

Here's How Your Personal Accident Insurance Policy Can Protect Your Financial Well-Being

A personal accident insurance policy provides complete financial protection to the insured against uncertainties, such as accidental death, accidental bodily injuries, as well job loss and temporary or permanent disability arising out of partial and/or total disability.

An accident is always unexpected, and unfortunate. They might lead to minor injuries, which could lead to a temporary setback to your regular lifestyle, while the more serious ones could lead to a breakdown in employment, and trigger a financial crisis.

Most of us would have a life insurance policy running, but a life insurance policy does not make any payment in case an accident causes temporary or permanent disability not resulting in death. It is here where a personal accident cover would prove immensely helpful. A personal accident policy will provide coverage against both disability, as well as accidental death. Coverage Against Disability Bhaskar Nerurkar, head, health administration team, Bajaj Allianz General Insurance, explains the different types of disability covered under a personal accident policy.

Personal accident policy covers permanent partial disability leading to permanent loss of a particular body part, such as an eye, or a limb. In this case, a certain percentage of the sum insured is paid depending on the loss of the normal functioning of the body part. Such a payout is made when the partial disability is beyond the scope of healing by way of medical care. The payouts are in accordance with the policy guidelines.

Permanent total disability is one where the person is no longer able to work due to sustained injuries. Here, a certain percentage of the sum insured is paid out. Such a disability is usually beyond the scope of healing by way of medicines or medical treatment. Even if the disability was not prominent at the time of the accident, but arises due to the accident within a year of the occurrence, the benefits will be paid out as a lump sum.

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In a temporary total disability, a person is completely impaired, and is unable to carry out the daily activities temporarily for a few days/weeks, for which weekly benefits as mentioned in the policy terms and conditions are paid out. Under this, an individual may be rendered completely disabled on a temporary basis because of an accident. Such a disability can be restored through medication or treatment, and the insured can return to his/her original working capacity within due course.

A personal accident policy can make up for the loss of income in such cases, and provide the insured with a fixed payout for a certain number of months, thus helping a family hold on through a tough period when the breadwinner is not able to work.

“Some of the common exclusions are injury caused due to suicide attempt, or injuries sustained under the influence of alcohol or drugs, or any kind of pre-existing disabilities,” adds Nerurkar.

Coverage Against Death

Accidental death can devastate a family both emotionally and financially. Death within 12 months of buying the policy, and caused by an external, violent, visible, and evident means, which is verified and certified by a medical practitioner is also covered under a personal accident policy. In case of accidental death, the nominee is paid 100 per cent of the sum assured. Here, it is important to note that a life insurance policy will also pay out the sum assured in case of accidental death, while a personal accident policy will not make a payout in case of natural death.

Ensuring Continuity Of Child's Education

A personal accident policy also ensures that the insured child's education is not affected in case of their demise. The coverage could be 10 per cent of the sum assured or the actual tuition fees charged by the institution, whichever is lower.

A personal accident policy also covers the necessary home modifications required due to the change in lifestyle as a result of the accident. These would include expenses incurred on installing a ramp for a wheelchair in case of disability, or even modifications to your car to make it disabled-friendly.