



## 1D1: 🎓 Insurance, Pension & Financial Inclusion

💡FAQ: So many schemes/facts/GK? Do I've to remember such long list and factual GK? Ans.

UPSC got into habit of asking microscopic facts from govt schemes since 2023, so I've given the facts.  
आपसे होता है, उतना करो। मैंने फ़ीस ली थी, तो मैंने आपको माल दें दिया। अब तुम्हारे हवाले handout साथियों।

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## 17 🎓 INSURANCE (बीमा): MEANING AND SIGNIFICANCE

- Meaning: insurance policy is a Debt instrument / Legal contract against eventualities of death or damage. (मृत्यु या क्षति की घटनाओं के खिलाफ कानूनी अनुबंध).
- Indemnification = process of insuring someone/something & paying compensation, if any death/loss. (मृत्यु या नुकसान के समय क्षतिपूर्ति)
- 2 parties in this contract: 1) Insured / client 2) Insurer / Underwriter.
- Insurance provide stability to the households (against death, disability, damage) and entrepreneurs (against fire, theft, natural disasters etc.) (जोखिमों के सामने स्थिरता देता है।)
- Insurance companies invest clients' premium in various public and private sector projects, thereby channelizing savings towards investment & economic growth. (बीमा-किस्त के द्वारा लोगों की बचत को देश की आर्थिक वृद्धि की तरफ भेजा जा सकता है।)

### 17.11.1 Insurance Principles (सिद्धान्तः hindi not required)

- ⇒ **Uberrima fides**- Good faith, hide nothing. (e.g. if client has HIV+ve, but hiding it before buying health insurance)
- ⇒ **Indemnity**- Only “REAL” loss, not imaginary. (couldn’t join IIM-A, because CAT-books burned in fire)
- ⇒ **Subrogation**- Insurer can recover from negligent 3<sup>rd</sup> party. E.g. client bought factory fire insurance → fire accident due to faulty boiler → insurance company can recover money from boiler maker.
- ⇒ **Causa Proxima** - Direct loss link. Bollywood fan can't buy policy for Actor Bachchan.
- ⇒ **Insurable interest**- If “risk-x” not happen, client remains in same position, “risk-x” happens client in bad position. (e.g. I didn’t win lottery= Is not insurable interest. )

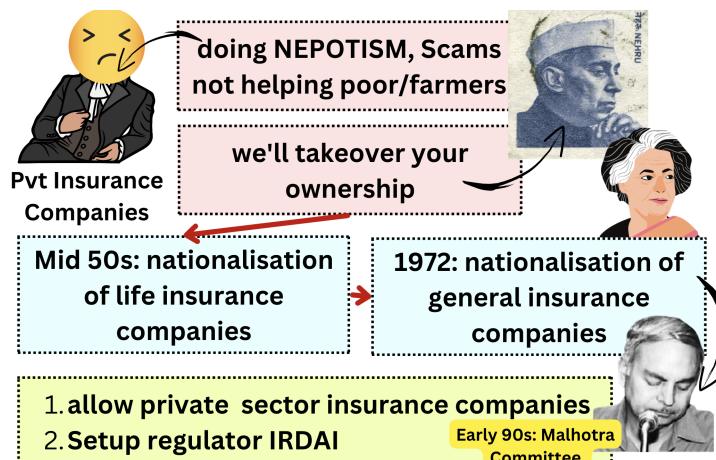
**MCQ.** The principle of subrogation in insurance allows (EPFO-2023) (a) investment of policy amount (b) refund for insured and insured's insurance company (c) auto-renewal of policy. (d) indemnification of the insured.

### 17.12 🎓 HISTORY OF INSURANCE IN INDIA (भारत मे बीमा कं. का इतिहास)

- **(1818)**: Europeans started insurance companies in India, but they charged higher premium on Indian clients with racist bias that Indians belong to an inferior race = higher probability to die. (अंग्रेज कंपनियां भारतीय लोगों पर ज्यादा बीमा किस्त मांगते थे)
- **(1870)**: Bombay Mutual Life Insurance was the first Swadeshi life insurance company and they did not charge extra premium on Indian clients.
- **(1912)**: Life Insurance Companies Act to regulate them, but lax norms, so just like the banking industry, the insurance industry too faced problems in the aftermath of Great Depression in USA. So, **1938**: Insurance Act for tougher regulation. पहले काढ होते रहेते थीं फिर कानून बनाया गया



- Just like the banking, the insurance industry had to be nationalized after independence due to scams, financial inclusion and Five-Year Plans. धांधली, वित्तीय समावेशन और पंचवर्षीय योजना के लिए राष्ट्रीयकरण

