



Critical-Illness Plans by Standalone Insurers

What do they *not* cover?

In the first place, what is critical illness and does it warrant a separate insurance cover altogether? What precisely does the insurance cover, and not cover? This report is an attempt to put together information that will help you in understanding the various aspects of such a cover and also compares six plans by standalone health insurance companies on relevant parameters (for example, the extent of coverage and cover for pre-existing diseases).

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We compared the six plans on parameters such as number of critical illnesses covered, survival period, policy term, number of family members covered, maximum and minimum sum insured, and pre-existing disease cover. We gave the highest weightage (25 points) to consumer feedback, which also helped in determining the most important and beneficial

variables. These variables have a direct bearing on the product structure.

CV RECOMMENDATION

Best Buy

Cigna TTK-Critical Care

CRITICAL-ILLNESS PLANS BY STANDALONE HEALTH INSURANCE COMPANIES: A COMPARATIVE CHART

CV Weightage Points (100)		Cigna TTK	Aditya Birla	Religare	Max Bupa	Apollo Munich	Star Health
		Critical Care – Basic	Activ Secure – Plan 2	Assure	Criticare	Optima Vital	Star Criticare Plus
For info only	Minimum entry age (years)	18	5	18	18	18	18
	Maximum entry age (years)	65	65	65	65	65	65
8	Sum insured – minimum (Rs, in lakh)	1 (8)	1 (8)	5 (2)	3 (4)	1 (8)	2 (6)
7	Sum insured – maximum (Rs. in lacs)	2,500 (7)	100 (3)	100 (3)	300 (5)	50 (1)	10 (1)
15	No. of critical illnesses covered	15 (8)	50 (15)	20 (8)	20 (8)	37 (12)	8 (5)
15	Survival period – minimum (days)	30 (5)	15 (11)	No (15)	30 (5)	30 (5)	No (15)
9	Policy-term option (in years)	1, 2, 3 (9)	1, 2, 3 (9)	1, 2, 3 (9)	1, 2, 3 (9)	1, 2 (5)	1 (2)
6	Discount on premium	Yes (6)	NS (0)	Yes (6)	Yes (6)	NS (0)	Yes (6)
9	No. of family members covered	10+ (9)	10 (7)	NS (0)	4 (2)	6 (4)	NS (0)
6	Pre-existing disease cover (waiting period – in years)	4 (6)	NS (0)	NS (0)	NS (0)	NS (0)	4 (6)
25	Consumer feedback	17	7	9	11	11	3
Total		75	60	52	50	46	44

Notes:

- a) Information given here has been sourced from websites/brochures/customer care as on 28 March 2019.
- b) Sum assured and premium are dependent on/will vary according to individual covers, period of insurance and risk-bearing criteria.
- c) We have selected for this study only those companies that offer critical-illness policy as one single insurance product.
- d) Only individual policies have been compared (not family floaters).
- e) In many companies the GST is included/excluded in the premium and is hence not specified here.

- f) We have chosen variables for a sum insured of Rs 10 lakh for a healthy male individual.
- g) NS – not specified



Terms to Know

- **Survival period:** This is the period of time after the date of first diagnosis of a critical illness that the policyholder has to survive to be eligible for availing the benefits under the policy.
- **Policy-term option:** The policies offered in the market are available for tenures ranging from 1 year (minimum) to 3 years (maximum), thereby facilitating less frequent renewals.

What is 'critical illness'?

According to insurance companies, it is defined as “a state of serious health condition that has a debilitating effect on an individual’s lifestyle and requires a considerable amount of money towards treatment, which could also result in loss of income due to inability to work.” Such a condition can also lead to loss of job/livelihood due to permanent disability. A critical-illness policy covers the medical cost as well as provides a lump-sum compensation for meeting one’s day-to-day expenses without having to run for financial arrangements.

Critical illnesses can be differentiated from other ailments/illnesses in the following ways:

- a) They are ailments requiring a long period of hospitalization.
- b) The ailments are serious and life-threatening in nature.
- c) The cost of treatment is spread over a long period.
- d) The costs are higher and may not be covered under a normal life policy.

Reasons why you may need one

- You do not have any life insurance or health insurance cover.
- Your family history and genetics indicate the likely diseases that you can be afflicted with (as in cancer, kidney failure, organ transplant).
- Such a disease will put a heavy financial burden on you.
- Any such disease may require you to stay away from work/employment for a long period or may even cost you your employment (due to permanent disability).

