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QUERY CORNER
INSURANCE

FOR MULTIPLE MEDICLAIMS, EACH INSURER WILL PAY IN LINE WITH THE COVER OFFERED BY IT

CLAIM SETTLEMENT UNDER MULTIPLE POLICIES

My 61-year-old mother has got a policy with New India Assurance for ₹1 lakh for the past seven years with no claims being made so far. Can she take another ₹1 lakh policy from another insurer? If the cashless treatment is used, what will be the settlement proportion between the two policies? —PRADEEP

In case a claim is made when the same person is covered under more than one mediclaim policy, the 'principal of contribution' will come into play. If the person has more than one mediclaim, each insurance company will bear the expenses in proportion to the amount of cover with the respective insurer. The insured or the representative shall have to inform all the insurer companies and they will accept the photocopies on the basis of the proportionate claims. The amount paid by respective insurance companies will be in proportion to the sum insured with each.

TAX DEDUCTION UNDER ULIP

I bought a Ulip — Market Plus I — from LIC in February 2008 and have a life cover 20 times the annual premium. Will this policy qualify for tax deduction under Direct Taxes Code (DTC)? — MANMEET CHHABRA

According to DTC's clause 70, a policyholder can claim tax deduction if the annual payable premium does not exceed 5% of the capital sum assured in any year during the term of the policy.

REIMBURSEMENT FOR TREATMENT AT HOME

What is considered as 'domiciliary hospitalisation' under mediclaim? – SHOBHA

When the condition of the patient is such that s/he cannot be moved to the hospital or when there is no bed available in any of the hospitals, the treatment is administered at the patient's home. Importantly, the treatment is reimbursable under the health plan only if the treatment is comparable to that provided at a hospital or a nursing home. Usually, the limit of compensation is low and does not apply to certain diseases including asthma, bronchitis, diabetes and epilepsy.

CHANGING NOMINEES FOR INSURANCE POLICY

I have an ICICI Prudential term insurance policy. The nomination is in my wife's name. Can you tell me what happens if the nominee is no more. Can this money be claimed by the parents even if they are not nominees? Also, can I nominate more than one person in a life insurance policy? Can I change earlier nominations? – JAIDEO

The nominee doesn't become the owner of the money once a life insurance company hands over the claim amount to him or her. The Life Insurance Act specifies that the policyholder should nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death. Thus, the money is paid to the nominee, but the nominee is not the only owner of the money, unless a will specifies the same. Nominee is the one who is designated by the policyholder to receive the proceeds of an insurance policy upon death. Therefore, a will shall determine the legal heir to the claim amount. If in case the policy holder dies intestate i.e. without a valid will, the claim becomes payable to the nominee but the ownership shall lie with the legal heirs as per Hindu Succession Act. If the nominee predeceases the policyholder, the same can be claimed by the legal heirs which include children, widow, mother and father too. There are no restrictions on the policyholder regarding changing his nomination at any point of time, any number of times. The life-assured is free to change or cancel a nomination and make a fresh nomination any number of times during the currency of the policy.

CLAIM SETTLEMENT FROM PVT INSURANCE COS

I want to purchase a term plan cover. I plan to buy a policy for ₹25 lakh for the maximum period. For ₹25 lakh and for 28 years, LIC offers Amulaya Jeewan-1, with an annual premium of ₹18,525, while private insurers charge a lower premium. Is it safe to buy a pure term plan from a private company as it is difficult to get the claim from these companies? – SK AGARWAL

Most of the private sector life insurance companies are owned by established business houses in joint ventures with some of the biggest insurance companies of the world. Most of them also have a claim settlement track record for all to see.

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