

## Do add-on features for health insurance policies really add value?

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### Moneycontrol News

While health insurance covers are base policies that cover hospitalisation costs, many health policies come with add-on features that aim to provide monetary support for specific ailments. For instance, child birth involves hospitalisation, a basic health insurance policy doesn't cover it.

When Delhi-based Mayank Verma, 30, bought a health insurance policy in January 2018, he was about to get married. He found out that a base health cover of Rs 10 lakh would require him to pay an annual premium of Rs 9,600. Add the maternity benefit to the same policy, and his premium would go up slightly to Rs 11,500 for the same policy. He decided to buy the add-on feature and the couple got married in December 2018. "We were planning to have a baby after 3 or 4 years," says a gleeful Verma.

Add-ons are additional features that you can buy, as a top-up, to your base health insurance policy. But there are caveats to know before buying add-ons. Besides, there are standalone health policies that may prove to be more beneficial.

### Maternity Benefit

A child birth can set you back by Rs 50,000 to Rs 5 lakh. Either of the spouses can include the maternity add-on in their basic health insurance policy. But there is a waiting period, typically 2-4 years, to claim maternity benefits.

Kapil Mehta, CEO, Securenow.in told Moneycontrol that insurer includes the extra cost related to maternity with the premium amount of the standalone health insurance and increases the overall premium of the policy. "The total premium amount can go up to Rs 50,000 per annum for particular health policy, if you take this add-on at a later stage in your life. So, it is advisable to take this add-on at an early age, that is, in your 20s or early 30s and where, you have at least 4 years of time to plan for a baby," he said.

### Critical Illness

The critical illness add-on provides immediate lump sum amount irrespective of the total expenses incurred on the diagnosis of the covered illness.

Note that there are standalone critical illness plans also that cater to cover just your critical illnesses and not your general health. These plans are independent of your standard health insurance covers. Should you still buy a critical illness add-on cover with your health insurance policy or a standalone critical illness?

Here, ignore your add-on cover and opt for a standalone critical illness policy. Here's why: Critical illness, such as cancer, kidney failure, paralysis, and so on, can be prolonged and incur large expenses. You need to plan sufficiently for this. Just an add-on critical illness cover may not be enough, typically. That is because the sum assured on add-on policy cannot be greater than the base health insurance policy.

A standalone critical illness policy, on the other hand, gives you a higher coverage.

For example, if you take a standalone critical illness policy against cancer, the premium for a 30-year-old male will be around Rs 2,000-2,500 per annum against a total cover of Rs 30 to 40 Lakh. For the same premium, a policy add-on will get you a maximum cover of only Rs 20-25 lakh.

### Personal Accident

You can add a personal accident add-on feature to an existing health insurance policy. This compensates for all kinds of the accident including permanent total disablement, accidental death, permanent partial disablement and temporary total disablement.

Here too, the add-on is just a feature, but the cover isn't as comprehensive as a standalone personal accident cover. A personal accident add-on features covers the policyholder for around Rs 2-5 lakh; it varies from policy to policy. If you opt for a standalone personal accident policy, you can buy a cover of up to Rs 75 lakh. Also, a standalone policy can provide you with global coverage while taking health policy with the same add-ons will not.

Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors told Moneycontrol that buying a standalone personal accident cover works better than an add-on for two reasons. One, due to the recent unbundling of the third-party insurance cover, you can now buy a single personal accident cover for as many vehicles as you own. Hence, you save on the premium. And second, a standalone cover covers you for a larger amount than the add-on cover, just like in the case of the critical illness cover.

### Hospital Cash

This cover provides you daily cash that a policyholder may require for taking care of hospital-related and other medical expenses during hospitalisation. It would determine coverage based on the daily allowance which you have agreed with insurer under the plan. For example, taking care of small medical bills, extra blanket cover (which are not covered in the

base policy), illness, and small accident. Also, it is paid for a certain number of days of hospitalisation as mentioned in the health insurance plan. Most of the hospital cash policies pay you daily cash which is in the range of Rs 1,000 and Rs 1,500 per day.

However, you should know that the patient does not get the cash benefit at the end of each day. It again has a waiting period, you get this money in lump sum post-hospitalisation once the patient gets discharged. But, the important thing that you need to know is that the waiting period to claim hospital cash amount for these small bills, illness, are of shorter tenures compared to getting claim from overall all policy, which takes time.

You need to submit all the bills where expenses related to medicines and other dispensary are mentioned. The cash is paid through NEFT in the bank account of the policyholder.

"It only makes sense to have this add-on if the insurer gives you at least Rs. 5,000 or more for a day to cover your daily medical related expenses," says Mehta.

### **Super-top up**

Under this product, additional coverage is offered over and above the threshold limit (deductible). So, once you consume the threshold limit, any extra charges incurred by the hospital will get covered under the top-up policy.

Let's say you have a health insurance policy for Rs 5 lakh and also a Top-up Health Add-ons for Rs 10 lakh with the threshold limit (deductible) of Rs 5 Lakh.

So suppose, if there is a claim for Rs 8 Lakh, your normal health policy will pay Rs 5 Lakh and the remaining claim amount of Rs 3 Lakh will be covered by your Top-up health add-ons.

The advantage with the super top-up plan is the threshold limit which gets applied when one consumes all cover limit, considering all the claims put together in that particular policy year.

Ashish Mehrotra, MD & CEO, Max Bupa Health Insurance says that Super Top-up policies come handy when the threshold of the existing health insurance cover is already used or exhausted and it provides an additional health insurance cover, over and above your existing health plan and enhance the sum insured of the base plan.

You can buy a health policy with higher cover but in that case, you may end-up paying higher premium for a particular policy. It is good to buy a decent cover and take to-up add-on as when it is required in a particular year.

### **What should you do?**

Add-on features give extra benefits over and above a base health insurance plan. The problem is that although premiums for these add-ons are low, the benefits that you can accrue are limited.

Hence, you should know that every add-on comes with a cost, you should only opt for add-ons when it is utmost required.