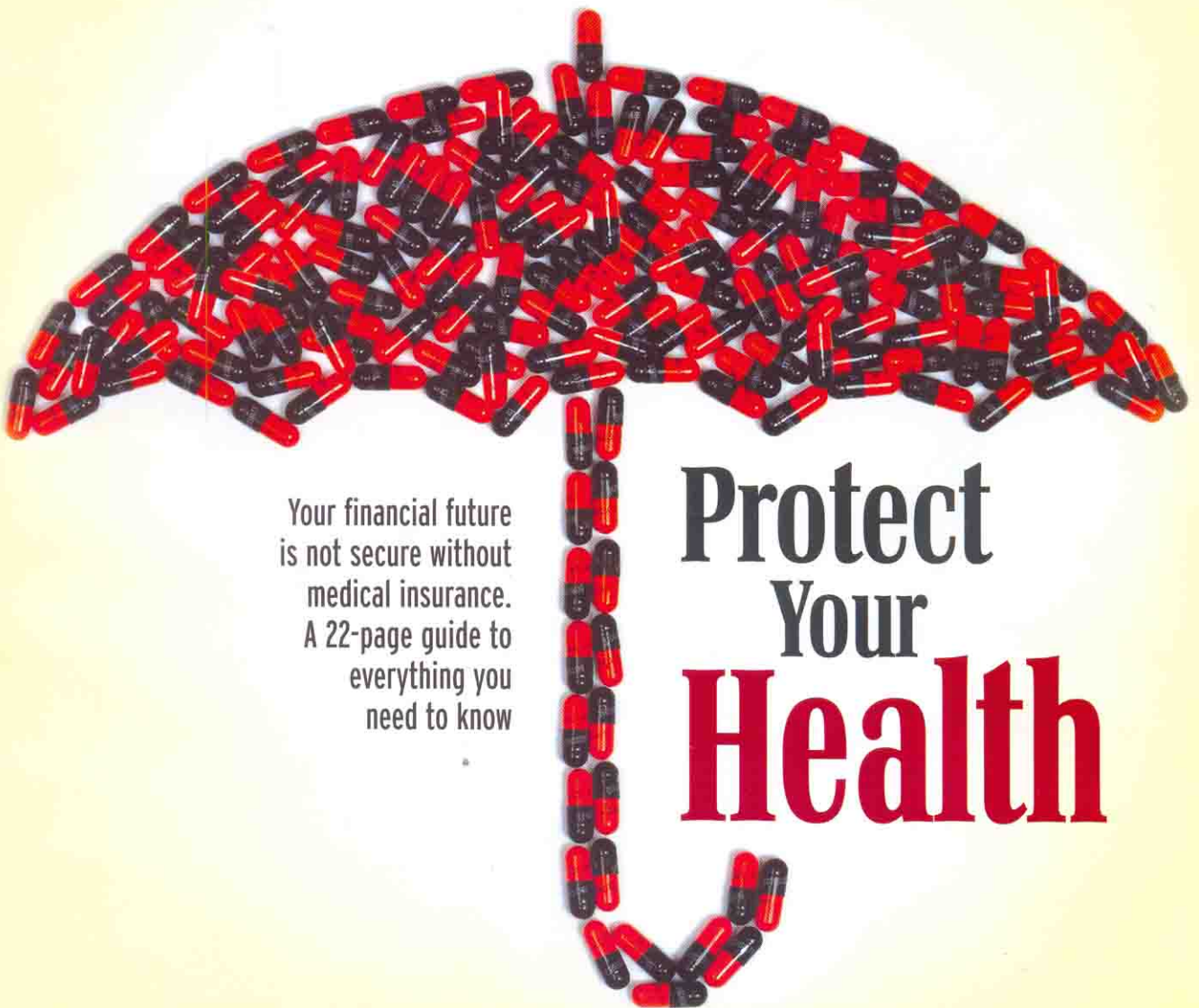


Money Today

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JUNE 26, 2008



Your financial future is not secure without medical insurance. A 22-page guide to everything you need to know

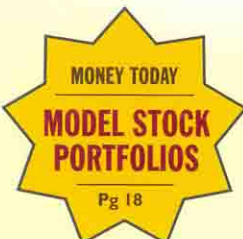
Protect Your Health

WHY YOU NEED
medical insurance

Pg 38

RIGHT POLICY
for you

Pg 42



MONEY TODAY
MODEL STOCK
PORTFOLIOS

Pg 18

WHERE TO BUY
a health plan

Pg 50

MAKING CLAIMS
on your policy

Pg 54



V RAMAKRISHNA

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Advantage Group Insurance

Like many Indians, Sameer, a software engineer, decided to move back to India after a few years in the US. During his stint abroad, he found out how essential medical insurance was, and on his return, wanted to buy insurance for his ageing parents. However, he was unable to get his father covered, because insurers found that he had a cardiac condition and was therefore a bad risk. In fact, Sameer had hardly reached India when his father had to have heart surgery; the resultant bills meant wiping out Sameer's entire savings. Soon after, Sameer joined a multinational software firm, and was automatically enrolled in its group medical scheme. The policy covered him, his wife, children and dependent parents. What he could not manage as an individual, he secured easily as an employee.

A group insurance policy offers a far better coverage than an individual policy. Consider this list.

Pre-existing disease: This is covered in a group policy. However, a disease already diagnosed is almost certain to result in a claim and is hence excluded from a retail policy.

Pregnancy: Not covered in a regular insurance policy, but is almost always included in a group policy.

Cooling off period: Individual policies come with 30-day and one-year exclusions for some ailments. Group

schemes are operational from day one.

Dependent parents: Sameer's case proves the point that individuals will not get cover after a certain age, but they can be included in a group scheme.

Apart from this, there are frills such as waiver of a medical test when applying, swift claims process and reimbursement, as well as the possibility of negotiating a premium rate. In fact, some group medical schemes even allow members to claim out-patient expenses.

So why do insurers bend over backwards to accommodate groups? When you sign on a group of say 1,000 people, chances are that only a few will fall sick and claim, while the premium is paid for all. The principle of probability makes the risk worth taking.

In addition, insurance companies save on marketing and administrative costs by signing on large groups; just imagine the cost they would incur to sign on 1,000 individual policies and compare that with getting 1,000 at one shot with little effort. For employers too, it's a win-win situation. Talent is difficult to get, and offering health insurance as part of the compensation package sweetens the deal and is today par for the course.

And as for the employee, you might not have to pay the premium, but even if you do, it's totally worth it. So grab that policy with both hands.

While the beneficiary of any health cover is always an individual, a group cheque ensures a red-carpet treatment compared with the bare-bones policy offered to an individual