



Health Insurance and Its Importance.

Bullet Proof your Health - Why Is Health Insurance so important.

<http://cofindia.org/fppulse/2015/06/19/need-for-health-cover/>

Someone once said, "Without health, life is not life, it is only a state of languor and suffering; an image of death."

I am about to share with you a live case study of a friend.

I recently visited a friend's mother, who had slipped into coma four years ago because of a brain stroke. The initial CT scan diagnosis revealed a Cerebro Vascular Accident . a condition of brain bleeding. The doctor announced that medication and surgery would improve the chance of survival by a mere 10%.

The patient was operated at a good hospital in Bangalore by a team of neurosurgeons. Bleeding was curbed but the brain stem which controls the central nervous system had been affected. The patient went into deep coma. On a Glasgow scale of 1-14, the patient was at a critical 3. The patient had stopped breathing for 21 days and was on a ventilator.

Fortunately she survived. Four years on, she continues to remain in coma.

According to her daughter- "She has a normal schedule . TV time, dress up time, bath time, family time, meal time, exercise time etc. We treat her as if nothing is wrong. She recognizes us now, which wasn't there before. Nevertheless still remains sleeping."

Amount of Health Cover . the family of four had taken a **health floater** policy of Rs 4,00,000.

Yes, only Rs 4,00,000 among four family members. The initial hospitalization and ICU costs itself were Rs 8,00,000! Fortunately the family could afford the difference, without a loan.

I asked the daughter, "How has this affected you and your family financially and emotionally?" She said, "It has been the worst experience for all of us. Nothing can match up to it. Financially it still remains a strain on our family."

This is a live case study. This is reality.

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Have your clients woken up to this reality? Is their Health cover in place?

Also Critical Illness Cover in situations like this would have helped the family financially.

Critical Illness cover should be taken in addition to Medical Insurance and hospitalization benefit. The insurance contract in such policy provides for lumpsum payment, that is equal to the sum insured (value of cover taken) as a one-time lumpsum payment on contracting a critical illness.

Given the emotional and financial trauma a family experiences at such times, a Critical Illness coverage benefit would definitely help the family in times of financial stress.

The Critical Illness benefit differ from company to company, one must study the brochure and understand how many critical illness are covered, what are the terms and conditions of payment and exclusions (if any).

Health Insurance is the basic protection needed by EVERYONE against rising medical expenses and onset of dreaded diseases. It provides for direct payment or reimbursement of hospitalization costs relating to injuries and illness as specified within the scope of the policy document.

Many people don't bother with health cover. There are others who are dependent on company benefits. Well, if ignorance is bliss, why are not more people happy?



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Employees of many multinational companies argue that they are already covered with their family through company benefits. However, such coverage comes with conditions on reimbursement under terms of employment in the premises of work (for some companies) and have many exclusions on the quantum of coverage, because such health policies are covered under *group* health care benefits offered by the corporate. The terms and coverage benefits for group health and individual health cover benefits differ greatly.

An individual can buy any number of healthcare policies and claim reimbursement benefit from all, subject to the terms of contract with each insurer.

It is better to utilize company benefits when in service and retain personal health cover for future, so that bonus benefits accrue to your personal policy over the years.

Why not shop around for policies that come with an annual health check up option to prevent unpleasant surprises. This will also provide your client and their family a reality check on their health condition, and if any precaution needs to be taken to prevent unpleasant surprises.

As per IRDA Guidelines in India, **Portability** of health cover is available from Feb 2011. The waiting period for pre-existing illness can also be ported, if the minimum stipulated period is over from the earlier insurer.

Therefore, as a client, they can get the best deal, of cover with minimum exclusions, better health care options, features and benefits and of course more value for money!

According to a World Health Organization Report 2010, rate of increase in health premiums is between 22-30% per annum.

Shouldn't we as financial planners, also create an health care corpus to meet these rising costs, that will continue into retirement and that are not covered under normal health policies?

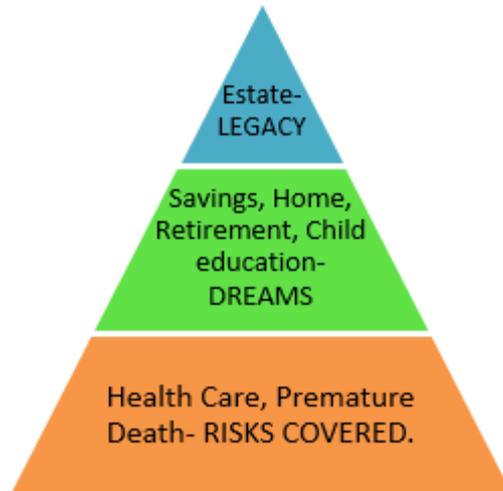
Assuming rising medical costs, of basis medicines and over the counter drugs at 10% per annum, for a person aged 30 years, the corpus needed only to take care of such expenses when he/ she is 60 years of age, would be over 52 lacs. Costs of Health care have gone up so much, that 40% of people who are hospitalized either borrow



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money or sell assets to cover medical expenses.

In Financial Planning, the basic needs for health care, premature death, critical illnesses and life protection are first covered. After this, life and financial goals are addressed.

Still not convinced?

India is the Diabetic Capital of the world. According to World Health Organization Statistics, there will be 9 crore diabetics in India by 2025. In addition, over 8 lakh people die of cancer every year.



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Another serious problem is the increase in cardiac deaths in India. 30% of people who suffer heart attacks are below the age of 40.

Many public sector banks offer senior citizen health cover benefits at a low cost. Such plans are not very popular, unfortunately, because the premiums are so low that not too many distributors want to recommend them.

Examples of other health additions are permanent total disability cover, permanent partial disability cover, temporary total disability cover, family floater options, individual options, group health plans, and senior citizens plans. It would also be worthwhile to pause here, and evaluate the benefits of taking an accident benefit policy for client and their family to protect them financially, in case of temporary or permanent inability to work and earn a living.

The tax benefits allowed under Medical Insurance, under Sec 80D of the Income Tax Act, provide for a premium deduction of Rs 25000 per individual for self and family, and upto Rs 60,000 if the parents who are senior citizens are also included.

Some of the pointers to look out for while analyzing health options are-

1. What is the waiting period, before the first claim can be made?
2. What are the pre-existing illnesses covered?
3. What are the exclusions under the terms of contract such as self inflicted injury, war, cataract procedures, day procedures?
4. Does the company offer a cashless facility?
5. Does the insurer work with Third Party Administrator for claim settlement or has an in-house claim settlement procedure, which could be faster?
6. What are the limitations on room rent, ICU charges, doctors fee etc., under each plan and option?
7. What is the list of network hospitals?
8. What is the free-look period, in case, one wants to return the policy?

Some other key facts from "World Health Statistics 2014"

The top three causes of years of life lost due to premature death are :-

1. Coronary heart disease,
2. Lower respiratory infections (such as pneumonia)
3. Stroke

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Are your clients still waiting to get a health plan, critical illness plan and an accident benefit policy?

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Sources

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