

PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA

The Inside 'n Out - Episode Number Eight

Pradhan Mantri Jeevan Jyoti Bima Yojana is a government-backed Life insurance scheme. It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in February 2015. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata. The scheme will be administered by Banks and be guided by the scheme rules as specified by the Government of India from time to time.

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

What is the Premium?

It has an annual premium of ₹330 (US\$4.90) excluding service tax, which is above 14% of the premium. The amount will be automatically debited from the account. In case of death due to any cause, the payment to the nominee will be ₹2 lakh.

Enrollment

The policy commencement date is 1st June, 2015 and the period of initial cover will be up to 31st May 2016. Thereafter, the cover can be renewed on the 1st of June every year by debiting the premium to the bank account. The premium amount of Rs. 330 is payable for the cover period of 1st June to 31st May. This premium is subject to change as specified by the Government of India from time to time.

Who is eligible?

The Pradhan Mantri Jeevan Jyoti Bima Yojana will be made available to anyone between the age group of 18 to 50 years. The concerned person should also have a bank account. People, who avail this policy before they are 50 years old, will be allowed to enjoy the risk of life cover till the age of 55 years. However, they will need to pay the premium on a consistent basis in order to be provided that benefit. Person who is already insured under the Pradhan Mantri Jeevan Jyoti Bima Yojana by any other insurer is not eligible.

Death Claim

The Insurer shall pay the Claim amount in relation to the Death Benefit in the name of the Nominee of the deceased Scheme Member.

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 and submitting a self declaration of good health.

Who will Offer the Programme?

Life Insurance Corporation of India (LIC) will be offering the plan. However, other life insurers, who are eager to take part in the programme, can join it through tie-ups with specific banks. The banks, whose clients join the programme, will be deemed as the master account holders in case of the PMJJIS.

What Role will the Bank play?

Apart from being the master account holders and deducting the premium each year, the banks will play other roles like enrollment of forms, authorisation of auto-debit, and providing declaration-cum-consent form in the exact shape that they are supposed to be done.

How will the Premium be divided?

Out of the yearly premium of INR 330, INR 289 will go to the insurer and INR 30 will be reimbursed for the expenses incurred by the BCs, corporate or micro agents. The bank will get INR 11 as compensation for administrative costs incurred by them.

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