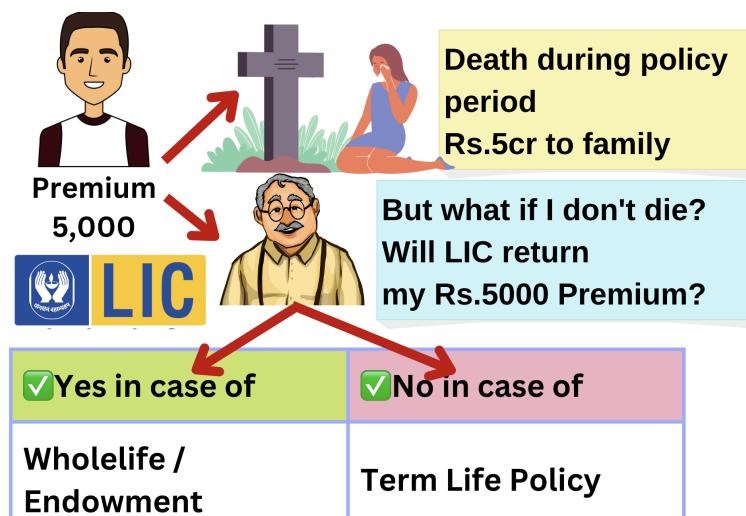


Chronology	Bank	Insurance
1948-49	RBI nationalized	-----
1955	SBI nationalized	-----
1956	----	LIC Act took over ~245 (private owned) Life insurance companies.
1969	Nationalization of 14 Private Banks	----
1972	----	GIC Act: GIC and its 4 subsidiaries took over ~107 (private owned) General insurance companies.
1980	Nationalization of 6 Private Banks	----
Reforms सुधार समिति	Narasimham '91 & '98	<ul style="list-style-type: none"> <li>• <b>Malhotra Committee</b> 1993 → Private insurance companies were allowed, FDI was liberalized</li> <li>• 2025: IRDAI setup <b>Dinesh Khara committee</b> to suggest reforms in Insurance Act 1938.</li> </ul>
Safeguards सुरक्षा के लिए कुछ मानदंड	CRR, SLR, BASEL	Investment Pattern, Solvency Margin. E.g. They must invest minimum "x%" of premium in G-Sec, they can't invest more than "y%" of premium in pvt companies shares/debentures etc. They must not invest in companies having less than "AA" credit rating etc. Exact norms not imp.
Financial Inclusion, Welfarism	PSL norms 25% branches in unbanked rural areas	<b>Rural &amp; Social Obligation Norms:</b> every year "x" number of policies must be sold in rural areas, PH/backward etc. Further Insurance companies required to invest minimum "x%" in affordable housing projects, State Govt's fire equipment etc. Else IRDAI



Chronology	Bank	Insurance
		imposes penalty. ग्रामीण और सामाजिक दायित्व मानदंड
Delivery Channel	- Bank branch, - Business Correspondence Agent (BankMitra)	Insurance Intermediaries: (मध्यस्थ/ बिचौलिया) <ul style="list-style-type: none"> <li>Agents/brokers.</li> <li>Bankers selling insurance (Bancassurance)</li> <li>Surveyor/Loss Assessor (सर्वेक्षक).</li> <li>Third Party Administrators (e.g. Hospital where treatment is given for health insurance जहां आप का इलाज हो)</li> </ul>

### 17.13 💰 💀 LIFE INSURANCE → TYPES (जीवन बीमा प्रकार)



Life Insurance Type → Money returned?	📅 At maturity	💀 At death
Whole life= Longer policy: (e.g. 35-40 yrs) Endowment= Shorter policy: (e.g. 10-20)	Yes, savings returned with interest	YES
Term life= Short Policy, Low Premium e.g. PM Jeevan Jyoti Bima Yojana. (मृत्यु नहीं हुई तो बीमा किस्त वापस नहीं मिलेगी)	No	Yes
ULIP: Unit Linked Insurance Plans: Part of money goes in insurance, part in Mutual fund	Yes, savings returned with some profit	YES

#### 17.13.1 💰 💀 IRDAI Reform → Surrender value in Whole-life/Endowment policies

e.g. If person bought whole-life/endowment policy but discontinued paying premium after 1–2 years. Then how much premium will insurance company refund = That is called surrender value?

whole-life/endowment policies	Before	After 2024-Reform
Surrender Value / Refund? → →	Zero Or very little	80–85% premium refunded



## 17.14 💰 💀 🐾 LIFE INSURANCE → PUBLIC SECTOR (सार्वजनिक क्षेत्र के जीवन बीमा संस्थान)

### 17.14.1 💰 💀 🚫 Post Office Life Insurance (डाक जीवन बीमा)



- They've developed "DAR PAN" PLI (Postal Life Insurance) App.

	Postal Life Insurance (PLI)	Rural Postal Life Insurance
Started from	1884	1995
Who can buy	<ul style="list-style-type: none"> <li>- Employees in Panchayat/municipal employees, Public sector company, public sector banks, University, Cooperative bodies,</li> <li>- Private sector Professionals such as doctors, engineers, management consultants, charted accountants, architects, lawyers, bankers etc.</li> <li>- Private sector companies employees IF it is a LISTED company employees of listed company (Ref: Pillar#1C)</li> </ul>	For Villagers, schemes like Gram Suraksha, Gram Suvidha, Gram Santosh, Gram Priya, Gram Sumangal, etc.
Example schemes	Suraksha, Suvidha, Santosh, Sumangal, Yugal Suraksha, Bal Jiwan Bima	

💡 FAQ: can "X" person buy or not? Ans. Refer the list and apply common sense. If not able to apply common sense, THEN IGNORE this topic.

### 17.14.2 Post Offices Services: G2C and B2C

G2C (Government to Citizen)	B2C (Business to Citizens)
<ul style="list-style-type: none"> <li>- Application forms for Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Street Vendors' Atmanirbhar Nidhi Yojana; Pradhan Mantri Jan Arogya Yojana (Ayushman Bharat); Pradhan Mantri Shram Yogi Maan-dhan Yojana; Pradhan Mantri Laghu Vyapari Maan-dhan Yojana; National Pension Scheme;</li> <li>- PAN card eKYC, Election Card Printing</li> <li>- e-Stamp (i.e. buying stamp-paper for property registration etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Post offices help the companies collect bill-money from citizens via Bharat Bill payment system bills (electric, gas, water bills, etc.), (Ref: Pillar#1A1)</li> <li>- Post offices help in Renewal premium collection for Life Insurance policies and General Insurance such as motor vehicle, health and fire insurance, etc.</li> </ul>

💡 FAQ: What do about terms mean? Answer wait till pillar1 and 2 are over.



