

Article Date	Headline / Summary	Publication	Edition
9 May 2024	Tailor health insurance riders to your family's medical history	Business Standard	All Editions

# Tailor health insurance riders to your family's medical history

Understand exclusions in each rider to avoid surprises at the time of claim

KARTHIK JEROME & BINDISHA SARANG

A growing number of health insurance customers are nowadays supplementing their base health insurance policies with riders. According to insurance aggregator Policybazaar.com, while only 15 per cent of customers purchased riders on their platform in 2022-23 (FY23), the number rose to 60 per cent in FY24.

A rider is a supplementary cover which can be purchased with the base policy by paying an additional premium. "Riders allow customers to extend the scope of coverage and customise their plans to suit their individual needs," says Bhaskar Nerurkar, head - health administration team, Bajaj Allianz General Insurance.

**Sum insured bonus:** In a normal policy, if the customer does not make a claim, the insurer offers a no-claim bonus and increases the sum insured by 10 to 20 per cent each year. "By buying this rider, you can fast track the bonus amount and enhance the sum insured by, say, 100 per cent each year, up to 500 per cent," says Siddharth Singhal, business head - health insurance, Policybazaar.com. The bonus accrues even if the customer makes a claim.

**Consumables:** Many health plans do not cover the cost of disposable items, such as syringes, medical tapes, masks, etc.

"The cost of such consumables can constitute as much as 15 per cent of the hospital bill in case of a prolonged hospitalisation," says Varun Kaushik, executive vice president & head of marketing at PolicyBoss.com.

During Covid, the bill arising from consumables shot up (due to the usage of PPE kits and so on), resulting in high out-of-pocket expenses for policyholders. "By purchasing this rider, customers can ensure they do not have to worry about this expense during a medical emergency," says Ajay Shah, head-distribution, Care



## THE COST OF RIDERS

- According to Irdai guidelines, the total cost of riders cannot be more than 30% of the premium of the base policy
- A sum-insured bonus rider costs about 10-15% of the base premium
- The consumables rider would increase the premium by about 6-8%
- A rider for Day-1 pre-existing disease cover is expensive; it could cost as much as 20-25% of the base premium
- The cost of riders varies according to medical condition, pre-existing diseases, age, and other underwriting considerations

Health Insurance.

**Day one pre-existing disease cover:** Pre-existing diseases (PED) are expensive to treat as they are usually chronic. Most health insurance plans cover PEDs after a waiting period of two or three years. By buying this rider, customers can get PEDs covered from day one.

Hypertension, diabetes, high or low blood pressure, and asthma are some of the diseases covered by this rider.

Kaushik says this rider is highly recommended for those already suffering from certain diseases at the time

of policy purchase. According to Singhal, this rider covers a maximum of seven conditions.

Day one here means coverage from the 31st day from the start of the policy (since it is mandatory to serve an initial waiting period of 30 days).

**Room rent waiver:** Many policies come with a cap on the kind of hospital room the customer can stay in. This cap is sometimes an absolute amount and sometimes a percentage of the sum insured. "In many cities, hospital room rents have shot up due to which this cap does not allow patients to stay

in the kind of room they would like to," says Kapil Mehta, co-founder of tech-enabled insurance broker SecureNow. Customers who buy this rider can get admitted into any room they like, including a suite (if one is available).

**OPD rider:** OPD expenses include doctor's consultation fee, teleconsultation fee, diagnostics, and pharmacy. "This rider is useful for families where there are children and seniors, requiring recurring visits to the doctor and a pharmacy," says Singhal.

## Dos and don'ts

Purchase riders that align with your family's needs. "Evaluate your medical history, lifestyle, and potential future needs before purchasing a rider," says Nerurkar. He warns against buying unnecessary riders that inflate your premium without providing significant value. Shah emphasises the need to understand the terms and conditions of each rider to avoid surprises at the time of claim.

Finally, buyers need to decide whether to buy a cover in the form of a rider or as a standalone policy. "In some cases, like a critical illness policy, a standalone policy may be advisable as it covers a wider range of ailments," says Mehta.

