

Article	Headline / Summary	Publication
18 Mar 2026	Comprehensive vs third-party motor insurance- What offers better value for money?	Yug Marg

# Comprehensive vs third-party motor insurance — What offers better value for money?



Rakesh Kaul

**W**hen it comes to buying motor insurance, there are many factors that you must consider. One of the crucial factors is the type of coverage you want. In India, most insurers offer two types of motor insurance policies third-party policy and comprehensive policy. A lot of people tend to get confused between the two, and often use the terms interchangeably. However, the truth is both the policies are different.

**What is Third-Party & Comprehensive Motor Insurance?**

Third-party motor insurance is the most basic and legally required coverage under the Motor Vehicles Act. It protects against financial liability if your vehicle causes damage to another person or property. In addition to this statutory liability cover, third-party insurance also includes personal accident (PA) benefits such as compulsory personal accident (CPA)

cover for the owner-driver, optional PA cover for occupants, and liability to paid driver or cleaner. Comprehensive motor insurance goes further by combining these third-party protections with coverage for your own vehicle against risks like accidents, theft, fire, vandalism, and natural disasters. It also allows policyholders to enhance protection through optional add-ons such as zero depreciation, roadside assistance, and engine protection. A Comprehensive Policy is therefore better suited for those who want comprehensive financial protection for their own vehicle along with the mandatory third-party liability cover.

**Key Differences:** Comprehensive policy vs Third-Party Liability only Policy

**Coverage Scope:** Third-party insurance provides coverage only for liabilities toward other people such as injury, death, or damage to their property. Comprehensive policy, on the other hand, is a broader umbrella policy that not only covers third-party liabilities but also protects your financial loss owing to physical damage to your own vehicle.

**Premium Cost and Affordability:** A Comprehensive Policy offers comprehensive protection by covering both third-party liabilities and damages to your own vehicle, making it a more valuable choice for vehicle owners. Unlike third-party insurance, which only safeguards against liabilities toward

others, a Comprehensive Policy ensures peace of mind by protecting your own asset as well. The coverage can be further enhanced with add-ons such as zero depreciation, roadside assistance, and engine protection, giving you flexibility to tailor the policy to your needs. Factors like the vehicle's age, engine capacity, and driving history help determine the scope of protection, ensuring that your policy is personalized to provide maximum benefit.

**Add-ons and Customisation**

**Options:** When comparing third-party and Comprehensive policy, one of the most notable differences is the availability of add-ons and customisation. Third-party insurance is a basic, mandatory policy that covers only third-party liabilities and does not allow any customisation. Comprehensive policy insurance, on the other hand, offers a range of add-ons that can extend coverage and provide greater flexibility. Options such as Zero Depreciation Cover, Roadside Assistance, and Return to Invoice allow policyholders to tailor their plan according to their vehicle's usage and risk exposure. This makes Comprehensive policy insurance more adaptable compared to third-party policies, giving drivers the ability to select coverage that aligns with their specific needs. It is always advisable to review all available types of motor insurance before making a decision.

**How to Decide the Right Type of Motor Insurance?**

Deciding between third-party and Comprehensive policy motor insurance depends entirely on your circumstances.

- Third-party insurance If you only want to fulfil only the statutory requirement and do not bother of your own financial safety by taking the risk of your vehicle damage getting lost, or damage due to accident, flood, theft. Etc.
- Comprehensive insurance is more appropriate if you are really serious and responsible enough towards your future financial safety. And do not want any disturbance by sudden set back in terms of damage to your vehicle.

The difference between the two is not just about coverage it's also about financial security and preparedness for risk. Third-party insurance works if your priority is simply staying compliant at minimal cost. Comprehensive insurance, however, is the better choice if you want broader protection against a wide range of risks. Evaluating factors like your driving habits, the value of your vehicle, and location-specific hazards will help you select the right plan.

**Chief Distribution Officer – Retail Business, Bajaj General Insurance Limited (formerly known as Bajaj Allianz General Insurance Company Limited)**