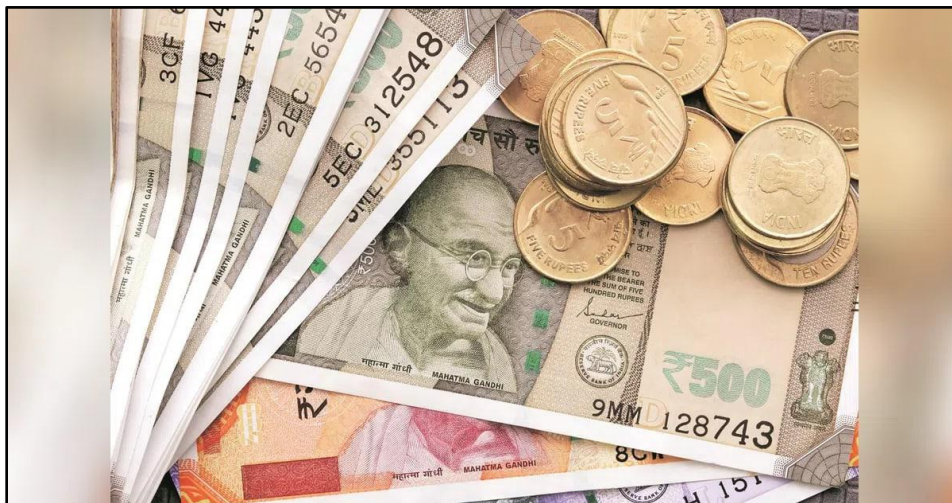


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Vector-borne disease insurance: Who needs it and who may skip the cover



During the rainy season, the incidence of vector-borne diseases goes up. Many insurers in India offer benefit-based covers targeted at illnesses such as dengue, malaria and chikungunya. These policies pay a fixed lump sum when specified claim conditions are met. Buyers should understand the scope of their coverage, payout triggers, and whether they need them if they already have regular health insurance cover.

Know what is covered: Dengue, malaria and chikungunya are among the vector-borne diseases most commonly covered. Some policies may cover an expanded list of ailments: encephalitis, filariasis, kala azar, chikungunya, Japanese encephalitis and Zika virus. “Most standalone vector-borne disease policies offer sum insured of ₹10,000 to ₹2 lakh, with ₹75,000 or ₹1 lakh being common,” says Arun Ramamurthy, co-founder, Staywell.Health.

Understand payout triggers: A benefit-based policy pays a predetermined lump sum. “The benefit is generally payable upon a confirmed diagnosis of a covered vector-borne disease, supported by the prescribed diagnostic evidence,” says Priya Deshmukh, head – health products, operations & services, ICICI Lombard. “The insured receives a fixed payout upon diagnosis, independent of the actual medical expenses incurred,” says Amarnath Saxena, chief technical officer-commercial, Bajaj General Insurance.

Buyers should study the precise triggers for each policy. Some policies require a confirmed diagnosis. Hospitalisation must be directly attributable to the vector-borne disease. Some policies require a minimum hospitalisation. “The illness requires medically necessary hospitalisation for a minimum of two successive days under ICICI Lombard's policy,” says Deshmukh. Most policies don't have a separate severity criterion.

Cash can supplement health cover: One advantage of these policies is that the lump-sum payout does not change based on whether the actual treatment cost is lower or higher than the benefit amount. Benefit-based covers have a relatively simple claim structure because the payout and diagnostic conditions are predefined.

“The fixed payout can help meet treatment-related expenses as well as non-medical and indirect costs that can arise during hospitalisation and recovery, including incidental expenses

and potential loss of income,” says Deshmukh. This is significant because vector-borne diseases may involve considerable outpatient department (OPD) expenditure in addition to hospitalisation costs.

“A benefit can be claimed alongside a reimbursement under a regular health insurance policy if the insured has two separate policies,” says Saxena. Their respective claim conditions should be met. The benefit policy can thus supplement an indemnity policy.

Cover may end after a claim: Policyholders should check how many claims the product permits. Under an individual vector-borne disease plan, the policy terminates once the benefit is paid following diagnosis. In a family floater, the claimant receives the lump-sum benefit, which is 100 per cent of the sum insured. Whether the remaining family members continue to be covered — and for how many additional claims — depends on the product. In some policies, the cover terminates after a second claim. “To maintain protection against future vector-borne illnesses, the insured should buy a new plan after the existing coverage ceases,” says Saxena.

Disease-specific covers: Limitations: The key downside of these products is their narrow scope. “Disease-specific policies are restrictive because it is difficult to predict which vector may cause a future medical problem,” says Kapil Mehta, co-founder, SecureNow Insurance Broker. Such products can therefore have low utilisation. “Buying separate covers for individual illnesses can result in relatively high premiums,” says Rohan Goel, business head, health insurance, Policybazaar.

A comprehensive health policy, on the other hand, offers protection against vector-borne diseases as well as lifestyle diseases, accidents and other conditions requiring hospitalisation.

Decide whether you need it: Such targeted protection may be particularly relevant for people exposed to seasonal outbreaks, frequent travellers, gig and self-employed workers, and consumers looking for affordable supplementary protection against specified vector-borne diseases. “Younger consumers with limited health insurance coverage may also consider such a product where affordability is an important consideration,” says Deshmukh. A separate benefit cover, in addition to a hospitalisation cover, may make sense when an illness keeps a person unwell at home for a long period.

“In such a situation, the person may incur expenses without being hospitalised. These expenses will not ordinarily qualify under a regular hospitalisation cover,” says Mehta. Standard health insurance plans largely cover hospitalisation arising from vector-borne diseases. Many of these diseases can also be treated through OPD care without hospitalisation. “Buyers should supplement their regular health insurance with an OPD rider,” says Goel.

Choose benefit amount carefully: Do not base the benefit amount only on expected hospitalisation costs. “When deciding the appropriate benefit amount, consumers should consider potential out-of-pocket medical and OPD expenses, uninsured costs, non-medical expenditure and possible loss of income during the illness and recovery period,” says Deshmukh. For a person earning around ₹75,000 to ₹1 lakh and facing an illness lasting around 10 to 15 days, a ₹50,000-1 lakh benefit may be adequate. These policies are not very expensive. “For a ₹75,000-1 lakh cover, an indicative range would be ₹1,000-1,500 per annum for an individual and ₹1,500-₹3,000 per annum for a family floater,” says Ramamurthy.

Check waiting period and exclusions: Benefit-based vector-borne disease plans typically have a short waiting period. “It is typically around 15 days before coverage begins. The waiting period is usually uniform across the vector-borne diseases listed in the policy,” says Saxena. These policies have narrow coverage. “The insurer can reject a claim if the disease responsible for the illness is outside the policy's covered list,” says Mehta.