

Important points to know about long-term health insurance

Today, it is a well-established fact that having comprehensive health insurance is an absolute necessity. Like any other insurance plan, health insurance too requires timely renewal to keep the policy active and reap its benefits. While many people buy annual health insurance coverage, which requires a yearly renewal, multi-year health insurance plans are also becoming increasingly popular of late. Listed below are the points to understand what a multi-year policy is all about.

What is multi-year or long-term health insurance? As the name suggests, a multi-year policy offers coverage to the insured for more than one year or for multiple years. Usually, the multi-year health insurance policy shields the insured for two to three years, unlike the annual policy where the coverage is valid for only one year. The insured can pay the premium for the entire period of two or three years at the onset and enjoy the perks of the cover. Let us look at the advantages of these plans.

Enjoy discounts on premium by opting for a multi-year policy: Insurers offer lu-

crative discounts on a long-term plan, the discount rates vary from insurer to insurer and usually ranges around 5% to more than 10%. This leads to substantial savings for the insured, particularly in case of higher premiums. A quick cost-benefit analysis will show you that long-term plans are more pocket-friendly than annual plans.

Shield from the premium hike: Insurers revise the price of their health insurance products every few years, to keep up with the soaring inflation and increased cost of medical expenses. However, when one opts for a two or three years policy, their premium gets locked during the onset of the policy, and it remains fixed for the entire term of the contract. Such policies hence shield the insured from any premium fluctuations for a considerable period.

Protection in distress times: If the insured has any health episode which needs more resources, they may miss on the health insurance premium in such critical time which is most required then. A multiyear premium gives that extra protection for seamless renewal.

Saves the hassle of yearly renewal:

Since the annual policies necessitate a yearly renewal to keep the policy effective, one has to renew the contract each year. A long-term plan saves the insured from this yearly exercise; it is only every two or three years that the insured has to renew the contract. This not only saves time and energy but also brings immense peace of mind.

Apart from the advantages that a long-term plan offers, you must be aware of a few key points pertaining to these policies.

Proportionate Tax Benefits: Like the annual health insurance plan, multi-year plans also offer tax exemption under Section 80D of the Income Tax Act, 1961. However, the tax exemption will be spread proportionately over the tenure of the plan. To give an example, suppose the premium for a three-year policy is Rs 30,000; the tax exemption will be available for each year (in this case three years) and will be spread across the period. You need not burden yourself with these computations, the insurers do give the 80D certificate which explicitly states the amount that the insured can claim year on year for tax exemption.

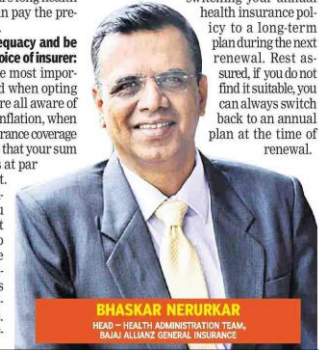
EMI Availability: As is the case with the

annual health insurance plans, the EMI payment option is available for multi-year plans as well. This frees the insured from the worry of arranging the premium amount of two or three years long health coverage in one go. You can pay the premium in easy instalments.

Look at sum insured adequacy and be extra cautious with your choice of insurer:

This is probably one of the most important points to keep in mind when opting for a multi-year plan. We are all aware of the sky-rocketing medical inflation, when you are choosing health insurance coverage for three long years, ensure that your sum insured is adequate and is at par with the rising medical cost. It is also important to be diligent about the insurer you are choosing since you won't be able to port your policy to a different insurer until the policy term. Choose an insurer that is known for its claim settlement capabilities and customer services. Multi-year health insur-

ance plans bring immense ease and are pocket friendly in the longer run, and now that you have a better understanding of such policies, you may want to try switching your annual health insurance policy to a long-term plan during the next renewal. Rest assured, if you do not find it suitable, you can always switch back to an annual plan at the time of renewal.



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