



# THINK YOU'RE COVERED? WHAT MOST INDIANS OVERLOOK IN INSURANCE PLANS

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There's a pattern that repeats itself far too often in Indian households. A family faces a medical emergency or a sudden loss, policy document in hand, certain that they are protected. And then the reality sets in, not because the insurer failed them, but because the policy bought years ago simply wasn't built for the moment, they're now living through.

That gap between feeling covered and actually being covered is, perhaps, the most pressing problem in Indian insurance today.

## We have Confused Buying Insurance with Being Insured

Indians are buying more insurance than ever before. Penetration is rising and digital access has made purchasing easier. But volume alone doesn't tell the full story. A large share of policies sold in this country are underinsured, poorly understood, or misaligned with the real risks families face.

Part of this goes back to how insurance has historically been sold here, as a tax-saving instrument in the last quarter, as a product



bundled with a bank account, or as something to tick off a financial checklist. The premium becomes the decision-maker, not the coverage. And when premium drives the purchase, protection takes a back seat.

## The Health Cover Problem

A Rs 5 lakh health cover is no longer adequate for most urban Indian families. It may have been reasonable a decade ago. Today, a single hospitalisation involving surgery or critical care in a tier-1 city can breach that limit within days.

Many compound the problem by treating their employer's group health insurance as primary protection, rarely accounting for what happens between jobs, after retirement, or when an employer changes the insurer and terms shift entirely. A personal health policy, independent of employment, is not a luxury. It is the foundation.

Beyond the sum insured, the fine print deserves far more attention than it gets. Waiting periods for pre-existing conditions, disease-specific caps, and treatment exclusions are standard policy features, but rarely discussed at the point of sale. Co-payment clauses limit the insurer's liability even when the sum insured remains available. These are not obscure technicalities. They are material features that directly determine what a policy actually pays and they deserve to be understood before a claim arises, not during one.

## Life Insurance: Protection That Often Falls Short

Walk into most Indian households and you'll find a folder of LIC policies, endowment plans, and ULIPs. The family feels covered. But add up the sum assured across all of them, and it rarely amounts to what the breadwinner earns in five years, let alone what would sustain the family over a decade.

Traditional savings-linked plans have their place, but income replacement is not their strength. A pure term policy, sized genuinely to the family's financial needs, remains the most effective way to address mortality risk. The reluctance to pay for protection without a maturity benefit continues to leave large part of the population underinsured.

## The Risk Nobody Plans For

If life insurance is underutilised, disability cover is almost entirely absent from most financial plans. A permanent disability can be more financially devastating than death, the individual is still present, still requiring care, but no longer able to earn.

Personal accident and disability covers are relatively affordable and deeply underappreciated. The focus in most households stays on the worst-case scenario of mortality, while the more statistically probable risk of income disruption through disability goes completely unaddressed.

## Two Habits That Make the Difference

The first is honest disclosure. A significant portion of claim rejections trace back to incomplete information at the proposal stage, an undisclosed condition, a lifestyle detail omitted, a question answered loosely to avoid a higher premium. Insurance operates on utmost good faith. Transparency at purchase isn't a formality, it is what makes the policy real when it matters most.

The second is periodic review. Insurance requirements evolve, with income changes, marriage, children, or shifting health conditions. Yet most policyholders renew mechanically without asking whether their cover still fits. Top-up plans, portability, and enhanced riders can meaningfully close gaps without overhauling existing policies. They are only useful, however, when someone is actively looking.

## The Right Question to Ask

The phrase heard most often and most often misplaced is "I'm covered." Having a policy is not the same as being covered. It's about whether that policy will actually perform when needed whether the sum insured holds up against real costs, whether conditions align with the actual situation, whether exclusions don't quietly hollow out the protection being paid for.

The Indian insurance market has matured. Products are sharper, regulation is stronger, and consumers have more options than ever. However, without knowledge choice is just a noise.

The real question isn't whether you have insurance. It's whether your insurance will work.