## 17.15 🍔💀🏡🦁 LIFE INSURANCE CORPORATION OF INDIA (1956)



- ⇒ To take over/nationalize the private life insurance companies → LIC Act, 1956. So, LIC is a **statutory corporation/statutory company.** (वैधानिक निगम)
- ⇒ Name of LIC HQ@Mumbai & its magazine = “योगक्षेम” (Yogakshema: well being, from Rigveda)
- ⇒ LIC motto: “योगक्षेमं वहाय्यहम्” (Yogakshemam Vahamyaham:- I ensure safety and well being (of my devotees, from Gita)

### 17.15.1 LIC is regulated under following acts

<b>1956</b>	Life Insurance Corporation of India Act
<b>1938</b>	Insurance Act
<b>1999</b>	Insurance Regulatory and Development Authority (IRDAI) Act

### 17.15.2 LIC's Aam Aadmi Yojana (AABY) for BPL (2007)

Beneficiary? below poverty line (BPL) and marginally above poverty line (APL) citizens in various occupations like carpenter, cobbler, blacksmith etc. What is BPL/APL? (Ref: Pillar#6: Poverty)

<b>Death</b>	₹30,000
<b>Disability</b>	₹37,500 to 75,000
<b>Child scholarship for class9-12 and ITI courses</b>	₹1200 per year

Who pays premium?

premium paid by	Amount
Union Government's social security fund inside LIC	₹100
Beneficiary (OR State/Central Dept if they want to pay on behalf of beneficiary)	₹100
<b>Total Premium</b>	₹200

### 17.15.3 🍔💀🏡🦁 LIC's Disinvestment (2020, विनिवेश)

- 📦 Budget-2020: LIC Act will be amended → LIC : Initial Public Offering (IPO) → Government will sell part of its shareholding. 2022: SEBI permitted IPO.
- Govt sold 5% of its 100% shareholding. (more about this IPO: refer to Pillar1C: Sharemarket)

### 17.15.4 🧑椑 PM schemes for Life Insurance & Accidental (Gen) insurance (2015)



Figure 1: शराब पी के मर गए देवदास बाबू तो PM-सुरक्षा बीमा योजना मे कुछ नहीं मिलेगा !

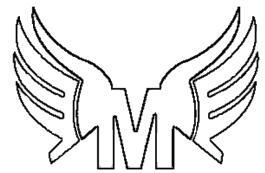


Table 1: 2015: Finance Ministry → Dept of Financial Services launched these two schemes.

Features	风控: 🧑‍🤝‍🧑, 🚨, 💀, 🕯️, ✅, ✖️ Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJB)	风控: 🧑‍🤝‍🧑, 🚨, 💀, 🕯️, ✅, ✖️ Pradhan Mantri Suraksha Bima Yojana (PMSBY)
Age	18-50 years with bank account in India. NRIs eligible but payment in rupee currency only.	18-70 years. Remaining same as PMJJB
Purchase from	LIC or any empaneled pvt. life insurance company.	4 Public Sector, or any empaneled pvt. General Insurance company.
Premium	- Rs. 436 per person/ annum. - (before 2022, it was ₹330)	- Rs.20/- per person/ - (Before 2022, it was ₹12)
Type	LIFE Insurance	General Insurance
Nature of Plan	1 year “term” LIFE insurance. Term LIFE insurance = no death, no money returned.	1-year “term” accident cum death insurance.
Return?	Any type of death: ₹ 2 lakhs किसी भी प्रकार की मृत्यु पर परिवार को मुआवजा मिलेगा	Accidental Death: murder, natural disaster etc. ₹2 lakhs - Loss 1 eye/hand/leg: 1 lakh - Loss 2 organs/>: max. 2 lakhs Suicide, alcohol-drugs related death: not eligible

- Neither scheme gives hospitalization cost. (अस्पताल में चिकित्सा खर्च के बिल की अलग से कोई राशि नहीं मिलेगी)
- In both scheme, premium money auto-debited from bank account, after person applies. (बैंक खाते में अपने आप फ़ीस का पैसा कट जाता है)

### 17.16 🎓 🌾 🚗 🌽 GENERAL INSURANCE (सामान्य बीमा)

An insurance policy other than ‘life insurance’, is called General Insurance. e.g. Accident Insurance, Health Insurance, Crop Insurance, Fire-Theft-Marine & Vehicle Insurance. दुर्घटना बीमा, स्वास्थ्य बीमा, फसल बीमा, आग-चोरी-समुद्री और वाहन बीमा

#### 17.16.1 🎓 🌾 🚗 🌽 Public Sector General Insurance Entities: Timeline (समय रेखा)

1948	Employees' State Insurance Corporation (ESIC) under Labour Ministry – through an act of Parliament to protect selected category of workers. मजदूरों का स्वास्थ्य बीमा
1957	Export Credit Guarantee Corporation of India (ECGC: नियंत्रित ऋण गारंटी निगम) under Commerce Ministry. Gives insurance cover to exporters, and credit guarantee to Bank/NBFC who loan to exporters.
1961	DICGC Act: banks must buy deposit insurance from it. Although not considered a General Insurance Company in textbook sense because doesn't directly sell insurance policy to any individual person/bizman. (पाठ्यपुस्तक की परिभाषा में उसको बीमा कंपनी नहीं बोल सकते)
1972	General Insurance Nationalization Act: 107 (private) general insurance companies were



	taken over by GIC and its 4 subsidiaries (viz. National insurance, New India Assurance, United India, Oriental).
2002	Agriculture Insurance Company ltd, (formed with funding of GIC, above 4 public sector Gen. Insurance Cos and NABARD.) कृषि बीमा कंपनी

2018: Budget announced to merge (विलीनीकरण) National Insurance Company, United India Insurance Company, Oriental India Insurance Company- but the plan has not materialized yet.

