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## Why we need to buy health insurance

**Dr. Manoj Kumar**

### Abstract

Insurance is a contract, represented by a policy, in which an individual or entity receives financial protection or reimbursement against losses from an insurance company. The company pools clients' risks to make payments more affordable for the insured. It is a legal contract between two parties – the insurance company (insurer) and the individual (insured), wherein the insurance company promises to compensate for financial losses due to insured contingencies in return for the premiums paid by the insured individual. The entire general insurance business in India was nationalised by General Insurance Business (Nationalisation) Act, 1972 (GIBNA). General Insurance Corporation of India (GIC) was formed in pursuance of section 9(1) of GIBNA. It was incorporated on 22 November 1972 under the Indian Companies Act, 1956 as a private company limited by shares. GIC was formed for the purpose of superintending, controlling and carrying on the business of general insurance. It provides insurance for theft, marine, fire, vehicles, buildings, jewellery, stock-in-trade, machinery, accidental and health insurance.

**Keywords:** Insurance, reimbursement, affordable, GIBNA, GIC

### Introduction

Health insurance plan is a product offered by insurance companies that covers all costs related to medical expenses of the insured. This can be bought for an individual or for an entire family. The term of the plan is ideally fixed at one year and in some cases one can buy the plan for a term of two to three years as well. The first "Mediclaim" health insurance policy was introduced in the Indian market in the year 1986, and had a minimum and maximum sum assured. The health insurance policy initially began as medical cover for the insured and his family. At this stage, the reimbursement of cashless facilities was not available under health insurance policies. Currently, the health insurers offer various types of health insurance to suit buyer requirements and also offer reimbursement plans along with cashless claim facilities.

### Research plan

The need for health insurance plans has increased due to substantial changes in our personal and professional lives that lead to dwindling health. The following reasons for buying health plans:

**1. Deteriorating lifestyle:** Accumulation of items of luxury that doesn't involve much of movement, increased stressed levels at work, sedentary lifestyle and least amount of exercises is leading to poor lifestyles. It directly impacts our health and leads to complications. The treat for such ailments require substantial amount of money that only health plans can provide for.

**2. Reign of lifestyle diseases:** Sedentary lifestyle has led to increased occurrence of lifestyle disorders involving heart, cancer lung conditions, diabetes and stroke, claiming younger lives. It is therefore, imperative to insure oneself timely. Moreover, health insurance policies offer annual health checks ups to encourage health awareness.

**3. Prevention is better than cure:** Health risks are unforeseen and sudden. Instead of scrambling for money when a health tragedy strikes, it is better to be prepared. Most people are devoid of adequate medical care because they don't have enough funds to pay for correct Medical treatment.

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These treatment can sometimes be only availed at private medical establishments where the cost of medical care is beyond a common man's budget. It is not always possible to beg or borrow to pay for such expenses; hence a health plan is of utmost requirement.

**4. Financial discipline:** Saving money on a regular basis to pay premiums towards health plans inculcates a sound financial discipline. These small savings go a long way in providing the right medical cover when you actually need it.

**5. Because we are a busy executive:** Most of people have to travel extensive for work. A health insurance policy that covers emergency medical evacuation along with making available the best healthcare facilities around the world for some common yet critical disease therefore makes total sense.

**6. Better financial planning:** Buying it early to not only mean cheap but makes better financial sense as well. Accidents occur without any warning and an adequate medical cover will ensure that you are covered for emergencies and allow you to invest your hard money earned money in long- term investments. Of course we also save tax for paying the premium under section 80D, the current ceiling for that is Rs. 25,000 annually.

**7. Young buyers get a more comprehensive deal:** Buying health insurance at a young age ensures there is no scope for pre-existing diseases will be covered early, and any diseases diagnosed later will be covered automatically.

**8. Enjoy full benefits when we need:** Buying early means we will enjoy full benefits when we need. When we buy a health plan, we have to serve several waiting periods for certain surgeries, special treatments, pre-existing illness coverage, etc. If we buy it now, when do not need it immediately, it would mean we would have served the requisite waiting periods and be able to claim all full benefits later.

**9. Peace of mind:** Who wants to have sleepless nights worrying about theirs or their family's medical cost? No one. Health insurance gives us a peace of mind knowing that our medical insurance will cover any unexpected expenses and take care of our family.

**10. Health insurance as a safety net:** If we unexpectedly get sick or injured, health insurance is there to help cover costs that we likely can't afford to pay on our own.

#### Types of health insurance policies

There are so many types of health insurance policies and plans

**1. Individual policy:** Individual health insurance plans are designed to cover the policyholder against various illness with cashless hospitalization and numerous other add- on feature. Under this policy, the entire sum insured covers only one individual.

