

Understanding the advantages of buying multiple insurance policies.



Mohan is a 30 year old IT professional. He has a term insurance policy of sum assured 30 lakhs which covers him for a term of 20 years. He wants to increase his amount of insurance cover, but is confused whether he should buy a new policy with a higher sum assured after cancelling the old policy or buy an additional policy. This is a common dilemma faced by many people.

According to industry experts, it is very important to have multiple insurance plans than depending on just one. Let us understand the advantages of buying multiple insurance policies.

Different maturity dates

Buy buying multiple insurance policies you can avail the advantage of multiple maturity dates. In case of a multiple term insurance policies, multiple insurance cover will help you at all stages of life, as your liabilities will change according to the situations in future. In case of investment based policies such as endowment policies, multiple maturities can help you to supplement your income or take care of important financial goals at different stages of life apart from the risk cover offered.

Less risk of lapsation or loss of life insurance cover

In case there a situation arises in future, where you are unable to pay the premium on your life insurance policy due to a temporary job loss or other financial commitments, your life insurance policy will lapse. If you have a single policy which covers you for 30 lakh rupees, you are losing out on the entire risk cover. However if you have 3 policies of insurance cover of 10 lakh rupees each then you may still be able to pay the premium for atleast one or two policies and maintain some risk cover.

Thus we can see from the above that is advantageous to buy multiple insurance policies. Also one should never cancel the old policy just to buy a new one as a policy taken at earlier age would enjoy the benefits of lower premium due to lesser age at entry.