#### 17.16.2 🚗\_BUS: (💡) General Insurance Business (Nationalisation) Amendment Bill, 2021

General Insurance Nationalisation Act 1972 (सामान्य बीमा राष्ट्रीयकरण कानून)	General Insurance Business (Nationalisation) Amendment Bill, 2021
Five General Insurance (GI) Companies brought under Govt control 1) General Insurance Corp of India (GIC) 2) National Insurance, 3) New India Assurance, 4) Oriental Insurance 5) United India Insurance.	To facilitate privatization of these public sector/Government owned GIs. सामान्य बीमा क्षेत्र की सरकारी कंपनियों के निजीकरण का रास्ता आसान बनाने के लिए विधेयक
Majority shareholding (minimum 51%) must remain under Government control (बहुमत शेयरहोल्डिंग सरकार के हाथ में अनिवार्य रूप से होनी चाहिए)	Removed this rule. So, in future, govt may sell its majority shareholding to private party (e.g. Adani/Ambani etc) [इन पांच कंपनियों में बहुमत शेयरहोल्डिंग सरकार के पास होना अनिवार्य नहीं यानी कि निजी क्षेत्र का आदमी भी मालिक बन सकता है]

👉 Pro-Arguments? Privatization will help in Professionalism, Profitability, Customer responsiveness of these Govt companies (निजीकरण के पक्ष में तर्कः पेशेवर तरीके से संचालन होगा, मुनाफा बढ़ेगा, ग्राहकों की सुविधा बढ़ेगी)

👈 Anti-Arguments? Shifted to Mains Handout.

#### 17.16.3 🏭 Seasonal establishment, Casual Worker and some other words

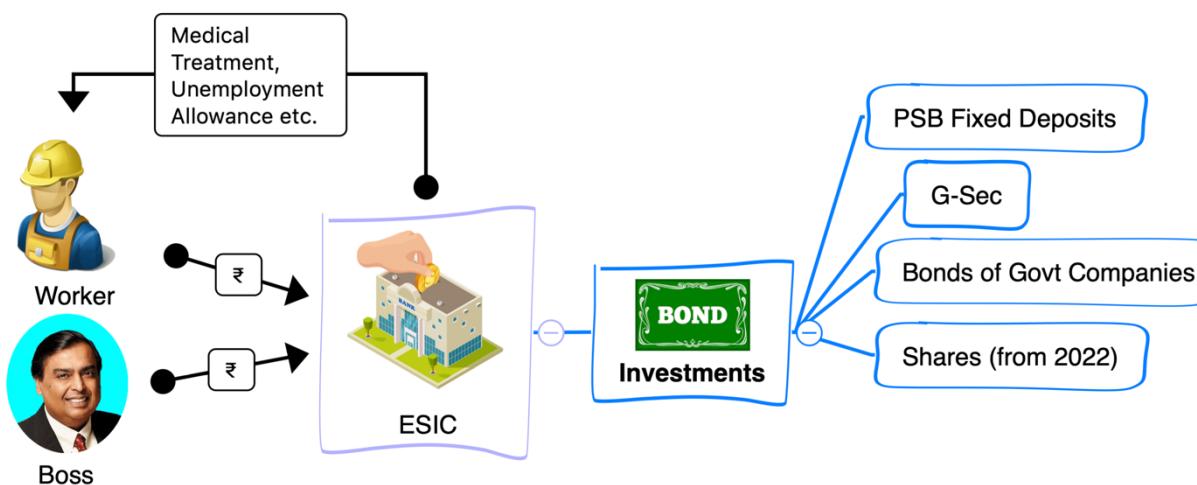
Word	Meaning	ESIC (health insurance)	EPFO (Pension Ref: Pill1D2
Seasonal establishment मौसमी इकाई	Where the factory/shop is not working for whole year e.g. marriage orchestra, salt-pan on seashore, horse-ride operators in hill station, sugarcane farms, Diwali-firecrackers, tea plantation etc.	Not covered	Salient / not openly mentioned.
Casual worker अनियत श्रमिक	When worker employed for only a few days/weeks by the boss. e.g. construction worker, sugarcane mill worker, temporary gardener in Infosys office etc.	Covered*	Covered*
Unorganized	e.g Cobblers, blacksmith, carpenter, coolie	No.	No



Word	Meaning	ESIC (health insurance)	EPFO (Pension) Ref: Pill1D2
<b>sector worker</b> असंगठित क्षेत्र	etc. More in Pillar4C: unemployment		
<b>Organized sector workers</b>	e.g. those working in registered factory, company, etc. More in Pillar4C: unemployment	Yes*	Yes*
<b>Informal worker</b>	When worker doesn't have paper/formal job contract with employer (अनौपचारिक)	No	No
<b>Formal worker</b>	When worker has paper/formal job contract with employer (औपचारिक श्रमिक)	Yes*	Yes*

\*provided ke other conditions are met abt minimum number of workers in a factory, salary level etc.

