

The benefits of cancer-specific plans

These defined benefit plans pay you a lump sum on being diagnosed with cancer but you may still need adequate health insurance to take care of treatment costs

Cancer cover options

Here is a broad comparison of cancer specific plans in the market

Name of product	Aegon Life iCancer	Birla Sun Life Cancer Shield	Future Generali Cancer Protect	HDFC Life Cancer Care	Max Life Cancer Insurance
Sum assured (SA; in lakh)	10-50	10-50	10-40	10-40	10-50
Payout at minor stage (% of SA)	25%*	30%	25%	25%	20%
Payout at major stage (% of SA)	100%	100%	100%	100%	100%
Payout at critical stage (% of SA)	150%	NA	NA	NA	NA
Premium** (Rs)	3,059	2,540	2,013	2,642	3,048
Premium waiver	All after major stage claim	For 5 years***	For 3 years***	For 3 years***	All***
Increase in SA	NA	10-200% (optional)	NA	10-200% (optional)	10-150%
Monthly income benefit (% of SA)^	None	1% every month for 5 years	2% every month for 5 years	1% for 5 years	10% a year for 5 years
Survival period (days)	Nil	Nil	7	7	7
Maximum policy term (years)	Up to age 70	20	Up to age 80	20	40
Maximum age (years)	70	75	80	75	75
Entry age (years)	18-65	18-65	18-65^^	18-65	25-65

*Maximum Rs5 lakh per minor claim; overall limit of 25%; ** Premium for a 35-year-old man with cover of Rs10 lakh and policy term 20 years, and for high-end versions of the plans. Rates may vary for smokers and non-smokers.; Waiting period for all policies is 180 days.; ^ on major stage diagnosis, optional for some plans; *** after early stage claim; ^^Minors covered.;

Source: Coverfox.com and Mint research

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Cancer is among the fastest spreading critical diseases in India. According to estimates by the Indian Council of Medical Research, the total number of new cancer cases is expected to be around 1.45 million in 2016 and is likely to reach nearly 1.73 million by 2020. Nearly 736,000 are expected to succumb to cancer this year and this number is only likely to go up.

While these numbers should worry you enough to make lifestyle changes to keep cancer at bay, you should also worry about the likely costs of treating it. "Usually treatment of cancer is an ongoing process with high chances of relapse. Depending upon the severity and the line of treatment, the costs can run up to Rs60 lakh. Further, the disease weakens and impacts working and earning capabilities of a person, so an insurance plan that works as an income supplement is important," said Manik Nangia, director and chief digital officer, Max Life Insurance Co. Ltd.

A defined benefit health insurance plan can come to the rescue in such cases. Unlike a basic health cover, which pays for hospitalisation expenses, defined benefit plans pay a lump sum regardless of the treatment cost. Critical illness plans are a popular example of these plans. But did you know that life insurance companies offer benefit plans that only cover cancer? These plans stand out in the way they are structured and their scope of coverage. But should you buy them? Let's find out.

CANCER-SPECIFIC PLAN

Being a defined benefit plan, these covers pay a lump sum if you are diagnosed with cancer after buying the policy. If you already have or had cancer, this policy is not for you. These plans broadly divide cancer into two stages: early-stage cancer and major-stage cancer. An early-stage cancer is typically defined as the stage where the cancer cells are localised and have not spread, whereas a major-stage cancer is categorised by the uncontrolled growth and

spread of malignant cells.

For early-stage cancer, the policy pays only a portion of the sum assured, usually 20-30%. If the policyholder is diagnosed with cancer in a major stage, the policy pays 100% of the sum assured. As a claim at an early stage only pays a portion of the sum assured, some plans allow multiple early claims until the sum assured is exhausted. However, two claims cannot be made for cancer of the same organ. In case of a major stage claim, the entire sum assured is typically paid and the policy terminates. If you made a claim earlier on account of minor stage the policy will generally deduct that amount and pay the balance.

Some plans provide added benefits like an increase in the sum assured for every claim-free year, waiver of premiums for detection of minor-stage cancer and monthly income benefit in addition to paying the sum assured at major stage. "These are meaningful benefits and customers should go over the added benefits carefully," said Mahavir Chopra, director-health, life and strategic initiatives, Coverfox.com, an online insurance broker.

But be mindful of some caveats. "Some insurers may not offer cancer plans to tobacco users or if anyone in the family has had a history of cancer. In the case of our policy, if a male is seeking to buy the plan and a male member who is in the immediate blood relation has had cancer, we will not issue the policy. However, if it's the female relative with cancer and a male member wants the cover, we can issue the policy," said Rakesh Wadhwa, head-online sales, Future Generali India Life Insurance Co. Ltd.

CRITICAL-ILLNESS PLAN

Cancer-specific plans have two major differences with a critical-illness plan. "The one major difference between a cancer plan and a critical illness plan is that cancer plans also include early stages of cancer whereas a critical illness plan insures advance stages only. Also, being cancer specific, the structure of the plan is more customised to suit the treatment needs," said Anil Singh, chief actuarial officer, Birla Sun Life Insurance Co. Ltd. Also, critical illness plans insure a range of critical ailments, including coronary artery blockage, kidney failure

and heart attack.

These plans also differ on pricing. As cancer plans are offered by life insurers, they come with a longer policy term and charge a level premium, but insurers guarantee a level premium only in the first 3-5 years and have a provision of revising the premium. Critical-illness plans are typically offered by non-life companies and are renewable every year, so the premium may go up more frequently. Also, cancer plans are a tad cheaper. "Almost two-third of the premium of a critical-illness plan comprises the insurance cost to cover cancer alone. This is why, in comparison, you will always find that a cancer-specific plan is cheaper," said Nangia. For instance, for a 35-year-old, a cancer plan would come for about Rs2,000 for a sum assured of Rs10 lakh and policy term 20 years, whereas under a critical illness plan, the first-year premium will be about Rs3,800.

HOW TO CHOOSE A PLAN

Check if you are sufficiently insured by your basic health insurance policy. "Cancer-specific plans pay a small proportion of the sum assured in early stages of cancer. So one needs to have a regular mediclaim plan with sufficient cover to take care of medical expenses first," said Kapil Mehta, co-founder, SecureNow Insurance Brokers Pvt. Ltd. "Customers should know that cancer-specific plans generally exclude pre-existing conditions. There is a possibility of claim rejection if customers had symptoms before they bought the insurance even if they were not aware they had cancer."

But how should you choose between the two? "Other critical illnesses like heart ailments are just as expensive to treat, so instead of going for disease-specific plans one should buy a high-value indemnity plan and top it up with a comprehensive critical-illness policy," said Rahul Mohata, chief operating officer, Ideal Insurance Brokers Pvt. Ltd. Suresh Sadagopan, a Mumbai-based financial planner, said, "There are no distinct disadvantages to a cancer-only plan and they can be an add-on policy but one should consider affordability and maximising coverage within the budget. A health insurance cover along with a critical illness plan with sufficient cover should be enough."