

1. Insurance Cover for a Pandemic

Prelims Syllabus: Insurance

Mains Syllabus: GS-II Issues relating to development and management of Social Sector or Services relating to Health, Education, Human Resources.

Context:

- In case if a person gets infected by COVID-19, he/she must have a comprehensive health insurance plan to cover Hospitalisation expenses.

How to secure our Health?

- While pandemics such as COVID-19 are not new to the world, it is important to stay protected in every manner possible.
- While we may take all required precautionary measures such as maintaining social distancing to stay protected, what is more important here is to understand how we can secure your health.
- If you are still confused as to whether your health insurance policy will cover hospitalisation expenses incurred due to COVID-19, it is important for you to know that any claim for COVID-19 will be payable by your insurer if you are hospitalised for at least 24 hours.
- As per a circular from the Insurance Regulatory and Development Authority of India (IRDAI) to all health insurers regarding the guidelines all claims will be processed as per regular norms and will be covered as any other illness.

24-hour hospitalisation – Is it Mandatory?

- However, it is mandatory for the policyholder to stay hospitalised for a minimum of 24 hours.
- IRDAI has even made it clear that the entire cost of admissible medical expenses during the course of treatment, including the treatment during quarantine period, shall be settled in accordance with the regular health insurance policy.
- Also, the infection caused due to COVID-19 does not fall under the pre-existing disease category and hence, the claims will be covered for the illness from day one.
- Every basic health insurance plan will compensate the policyholder for expenses incurred on pre-hospitalisation, post-hospitalisation, in-patient treatment, OPD and ambulance expenses, should one seek treatment for COVID-19.

About the Fixed Benefit Plan:

- While the above features are for an indemnity-based health plan, those looking for a fixed benefit health plan that compensates them for loss of income due to hospitalisation following COVID-19 can invest in the fixed benefit health plan offered by Digit Insurance.
- Offered under the IRDAI's regulatory sandbox framework, Health Care Plus plan is available for a sum insured of between ₹25,000 and ₹2 lakh.
- The premiums start at ₹299 at the lower end, while the maximum sum insured entails a premium of ₹2,027 plus GST.
- As to the pay-out process, in case a policyholder tests positive for COVID-19, the insurer will pay out the entire sum insured. If quarantine is advised in a government or a military hospital, the insurer will pay 50% of the sum insured.
- Retired people may consider it for additional benefits even if they have a standalone plan since they are more vulnerable to the virus. Those suffering from symptoms of cold or respiratory diseases will not be able to purchase this plan.

About IRDAI:

- Insurance Regulatory and Development Authority of India or the IRDAI is the apex body responsible for regulating and developing the insurance industry in India.
- It is an autonomous body established by an act of Parliament known as the Insurance Regulatory and Development Authority Act, 1999.
- IRDAI is headquartered in Hyderabad in Telangana. Prior to 2001, it was headquartered in New Delhi.
- The organization fought for an increase in the FDI limit in the insurance sector to 49% from the previous 26%. The FDI cap was hiked to 49% in July of 2014.
- **Its Functions include:**
 - ✓ Its primary purpose is to protect the rights of the policyholders in India.
 - ✓ It gives the registration certificate to insurance companies in the country.
 - ✓ It also engages in the renewal, modification, cancellation, etc. of this registration.
 - ✓ It also creates regulations to protect policyholders' interests in India.