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What is the difference between Life Insurance and Personal Accident Insurance?

As Life Insurance pays benefits due to death, it is generally the better choice for protecting loved ones against the loss of income that might occur if a family member dies. A Personal Accident Policy on the other hand, is a good choice to supplement a life insurance policy but as it excludes natural causes, it should not be relied upon as the only protection for your family.

Personal Accident Insurance may be a good option when:

- A person enjoys a particularly active lifestyle and wants additional protection against death or dismemberment by accidental reasons.
- A person has very active family members and wants protection against the death or dismemberment of a spouse or dependent child, due to an accident.
- A person cannot qualify for life insurance due to certain medical reasons, but still wants protection against death or dismemberment by accident.

Is your life cover (with an accident rider) as comprehensive as a standalone personal accident insurance policy?

A life insurance provides you and your family cover in case of the policy holder's death (due to accident/ illness or other reasons) or total permanent disablement. A health insurance policy covers your medical expenses due to an illness, accident, etc. A personal accident policy on the other hand, protects individuals and their families not only in the event of accidental death (which life insurance already does), but also covers total permanent disablement, partial permanent disablement & temporary total disablement due to an accident.

Benefits of personal accident insurance:

- Cost efficient
- Covers areas which a life insurance policy doesn't such as
 - partial permanent disablement
 - temporary total disablement
 - accidental medical expenses, etc

What is the difference between permanent total disablement & partial disablement?

Permanent total disablement means a loss so severe that it permanently impairs your earning capabilities. Permanent total disablement includes loss of sight of both eyes, severance of two limbs, or loss of sight of one eye and loss of one limb.

Partial permanent disablement includes permanent loss of one or more of the following:

An arm at the shoulder joint, An arm above the elbow joint, An arm beneath the elbow joint, A hand at the wrist, A thumb, An index finger, Any other finger, A leg above the mid-thigh, A leg up to mid-thigh, A leg up to beneath the knee, A leg up to mid-calf, A foot at the ankle, A large toe, Any other toe, An eye, Hearing loss in one ear, Hearing loss on both ears, Sense of smell, Sense of taste.

Total temporary disablement implies loss of ability to earn while you have met with an accident and are recovering from it.

Who should buy personal accident insurance? How much cover to go for?

A personal accident policy covers you in case of an accident only so once you have determined the insurance cover you need, you can opt for a mix of life insurance and personal accident insurance. This will reduce your costs and also provide wider coverage.

In case you have taken loans (vehicle loan, personal loan, etc.) taking a personal accident cover would offer protection towards repayment of outstanding balances at the time of an accident

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affecting the repayment capabilities.

Unlike Life insurance, Personal Accident insurance premiums vary with the policyholder's occupation rather than age. Broadly classified, there are 3 classes of occupational risks:

Risk Class 1: Persons engaged in Administrative, Managerial and similar functions like accountants, doctors,lawyers, architects, teachers, bankers etc.

Risk Class 2: Builders, Contractors & Engineers engaged in superintending functions only, paid drivers of light motor vehicle, cash carrying employees, garage & motor mechanics, machine operators & persons engaged in occupations of similar hazard.

Risk Class 3: Persons engaged in hazardous occupations like working in underground mines, explosives, magazines, electrical installation with high tension supply and those engaged in occupations/activities of similar hazard.

S.No.	Benefit Name	PA	Term
1	Death	Accidental	Natural and accid
2	Medical Tests	No	Yes
3	Cost	Cheaper as compared to term	More expensive
4	Maximum Entry Age(in yrs)	70	60
5	Maximum Renewal Age(in yrs)	70	NA
6	Partial permanent disablement	Yes	No
7	Temporary total disablement	Yes	No

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