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# How much health insurance should a fresher get?

It is wise to purchase a personal health insurance policy even if you have one through your employer

ASHWINI KUMAR SHARMA | JUNE 13, 2023 / 09:14 AM IST



It's best to buy health insurance when you are young because with age, if you develop any health condition, it becomes harder to buy cover

Typically, financial planners tell you to start saving right when you get your first salary. While that is true, there is something you've got to do even before you start investing: Buy a good health insurance policy. Here's why.



A health emergency can strike at any time and the exorbitant cost of treatment can swiftly drain your finances. The recent Covid-19 pandemic showed us how a medical emergency can rush through our doors without knocking and wreak havoc. And if you do not have a job or your income falls because of, say, an economic slowdown, then your financial savings might not be enough.

Also, it is a misconception that health emergencies are limited to the higher age group. Even young people can fall ill or experience accidents. Given these realities, there is no doubt about the necessity of health insurance. A health insurance policy comes to your rescue in such times.

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The best part of health insurance is that there are policies where once you use it to pay your hospital bills, the amount (sum assured or the total insurance amount you are eligible for) is automatically reinstated.

“It’s best to buy health insurance when you are young because with age if you develop any health condition, it becomes harder to buy cover,” said Kapil Mehta, cofounder of SecureNow.

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It is a risk that everyone faces and as a fresher entering the workforce, it is essential to prioritise the purchase of a health insurance policy for yourself, even if your employer also provides coverage.

**Simply Save | Your guide to picking the right health insurance policy.**

**Why personal health insurance policy?**

Many employers provide group health insurance coverage to employees as part of their benefits. However, there are reasons that make it sensible to **buy a personal health insurance policy.**

**Sum assured:** The first thing to evaluate is the sum assured in the group health policy provided by an

employer.

“The corporate health insurance cover may not be enough to cover the family. Ignoring this aspect can prove to be very costly in case of any medical emergency,” said Hemant Rustagi, a personal finance expert.

**Coverage continuity:** Job changes are common in today’s dynamic professional landscape.

“Although the current company may offer insurance, there is no guarantee that future companies you join will have the same benefit,” said Mehta.

Other financial planners agree.

“If the individual loses their job or decides to switch careers, they may lose access to employer-provided health insurance,” said Sanjeev Govila, CEO of Hum Fauji Initiatives, a financial planning firm.

Similarly, there may be a gap between jobs. During this time, an individual policy ensures that health cover remains and you can seek medical treatment if needed. Having your own health insurance policy will ensure continuous coverage regardless of your employment status.

**Enhanced coverage:** Employer-provided health insurance may have limitations or exclusions.



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"An individual health insurance policy allows for more customisation based on personal needs and preferences. It offers the flexibility to choose coverage options, add-ons, and sum assured amounts that align with the individual's specific healthcare requirements," said Govila.

By opting for a personal policy, you can potentially secure broader coverage.

**Also read: [What young consumers should look for in health insurance](#)**

### **How much insurance do I need?**

Determining the sum assured for insurance coverage can be challenging since we cannot predict the nature or cost of future medical emergencies. However, there is a method in this madness. Rustagi suggests a cover of Rs 5-10 lakh to begin with. Then, he says, slowly increase the sum assured over time to ensure adequate and extensive coverage at different stages of life.

Look at your personal health history, including any pre-existing conditions or potential future medical needs. Look at your family history. Cardiac problems usually go down through generations. Experts say cancer and diabetes can be hereditary too. An early assessment of family patterns can help you get a higher cover at an early age, when premiums are low and it's easier to buy a large policy.

Your current health condition, lifestyle choices, and the cost of healthcare services in your area should also be accounted for.

"The main principle when buying health insurance is to budget for the cost of a severe illness a few years later," said Mehta.

So, cancer does impact youngsters as well and can cost up to Rs 10 lakh to treat. That's why a Rs 15 lakh to Rs 20 lakh cover is appropriate because costs will get inflated. Another way to think about this is to buy cover that is equivalent to about one year's income, Mehta explained.

**Related reading: [How to use Moneycontrol – SecureNow Health Insurance Ranking](#).**

### **Individual or floater policy**

Should you buy separate insurance policies for yourself and your parents, or is a floater policy better? Most financial planners advise having separate policies.

"It makes sense to buy individual health insurance plans for parents to cover the probability of higher insurance payout and ensuring better coverage specific to their needs. Simply put, age-specific illnesses can result in the possibility of multiple claims, and hence buying a separate policy is advisable," said Rustagi.

Govila, too, prefers separate policies but warns about a rise in premium costs.

But Rustagi said, "While the premium cost may be higher initially, it can curtail incremental cost as compared to the cost of a consolidated insurance policy."

The other reason to have separate policies is that parents' cover may have some restrictions in terms of co-pay or conditions that may not be applicable to freshers.

Your first job is a step towards financial freedom. To prevent medical emergencies from becoming a burden and taking away your freedom, health insurance is a vital tool to have in your money box.

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ASHWINI KUMAR SHARMA

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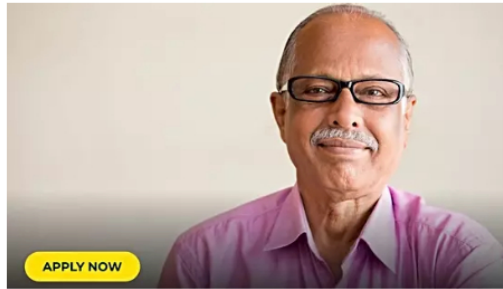
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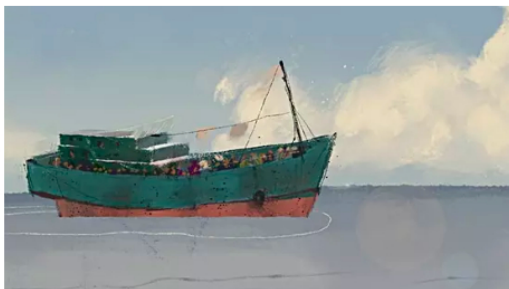
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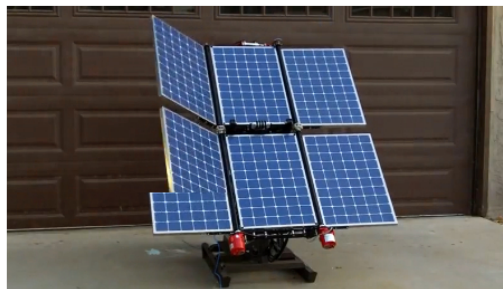
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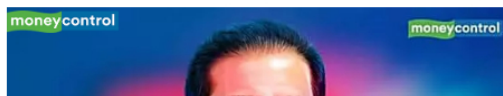
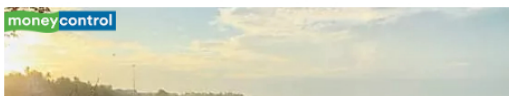
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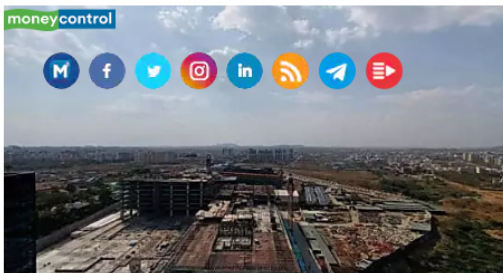
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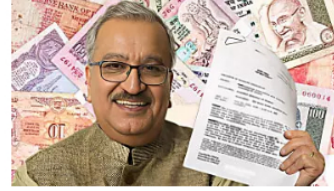
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