

# ₹1 cr health cover for ₹3K premium

Get higher coverage at affordable rates using top-up and super top-up health insurance plans

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**Mumbai:** Rajesh Kumar Jain, a 53-year old businessman based in Delhi purchased a health insurance for Rs 1 crore paying a premium of only Rs 2,768. Jain said, "Such high sum insured is required in case one is diagnosed with critical illnesses. This policy allowed me to secure myself with a high sum insured and the premium was affordable."

Does this sound too good to be true? Jain's Rs 1 crore health cover is a super top-up policy from Liberty General Insurance called Liberty Health Connect Supra. It offers sum insured up to Rs 1 crore. But he can claim the top-up policy only after he funds Rs 10 lakh of medical expense on his own, which is the deductible amount.

## How does a super-top up work

In a top-up or a super top-up plan, there is a deductible component and a sum insured component. The deductible amount is a pre-defined amount that the customer will bear, through his/her own finances or from the base health insurance or any other income source. Any amount over and above this will be paid by the insurer. Higher the deductible amount, lower is the premium for the top-up or super top-up policy.

The basic health covers may not be enough to cater to all insurance needs given the increasing medical inflation. In such a scenario, the top-up or super top-up insurance plan strengthens your existing health insurance

cover to give you a higher sum assured for your medical expenses.

"Top-up or super top-up policies are recommended for those having a lower sum insured as well as those who believe the possible cost of hospitalisation could be higher than their existing health cover," said Roopam Asthana, CEO at Liberty General Insurance.

About the benefits of having such a high sum insured in a secondary plan, Kapil Mehta, co-founder, Secure Now Insurance Broker said: "While buying health insurance you need to consider future costs. Today, a critical illness in a metro city can cost between Rs 10 to 15 lakh to treat. If medical inflation continues at 15% then in 15 years this cost will be Rs 80 lakh to Rs 1.2 crore. In this context, a Rs 1 crore sum insured is not high."

Most people buy relatively low sum insured of Rs 20-40 lakh. They tend to consider their current rather than future requirements, he added.

According to Puneet Sahni, head-product development, SBI General Insurance the top-up cover can be used as a buffer or the second layer of cover for extreme situations where the hospitalisation cost is very high. Besides, it comes with tax benefit under section 80 D, of the Income Tax Act.

With the rising medical expenses of the families with kids and dependent parents, the cover provided by basic health plan may not be sufficient. Hence, it is important to know the threshold of expenses one can bear either through an existing base



## TOP IT UP

**₹1 crore**

Maximum coverage offered by super-top health plans

**₹2,768**

Annual premium for a 53-year old male

## MORE FOR LESS

- Use top-up as a supplementary to your base health insurance
- Higher the deductible, lower is the premium for the top-up
- In top-up a single claim should cross the entire deductible limit
- In super top-up all aggregate claims in a year can make up the deductible

health policy or from your own pocket, said Anurag Rastogi, member of Executive Management, HDFC ERGO General Insurance.

"For example, if you want to upgrade your health cover at the age 45 years from Rs 5 lakh to Rs 15 lakh, you can choose a super top-up plan with a sum insured of Rs 10 lakh and a deductible Rs 5 lakh. This would ideally work out to be about 30-35% cheaper than the basic cover," he said.

A top-up or super top-up plan offers the same coverage and exclusions as base plans. It also possible to port them, provided terms and conditions are similar.

## Top-up v/s super top-up

The major difference be-



Top-up or super top-up policies are recommended for all policyholders having a lower sum as well as those who believe the possible cost of hospitalisation could be higher than their existing health cover.

**Roopam Asthana**, CEO at Liberty General Insurance

tween a top-up plan and a super top-up is the way in which the deductible works. In a top-up plan, the claim amount has to cross the deductible amount threshold on every single claim; however, in case of a super top-up plan, the deductible is calculated basis aggregate of all claims in one policy year. "A top-up structure is good when there is one very large claim but super top up works better if there are multiple claims

in the year. In family floater insurances a super top-up is more effective because claims of all family members count towards the deductible," explained Mehta.

## Things to keep in mind

The vital aspects to consider before purchasing a top-up insurance are existing medical coverage provided by your base health plan or employer or government scheme. Most indemnity plans offer 'No Claim

Bonus' or renewal bonus, which gives an annual increase in sum insured. Such features should also be kept in mind.

"The deductible also becomes essential, as it is the amount of your claim that will not be covered under the top-up plan and hence must be selected based on your capacity to pay the claims," said Sanjay Datta, chief underwriting, reinsurance and claim, actuarial - ICICI Lombard General Insurance.

