Twitter Thread by Mahavir Chopra



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You will find this interesting ■

Health Insurance premiums for a plan are as follows:
5 Lakh cover = Rs. 13410/-
25 Lakh cover = Rs. 24759/-
1 Crore cover = Rs. 18003/-
Wut? Yes. How? ■

Thread time ■:)

We checked if the plans were different.

What we found is that apart from the room eligibility there is no other significant difference between the plans.

This may have called for a lower “per lakh” premium, but it does not justify a discount of 37% for a 400% higher cover

So we dug deeper :)

We checked, rechecked, spoke to experts and the answer came down to simple market mathematics ■

Something you need to understand well.

Say you have a mobile plan with a quota of 3GB of data a day.

The average usage is say 2 GB a day.

Now if you apply for an upgrade to 10GB a day - the telco knowing this will rarely be utilised, can upgrade the plan at an extremely low cost, and not at the per GB rate.

Similarly, when you today buy a cover of 25 Lakhs. Since the average claims are say 3 Lakhs today, there are very tiny chances you will use the cover over 10 Lakhs in the short term.

So whatever amount the insurer charges today over 10 Lakhs is a bonus.

But here's what you should know:

Once claims increase, every insurer can hike premium rates post approval from the regulator.

Premiums can be hiked, the product can be withdrawn moving u to an elite product with way higher premium grids.

What you should do■
1. Even if premiums will be hiked in the long run, you still need a high cover.
2. Ensure u buy adequate cover for your old age today. If you are 35, you will need 26L at 70 (5% inflation)
3. Do not postpone.
4. Upgrades are difficult if you have an illness

5. ■■ Compare premiums for the adequate cover with higher covers available.
6. If you find the difference in premium negligible or lower (like in the first tweet) take the higher cover.
7. Remember, it’s super easy to downgrade ■■ cover, if premiums become unaffordable.

Questions?
Insurance experts can answer them here:

https://t.co/JYfL15hGWt