

Study the plan before going abroad for studies

Covering medical expenses is a good enough reason to buy student travel cover in India

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There was a time when only a few students could make their way to international universities for higher studies. However, this has changed drastically in the last few years with a significant increase in the number of Indian students enrolled in foreign universities.

As per a recent Reserve Bank of India (RBI) report, the total expenditure on tuition and hostel fees by Indian students studying abroad has gone up by 44% from \$1.9 billion in 2013-14 to about \$2.8 billion in 2017-18. Moreover, it is estimated that by the year 2024, approximately 4 lakh Indian students will enrol themselves in foreign universities. The U.S., Canada and the U.K. remain preferred destinations for Indians studying abroad, followed by Singapore, China, Australia and other European countries like Germany and France.

While planning to go abroad for higher studies, there is a plethora of arrangements that you need to make prior to your departure. From making financial arrangements to booking flights and packing the right stuff, there are numerous things that you need to take care of. And while preparing for all other important things, it is quite possible that you may miss out on one of the most important details while travelling to study

Make your choice

A price comparison of top insurers offering travel insurance to a 20-year-old student travelling to the U.S. for a 1-year university programme

Insurer	Plan Name	Premium(₹)
Religare Insurance Company	Student Explore Super	₹32,048
Reliance General Insurance	Student Platinum	₹33,765
HDFC General Insurance	Platinum	₹39,901
Apollo Munich Health Insurance	Educare Platinum	₹58,715

*SOURCE: WWW.POLICYBAZAAR.COM

abroad – overseas health insurance / comprehensive travel insurance policy. Other than for Australia, New Zealand and some European colleges, students can buy travel insurance from India by signing/opting for the student health insurance waiver. However, it is always advised to buy student overseas insurance while going abroad for study as it functions as a safety net for you if you get into any trouble or inadvertently cause damage during your stint overseas.

One of the most important reasons why students travelling abroad for higher studies must buy travel insurance is to cover medical expenses, given that the cost of healthcare overseas is quite expensive in comparison to that in India. For instance, a doctor's consultation fees in the U.S. are about \$300-\$400 i.e. about ₹20,500-₹27,000 in Indian currency.

Now, without travel insurance in place, one can end up spending over a week's budget on just consultation/emergency room visit charges, which do not include medicines. Keeping

such a scenario in mind, it is very important to invest in the right insurance cover to enjoy overall protection.

Other risks

Apart from providing comprehensive coverage against medical emergencies, student travel insurance also covers you against other possible incidents like study interruption, sponsor protection, university insolvency, loss of laptop/table, loss of baggage, passport and important documents. While buying student travel insurance, it is important to consider some crucial aspects. One, ensure that your student travel insurance adheres to your university-issued guidelines.

If a student's travel insurance plan's coverage is not in line with the university issued guidelines, they have every right to decline the student's insurance waiver benefit or even cancel the admission. Most universities in the U.S. and Canada demand that international students insure themselves in a plan that covers all expenses related to pre-existing diseases,

drug addiction, pregnancy and mental illness, without any sub-limits. Additionally, some of the universities even insist on international students taking travel insurance from insurers in their home countries. It is better for Indian students travelling abroad to buy insurance from India as policies offered by Indian insurers are way cheaper and offer better benefits.

As per industry experts, for students travelling to a foreign land for higher studies, the minimum sum insured must be between \$250,000 and \$500,000. However, it is always advised to check university guidelines before buying a policy. The premiums for different policies vary across insurers. For a 20-year-old student travelling to the U.S. for a 1-year programme, the average premium for a \$500,000 sum-insured policy is about ₹35,000.

While buying student travel insurance policy, do compare different plans offered by various insurers, on the website of insurance aggregators. This will help you choose a plan that caters to specific needs and requirements and make the policy much more comprehensive by attaching required add-ons.

Also, ensure your insurer not only covers you for on-campus incidents, but also provides adequate coverage for incidents taking place outside the campus.

(The author is chief business officer, general insurance, Policybazaar.com)

ASK US

VIDYA BALA
K. NITYA KALYANI

Q. I had been investing via SIP since November 2018. The duration of my investment is one year. What should I do with my capital when the duration gets completed so that I can earn or save more?

