). The additional sum assured is paid in lump sum along with the original sum assured in case of accidental death and paid in installments over a period in case of permanent disability.

In Personal Accident policies, 100% of the sum insured is paid on death or permanent total disability and a specified percentage is paid on permanent partial disability. In case of temporary total disability insurers pay a specified sum for the period of disability, calculated on weekly basis. There is an upper limit on the duration for availing this benefit.

13. Can the insurer terminate a policy unilaterally? How should the policyholder guard against this?

IRDA(Protection of Policyholders Interests) Regulations provide for cancellation of the contract for nondisclosure of material facts, misrepresentation, fraud and non cooperation by the insured. The policyholder would do well not to commit any of these wrongful acts.

14. How best can I ensure that I get the maximum benefits from this insurance?

Taking a family floater mediclaim policy for a common sum insured for the covered persons and supplementing it with additional cover for critical illness through riders or a separate policy would help derive maximum benefits. In addition a separate Personal Accident Policy should also be taken to cover the risk of accidents.

Compiled by CAI with answers from Mr. G Krishnamurthy, former Chairman, LIC of India