

# Claim-Free Period

## What is a Claim-Free Period?

A **Claim-Free Period** is the duration during which a health insurance policyholder **does not make any claim**.

Insurers reward this period with benefits such as **No Claim Bonus (NCB)**, increased coverage, or premium discounts.

These benefits and policy practices are governed by guidelines from the **Insurance Regulatory and Development Authority of India (IRDAI)**.

## Simple Example

Meera has a health insurance policy with **₹5 lakh sum insured**.

She does not make any claims for **3 consecutive years**.

As a reward:

- Her coverage increases to **₹7 lakh** through No Claim Bonus.
- Her premium may remain the same or increase slightly.

This reward is because of her **claim-free period**.

## Why is a Claim-Free Period Important?

### Rewards Healthy Policyholders

Encourages maintaining good health and avoiding unnecessary claims.

### Increases Coverage Over Time

Many insurers increase the sum insured each claim-free year.

## Helps Reduce Premium Impact

Some policies offer discounts or prevent premium increases.

## Builds Long-Term Financial Protection

Higher coverage accumulates without extra cost.

## How Does a Claim-Free Period Work?

At the end of each policy year:

- If **no claim is made**, the insurer provides benefits.
- If a claim is made, the accumulated benefits may reduce or reset (depending on policy).

Typical rewards include:

- No Claim Bonus (NCB) increase in sum insured
- Premium discounts (in some policies)
- Continuity benefits

## Claim-Free Period vs No Claim Bonus

Feature	Claim-Free Period	No Claim Bonus
Meaning	Time without any claim	Reward received for no claim
Duration	Measured in years	Applied at policy renewal
Benefit	Eligibility for rewards	Increased coverage or discount

## Types of Rewards During Claim-Free Period

### No Claim Bonus (NCB)

Increase in sum insured (commonly 10%–50% per year).

## Cumulative Bonus

Coverage grows each year without increasing premium.

## Premium Discount (in some plans)

Reduced renewal premium for maintaining claim-free status.

## Key Features of Claim-Free Period

### Annual Evaluation

Benefits are applied at policy renewal.

### Maximum Limit Applies

NCB usually has a cap (e.g., up to 50%–100% increase).

### Impact of Claims

A claim may reduce or reset the bonus.

### Bonus Protection Add-on

Some policies allow claims without losing accumulated bonus.

## Example of Coverage Growth

Policy Year	Claim Status	Sum Insured After Renewal
Year 1	No claim	₹5 lakh → ₹5.5 lakh
Year 2	No claim	₹5.5 lakh → ₹6 lakh
Year 3	No claim	₹6 lakh → ₹6.5 lakh

## What Happens if You Make a Claim?

Depending on policy terms:

- Bonus may reduce partially
- Bonus may reset to original sum insured
- With **NCB Protection Add-on**, bonus may remain intact

## Legal / Policy Aspects

As per IRDAI guidelines:

- Insurers must clearly disclose bonus structure.
- Bonus terms must be mentioned in policy documents.
- Benefits apply only if the policy is renewed without a break.

## Common Mistakes to Avoid

- Not renewing policy on time (loses claim-free benefits)
- Making small claims unnecessarily
- Ignoring NCB protection add-on options
- Not understanding maximum bonus limits

## Final Word

A **Claim-Free Period** rewards responsible and healthy policyholders by increasing coverage and improving long-term financial protection. Maintaining a claim-free record helps build higher insurance coverage over time without significantly increasing the premium.