

| Article Date | Headline / Summary | Publication |
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| 9 Sep 2024 | EMI in health insurance: What you need to Know | Deccan Herald |

EASE OF PAYING

EMI in health insurance: What you need to know

BHASKAR NERURKAR

Health insurance is essential to financial planning, providing protection against unexpected and critical medical expenses. However, the rising cost of comprehensive health insurance can be a concern for many needy families in India. To make health insurance more accessible, many insurance companies now offer an option to pay premiums in Equated Monthly Instalments (EMIs). This article explores the concept of EMIs in health insurance, its benefits and disadvantages, and who should consider opting for it.

What is EMI in Health Insurance?
EMIs in health insurance allow policyholders to pay their premiums in smaller, manageable periodic payments instead of a lump sum. This payment option is particularly useful for those who might struggle to pay the full premium amount upfront. By spreading the cost over the policy period, EMIs make it easier for individuals and families to afford comprehensive health insurance coverage.

Benefits

1. Affordability
One of the most significant advantages

of opting for EMI in health insurance is affordability. Paying the premium in smaller instalments reduces the financial burden on policyholders, making it easier to manage monthly budgets. This is especially beneficial for those with limited disposable income or those who have other financial commitments.

2. Access to higher coverage
By breaking down the premium into EMIs, policyholders can opt for higher coverage plans that would have been unaffordable otherwise. Higher coverage ensures better protection against medical expenses, including hospitalisation, surgeries, and critical illnesses.

3. Flexibility in payment
EMIs offer flexibility in payment schedules. Many insurers allow policyholders to choose the frequency of payments, such as monthly, quarterly, or half-yearly, depending on what suits their financial situation. This flexibility helps manage cash flow and reduce financial stress.

4. Avoiding lapses in coverage
For some policyholders, paying a lump sum premium which increase with the age bracket can be difficult, leading to delays or lapses in policy renewal.



of income or an unexpected expense, making it challenging to keep up with the payments.

Who Should Opt for EMI in health insurance?

1. Those with budget constraints
Individuals or families with limited disposable income or tight budgets may find it challenging to pay a lump sum premium. Opting for EMIs can help them maintain essential health coverage without straining their finances.

2. First-time buyers
First-time buyers of health insurance who are unsure about the financial commitment may prefer the EMI option. It allows them to start with comprehensive coverage without a large upfront payment, making integrating insurance into their monthly financial planning easier.

3. People seeking higher coverage
Those who require higher coverage due to age, existing health conditions, or family needs but are unable to afford the upfront premium can benefit from the EMI option. It allows them to access better coverage without compromising on their financial stability.

Disadvantages of EMI in Health Insurance
Paying in EMIs may lock policyholders into a longer financial commitment. This can be a disadvantage if financial circumstances change, such as a loss

4. Small business owners and freelancers
Small business owners, freelancers, and others with irregular income streams may find EMIs helpful in managing their health insurance premiums. The flexibility of EMIs allows them to maintain coverage even when cash flow is inconsistent.

Conclusion
EMI in health insurance is a practical option for making premium payments more manageable and affordable. It offers benefits such as affordability, access to higher coverage, and flexibility in payment. However, policyholders must also be aware of potential disadvantages, such as higher overall costs and the risk of policy cancellation due to missed payments.

Before opting for EMIs, it is crucial to assess personal financial situations, understand the terms and conditions, and consider whether the benefits outweigh the potential drawbacks. For many, EMIs provide a valuable way to ensure continuous health coverage without financial strain, making quality health-care more accessible for everyone.

(The writer is Head - Health Administration Team, Bajaj Allianz General Insurance)