

FAQs on PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY)

Q1. What is the nature of the scheme?

The scheme is a one year cover Term Life Insurance Scheme, renewable from year to year, offering life insurance cover for death due to any reason.

Q2. What would be the benefits under the scheme and premium payable?

Rs.2 lakhs is payable on a subscriber's death due to any reason. The premium payable is Rs.330/- per annum per subscriber.

Q3. How will the premium be paid?

The premium will be deducted from the account holder's bank account through 'auto debit' facility in one instalment, as per the consent to be given on enrolment. Members may also give one-time mandate for auto-debit every year till the scheme is in force, subject to re-calibration that may be deemed necessary on review of experience of the scheme.

Q4. Who will offer / administer the scheme?

The scheme would be offered / administered through LIC and other Life Insurance companies willing to offer the product with necessary approvals on similar terms, in collaboration with participating Banks. Participating banks are free to engage any such life insurance company for implementing the scheme for their subscribers.

Q5. Who will be eligible to subscribe?

All individual (single or joint) bank account holders in the age 18 to 50 years in participating banks will be entitled to join. In case of multiple bank accounts held by an individual in one or different banks, the person would be eligible to join the scheme through **one** bank account only.

Q6. What is the enrolment period and modality?

Initially on launch for the cover period from 1st June 2015 to 31st May 2016 subscribers were expected to enrol and give their auto-debit option by 31st May 2015, which has been extended up to 31st August 2015. Enrolment subsequent to this date will be possible prospectively on payment of full annual payment and submission of a self-certificate of good health.

Subscribers who wish to continue beyond the first year will be expected to give their consent for auto-debit before each successive May 31st for successive years. Delayed renewal subsequent to this date will be possible on payment of full annual premium and submission of a self-certificate of good health.

Q7. Can eligible individuals who fail to join the scheme in the initial year join in subsequent years?

Yes, on payment of premium through auto-debit and submission of a self-certificate of good health. New eligible entrants in future years can also join accordingly.

Q8. Can individuals who leave the scheme re-join?

Individuals who exit the scheme at any point may re-join the scheme in future years by paying the annual premium and submitting a self-declaration of good health.

Q9. Who would be the Master policy holder for the scheme?

Participating Banks will be the Master policy holders. A simple and subscriber friendly administration & claim settlement process has been finalized by LIC / chosen insurance company in consultation with the participating bank.

Q10. When can the assurance on life of the member terminate?

The assurance on the life of the member shall terminate / be restricted accordingly on any of the following events:

- i. On attaining age 55 years (age near birth day), subject to annual renewal up to that date (entry, however, will not be possible beyond the age of 50 years).
- ii. Closure of account with the Bank or insufficiency of balance to keep the insurance in force.
- iii. In case a member is covered through more than one account and premium is received by LIC / insurance company inadvertently, insurance cover will be restricted to Rs. 2 Lakh and the premium shall be liable to be forfeited.

Q11. What will be the role of the insurance company and the Bank?

- i. The scheme will be administered by LIC or any other Life Insurance company which is willing to offer such a product in partnership with a bank / banks.
- ii. It will be the responsibility of the participating bank to recover the appropriate annual premium in one instalment, as per the option, from the account holders on or before the due date through 'auto-debit' process and transfer the amount due to the insurance company.
- iii. Enrolment form / Auto-debit authorization / Consent cum Declaration form in the prescribed proforma, as required, shall be obtained and retained by the participating bank. In case of claim, LIC / insurance company may seek submission of the same. LIC / Insurance Company also reserve the right to call for these documents at any point of time.

Q12. How would the premium be appropriated?

- a. Insurance Premium to LIC /other insurance company: Rs.289/- per annum per member;
- b. Reimbursement of Expenses to BC/Micro/Corporate/Agent : Rs.30/- per annum per member;
- c. Reimbursement of Administrative expenses to participating Bank: Rs.11/- per annum per member.

Q13. Will this cover be in addition to cover under any other insurance scheme the subscriber may be covered under?

Yes.

Q14. Can all holders of a joint bank account join the scheme through the said account?

In case of a joint account, all holders of the said account can join the scheme provided they satisfy its eligibility criteria and pay the premium at the rate of Rs.330 per person per annum.

Q15. Are NRIs eligible for coverage under PMJJBY?

Any NRI having an eligible bank account with a bank branch located in India is eligible for purchase of PMJJBY cover subject to fulfilment of the terms and conditions relating to the scheme. However, in case a claim arises, the claim benefit will be paid to the beneficiary/ nominee only in Indian currency.

Q16. Which Bank Accounts are eligible for subscribing to PMJJBY?

All bank account holders other than institutional account holders are eligible for subscribing to PMJJBY scheme.

Q17. Does the PMJJBY cover death / disability resulting from natural calamities such as earthquake, flood and other convulsions of nature? What about coverage from suicide / murder?

All these events are covered as PMJJBY covers death due to any reason.

Q18. Are PMJJBY policies being introduced and serviced in association with foreign insurance Companies?

There are no foreign insurance Companies directly operating in India. As permitted by the Insurance Act and IRDA Regulations there are some foreign Companies in joint ventures with Indian companies, where the stake of foreign insurers is restricted to 49% only.

Q.19. Contrary to other Life Insurance products, benefit under PMJJBY is payable only to nominee of the insured on the death of the insured. Why is there no maturity benefit or surrender value, which is available in normal life insurance policies?

The cover under PMJJBY is for death only and hence benefit will accrue only to nominee. PMJJBY is a pure term insurance policy, which covers only mortality with no investment component. The pricing is also accordingly low when compared to other life insurance policies where maturity benefits, surrender value etc. is available. It has been designed to provide life insurance cover to weaker sections of the society. With this aim, the premium is kept low, eliminating the investment component.

Q.20. Will the PMJJBY scheme which is being promoted aggressively and sold in large numbers accrue huge profits to the foreign insurance Companies who in joint venture with Indian entities have floated life insurance companies and are operating this insurance cover?

Only Indian Insurance Companies as defined in the Insurance Act can operate in India. The policy holders' funds of all such insurance companies operating in India including those with foreign partners within the 49% cap are to be invested in India as per regulations and cannot be invested abroad. The premium charged for PMJJBY has been worked out based on actuarial calculations taking into account all risk factors, current mortality rates and adverse selection. Thus there is no scope for any huge profits accruing from the scheme.

Q.21. Why are foreign insurance Companies associated with PMJJBY when LIC which is a government owned corporation could have managed this scheme launched by the government?

There are 24 Life insurance companies operating in India, who are licensed by IRDAI to carry on life insurance business in India. To promote competition and better pricing and service to customers, all these companies are permitted to participate. Moreover, they are all Indian insurance companies. Their foreign partners, if any, have only a stake in these companies within the

stipulated 49% cap. However, LIC is still the primary insurer involved in operation of the scheme.

Q.22. In case of non-settlement of claims is it possible to proceed legally against the foreign insurers in India?

There are no foreign insurance Companies directly operating in India. As permitted by the regulations there are Companies operating as joint ventures with Indian companies, where the stake of foreign insurers is restricted to 49% only. By definition, these are Indian insurance companies. All these companies are subject to Indian laws and there is no bar against proceeding legally against them.

Q.23. Rates of premium may be increased, or the Companies may discontinue the schemes in future.

Insurance is like any other product. While rates can go up in future, with 24 life insurance Companies operating in India, due to competition among them, prices are likely to remain stable. It is expected that with the design of the PMJJBY cover and it's pricing, the scheme will be viable, and there is little chance of discontinuing. In any event, even if a particular company discontinues, banks have several other options to tie up with.
