Personal Accident Insurance

Cheap cover for death or disability from an accident, the gap term & health leave.

Low premium · high cover | Covers accidental death & disability

What is Accident Cover?

Personal Accident (PA) insurance pays out if an accident leads to your death or disability. It fills a specific gap: term insurance pays only on death, and health insurance pays only hospital bills, neither replaces the income you lose if an accident leaves you permanently disabled. PA cover is remarkably cheap for the protection it gives, which is why it's one of the most under-bought yet valuable covers.

In brief

Suits	Earning members, especially those who travel or work outdoors.
You get	Lump sum for accidental death or permanent disability; weekly pay for temporary disability.
Your money	Yearly policy, renewed each year; low premium for high cover.
Tax	No specific deduction; claim payouts are generally not taxed.
Watch for	Check which disabilities are covered and the percentage paid for each.

Key facts

What it covers	Accidental death, and permanent/temporary disability
Why separate	Fills the income-loss gap term & health cover don't
Cost	Very low, often a few hundred rupees per lakh of cover a year
Benefits	Lump sum on death/PTD; weekly income for temporary disability
Best as	A rider or a standalone policy, ~10–15× annual income

What's new

Sep 2025 The GST exemption from 22 September 2025 covers individual life and health policies; a standalone personal accident policy is general insurance and appears to still carry 18% GST.

Questions and answers

THE BASICS

What is personal accident insurance?

A policy that pays a benefit if you suffer death or disability due to an accident. Typical benefits: a lump sum for accidental death, a lump sum for permanent total or partial disability, and a weekly/monthly income for temporary total disability while you recover and can't work.

Why do I need it if I already have term and health cover?

Because they cover different things. Term pays only if you DIE. Health pays your hospital BILLS. Neither replaces your INCOME if an accident leaves you permanently disabled and unable to earn, which can be financially devastating. PA cover plugs exactly that gap, cheaply.

WHAT IT PAYS

What are the main benefit types?

Four common ones: Accidental Death (full sum insured to the family); Permanent Total Disability, e.g. loss of both limbs/eyes (usually 100–125% of sum insured); Permanent Partial Disability (a percentage based on the injury); and Temporary Total Disability (a weekly income, often ~1% of sum insured per week, for a capped period).

How much cover should I take?

A common guideline is 10–15 times your annual income for the accidental-death/permanent-disability benefit, enough to replace years of lost earnings. Because PA premiums are so low, taking a generous sum insured costs very little.

BUYING IT

Standalone policy or rider?

Both work. A rider attached to your term or health policy is convenient and cheap; a standalone PA policy usually offers wider benefits (like the temporary-disability income and larger sums). Many people take a standalone PA plan precisely because the cover is so inexpensive.

Does my occupation affect the premium?

Yes. Insurers classify occupations by risk, desk jobs get the lowest premiums, while hazardous work (construction, mining, jobs involving heights or machinery) costs more or has conditions. Always disclose your actual occupation and any risky hobbies (like adventure sports).

EXCLUSIONS & TAX

What is typically NOT covered?

Common exclusions: self-inflicted injury or suicide, injury under the influence of alcohol/drugs, death/injury from illness or natural causes (that's life/health cover's job), war, and, unless specifically added, hazardous activities. Read the policy wording so there are no surprises at claim time.

Is there a tax benefit?

A standalone personal-accident policy generally does not qualify for the 80D health-insurance deduction (which is for medical/health insurance). If PA cover is part of a health policy, the health-premium portion may qualify. Buy PA for the protection; treat any tax angle as secondary.

Sources: Care Insurance on the GST change.

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