Opt for a policy that covers the maximum number of critical illnesses. It also makes sense to get a policy of longer tenure in order to get the advantage of longer coverage. Look for a policy cover with a sizeable sum assured, taking into account the cost of life-threatening illnesses. It is a good idea to take the policy at the earliest age of entry to get the benefits of comparatively cheap premium payment and early coverage. Lastly, read the ‘exclusions’ in the policy so that no error in judgement takes place.

What are the limitations, if any?

- The cost of treatment may be prohibitive.
- There are no uniform critical-illness covers (confusing the consumer?).
- There is no guaranteed recovery process after prolonged treatment.
- Most of the policies do not cover the costs of daily living expenses of an attendant (mostly from the family).
- The claim is mostly based on the findings of the committee of doctors of the insurance company/ third-party administrator and their interpretation. Hence, there is always scope for rejection of claim.





Exclusions and Inclusions

Exclusions

- ✗ No illnesses/ailments are covered within the first 90 days of taking the policy cover (inception dater of the policy)
- ✗ Pre-existing (health) conditions generally within 48 months
- ✗ HIV/AIDS/STD
- ✗ Congenital defects/anomalies
- ✗ Pregnancy-related complications
- ✗ Drugs- and alcohol-related ailments
- ✗ Adventure sports

Inclusions

- ✓ Cancer
- ✓ Cardiac arrest
- ✓ Open-chest coronary artery bypass grafting (CABG)

- ✓ Replacement/Repair of heart valve
- ✓ Coma
- ✓ Kidney failure requiring dialysis
- ✓ Stroke
- ✓ Major organ transplant
- ✓ Permanent paralysis
- ✓ Motor Neuron Disease
- ✓ Multiple sclerosis
- ✓ Multiple sclerosis
- ✓ Brain tumour/Meningitis
- ✓ Blindness/Loss of sight
- ✓ Lung diseases
- ✓ Liver failure
- ✓ Myocardial infarction

Note: The list given here is indicative and illustrative, and not exhaustive.

Myths and facts about critical-illness insurance

1. Myth: Critical-illness insurance provides coverage for disability.

Fact: The objective behind disability coverage is to provide compensation for the loss of income because of inability to work. On the other hand, critical-illness insurance offers a lump-sum payment in case the insured is diagnosed with a critical illness, such as cancer. The advantage is that the insured has full liberty to decide how to use this amount. An insured can pay for his/her treatment and use a portion of the funds to look after his/her family as well.

2. Myth: Once I buy a critical-illness plan, I get coverage for any critical illness.

Fact: It is crucial to understand that a critical-illness plan covers only those illnesses that are stated in the fine print of the insurance plan. Hence, you must be careful while going through the fine print of the plan.

3. Myth: When diagnosed with a covered critical illness, I will surely get the claim amount.

Fact: Each critical disease has a precise definition. In case your condition doesn't fit that definition, your claim could be rejected. It's important to be aware of such details.

4. Myth: If my critical-illness plan covers cancer, it covers all types of cancer.

Fact: It is not true for all cases. You should be clear about the coverage offered by your critical-insurance plan. Every cancer type is different and may need different insurance coverage. This is why insurance premium varies from plan to plan.

5. Myth: When diagnosed with a critical disease, I'll get the money immediately.

Fact: Read your insurance policy carefully. After filing a claim, the speed of settlement depends on the insurance provider that you have opted for. Before buying the policy, the claim-settlement ratio of the insurer should also be taken into account.

6. Myth: If I have pre-existing medical conditions, I can't buy critical-illness insurance.

Fact: Critical-illness insurance comes in all sizes. For some plans, you are supposed to undergo a medical screening. For some, no medical screening is required. If you have a pre-existing condition, you might have to pay a higher insurance premium. While you will have to spend extra money from your pocket, it will be worth it when the need arises.

7. Myth: All critical-illness insurance plans come with a higher insurance premium.

Fact: Not every critical-insurance plan costs a bomb. Before you pull out the cheque book, compare various health insurance plans so that you can opt for the best one. If you are looking to buy a plan that covers the later stages of a critical illness, you will have to pay a higher premium for enhanced coverage.

Source: policybazaar.com

Takeaways

- a) Purchase a policy at the earliest age of entry to get the maximum benefit of cover at a cheaper premium.
- b) Go for maximum coverage of critical illnesses.
- c) Go for long-tenure policies.
- d) It's preferable to have a sizeable sum-assured policy cover – one that will afford you lifelong health cover.