

Jargon busting personal accident insurance

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We see newspapers constantly carrying headlines about one accident or the other.

Accidents do not just happen when you are driving your car, or away on vacation. It may happen anytime and anywhere.

Considering the fact that modern-day life is so dangerous, a personal accident policy may provide the answer to deal with such vagaries of life.

As part of our efforts to demystify insurance, let us do some jargon busting to remove the complexity associated with a Personal Accident (PA) insurance policy.

Capital Sum Insured: It is the limit for which insurance cover has been taken. It is the maximum an insurance company will pay for a claim under this policy during the policy period.

Accident: It is defined as a sudden, unforeseen and unexpected event, happening by chance caused by external, violent and visible means.

'External' is any impact that is outward and on the exterior. Internal impact like diseases and natural causes of sickness is not covered under this policy.

'Violent' refers to the force of the impact that caused injury.

'Visible' is the result of the impact, which caused the injury. The injury must be either physically or clinically visible. Always remember that for a claim to be paid under this policy, an accident must happen.

The policy covers a number of eventualities, including plane crashes, train accidents, hit-and-run, a fall from the stairs and even death due to snakebite.

But any injury due to any sickness or disease or suicide will not be covered under the policy.

Accidental Bodily Injury: It means any injury to the body of an insured person caused by an accident.

Benefits: It refers to the amounts that will be paid on the happening of an accident

that causes injury to the insured person. A typical PA policy has four options in terms of coverage.

They are referred to as the table of benefits. Table A having the minimum benefits and Table D providing the maximum benefits. You need to select any one depending on your requirement.

Under a PA policy, there are generally 3 types of disabilities (which result from an accident) that are covered **Permanent Total Disablement:** It refers to any disablement, which prevents the insured person from engaging in any occupation throughout his lifetime, for which he is suited in terms of his education or experience.

For example: An accidental injury that results in loss of sight of both eyes or loss of limbs will be considered as permanent total disablement.

Generally, in cases of permanent total disablement, 100 per cent of the sum insured will be paid as claim.

Permanent Partial Disablement: It refers to an accident that immobilises the insured person from performing some tasks of his occupation for the remainder of his life.

It may result in partial loss of earning ability.

Such a disability can result from the loss, or loss of use, of a part of the body.

For example, loss of a thumb finger will be deemed as permanent partial disablement, and would qualify for a fixed percentage of sum insured based on the degree of disablement (say, 25 per cent for loss of thumb).

Temporary Total Disablement: It refers to a total disability that lasts for a

short period. The person may not be able to engage in his usual occupation for a temporary period of time due to the injury, after which he is fully able to return to work.

Example: A person with a fractured hand may not be able to attend office for a short period of 2 months. Once it heals, he can resume his work normally.

Claim for Temporary Disablement is generally paid in the form of weekly compensation for the total period of temporary disablement (say 1 per cent of sum insured for each week).

An important point to be kept in mind here is that, any claim will be paid only if death/disablement occurs within 12 months from the date of the accident (which happened during the policy period).

You can have any number of PA policies taken in your name and in case of an accident, the claim will be paid separately by all the policies unlike a health insurance policy, wherein if you are hospitalised, only one policy will reimburse you.

Like they say, there can be many a slip between the cup and the lip, in insurance, there can be many a slip between what you understand and what the policy covers.

So, reading the insurance policy carefully will help you understand subtleties.

And do it on a lazy monsoon afternoon – before that big accident strikes.

(The writer is Chairman, India Insure Risk Management & Insurance Broking Services P Ltd. Any feedback, comments, suggestions, queries may be sent to askindiainsure@indiainsure.com)

Special Deposit Rates

Bank	Rate (%)	Term (Days)
ICICI Bank	8.50	390
City Union Bank	10.0	700
Axis Bank	9.00	365
Tamil Nad Mercantile Bank	9.50	400
State Bank of India	9.50	365
Andhra Bank	8.75	365