

# Things to know before buying Health Insurance



## ROOM RENT & ICU CHARGES

**Many insurers limit the daily room rent/ICU charges as % of the Sum Insured (cover amount). Eg - Room rent capped@1% of 5 lakh SI means your Insurer will NOT pay more than 5k/day**

- Find out the average cost of a room/ICU charges in your city; for reference, a Single room costs ~8k/day in Bangalore
- Check the maximum limit on room rent/day as per your policy
- Check the maximum limit on ICU room rent/day as per your policy

## AVOID SUB-LIMITS

**Avoid sub-limits if possible. Eg - Sub-limit of 25% on room rent means your insurer will NOT pay towards room rent expenses the moment it crosses 25% of the SI. So, with 5 lakh as SI, 25% sub-limit means you can only claim a total of 1.25 lakh. Remember, room rent also included other associated charges like nursing charges, etc**

- Avoid sub-limits on room charges
- Avoid sub-limits on ICU charges

## PROPORTIONATE CHARGES

**This is tricky and shocking . Simply put, hospitals charge you for certain services differently based on the kind of room you are renting. Charges are higher for single room compared to say a sharing room**

- Ask whether the policy has any proportionate charges?
- Ask whether there is an optional cover you can take to remove the proportionate charges from your policy
- If there is a cover to remove the proportionate charges, buy it; it's not very costly

## AVOID CO-PAY

**CO-PAY is a cost sharing model b/w you and Insurer. For senior citizens or for certain conditions, Insurer can ask you to bear some percentage of the claim. Eg - 10% Co-pay means for a claim of 3 lakh, you will need to pay 30k from your own pocket**

- Check if policy has CO-PAY
- Check if you can avoid CO-PAY by paying a higher premium

## WAITING PERIOD

**Insurers have a rule where they wait for months before you can claim for certain pre-existing diseases and/or critical illness. For eg, Insurers will make you wait for 48 months before you can claim for any hospitalisation towards Osteoporosis**

- Check for how long are you not allowed to make any claim immediately after purchasing a policy (generally it's 30 days and is for any kind of claim)
- Make a list of all the pre-existing diseases(PED)/diseases specific to the person being insured and factor in the waiting period for those specific diseases
- DON'T FORGET to declare all existing diseases/conditions at the time of buying the insurance. Not doing so has serious consequences on your future claims
- Remember that when you declare all diseases/conditions to the Insurer, there is a provision where Insurers can exclude some of them permanently. This has to happen with your consent. Ask them.

- Ask what happens to the waiting period in the event you increase your SI. Eg - You increase your SI from 6 lakh to 10 lakh, generally the waiting period will start again but only for the amount of increase (4 lakh)

## QUITTING YOUR JOB?

**If you are employed, chances are you are covered by what's called a Group policy. The other kind is called Individual policy. You can transfer the no of months you accrued towards waiting period while switching between Group to Individual**

- Talk to your TPA/People partner before you leave and ask them to port/migrate to another policy of your choice so that you don't lose out on the months you had already waited for
- Do the above at-least 30/45 days before quitting
- DON'T FORGET TO Port/Migrate before quitting your job, especially if your parents/senior citizens are also insured as part of it

## RENEWAL/EXPIRY OF POLICY

**Most policies have to be renewed yearly; not doing so can lead to resetting the waiting period, etc. Fortunately, you also get something called a Grace period, which allows you to renew the policy "x" days after your policy has expired**

- Ask wha's the Grace period for your policy
- Set a calendar invite at-least 45 days prior to the date of expiry of your current policy, and add your friends/family members to the invite

## CUMULATIVE BONUS (CB) - REWARD FOR BEING HEALTHY

**In simple words, your Sum Insured increases by some amount for every claim less year, i.e. you are rewarded for being healthy**

**Say for a given year, if your SI was 5 lakh, and you didn't claim anything, when you renew the policy next year, the SI will become 5.25 lakh = 5 lakh +(5% of 5 lakh), where**

## **5% is your CB Bonus**

- Ask what's the CB % for your policy
- Ask by what rate does CB decrease if you don't have a claim-free year
- Ask what's the max. CB you can accumulate

## **GO CASHLESS**

**Cashless means the settlement of your claim happens directly b/w the Hospital and the Insurer. Insurers identify such hospitals as part of their Preferred Provider Network (PPN)**

- Ensure that major hospitals around you (say radius of 2-5 kms) are covered under your policy's PPN

## **BUY TOP-UP**

**Say you have an individual insurance with cover of 5 lakh. If you get hospitalised and your total expense was 8 lakh, the remaining 3 lakh comes out of your pocket. Think of a Top-up like an additional cover that kicks in only after a threshold, called a "deductible"**

**If you had a top-up plan of 10 lakh with deductible of say 5 lakh, then any expense above the deductible will be paid by your Top-up policy. The advantage of top-up is that it increases your potential SI at a lower cost**

- Buy a top-up with deductible equal to the SI of your base insurance policy (Which means where the coverage of your base policy ends, the coverage of top-up policy begins)

## **READ CIS**

**The CIS(Customer Information Sheet) wordings are 100% standardised across all Insurers; it gets easy once you have read 1/2 of them**

- Ask for CIS for your policy
- Spend time reading CIS because there are many things you need to know before buying health insurance

**REMEMBER, THIS IS NOT AN EXHAUSTIVE (AND OFFICIAL) LIST**

- Do your own research, and more importantly, take health insurance seriously
- Hold agents accountable and ask them questions. You'd be surprised by how less they know
- Share the checklist/pdf widely with your friends & family
- Anyone willing to translate this in other languages is welcome and encouraged
- Know more about the interesting story behind this checklist at <https://simplify.healthcare/>

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