

### [Save On Your Annual Health Insurance Premiums With A Multi-Year Policy](#)

Multi-year health insurance policies not only does away with the hassle of renewing the policy every year, but it also provides good discount on premiums. With healthcare costs on the rise, it is kind of necessary to have a health insurance cover. Most health insurance policies need to be renewed every year.



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With healthcare costs on the rise, it is kind of necessary to have a health insurance cover. Most health insurance policies need to be renewed every year. However, renewing the policy every year can be cumbersome. To make this process hassle-free and reduce the burden of yearly renewals, many health insurance companies now offer multi-year health insurance policies.

#### **What are multi-year health insurance policies?**

A long-term health insurance policy is basically one that offers coverage for a period of more than one year. Such policies may offer continuous coverage for two-three years.

Let us look at some of the advantages of a long-term health insurance policy.

**No need for yearly renewals:** One of the most important financial tasks one has to do every year is to renew their health insurance policies. In case the premium is not paid on time, the policy will be discontinued. Thus, one has to set aside some money for yearly renewal to keep the policy running.

For a long-term health insurance policy, one can pay a one-time premium to keep the policy active for two-three years.

**Discount on premiums:** Long-term health insurance policies help you save money as well, as there is a discount offered because multiple years of premiums are paid together. Thus, they are cheaper than annual policies.

Our products provide a 7.5-12.5 per cent discount on two-year premiums, and a 15 per cent discount on three-year premiums in multi-year policies. Additional savings accrue to customers, as any change in premium of the product applies to the existing policies only at the point of renewal,” says Bhabatosh Mishra, director underwriting, products and claims, Niva Bupa Health Insurance.

**Tax matters:** The tax benefits accrue proportionately in case of multi-year policies. Says Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance: “Where the premium for health insurance for multiple years has been paid in one year, the deduction under Section 80D of Income-tax Act, 1961 shall be allowed proportionately over the years for which the benefit of health insurance is available. So, for instance if a premium of Rs. 90,000 is paid on a three-year policy taken for your family and parents aged below 60 years, the premiums must be proportionately divided over three years. The deduction will be available each year, subject to the limits under section 80D (as tabulated above). In the given case, you will be eligible to claim a deduction of Rs 30,000 each year under Section 80D.

Says Archit Gupta, founder and CEO, Cleartax, a tax portal, “You may not have to do these calculations, as the insurers usually issue an 80D certificate mentioning the amount you can claim each year as a deduction under Section 80D.”