LIFE INSURANCE PROJECT

[Mental Health Insurance]

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1. Introduction of a new insurance policy

IDEA: Mental Health Insurance

Introduction

Mental health refers to cognitive, behavioural, and emotional well-being. It is all about how people think, feel, and behave.

Mental health can affect daily living, relationships, and physical health. However, this link also works in the other direction. Factors in people's lives, interpersonal connections, and physical factors can all contribute to mental health disruptions.

Looking after mental health can preserve a person's ability to enjoy life. Doing this involves reaching a balance between life activities, responsibilities, and efforts to achieve psychological resilience.

With the increasing awareness about mental health in India, people are starting to realize the importance of being mentally healthy and have started to seek professional help.

The 'Generation Z' has left no stone unturned in spreading awareness about being healthy mentally and they don't shy away from speaking on this topic.

Unlike, the older generations who still think talking about mental health would automatically label them as a mentally-ill person, the Generation Z thinks exactly opposite.

Seeking professional help when someone feels their mental health draining is as important as eating a balanced diet. Conditions such as stress, depression, and anxiety can all affect their mental health and disrupt a person's routine.

Therapists, or psychotherapists, are licensed mental health professionals who specialize in helping clients develop better cognitive and emotional skills, reduce symptoms of mental illness, and cope with various life challenges to improve their lives.

Since, therapy wasn't as prevalent before, the costs of a therapist are exorbitantly high in India where one therapy session costs around INR 1100-1500.

How does therapy benefit a person?

Regular sessions of therapy help your brain process your emotions better, you start to understand how and why your brain works the way it does and you get familiar with your own self.

Why do people need it these days?

Societal Pressure:

With increasing competition in today's world, people feel pressured to perform even when they don't want to. They feel coerced while the society judges them for not meeting the prerequisites and label them as imperfect.

This majorly affects a person's mental health and burdens them with anxiety and unwanted stress.

Effects of Pandemic:

After almost two years of a deadly pandemic and sitting at home without much social interaction, people got better acquainted with themselves and their pasts which in turn lead to the rise in demand for a therapist/psychologist.

Losing a near and dear one during these pandemic years can also have the worst effects on one's mental health.

How does a mental health cover benefit you?

In case the insured seeks professional help, a certain percentage of the medical bills and prescription cost will be covered by the insurance company.

What happens at the end of premium payment term?

The total accumulated value would be used to pay the medical bills and cover the fee of the professional.

Power to choose your copay levels

You can choose different levels of copay depending on the amount of premium suitable for you.

Amount of Premium per month*	Percent of Copay
Rs. 200	30%
Rs. 350	25%
Rs. 500	10%

Entry Conditions

- Insured should above the age of 16.
- The minimum premium is Rs. 2,400 p.a.
- Sum assured is limited up to 80% above total premiums paid.

*Amount of premiums is just a lump-sum amount and it is not underwritten.

2. Case Study

Month	What Happened?	Which Insurance Would cover this?	Did Jamie have coverage?	How much will Jamie have to pay? (If she has insurance what is her copay or deductible)
January	Jamie got sick and visited the doctor. Without the insurance, the appointment cost Rs.120 and the antibiotics cost Rs.110	Medical Insurance	Yes ☑ No ☐	Total Amount Jamie has to pay = 120 – 30 (copay) + 110 – 10 (copay) =Rs.190
March	Jamie fell on ice while hiking and had to get stitches in the emergency room. Without insurance, the procedure cost Rs. 250	Medical Insurance	Yes ☑ No ☐	Total amount that Jamie has to pay = 250-50 (copay) =Rs.200
July	A kitchen fire in the apartment next door caused sprinkler system to activate in Jamie's apartment as well. Her couch, her television, her computer and her bookcase were ruined. The cost of the damage was Rs.2500.	Renter's Insurance	Yes ☐ No ☑	Total amount Jamie has to pay = Rs. 2,500
September	Jamie hit a deer when driving home from work. She wasn't hurt, but the damage to her car was Rs. 3,400.	Auto Insurance	Yes ☑ No ☐	Total amount Jamie has to pay = 3400 - 300 (deductible) =Rs. 3100
October	Jamie got dirt in her eye while picking fruit at a local farm. She went to the eye doctor when her eye became red and swollen, the doctor prescribed eye drops. Without insurance, the appointment cost Rs. 150, and the eye drops cost Rs. 90.	Vision Insurance	Yes ☑ No ☐	Total amount Jamie has to pay = 150 – 30 (copay) + 90 – 10 (copay) =Rs. 200

1. **Summarize the costs**

Based on the insurance coverage Jamie had in place, how much did she have to spend herself that year? How much more would it have been if she didn't have any insurance (including copays, deductibles, and the premiums)?

- Considering all the payments that Jamie made, i.e, insurance premiums and her overall medical and automobile costs, it is clear that she spent Rs. 8,339 in the whole year. Considering the possibility that she didn't have an insurance in place, she wouldn't have received any copays or deductibles where needed and she would've spent a sum of Rs. 6,620 on her medical and automobile costs.

2. **Consider insurance in your life**

Life is full of surprises. Insurance is there to help us when things go wrong. What types of unexpected life events (illness, accident, surgery, natural disaster, dental emergency, etc.) have happened to you or to your family or friends in the past year that may have caused a financial burden? Which types of insurance coverage would be the most helpful to protect these people in these instances?

- My family lost the eldest member, my grandfather, this year. His medical expenses were exorbitant as he had been admitted for over two weeks and the medicines and tests are costlier for heart patients. He fortunately had a substantial mediclaim to his name which covered over 80% of the costs as copay.
  So, it is evident that investing in a good Medical Insurance is always beneficial to the dependent family.

3. **Jamie gives advice**
   Imagine that Jamie's cousin is getting ready to graduate and start his first job in a new town. After meeting with his new employer, he's asked Jamie for advice on whether insurance is worth the cost or not. Prepare a response as if you're Jamie, giving general advice about the important role insurance can have on a person's financial life. Include at least two examples from Jamie's experiences.

- Hi XYZ. I hope this email finds you in good health. Here is my take on insurance in the real world.

  At start, the premiums seem like an unwanted expense but overtime, you understand its importance and you will thank yourself for saving up and investing that small amount every month. Always study the pros and cons of an insurance policy and judge whether the premium it is asking for is suitable for your pocket or not; don't rush into the process of choosing a policy, understand its benefits, and analyse the final pay-out. Also talk to your employer about existing group policies in the company or if there are any policies for which the employer pays premiums on behalf of the insured.

  For example, my disability insurance is paid for by my employer. I'm covered just the same and I don't have to pay a single penny!

  Another reason insurance is really important in your life is because you never no what the next moment has for you. One such incident in my life was when I thought I wouldn't need a renter's insurance as I live in a safe neighbourhood and I didn't expect a fire or flood to occur; but recently, in July, my next-door neighbour's kitchen caught fire and it triggered the sprinkler system in my apartment, causing damages worth Rs. 2500. I ignored to pay a mere amount of Rs.16 a month and hence I had to bear the consequences of paying Rs. 2500 in one instance. Therefore, its always better to have an insurance backing you and to save you from a financial burden.

  I hope this email helps you and it made you understand the importance of an insurance. Have a great day ahead!