#### 17.16.4 🐻(🔧👉🔧) Employees' State Insurance Corporation



- 1948: Employees' State Insurance Act → 1952: ESIC corporation (ESIC) setup under Labour Ministry. (कर्मचारी राज्य बीमा निगम, श्रम मंत्रालय)

ESIC applicability?	BEFORE	ATMA-NIRBHAR (2020)
any non-seasonal establishment with 10/> employees	Compulsory	Compulsory (अनिवार्य)
If establishment less than 10 workers → but it's a <b>hazardous industry</b> e.g. (firecrackers, toxic chemicals, acid)	Voluntary (स्वैच्छिक/वैकल्पिक)	Compulsory (खतरनाक उद्योगों के मजदूरों का क-रा-बी-नि मे पंजीकरण अनिवार्य)
If establishment less than 10 workers → <b>Non-hazardous industries</b>	Voluntary (स्वैच्छिक/वैकल्पिक)	Voluntary (स्वैच्छिक/वैकल्पिक)

- 👤 Who are ESIC subscribers? Employee in above establishment, with monthly salary less than ₹21,000/-



- Who pays ESIC premium? “x%” of employee’s wages+ “y%” from employer’s side.
- What is X and Y? notimp unless preparing for ESIC/Insurance Exams. Furthermore, Factoids like ESIC vision-2022 to enrol 100 million workers. notIMP4UPSC
- ESIC covers both permanent employees & casual/temporary employees (= employed only for a few days/weeks/months.) स्थायी-कर्मी और अस्थायी/अयाथवधि-कर्मी दोनों को लाभ मिलता है।

#### 17.16.5 FAQ: Seasonal vs Temporary (Casual)

Seasonal industry (मौसमी उद्योग)	(Casual) Temporary worker in non-seasonal
Farm laborer, salt-pan worker, marriage orchestra, marriage catering etc.	<p>⇒ e.g. worker employed in a newspaper factory for 1 month.</p> <p>⇒ Newspaper company itself is non-seasonal.</p> <p>⇒ But worker is ‘temporary’.</p>
NOT Eligible for ESIC	YES Eligible for ESIC

#### 17.16.6 An ESIC subscriber gets following benefits:

- 1) Medical insurance for the worker and his family from day#1 of joining (स्वास्थ्य बीमा)
- 2) Maternity Benefit to women employees (मातृत्व लाभ)
- 3) Monthly pension to family, if worker dies by employment related injuries. Corona-2020-21 → if worker died of Corona, family member to be given pension. (originally such pension was to be given for workers’ death in factory employment related accident, and not for corona illness.)  
नौकरी करते वक्त ऑफिस/फैक्ट्री में हादसे के चलते मजदूर मर गया तो परिवार को पेंशन। नया सुधार: कोरोना की बीमारी में मर गया तो भी परिवार को पेंशन
- 4) Sickness benefit: partial wages during medical leave. (बीमारी प्रसुविधा)
- 5) Monthly payment on disability (विकलांगता मासिक भुगतान)
- 6) Unemployment allowance if involuntary loss of employment- through the scheme ‘Atal Bimbit Vyakti Kalyan Yojna’. Previously it was called: “Rajiv Gandhi Shramik Kalyan Yojana” (अटल-बीमित कल्याण = अनैच्छिक रूप से उसकी नौकरी चली गई तो बेरोजगारी भत्ता)

One IP-Two Dispensaries	e.g. if insured person (IP) is a migrant worker in Surat, while his family living in Bhubaneshwar then they can take benefit in two hospitals 1) at Surat 2) at Bhubaneshwar
E-Pehchan	Digital id cards for ESIC beneficiaries
Abhiyan Indradhanush	ensuring the change of bed sheet according to rainbow pattern during the week, i.e., to be changed everyday;
Nirman Se Shakti/ ESIC 2.0	‘initiative to modernize the infrastructure of ESIC hospitals
Project Panchdeep	digitization and automation of ESIC processes by WIPRO (2017)
Project Arrow	Modernization of India Post (2008) डाक विभाग का आधुनिकीकरण



### 17.16.7 🐻 (🔧💡💡) ESIC: 15% investment in Shares

💡 BEFORE	💡 After 2022-Reform
ESIC invested subscribers premium/fees/corpus in 1) fixed deposits in the banks 2) debt instruments (e.g. G-Sec, Companies' bond debentures)	upto 15% of the fund will be invested in equities (shares). Remaining 85% in G-Sec, Bond, FD etc fixed return debt instruments.
Problem: return on investment (ROI) not very high; because BankFD/ G-Sec/Bonds etc are fixed interest instruments.	😊 Benefit? If the share market performance positively, then ESIC could earn more profits. This will help ESIC to cover the cost of running hospitals in a sustainable manner

AB  
CD ? Consider the following: [Asked in UPSC-Pre-2012]

1) Hotels and restaurants 2) Motor transport undertakings 3) Newspaper establishments 4) Private medical institutions. The employees of which of the above can have coverage under ESIC?

- (a) 1, 2 and 3 only      (b) 4 only      (c) 1, 3 and 4 only      (d) 1, 2, 3 and 4

### 17.17 💊 GEN → HEALTH INSURANCE SCHEMES (स्वास्थ्य बीमा योजनाएं)

#### 17.17.1 💁儿 Standalone health insurers (SAHI)

- these general insurance company only offer health insurance. They do not offer other general insurance policies such as vehicle insurance, home / factory insurance etc.
- e.g. Star Health, Care Insurance, Niva Bupa, Aditya Birla Health, ManipalCigna

#### 17.17.2 💊 Types of Health insurance policies: Individual vs Floater Health Insurance

Individual health insurance policy	Floater health insurance policy
Covers 1 person ONLY.	Cover person and his family members. e.g. PMJAY scheme covering whole family.

