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Why you should consider cancer plans

A clutch of life insurance companies offer cancer covers. Find out if they merit a spot in your protection basket, given the high cost of treatment of the dreaded disease.

by Preeti Kulkarni

Study the features and exclusions of policies before buying

HDFC LIFE

Cancer Care Platinum
ANNUAL PREMIUM: ₹6,373
POLICY TERM: 20 years

FEATURES

- Covers all stages of cancer
- Compensation at every stage
- Premium waived for 3 years on diagnosis of minor stage
- No claim bonus up to 200% of sum assured
- One time payout + 1% of increased sum assured paid monthly

MAX LIFE INSURANCE

Cancer Insurance
ANNUAL PREMIUM: ₹12,773
POLICY TERM: 40 years

FEATURES

- Covers all stages of cancer
- Compensation at every stage
- All future premium are waived off on diagnosis of minor stage
- Multiple cancers can be claimed
- NCB up to 150% of sum assured
- One time payout + 10% of basic sum assured paid annually

AEGON LIFE INSURANCE

Cancer
ANNUAL PREMIUM: ₹8,879
POLICY TERM: 35 years

FEATURES

- Covers all stages of cancer
- Compensation at every stage. All future premium waived off on diagnosis of major stage
- Additional payout at critical stage

Source: policybazaar.com. For a 35-yr-old non-smoker male choosing a sum insured of ₹25 lakh

PNB MET LIFE

Cancer Care Platinum
ANNUAL PREMIUM: ₹18,241
POLICY TERM: 20 years

FEATURES

- Covers all stages of cancer
- Compensation at every stage
- Premium waived for 5 years on diagnosis of mild or moderate stage
- Multiple cancers can be claimed
- Inbuilt term insurance cover

ICICI PRUDENTIAL

Cancer Protect
ANNUAL PREMIUM: ₹6,762
POLICY TERM: 40 years

FEATURES

- Covers all stages of cancer
- Compensation at every stage
- All future premium waived off on diagnosis of minor stage
- Multiple unrelated cancers can be claimed

Cancer plans the answer

Cancer is now responsible for almost one in six deaths globally. Though medical advancements have increased the chances of early detection and successful treatment, the treatment costs are huge. This is where cancer policies can play a role. The sum insured can be as high as ₹60 lakh. These policies cover cancer right from the early stages to the advanced ones. Future premiums are waived off on detection for three to five years—depending on the plan—to ease the burden on policyholders.

The claim settlement process is simple, as these are fixed benefit policies that hand out a pre-defined sum on diagnosis. As a regular health insurance cover reimburses only hospitalisation costs, the cancer policy payout can be used to meet any recuperation-related expenses as well as to make good any shortfall due to loss of income during treatment. Also on offer are increased sum assured options under premium variants, where the cover increases by 10% for every claim-free year. Income benefit is another feature that can be of help during the recovery phase, particularly if the health condition is debilitating enough to force a break from employment.

Despite the benefits, the policies have met with moderate response. "In India, a number of cancer products have been launched and uptake of cancer cover over time may increase, with increasing awareness levels, higher incidence of the disease, improving medical support and higher cost of treatment," says Khalid Ahmad, Head, Products, PNB MetLife.

Unlike life insurers' cancer covers, Star Health's Cancer Care plan extends cover to those who have been diagnosed with cancer (stage 1 or 2). Launched as a pilot, the product covers the risk of recurrence, metastasis, second cancer as well as second malignancy unrelated to first cancer, apart from regular hospitalisation expenses.

Beware of the exclusions

Study the exclusions and restrictions before you take a call. Cancer policies from life insurers restrict coverage for early-stage cancers to 20-25% of the sum insured. Later-stage cancer claims will be eligible for the entire sum assured minus claim paid out, if any, during initial stages. However, some plans also provide a sum assured of 150% in case of major stage cancer. Check if any particular cancer and recurrent claims of cancer affecting the same organs are excluded. Aegon Life's policy, for instance, does not cover skin cancer. The policies come with waiting and survival periods of 180 days and seven days respectively.

Standard exclusions like pre-existing illness apart, cancer caused by sexually transmitted diseases, HIV, or AIDS or arising out of congenital condition and contact with radiation or radioactivity, are not covered under these policies.

Cancer or critical illness

A cancer cover will not be of help in case you contract other critical diseases. A regular critical illness policy or a rider, cover a range of serious ailments. "Both are fixed benefit plans but in case of critical illness policies, there is no payout on the diagnosis of an early stage cancer, whereas cancer insurance covers all stages of cancer," points out Sanjosh Agarwal, Associate Director and Cluster Head, Life Insurance, Policybazaar.com. Therefore, you will have to make a choice on the basis of your health condition as well as family health history. Also ensure you have a basic health insurance policy in place to cover hospitalisation.

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