

Article Date	Headline / Summary	Publication	Edition	Page No.
24 Jan 2024	OD and TP insurance: Which is more important?	Orissa Post	Bhubaneswar	7

# OD and TP insurance: Which is more important?

Motor insurance is one of the best ways to protect your vehicle; it helps manage various risks related to your car and provides financial security against unforeseen situations. In India, typical motor insurance has two components: Third-Party (TP) insurance and Own Damage (OD); both serve distinct purposes and play vital roles in safeguarding against potential liabilities. I have often heard people asking the difference between these two and what is more important. As an insurer, I constantly try to explain insurance terminology in a simplified manner and contribute my bit to demystify insurance. Let us read ahead and find out how these two covers differ.

TP insurance: TP is known as an 'Act Only' or 'Liability Only' cover. You must understand that the Motor Vehicle Act in India mandates TP insurance; if someone is found driving a

vehicle without TP cover, they might be penalised and/or imprisoned. Regarding what the policy covers, TP shields against the third party liability of the car owner. This includes injuries or death to the third party and third-party property damage. You might think that such liabilities may arise only once in a blue moon and would hardly run into a few thousand, but contrary to popular opinion, this is not true. Such liabilities may range from a few thousand to a couple of crore. TP ensures that in case of an unfortunate incident where you are liable for damages to someone else's property or person, you have your policy to support you. Please note that TP does not cover any damage to your vehicle; OD takes care of that aspect.

OD insurance: As the name suggests, Own Damage insurance provides coverage for damages to your vehicle due to various factors. These can include

OD AND TP INSURANCE SERVE DISTINCT PURPOSES IN VEHICLE INSURANCE AND ARE HELPFUL IN THEIR WAYS

accidents, theft, natural calamities like floods or earthquakes, fire, vandalism, and more. Essentially OD insurance protects your vehicle from many risks, pro-



Subhasish Mazumder

viding financial assistance for repairs or replacement as per the policy's terms. The coverage under OD insurance is comprehensive and can be tailored based on specific needs and preferences. Unlike TP, OD is not mandatory by law, yet it is prudent to buy this to ensure comprehensive protection of your vehicle.

Which is more important? Now that we know what both these components cover, we talk about which cover is more important.

Legal obligation: As already mentioned, TP insurance is mandatory to drive a vehicle on Indian roads. Fulfilling this requirement is non-negotiable, ensuring compliance with the law and protecting against potential legal consequences. This relatively

simple cover requires little analysis of features and coverage. However, TP only offers the policyholder a primary or bare minimum protection, but is that sufficient? The answer is no; you require OD for that.

What makes OD important? Your vehicle is an important asset; you would have shelled a fair share of our hard-earned money to buy this prized possession, so why not invest some amount to protect it? OD cover shields your vehicle against previously mentioned risks and helps you build a more wholesome cover. A few people think that OD is more important for new vehicles, but that is not true; one should opt for comprehensive coverage irrespective of the age of the vehicle. OD has become ever more critical with the rise of natural calamities across the length and breadth of the country since it covers various natural disasters. Opting for a comprehensive cover also opens the

options for buying valuable add-ons like engine protection, 24\*7 spot assistance cover, vehicle replacement, and no-claim bonus protection, to name a few. You can also opt for 'Pay as you consume' (PAYC), which allows you to select coverage according to vehicle usage. The premium would be subject to the distance covered; you can tailor your coverage according to your specific needs.

To sum it up, OD and TP insurance serve distinct purposes in vehicle insurance and are helpful in their ways. However, it is highly recommended to buy both and build comprehensive coverage for your valuable asset; after all, the cost of purchasing insurance is much lower than the financial burden that may arise in case of an unforeseen incident. Buy a comprehensive cover and enjoy a worry-free ride!

*The writer is Head - Motor Distribution, Bajaj Allianz General Insurance.*