#### 17.17.3 💊 Types of Health insurance policies: Fixed vs Indemnity based

Fixed Benefit (निश्चित लाभ)	Indemnity Based (क्षतिपूर्ति आधारित)
<p>Fixed payment given depending on illness.</p> <p>⇒ If the Policy agreement said "if you get cancer, we'll give you ₹50 lakhs."</p> <p>⇒ So, even if a patient spends ₹10 lakh on hospitalization, still the company will pay ₹50l.</p> <p>इससे कोई फर्क नहीं पड़ता कि हॉस्पिटल का बिल कितना आया आपको एक निश्चित रकम दी जाएगी</p>	<p>Upto to the "actual hospitalization cost" from the total insured sum.</p> <p>⇒ "Indemnity" = upto actual cost in treatment, subject to max limit. so, if ₹5 lakh ki policy=</p> <p>⇒ Actual treatment cost ₹2 lakh → company pays only ₹2 lakh</p> <p>⇒ Actual treatment cost ₹7 lakh → company pays max ₹5 lakh</p> <p style="text-align: center;">Further Subtypes</p> <p>⇒ <b>Cashless policy:</b> patient simply goes to an empanelled hospital = free treatment.</p>



Fixed Benefit (निश्चित लाभ)	Indemnity Based (क्षतिपूर्ति आधारित)
	⇒ Non-Cashless policy: patient first pays hospital bill from own pocket → submits bills to insurance company → gets refund.
e.g. SBI Corona Rakshak Policy Rs. 700 premium → fixed benefit of ₹50,000	e.g. (1) SBI Corona Kavach Policy. Premium ₹4848, coverage upto ₹5 lakh. (2) PM-JAY schemes for poor

#### 17.17.4 🍜 😵 Gen → Health Insurance → Corona Kavach vs Rakshak

Read above table carefully. although i'd not loose sleep over it, as its getting a faded/updated topic.

#### 17.17.5 🍜 😵: 😊 Arogya Sanjeevani Policy & SARAL JEEVAN BIMA insurance policies

Sufficient to know, these are insurance policies by public and private sector insurance companies.

More details deleted because topic faded/updated for 2023/24 exam cycles.

#### 17.17.6 🍜 📈 Niramya Health Insurance for PH. 🖐 OLD SCHEME DONOT-LOOSE-SLEEP

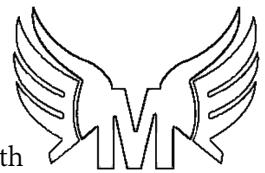
- Boss? By Dept. of Empowerment of Person with disabilities (दिव्यांगजन सशक्तिकरण विभाग) → Oriental Insurance Company. 😁 Benefit? upto ₹1 lakh health insurance for handicapped
- Premium? upto ₹250-500, depending on poverty level.

#### 17.18 🍜 💰 51 / 🧑/ 🇮🇳 AYUSHMAN BHARAT / PM JAN AROGYA YOJANA (PMJAY)

		Rashtriya Swasthya Bima Yojana (2008)	PM Jan Arogya Yojana (PMJAY-2018)
Coverage per family	Upto Rs.30,000	upto Rs.5 lakh	
How many persons covered?	upto 5 people per family	No limit.	
How many families covered?	LESS	8cr in Rural 2cr in Urban =10 cr families	

in Budget 2018 launched Ayushman Bharat with two components:

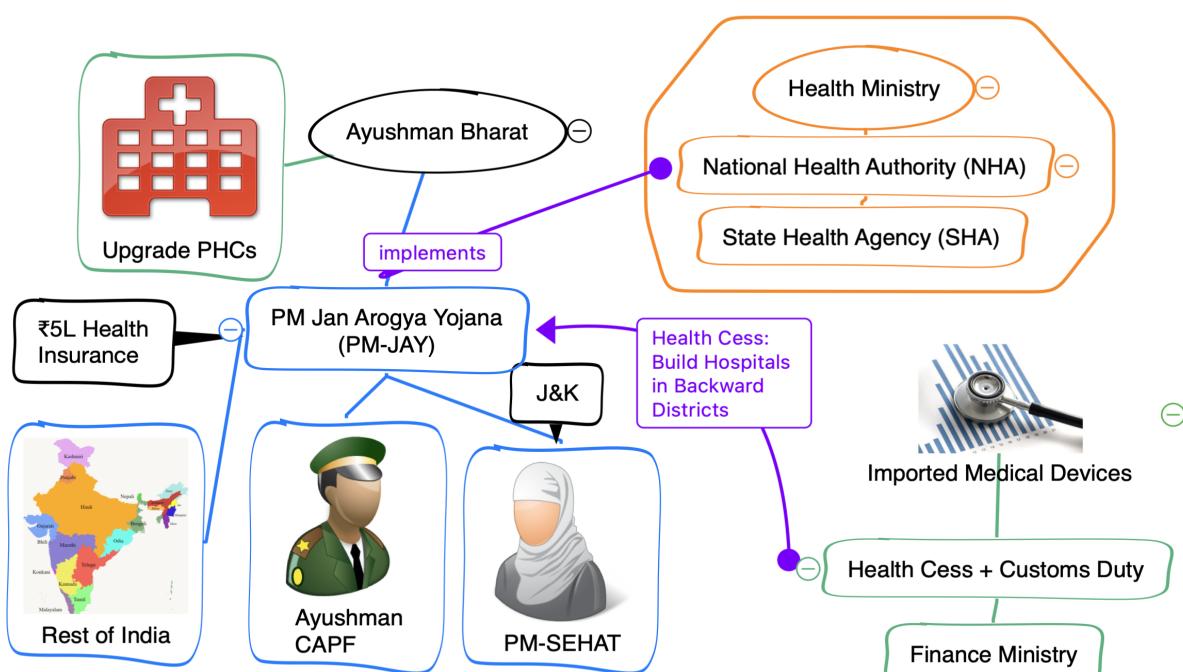
- 1.5 lakh Primary Health Care Centers (PHC) to be transformed into Health & Wellness Centres with Free drugs, checkup, mother-child care etc. (स्वास्थ्य और कल्याण केंद्र अब वो बेहतर बनाएंगे।)
- National Health Protection Scheme (AB-NHPS) → Later renamed 'PM Jan Arogya Yojana (PMJAY)' and launched with Motto "Swasthya Aapka, Saath Hamara"



- a. It has subsumed Rashtriya Swasthya Bima Yojana (RSBY) & Senior Citizen Health Insurance Scheme (SCHIS).

