Health Insurance

Protect your savings from hospital bills, the cover every family needs first.

Cashless hospitalisation cover | Premium deductible under 80D

What is Health Cover?

Health insurance pays your hospital bills so a medical emergency doesn't wipe out your savings. With treatment costs rising fast, it's the first cover most families should own, even before life insurance if you have no dependents. A good policy gives cashless treatment at network hospitals, covers pre- and post-hospitalisation, and, crucially, protects the corpus you're building for your goals from being drained by one big claim.

In brief

Suits	Every family; a hospital bill is the most common reason savings get used up.
You get	Hospital, day-care, pre- and post-hospital costs, usually cashless at network hospitals.
Your money	Yearly premium, GST-free since September 2025; a base plan plus a super top-up gives large cover at lower cost.
Tax	Premium deductible (80D, now section 126) only in the old regime.
Watch for	Room-rent limits and co-payment; existing illnesses are covered after at most 3 years.

Key facts

What it covers	Hospitalisation, day-care, pre/post-hospital expenses
Cover needed	Often ₹10–25 lakh in metros (a base plan + super top-up)
Watch for	Room-rent limits, co-pay, sub-limits, waiting periods
PED	Pre-existing diseases covered after at most 3 years (IRDAI cap); premiums GST-free since Sep 2025
Tax	Premium deductible under section 126 (earlier 80D) (old regime)

What's new

Sep 2025 Individual and family-floater health premiums have carried no GST since 22 September 2025 (18% earlier).

Apr 2024 IRDAI capped the waiting period for pre-existing diseases at 3 years, cut the moratorium to 5 years and removed the age-65 entry limit.

Questions and answers

THE BASICS

What does health insurance cover?

In-patient hospitalisation (room, ICU, surgeon, medicines during admission), day-care procedures that don't need 24-hour admission, and pre- and post-hospitalisation expenses (typically 30–60 days before and 60–90 days after). Many plans add benefits like domiciliary treatment, AYUSH, and annual health check-ups.

Individual plan or family floater?

An individual plan gives each person their own sum insured; a family floater shares one sum insured across the family at a lower total premium. Floaters are cost-effective for young families, but if one member has a big claim, it can exhaust the cover for everyone, which is where a super top-up helps.

HOW MUCH COVER

How much sum insured do I need?

In metros, medical inflation means a single hospitalisation can cost several lakhs. A practical approach is a base plan of ₹5–10 lakh topped up with a "super top-up" to reach ₹25 lakh+ cheaply. Higher cover costs surprisingly little at younger ages, so it pays to insure generously early.

What is a super top-up, and why use it?

A super top-up provides high additional cover that kicks in once your total claims in a year cross a "deductible" (say ₹5 lakh). Because it only pays above that threshold, it's far cheaper than buying the same amount as a base plan, the smart way to reach ₹25–50 lakh of cover affordably.

THE FINE PRINT

What terms should I check before buying?

The big ones: (1) room-rent limit, avoid plans that cap it, as it can proportionately cut your whole claim; (2) co-pay, the share you must pay on each claim; (3) sub-limits on specific treatments; (4) disease-wise waiting periods; and (5) restoration/reinstatement of the sum insured. These decide what you actually get paid.

How are pre-existing diseases (PED) treated?

Conditions you already have when buying (diabetes, hypertension, etc.) are covered only after a waiting period, which IRDAI has capped at 3 years since April 2024 (the moratorium, after which a claim cannot be contested except for fraud, is 5 years). Always disclose PEDs honestly; hiding them is the most common reason claims are rejected.

What are the standard waiting periods?

Typically: an initial 30-day wait for illnesses (accidents covered from day one), 1–2 years for specified ailments (like cataract, hernia), and up to 3 years for pre-existing diseases (the IRDAI maximum). Maternity, if covered, usually has its own longer waiting period.

CLAIMS & NO-CLAIM BONUS

How does cashless treatment work?

At a network hospital (one the insurer has a tie-up with), the insurer settles the bill directly with the hospital, so you don't pay upfront (beyond any co-pay/deductible). At a non-network hospital you pay and then claim reimbursement. Check that hospitals you'd actually use are in the network.

What is a No-Claim Bonus (NCB)?

A reward for claim-free years, the insurer increases your sum insured (often 25–50% a year, up to a cap like 100%) at no extra premium, or gives a premium discount. It's a valuable way to grow your cover over time just by staying healthy.

TAX & GOOD TO KNOW

What is the 80D tax benefit?

Under the old regime, health-insurance premiums are deductible under section 126 (earlier 80D): up to ₹25,000 for self/spouse/children (₹50,000 if a senior), plus ₹25,000 for parents (₹50,000 if a senior parent), a maximum of ₹1 lakh, including up to ₹5,000 for preventive check-ups. Not available in the new regime.

Should I rely on my employer's group health cover?

Treat it as a bonus, not your only cover. Employer cover ends when you leave or retire, exactly when buying fresh cover is costliest and PED waits reset. Always hold your own personal policy alongside, so your protection never depends on your job.

Sources: Outlook Money: zero GST on individual health and life insurance; Cafemutual on IRDAI health rules.

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