

FAQs on PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY)

Q1. What is the nature of the scheme?

The scheme is a one year cover Personal Accident Insurance Scheme, renewable from year to year, offering protection against death or disability due to accident.

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

The benefits are as follows:

	Table of Benefits	Sum Insured
a.	Death	Rs. 2 Lakh
b.	Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot	Rs. 2 Lakh
c.	Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot	Rs. 1 Lakh

Premium payable is Rs.12/- per annum per member.

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 installment, 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 is offered / administered through the Public Sector General Insurance Companies (PSGICs) and other General 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 general 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 70 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 may be possible prospectively on payment of full annual payment, subject to conditions that may be laid down.

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 may be possible on payment of full annual premium, subject to conditions that may be laid down.

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. New eligible entrants in future years can also join accordingly.

Q8. Can individuals who leave the scheme rejoin?

Individuals who exit the scheme at any point may re-join the scheme in future years by paying the annual premium, subject to conditions that may be laid down.

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 PSGICs / chosen insurance company in consultation with the participating bank.

Q10. When can the accident cover assurance terminate?

The accident cover of the member shall terminate / be restricted accordingly on any of the following events:

- i. On attaining age 70 years (age nearer birth day).
- 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 the insurance company inadvertently, insurance cover will be restricted to one account 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 PSGICs or any other General 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 installment, 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. Enrollment form / Auto-debit authorization / Consent cum Declaration form in the prescribed proforma shall be obtained, as required, and retained by the participating bank. In case of claim, PSGIC / insurance company may seek submission of the same. PSGIC / 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 PSGIC / other insurance company: Rs.10/- per annum per member;
- b. Reimbursement of Expenses to BC/Micro/Corporate/Agent : Rs.1/- per annum per member;
- c. Reimbursement of Administrative expenses to participating Bank: Rs.1/- 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. Does the PMSBY cover death / disability resulting from natural calamities such as earthquake, flood and other convulsions of nature? What about coverage of suicide / murder?

Natural calamities being in the nature of accidents, any death / disability (as defined under PMSBY) resulting from such natural calamities is also covered under PMSBY. While death due to suicide is not covered, that from murder is covered.

Q15. 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.12 per person per annum through auto-debit.

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

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

Q17. Are NRIs eligible for coverage under PMSBY?

Any NRI having an eligible bank account with a bank branch located in India is eligible for purchase of PMSBY cover through this account 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.

Q18. Is there any provision for reimbursement of hospitalisation expenses following accident resulting in death or disablement?

No.

Q19. Who can claim insurance benefit in case of death of the bank account holder who gave the enrolment form?

In case of death of the Account holder who enrolled in the scheme, claim can be filed by the nominee/appointee as per the enrolment form or by the legal heir/s in case there is no nomination made by the subscriber bank account holder.

Q20. What is the mode of payment of the claim amount?

Disability Claim will be credited in the bank account of the insured bank account holder. Death claims will be remitted to the bank account of the nominee / legal heir(s).

Q.21. Will the family get insurance benefit if the account holder commits suicide?

No.

Q.22. Is it necessary to report accidents to Police and obtain FIR for claiming benefits under the policy?

In case of incidents like Road, Rail and similar vehicular accidents, drowning, death involving any crime etc, the accident should be reported to police. In case of incidents like snake bite, fall from tree etc, the cause should be supported by immediate hospital record.

Q.23. If the insured is missing and death is not confirmed, will the legal heirs get benefit of insurance?

Insurance benefit will be paid after death is confirmed, or on expiry of the period specified by law to presume death, that is seven years.

Q.24. What benefit will be payable if a person suffers partial disability without irrecoverable loss of sight of one eye or loss of use of one hand or foot?

No benefit will be payable.

Q.25. Can an Account holder get claim from more than one bank where he has enrolled and premium has been debited?

No. The insured/ Nominee shall be eligible for one claim only.

Q.26. Are PMSBY 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.27. Will the PMSBY 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 general 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 PMSBY 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. In fact there is a demand to increase the premium.

Q.28. Why are foreign insurance Companies associated with PMSBY when Public Sector General Insurance Companies (PSGICs) which are government owned companies could have managed this scheme launched by the government?

There are 21 general insurance companies operating in India, who are licensed by IRDAI to carry on general 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, Public Sector General Insurance Companies (PSGICs) are still the primary insurers involved in operation of the scheme.

Q.29. 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.30. 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 21 general 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 PMSBY 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.
