

F. No.I-13016/01/2014-Ins.I-Part File
Government of India
Ministry of Finance
Department of Financial Services

2nd Floor, Jeevan Deep Bldg, Parliament Street,
New Delhi, Dated the 17th November, 2014

To

The Chairman,
LIC of India
Central Office, Yogakshema,
Mumbai

Subject: Rs. 30,000/- Life insurance cover under the Pradhan Mantri Jan Dhan Yojana (PMJDY).

Sir,

I am directed to refer to our letter of even number dated 12th November, 2014 (copy enclosed) regarding guidelines related to the above mentioned subject and to intimate the following clarifications on the guidelines for compliance while operationalizing the benefit of life cover under PMJDY:-

- i. Given the systemic constraints and delays that might exist, while PMJDY bank accounts and life cover under it are to be expeditiously and comprehensively linked to a Aadhar Card, benefits under it (with necessary safeguards against multiple claims etc) shall not be denied if the process of Aadhar registration and linkage to PMJDY / life cover has not been completed when a claim arises.
- ii. Similarly, registration and benefit under life cover will not be denied if the Ru-Pay card is still in the process of being issued.
- iii. The beneficiary will exit from the scheme on attaining the age of 60 years or closure of the scheme, whichever is earlier, as implied by two separate existing provisions in the guidelines.

Contd.2....

- iv. NPCI may not be required to enter into the agreement / MoU with LIC and IBA for providing this life cover benefit. LIC may do so expeditiously with IBA (representing the PSBs), and operationalize the arrangement on an immediate basis.
- v. There should be exemption / relaxation in all those cases who have enrolled for a Bank account with a Ru-Pay card but are in the process of being registered for benefit under life cover, for any death claims which arise during the intervening period.
- vi. LIC will check eligibility under AABY of persons to be covered under life cover and register them under AABY if they are eligible, in which case the benefit will not accrue under the life cover. While servicing death claims under life cover, LIC will check enrollment of the deceased under AABY and service the claim under it when admissible, and under life cover only if not admissible under AABY.

Yours faithfully,



(S.K. Mohanty)

Under Secretary to the Govt. of India

Tel:011-237487 88

Email:usins1-dfs@nic.in

CC: JS(FI) and CVO for information and necessary action, including necessary follow up / monitoring by the Mission Team of all concerned, to operationalize the life cover arrangement and ensure timely generation of Ru-Pay / Aadhar cards and seeding. Necessary instructions may be issued in this regard to IBA, Banks and NPCI also.

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F. No.I-13016/01/2014-Ins.I
Government of India
Ministry of Finance
Department of Financial Services

*2nd Floor, Jeevan Deep Bldg, Parliament Street,
New Delhi, Dated the 12th November, 2014*

To

The Chairman,
LIC of India
Central Office, Yogakshema,
Mumbai

Subject: Rs. 30,000/- Life insurance cover under the Pradhan Mantri Jan Dhan Yojana (PMJDY).

Sir,

Please refer to earlier letter of even number dated 30th October, 2014 forwarding the guidelines related to Rs. 30,000/- life insurance cover to be given under the Pradhan Mantri Jan Dhan Yojana (PMJDY) for its implementation.

Slightly amended guidelines, with respect to the initiative now being referred to as life cover to be provided to all eligible persons under PMJDY, are enclosed for implementation.

Yours faithfully,



(S.K. Mohanty)

Under Secretary to the Govt. of India

Tel:011-237487 88

Email:usins1-dfs@nic.in

Copy with enclosure to:

- JS (FI) and Director (FI) to kindly note that the initiative is to be referred to as life cover to be provided to eligible persons under PMJDY. FI Division may kindly monitor and ensure the implementation of this initiative with NPCI, IBA, LIC and PSBs during periodic review of PMJDY.



(S.K. Mohanty)

Under Secretary to the Govt. of India

Encl: As above

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F. No.I-13016/01/2014-Ins.I

The Guidelines and Features of Life Cover under Pradhan Mantri Jan Dhan Yojana (PMJDY)

Preamble

The Hon'ble Prime Minister in his Independence Day Speech on 15th August, 2014 announced a comprehensive program of Financial Inclusion targeting the large number of people who are currently deprived of even rudimentary financial services. The Pradhan Mantri Jan Dhan Yojana (PMJDY) sets out to provide a basic Bank account to every family who till now had no account. The bank account comes with a RuPay debit card with a built-in accidental cover of Rs 1 lakh.

During the launch of the PMJDY scheme on 28.08.14 in New Delhi, Hon'ble Prime Minister announced a life cover of Rs. 30,000/- with the RuPay Card for all those who subscribe to a bank account for the first time during the period 15th August, 2014 to 26th January, 2015.