**2. Family floater policies:** It covers entire family including spouse and children family too under a single umbrella

policy. Such a health insurance policy for family provides assured covered to two or more members of a family at a same time, in case they get hospitalized or an ailment is diagnosed. We can get insurance coverage for ourself, children, and our spouse on a floater sum insured basis that allows your family members to claim up to the full sum insured amount. The plans can also be customized as per our family's requirements.

#### Top-up plans

Top-up plans provide the benefit of higher insurance coverage at only a marginally higher cost. These plans come with a deductible or threshold limit, we need the claim above the deductible in a multiple claim to trigger the sum insured for plan. This plan is better than the top-up plans.

#### Different types of health insurance plans

There are different kinds of health plans catering to individual health requirements and lifestyle needs. Insurance companies offer health plans specially designed for special category of people, we can combine any of these plans according to our need or buy separately.

#### Critical illnesses plan

This plan is to provide health benefits for critical illnesses like cancer, paralysis, stroke, heart-related ailments and the likes. Under these plans, the insured is paid the entire sum insured at the time of diagnosis itself rather than waiting for the treatment to get over.

#### Personal accident plan

Accidents can cause disability, partial disability resulting in long recovery periods and rehabilitations. This plan gives a lump sum amount and helps to cope up with expenses during this period including hospitalisation expenses and routine household expenses.

#### Cancer care plans

Even though cancer is part of critical illnesses plan, a health policy dedicated only for cancer is more beneficial if the insured has a family history of the said disease. This way one can have access to substantial amount of funds for managing and treating the disease.

#### Cardiac care plan

These are cardiac special health insurance plans since the cost of treatment has risen drastically in last few years. These plans cover all heart- related ailments and surgeries.

#### Senior citizen plan

Senior citizens are the most vulnerable lot, who require expansive medical care that results in massive expenses too. Senior citizen plan can help them get adequate care without burning a hole in the pocket.

#### Maternity policies

These are the plans that take care of maternity related expenses including hospitalisation up to 2 delivery and MTP expenses and cover the new born baby expenses for a certain period of time.

#### Corona health insurance plan

Coronavirus Health insurance plan offers the required financial coverage for the treatment of Covid-19. Once the

waiting period over, the plan will cover the coronavirus specific expenses and allow me to recover in peace. COVID-19 is a new disease; hence it does not cover under the category of pre-existing disease. Just a few months back, Insurance Regulatory and Development Authority of India (IRDAI) launched COVID-19 specific plans like Corona Rakshak and Corona Kavach for the Indian consumers.

### Diabetic's plans

Cover the insured for diabetes and its related complications even if the customer is suffering from the disease at the time of taking the policy. It can be covered from day 1 or after a waiting period depending on the plan.

### Unit linked health plan (ULHP)

Unit Linked Health Plan is a combination of health insurance and investment. Along with the health protection, ULHPs will help us in building a corpus that can be used by the investor to meet expenditures that do not get covered under medical insurance plans.

### Worldwide emergency cover plan

For those travelling frequently all over the world for business or leisure purposes can avail such plans to take care of the emergency hospitalisation expenses in a foreign country.

### How to compare and choose best health insurance plan?

The following tips that we can consider while selecting a best health insurance plan:

**1. Choose adequate sum insured amount:** Always go for the plan that offers maximum health coverage and maximum coverage amount to help me to meet any medical emergency. With medical inflation, health care expenses are going up drastically and therefore, we shall need a sufficient amount to deal with the inflation. Now a days, a basic heart surgery can cost around Rs.4-5 lakh and for a middle – class family this amount is quite huge. Therefore, make a sure that we choose an adequate coverage amount to ensure financial security to meet future financial emergencies.

**2. Choose the right coverage type:** Individual health plans are designed keeping the needs of an individual in mind. However, if we have more members in our family, we shall an advice to buy a family floater plan, which covers the entire family. This way we are not required to buy a separate policy for each member and can keep their health secured. The premium is also lesser as compared to individual plans and the sum assured is higher. Most importantly, anyone can utilise the amount during a medical treatment. Also we can cover our senior citizen parents as well by paying a slightly higher premium.

**3. Check the flexibility to increase the total amount of sum insured:** The cost of living fluctuates every year and so does the cost of medical treatment. Most of the insurance companies have the provision to increase the sum insured over the time. At times, when we renew our policy timely and have No- Claim-Bonus benefit on our current plan, then our insurer might reward me by increasing the total amount of sum insured.