#### 17.18.1 🩺💊🕒👤/📅 PM Jan Arogya Yojana (PMJAY, 2018)?

- ⇒ What is given? A FREE insurance cover upto ₹ 5 lakh per family, per year for secondary and tertiary hospitalization.
- ⇒ All pre-existing disease covered from day 1.
- ⇒ Also covers 3 days of pre-hospitalisation and 15 days of post-hospitalisation expenses.
- ⇒ Cashless and paperless access [NITI Aayog running web portal, with privacy protection]
- ⇒ 🚑♀ Beneficiaries? Socio-Economic Caste Census (SECC: सामाजिक आर्थिक जाति जनगणना) data → + 8 cr rural + 2 cr urban = 10 cr families= ~50 crore people.



- ⇒ No limit (= No cap) on family size. No limit on age. (परिवार में कितने सदस्य, उनकी क्या उम्र है- कोई सीमा नहीं)
- ⇒ Where to get treatment? (इलाज कहां पर होगा)= All public hospitals and empaneled private hospitals (by the respective States). [इलाज होगा सरकारी अस्पताल और राज्य सरकार द्वारा अधिकृत निजी अस्पताल में]
- ⇒ Hospitals to have Pradhan Mantri Aarogya Mitras (PMAMs/hospital-receptionist-type-ke-log) to help/guide patients in this scheme. These PMAMs are trained by Ministry of Skill Development. (कौशल्य विकास मंत्रालय द्वारा आरोग्य मित्र को तालीम)

#### 17.18.2 PM-JAY Sub-schemes

1. PM SEHAT (Social Endeavour for Health and Telemedicine) 2020- जम्मू कश्मीर के सभी निवासियों के लिए
  - a. BEFORE: 6 lakh families of the J&K getting Ayushman Bharat Scheme. (= poor family selected through socio economic caste census 2011)
  - b. AFTER PM SEHAT: All residents of J&K (=21 families, rich-poor everyone) eligible for ₹5 lakh health insurance of PM-JAY scheme. Even if they are traveling outside Jammu Kashmir, in other parts of India, they can avail treatment at PM-JAY-wali hospitals.



2. Ayushman CAPF scheme (2021-Jan) केंद्रीय सशस्त्र पुलिस बल
- Joint initiative of Home Ministry & National Health Authority
  - For Assam Rifles, Border Security Force (BSF), Sashastra Seema Bal (SSB), Central Reserve Police Force (CRPF), Central Industrial Security Force (CISF), National Security Guard (NSG), and Indo-Tibetan Border Police (ITBP)
  - Their family members also covered

► 🧑 FAQ by Zhande-walle Babushone: NSG is not under CAPF category. Ans. It is [under CAPF list](#)

#### 17.18.3 🧑 PM-JAY: all senior citizens aged 70/> covered (2024-Sept)

senior citizen aged 70/above	BEFORE	After 2024-Sept Reform
<b>from middle class &amp; rich families</b>	N/A	- eligible for ₹5 lakh health insurance under PMJAY - even if they had joined other private health insurance company policy or ESIC, still, they are eligible. (हाँ मिलेगा, भले वो वरिष्ठ नागरिक मध्यम वर्गीय या अमीर परिवार से हों)
<b>from poor family, which was already covered in PM-JAY</b>	entire family had ₹5 lakh quota.	senior citizen to get additional top-up cover ₹5 lakh per year for themselves (which they do not have to share with younger family members.) (गरीब परिवार को तो पाँच लाख का है, ही लेकिन उसमें बुजुर्ग को अलग से अतिरिक्त पाँच लाख का कोटा।)

#### 17.18.4 🎩 Q PMJAY → National Health Authority (राष्ट्रीय स्वास्थ्य प्राधिकरण)

- Originally it was an “Agency”, then restructured & renamed into “Authority” (2019).
- NHA oversees the implementation of PM-JAY, operational guidelines, collaborate with insurance companies & IRDAI, running web-platform etc. (योजना को क्रियान्वित करेगा, बीमा कंपनियों के साथ तालमेल बिगाएगा)
- NHA is an ‘attached (adjunct) office (संलग्न कार्यालय)’ with health ministry (स्वास्थ्य मंत्रालय). i.e. Health Ministry only looks after parliamentary matters like replying in question hour, annual reports etc. thus giving NHA more freedom in day to day functions. (रोजाना कार्यों में मंत्रालय की दखल कम)
- NHA has a Chief Executive Officer (CEO) with status of **Secretary** to Govt of India (सचिव).
- Above NHA → “Governing Board” with following composition: (शासक-मंडल)
  - Chairman:** Minister of Health & Family Welfare (स्वास्थ्य-परिवार कल्याण मंत्रालय)
  - Members:** NITI Ayog CEO, NHA-CEO & other govt officials and experts (विशेषज्ञ).
  - States will be represented in the Governing Board on rotational basis (चक्रानुक्रम).

#### 17.18.5 Ayushman Bharat Digital Mission

NHA also implements “Ayushman Bharat National Digital Health Mission” (*Basically Sarkari-google-drive mein x-ray report store kro jojana!*) More in Pillar#6:health schemes



#### 17.18.6 PMJAY → State Health Agency (SHA)

- Each State to form a State Health Agency (SHA: राज्य स्वास्थ्य एजेंसी) to get the scheme implementation.