This Rs. 30,000/- life insurance cover under Pradhan Mantri Jan Dhan Yojana, will give a life insurance cover on death of the life assured, due to any reason, to the deceased's family. The scheme aims to provide security to those families who cannot afford direct insurance, namely the urban poor and rural poor who are not covered under any social security scheme.

Benefits

The scheme provides for life cover of Rs. 30,000/- payable on death of the beneficiary due to any cause, subject to fulfillment of the following eligibility conditions:

Basic Eligibility Conditions

- i. Person opening Bank account for the first time, with RuPay Card in addition, during the period from 15-08-14 to 26-01-15, or any additional period as may be extended further by Government of India.
- ii. The person should normally be head of the family or an earning member of the family and should be in the age group of 18 to 59 (i.e. person should be at least 18 years old, and should not have turned 60). In case the head of family is 60 years or more of age, the second earning person of the family in the above mentioned age group will be covered, subject to eligibility.

Contd....2...

- iii. Person must have a RuPay Card and Bio – Metric Card linked to bank account or in process of being linked to bank account if not already there.
- iv. The account can be any bank account including a small account.
- v. For the coverage to be effective the above RuPay Card should be valid and in force.
- vi. Only one person in the family will be covered in the Bima Scheme and in case of the person having multiple cards / accounts the benefit will be allowed only under one card i.e. one person per family will get a single cover of Rs.30,000/-, subject to the eligibility conditions.
- vii. The life cover of Rs 30,000/- under the scheme will be initially for a period of 5 years, i.e. till the close of financial year 2019-20. Thereafter, the scheme will be reviewed and terms and condition of its continuation, including the issue of future payment of premium by the insured thereafter, would be suitably determined.

Ineligible Categories

- i. Central Government and State Government employees (in service or retired) and their families.
- ii. Employees (in service or retired) of Public Sector Undertakings, Public Sector Banks, any entity owned by Central Government, any entity owned by a State Government or any entity jointly owned by the Central Government and any State Government, and their families.
- iii. Persons whose income is taxable under I.T. Act 1961 or are filing the yearly Income Tax return or in whose case TDS is being deducted from the income, and their families.
- iv. Persons who are included in the Aam Aadmi Bima Yojana covering 48 occupations defined under the Scheme, and their families.
- v. Otherwise eligible account holders, who have life cover on account of any other scheme of the Bank against the account, shall have to choose between the two schemes and derive benefit from only one.
- vi. All persons who do not fulfill the basic eligibility conditions of the scheme.

Death benefit eligibility

The nominee of the account holder will be entitled to receive death benefit of Rs.30,000/- in case of the unfortunate death of the account holder on account of any cause.

Exit from Scheme: The person will exit the scheme on reaching age 60 i.e. on the day the person turns 60.

[Handwritten signature]

Funding

LIC will create a fund for Life Coverage under PMJDY with an initial corpus of Rs. 100 crore from the Social Security Fund of Government of India under Aam Aadmi Bima Yojana (AABY) being managed by LIC of India, to be recouped through budgetary provision by the Government. The fund will be replenished by Government of India from time to time within the stipulated premium amount to meet the outgo and administrative expenses. The fund is separate from the Controlled Fund of the Corporation. Contribution due for next scheme year will be based on actual claim payment, administrative expenses & any other eligible / permissible expenses pertaining to the scheme incurred by LIC and will be provided by M/o Finance, Government of India. This would broadly be on the AABY pattern.

The Nodal Agency

The National Payment Corporation of India (NPCI) and the respective Banks under IBA shall be the Nodal Agency. A tripartite agreement will be executed with NPCI, IBA and LIC in this regard.

Memorandum of Understanding

In addition LIC, NPCI, IBA and DFS, M/o Finance, will execute a four-partite agreement for smooth running of the scheme as it was done for Aam Aadmi Bima Yojana (AABY).

Data

Data will be sent by all member CBS Banks of IBA as per the formats provided by LIC to NPCI, which will collate the same and forward it to LIC.

Claim Settlement

- a) The Claim amount of Rs.30,000/- is payable to the nominee(s) of the accountholder. The Risk cover will be provided to the person from his age of 18 (Completed) till he attains the age of 60 years completed i.e. eligibility will cease on turning 60 years and he will exit the scheme on the day the person turn 60.
- b) The claim settlement process will be decentralized to the Offices of LIC. The Process followed will be as follows:
 - i. Claim papers will be collected by the District Branch / Nodal Branch of the concerned Bank and submitted to the Pension & Group Scheme Units of LIC for processing of Claims.
 - ii. The Claim will be paid to the nominee who is the nominee in the Bank Account.
 - iii. The Claim amount will be credited to Bank account of the nominee through APBS/NEFT.

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