**4. Check the pre-existing disease waiting period:** Every health insurance plan has its own set of terms and conditions

regarding pre-existing diseases. It means if we have any disease prior to taking a plan, the claim made for taking treatment against that illness will be accepted after the insured serves a defined waiting period. In most cases the waiting period ranges anywhere from 2-4 years, however, some best plans have a lesser waiting period like Mediclaim policy. While purchasing a health policy, we should opt for the one with a lesser waiting period.

**5. Check the maximum renewal age:** Policy renewal is one of the most important aspects when selecting a health insurance policy for family. Most of the health insurance companies allow policy renewal until the age of 65 years only. But there are certain policies, which offer lifelong health insurance renewal lifelong renewal facility. We should pick the most appropriate one for ourself based on our family health history and other health parameters.

**6. Insurer with high claim-settlement ratio:** Claim settlement ratio is the number of claims settled by the insurer over the total claims it receives. Always opt for a health plan from an insurer that has high claim settlement ratio. This way we shall ensure that our claim will not be rejected until the insurer has a valid excuse. However, we should be careful at the time filing a claim. Make sure we have attached all the relevant documents and proofs supporting our claim.

**7. Smooth claim settlement process:** Mostly the claim-settlement process is similar for all insurance companies (as instructed by the Insurance Regulatory and Development Authority); there might be minor changes due to some difference in the company's functionality. It is advisable that we understand both cashless and reimbursement claim settlement process of our health insurance provider before purchasing the policy.

**8. Cashless hospitalization:** With health insurance, we are entitled to avail treatments from network hospitals which are a group of hospitals associated with a particular insurer. Almost every health insurance company provides cashless hospitalization. Cashless hospitalization simplifies the claim settlement process and makes it a hassle-free task for the policyholder. Then again, it is advisable to include in the list, before making the claim.

**9. Don't forget to compare premium:** It is essential to compare the plans as well as the premium. There are many online aggregators that help us compare the insurance policies in terms of benefits, features, premiums, maximum returns, etc.; picking a plan without weighing all the options available in the market is like inviting regret.

**10. Check the reviews:** Customer reviews of different health insurance companies are essential when it comes to purchasing medical insurance online. Reviews are always a mixture of negative and positive opinions which highlight the relevant pros and cons.

**Benefits of best health insurance plan in India:** The best health insurance policy in India comes with other more benefits as given below:

**1. Cashless treatment:** With a good health insurance plan, we can avail cashless treatment at a network hospital. The

insured just needs to complete the paperwork with the hospital authority and avail the facility while the health insurance company will take care of the bill.

**2. Daily allowance:** Some health insurance companies offer a daily amount for each day of hospitalisation. This doesn't affect the actual sum assured. This amount can be availed up to a certain daily limit and can be spent on medicines or other health-related requirements.

**3. Tax benefits:** Section 80D of income Tax Act says that the insured can claim for tax deduction against the premium paid for health insurance. An individual can claim a deduction of up to Rs.25, 000 on health insurance premium. If one is paying the insurance premium for his/her elderly parents, then a deduction up to Rs.30, 000 is permissible.

**4. Covers life-threatening illnesses:** Lifestyle diseases are deadly and expensive at the same time. A person with an average income may not be able to afford the treatment required for these diseases. If one owns a health insurance plan with critical illness cover, then a lump sum amount will be paid towards the medical expenses incurred in the treatment after the diagnosis.

**5. Avail allied benefits:** Some health insurers in India have come up with preventive check-ups and enhanced diagnostics, which usually are not included in a basic health insurance plan. Obviously, this is a smart move and includes the following benefit such as free medical check -ups, free health consultation with doctors, Consultation with nutritionists, Tie-up with health service providers, Lucrative offers on healthcare services.

**Conclusion:** We can say that health insurance is an insurance policy that protects the policyholder and his/her family against the medical costs that arise due to an accident, illness or on the diagnosis of any disease. Today, quality healthcare treatment is expensive. A decent hospital has the potential to finish up our savings in a few days. Instead of worrying about the hospital bills, we need to concentrate our entire energy on the recovery. A health insurance policy can help me with that because health risks are unforeseen and sudden. There are multiple health insurance companies and each one has different plans to offer. Primarily, Health insurance is entirely based on individual needs and priorities. We need to ascertain the benefits and know what all is covered and what is excluded, and then select the best health insurance policy. Mostly the claim settlement process is similar for all insurance company (as instructed by the Insurance regulatory and Development

Authority); There might be minor changes due to some difference in the company's functionality. It is advisable that we understand both cashless and reimbursement claim settlement process of our health insurance provider before purchasing the policy. It is also essential to compare the plans as well as premium of different companies. So, we should go through the insurance company's website and its details before choosing a health insurance plan. The profile and the history of the company should be checked along with the customer reviews to make the right choice.

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