

Threshold Limit (Health Insurance)

What does this mean?

A **Threshold Limit** is the **minimum expense amount that must be crossed before certain insurance benefits start paying.**

It is most commonly used in **top-up and super top-up health insurance policies**, where the insurer pays only after medical expenses exceed a specified limit.

This limit is also called the **deductible.**

Why is this Important?

Keeps premiums affordable

Since the insurer pays only after the threshold is crossed, premiums remain lower.

Encourages use of base policy first

Your base health policy pays initial expenses, and the top-up/super top-up covers the larger costs.

Protects against major medical expenses

Ensures financial support when hospital bills become very high.

How does it Work in Insurance?

1. A threshold (deductible) amount is fixed when you buy the policy.
2. You (or your base health policy) pay expenses up to this amount.
3. Once total medical expenses exceed the threshold, the insurer starts paying.

Important:

The insurer pays **only the amount above the threshold limit**, not the full bill.

Where is it Used?

Threshold limits are commonly used in:

- Top-up health insurance plans
- Super top-up policies
- High deductible health plans

Which Expenses Count Toward the Threshold?

Expenses that count include:

- Hospitalization bills
- Surgery costs
- Doctor fees and diagnostic tests
- Medicines and treatment charges

The total eligible expenses are considered when calculating whether the threshold has been crossed.

When Does It Apply?

It applies when:

- A single large hospitalization crosses the threshold (Top-up policy), or
- Total yearly medical expenses cross the threshold (Super top-up policy)

Example

Riya has a super top-up policy with:

- Coverage: ₹10 lakh
- Threshold limit (deductible): ₹3 lakh

Her medical bills in one year total ₹7 lakh.

- First ₹3 lakh → Paid by her base policy or out-of-pocket
- Remaining ₹4 lakh → Paid by the super top-up insurer

Key Features to Remember

- Also known as **deductible**

- Applies before insurance payout begins
- Helps reduce premium costs
- Common in top-up and super top-up plans
- Works alongside base health insurance

Simple Summary

Threshold limit is the **entry point** for top-up coverage.

Once your medical expenses cross this limit, the insurer starts paying the remaining eligible costs.