VAIBHAV

A. We suppose you are viewing your systematic investment plans (SIPs) in mutual funds (MFs) like FDs (fixed deposits). In FDs there is a capital component and there is interest. The capital will remain fixed and your interest will accrue based on the fixed rate promised. However, with MFs, even the capital may fall when the market falls. This is because MF performance is linked to the stock or debt market. However, in the long term, you can expect return on capital, which is called capital gains.

Unlike FDs that have a fixed tenure, SIPs do not mandate a fixed tenure. You may choose SIPs for any time frame. The important thing is for you to

choose the goal for which you are investing through a SIP and keep your SIP running until you are closer to your goal. For example, if you are running this SIP for retirement, then continue running it until six months to one year ahead of your goal and then shift the money to safer avenues.

Do an annual review of the performance of the funds and make sure you are invested with steady performers. Do not worry much about short-term falls in your fund. SIPs, especially in equity funds, need at least a 3-5 year time frame to average your costs (that is buying through ups and downs in the market) and deliver returns. Do not enter SIPs in equity funds with a time frame of less than five years of holding.

Now, to answer your question, unless you need the money for a specific purpose, continue with your SIPs, make sure you have invested in the right funds. Increase your savings over time. Else, stop the SIP and start investing in another fund. If you are savvy, choose your funds; else take the help of a financial advisor, outside of your bank relationship manager.

Q. I'm 24 years old. I am working in a company. I get ₹60,000 a month in my home town. Naturally, this obviates my rental expense. I want to invest in real estate to increase my passive income. Please advise.

YASH TIWARI

A. Our suggestion would be that you save to build wealth for long term and not lock yourself at this juncture into paying EMIs.

About a third of your income will go away even if you have to repay a ₹20-lakh loan in 10 years. Also, when you are talking



of passive income, a plot will not generate income. It can only generate profit when you sell, depending on the location of such plot, other legal issues being clean. Hence, in our opinion, for passive income generation, property will not be an option.

However, unless you are going to buy a house in top cities, the rental yield in most tier II and tier III cities and the peripherals of large cities will be around 1.5-3%. That is, this will be the return on the investment you will make. As you know, this is much lower than even an FD return.

Hence, our suggestion would be that you use your early years to save and invest well in good fixed income products like deposits, PPF and combine them with market-linked products such as MFs, NPS and equities. This will give you a very good head start when you get into other commitments and responsibilities later in your life. As your income increases and you are settled and know which city to settle in, you can consider buying a property.

Complete your coverage

Q. I am a Central government employee aged 56 years. I am

planning to take health insurance. Please suggest a suitable health insurance policy and the premium to be paid monthly. I am prepared to pay ₹1,000 every month towards such insurance.

J. SHIVAKUMAR

A. Central government employees have the Central Government Health Scheme (CGHS) that bears certain defined medical expenses, mostly in government health care facilities and to a certain extent, at private sector facilities.

If you buy a separate health insurance policy you can claim under it in case of hospitalisation in a non-CGHS facility. For expenses over and above what the policy covers, you can approach CGHS. After your retirement, too, you can maintain your CGHS cover by making the requisite payments for coverage.

A basic hospitalisation policy to suit your budget premium would bring you a coverage of only ₹3 lakh or less, depending on your health status. You may be better off with a top-up or super top-up policy with a threshold designed to suit the limits of your CGHS entitlement level and this policy would cost relatively less by way of premium.

You can check various permutations and combinations for coverage, threshold and premium on insurance company websites which usually have a premium calculator.

Insurance for your family should also be a factor of the extent of CGHS coverage available to them.

If they are not sufficiently covered, then please take a basic hospitalisation policy for them, or else, top-up/ super top-up

policies would work better. In the basic policy, you can opt for a floater cover where the premium would be less than individual covers, as the same SI is shared by all the insured.

Q. My son is currently two years old. I would like to know whether there are any specific investment plans in LIC where I could make monthly investments and earn a lump sum amount by the time he reaches 16/20 years of age, so that I could use the same for his educational needs.

ANUPA TOM

A. You should look at a range of children's plans offered by life insurance companies for your requirement. They would typically bear a name similar to 'Child Plan' and would be endowment, money-back or unit-linked insurance policies in nature.

These plans offer a lump sum or income stream at defined intervals and/or a defined maturity date of your choosing.



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