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Commerce

A STUDY ON PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA

KEY WORDS: Pradhan Mantri Jeevan Jyoti Bima Yojana; Term Insurance, Jan Dhan to Jan Suraksha; Pradhan Mantri Jan-Dhan Yojana

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ABSTRACT

The study finds that Pradhan Mantri Jeevan Jyoti Bima Yojana is appealing because of its flexibility, throughout simple and clear method, simple claim method, extremely reliable and economical insurance service. However because of its restricted quantity of coverage, existing competition and lack of investor's interest, act as barriers within the success road of the scheme . Pradhan Mantri Jeevan Jyoti Bima Yojana was introduced on 1st June 2015, below the promising Pradhan Mantri Jan Dhan Yojana with a aim to provide financial support through cheaper term insurance to empower the disadvantaged and economically low strata of society, with motto of "JanDhan se Jan Surakhsha". Term insurance is a type of life insurance, provides coverage for a certain period of time or years. If the insured dies over the policy tenure a death benefit (or sum assured) is paid out. No payout is made if the insured survives the tenure. The study is based on secondary data collected from different websites , newspaper , Journals, magazines

1. INTRODUCTION

Government of Republic of India is extremely keen to produce money risk coverage through totally different insurance theme covered by Pradhan Mantri Jan Dhan Yojana. Pradhan Mantri Jan Dhan Yojana covered three totally different schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana. Pradhan Mantri Jeevan Jyoti Bima Yojana was introduced on 1st June June 2015, The promising Pradhan Mantri Jan Dhan Yojana was introduce with a aim to produce funding through cheaper insurance all the national of Republic of India with moto of "Jan-Dhan se Jan Surakhsha". Term insurance is a form of life insurance , provides coverage for fastened term (period) and on the payment of the pre-decide premium. Pradhan Mantri Jan-Dhan Yojana is national mission for money inclusion to form certain access to money services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an inexpensive manner.

2. METHODOLOGY

The objective of the study is to analyze the need and importance of PMJDY and PMJJBY PMJJBY, Further, exploring their current status in India and suggesting innovative strategies to be adopted. The research analysis is based purely on secondary data and is collected from various articles, Journals, International Reports, IRDA reports, newspaper etc.

3. PRADHAN MANTRI JAN DHAN YOJANA:

Pradhan Mantri Jan-Dhan Yojana (PMJDY) of Government is national mission for financial inclusion to create positive access to money services, namely, Credit, Insurance, Banking/ Savings & Deposit Accounts, Remittance, Pension in affordable manner. Saving account are often opened in any bank branch or business correspondent (Bank Mitr) outlet. Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts can be opened with Zero balance. However, if the account-holder desires to urge cheque book or A.T.M, he/she can got to fulfill minimum balance criteria.

3.1. Documents needed to open account under Pradhan Mantri Jan-Dhan Yojana:-

1. If Aadhaar Card is available then no different documents is needed. If address has modified, then a self-certification of current address is required.
2. Any of the subsequent formally Valid Documents (OVD) is required like citizen ID Card, license, PAN Card, Passport & NREGA Card if Aadhaar card is not available . If these documents additionally contain your address, it will serve each as Proof of Identity and Address.
3. If an individual doesn't have any of the formally valid documents mentioned above than, however it's classified

as low risk by the banks, then he/she will open an account by submitting any of the subsequent documents:

- i. Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;
- ii. Letter issued by a gazette officer, with a duly attested photograph of the person.

3.2 Benefits of Pradhan Mantri Jan-Dhan Yojana (PMJDY) :-

- A. Interest given on deposit
- B. Accidental insurance cover of Rs. One Lakh.
- C. If Account holder select option of having cheque book and ATM ,then No minimum balance is required in the account.
- D. Life insurance covers of Rs. Thirty Thousand.
- E. Amount transfer facilities all across the country.
- F. Beneficiaries of Government Schemes can get Direct benefits Transfer in these accounts like LPG Subsidies and scholarship etc.
- G. An overdraft facility is permissible after satisfactory operation of the account for six month
- H. Access to Pension, insurance products.
- I. At least once in 45 days Accidental Insurance cover , Ru pay debit must be used
- J. OD to be granted up to Rs 5000 to the earning member of family, preferably women of the house.

3.3 Social security schemes-

Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Atal Pension Yojana focuses at providing reasonable widespread access to essential social security protection and fulfilling requirements of below poverty line population. Following are the features of schemes which are as follows as:

- a) Pradhan Mantri Suraksha Bima Yojana provides accident insurance worth Rs 2 Lakhs at just Rs 12 per year.
- b) Pradhan Mantri Jivan Jyoti Bima Yojana provides life insurance value Rs 2 Lakhs at simply Rs 330 per annum.
- c) Atal Pension Yojana provides a pension of up to Rs 5000 a month depending the contribution.

4. PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY) :

Pradhan Mantri Jeevan Jyoti Bima Yojana is a government-backed insurance theme in India. it had been originally mentioned within the 2015 Budget speech by minister Arun Jaitley in Feb 2015. it had been formally launched by Prime Minister Narendra Modi on 9th may in Kolkata. before anousing of this scheme only 20% of Indian population has any kind of insurance, this theme aims to extend the quantity.

Pradhan Mantri Jeevan Jyoti Bima Yojana is obtainable to individuals between 18th to 50 years of age with bank accounts. The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a one-year term life insurance scheme which provides life coverage of Rs. 2 lakhs and it is available for a one-year period stretching from 1st June to 31st May at a premium of Rs.330/- per annum per member and is renewable every year. The amount will auto debit from the account with the consent of insurer. PMJJBY also linked with account covered under PMJDY .Main aim of this linking is to reduce the number of Zero balance account as most of the account covered under PMJDY had zero balance initially .

4.1 Allocation of Premium Paid

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

The life insurance coverage on someone shall stop because of any of the subsequent events and no benefits can become collectable there under:

- a. On attaining age 55 years (age close to birth day) subject to annual renewal up to that date (entry, however, will not be taken after the age of 50 years).
- b. Closure of account with the Bank or insufficiency of balance to stay the insurance in effect.
- c. If someone holds more than one insurance covered under PMJJBY since one can be a part of PMJJBY with one company and one Bank only.

Registration period for the policy at initial stage was from 1st may to 31st may 2015, and later it was extended up to 31st Aug 2015

Initial ingress amount within the theme was from first could to thirty first could „2015, that was later extended up to thirty first Aug 2015, by this date eligible persons can be a part of this scheme without self self-certification of good health, even eligible persons can be a part of this schemes on any date by paying full year premium .if any left the insurance under PMJJBY he/she can re join it in future by submitting self declaration of good health and paying annual premium

5. CLAIM MANAGEMENT OF LIFE INSURANCE SERVICES:

Claims management means and includes all the managerial decisions and processes concerning the settlement and payment of claims in accordance with the terms of insurance contract. It includes carrying out the entire claims process with a emphasis on monitoring and lowering the claims costs. The important elements of claims management are claims preparation, claims philosophy, claims processing and claims settlement.

The claims philosophy is defined as procedure or specified approach to settle the claims. It contains the claims management principles and also claims handling methods and procedures. The claims philosophy includes the preparation of guidelines regarding the receipt of claims from the insurers or claimants, analysis of the claims, consideration of the possible decision on the particular issues and disputes, evaluating the impact of the claims cost and expenses, relation of claims to the consumer satisfaction, monitoring the claim payment and improving the efficiency of the claims settlement and payment systems and avoiding unnecessary disputes of claims.

The claims process includes the basic claims procedure and handling of claims. The handling of claims includes the monitoring of situation or events, which cause the loss to the

insured subject matter and give a cause to the insured to make a claim. The claims process contains two-fold procedures to be followed by the insurer and insured. From the point of view of the insured, it includes the suffering of loss or the damage, understanding and identifying the cause of action, information or giving notice of claim or loss to the insurer, providing enough proof of loss to the insurer or his agent or the loss assessor and surveyors. The insurer, on the receipt of the claim from the insured, has to take certain immediate precautions such as verifying the claims, reviewing the claim application, respond to the claimant, carry out claims investigation, claims negotiation, claim settlement and claim payment.

6. CLAIM SETTLEMENT UNDER PRADHAN MANTRI JEEVAN JYOTI BIMAYOJANA (PMJJBY)

The Claim settlement is the very important part of an insurance contract and insurers or insurance providing company should show positive objectivity in claims settlement. The insurer s obligation under the policy is discharged after the claim settlement. Proper claim settlement is the end result of a life insurance contract. It will not be an overstatement to say that the goodwill of an insurance company is determined by the efficiency and effectiveness with claims are processed and settled. [8] At the time of claim the nominees/heirs of the insured person have to contact respective bank branch where the insured person was having saving bank account. On receipt of death intimation, the designated bank branch shall send the claim form, death certificate, discharge form and certificate of insurance from the nominated beneficiary and shall send to the designated branch of the bank for preferring the claim with concern unit of the life insurance Company. On admission of the claim, the claim amount will be paid to the bank account of the nominee with intimation to the designated branch of the bank. In case of any requirements or claim is not accepted, the same will be intimated to designated branch of the Bank. Following Tables show the glance of current status of PMJJBY :

From the above table we can see that, PMJJBY is almost equally popular in rural and urban males whereas in the case of rural and urban females, there is slight difference in the choices. [10]

From the above table we can see total numbers of claim filed so far and their payment till date.

6.1. Pros and Cons

Pros :

- 1. Highly Flexible.
- 2. Easy to apply for and continue
- 3. Highly reliable.
- 4. Very low cost.
- 5. Clear cut claim settlement process.

Cons :

- 1. Insurance is only provided for Rs 2 Lakhs only, which is not sufficient.
- 2. Existing terms insurance are more competitive.
- 3. Investors greatest barriers lies within themselves such as, least interest in analysis different types of available term insurance schemes, prone to procrastination and laziness, less futuristic and planning for future expenses, unable to understand concept of inflation and volatility of returns.

7. CONCLUSION

Pradhan Mantri Jeevan Jyoti Bima Yojana is focused to provide insurance coverage for death due to any reason to all the citizen of India especially unorganized sector workers with motto of “Jan-Dan se Jan Surakhsa”. Under Pradhan Mantri Jan Dhan Yojana existing channels of banking industry is very well utilized and still there is good scope for innovation and marketability. Pradhan Mantri Jeevan Jyoti Bima Yojana is

attractive due to its flexibility, throughout easy and clear process, easy claim process, highly reliable and economical term insurance service. But due to its limited amount of coverage, existing competition and lack of investor's interest, act as barriers in the success road of the scheme.

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