#### 17.18.7 PMJAY → Funding / Cost:sharing

	Category (श्रेणी)	Cost sharing (खर्च की साझेदारी)
A	"Special Category States" (विशेष श्रेणी के राज्य): - North-Eastern States, and - TWO Himalayan Hilly States: Himachal Pradesh and Uttarakhand#	Union contributes 90%: while State contributes 10% of the cost
B	- Other States: not in above category (UP, Bihar, etc.) - Union territory (UT) with legislature: Delhi, Puducherry, Jammu & Kashmir. (विधायिका वाले केंद्र शासित प्रदेश)	60:40
C	- UT without legislature: Ladakh, Andaman Nicobar etc. (बिना विधायिका के केंद्र शासित प्रदेश)	100%

- #Before the removal of Article 370 (in 2019), the State of J&K was previously in Special category, so it got 90:10 funding.
- Afterwards: J&K is UT with legislature, so, J&K will get 60:40. So, 2019-Aug: Central Government considering creating a new category 'Hill Union Territory (पहाड़ी केंद्र शासित प्रदेश)' so J&K may continue to received 90:10 funding. But, no need for 🎓👉#🕒थोड़ा-पढ़ो-आगे-बढ़ो

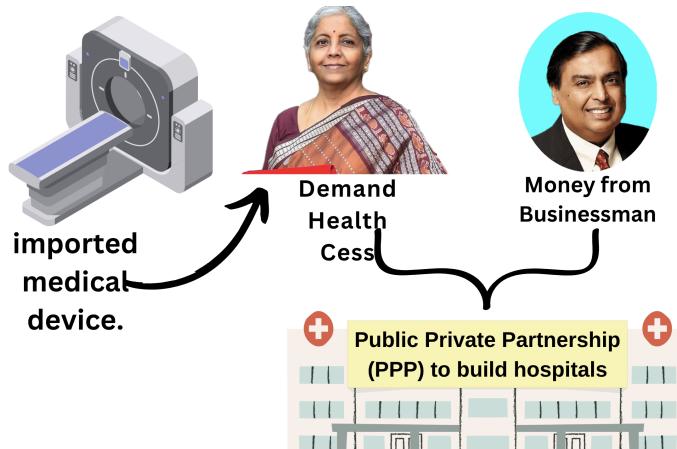
#### 17.18.8 😔PM-JAY Challenges:



Shifted to Mains Handout.

#### 17.18.8.1 🍊PM-JAY- taxes to build hospital?

- ✓ Govt to setup hospitals in aspirational (=backward) districts for treatment of PM-JAY beneficiaries. (आयात होने वाले चिकित्सक उपकरणों पर स्वास्थ्य उपकर लगाकर उस पैसों से पिछड़े जिलों में अस्पताल बनाएंगे)
- ✓ Hospital construction Funding: Public private partnership (PPP) → Public side's funding will be provided using ₹₹ from health cess on imported medical devices.
- ✓ (More about health cess in 📃Pillar#2-Taxation)



**MCQ.** Which is not a feature of the Ayushman Bharat Scheme? (CDS-i-2020)

- (a) There is no cap on family size and age. (परिवार की सदस्यों की संख्या और आयु पर कोई सीमा नहीं)
- (b) The scheme includes pre- and post-hospitalization expenses.
- (c) A defined transport allowance per hospitalization will also be paid to the beneficiary.
- (d) The scheme provides a benefit cover of Rs. 10 lakh per family.

**MCQ.** Ayushman Bharat is a national health insurance system for: (UPSC-Geologist-2020)

- a) women      b) every citizen      c) old age people      d) poor and vulnerable.

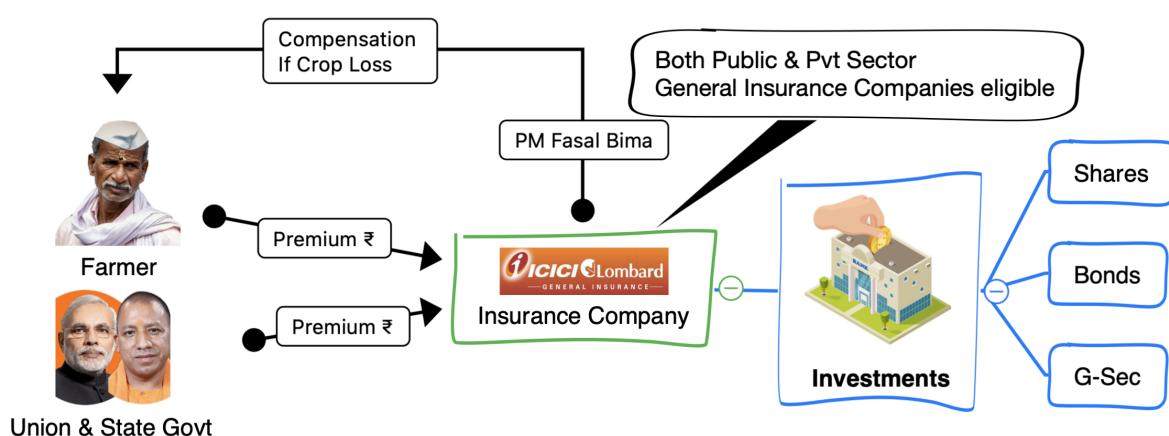
**MCQ.** Which are the benefits of the Pradhan Mantri Jan Arogya Yojana? (CDS-i-2019)

1. Free treatment available at all public and empanelled private hospitals.
2. Cashless and paperless access to quality health care services. नकदी रहित और कागज रहित प्रशासनिक प्रक्रिया
3. Govt provides health insurance up to ₹ 5 lakh per family per year.
4. Pre-existing diseases are not covered. पहले से मौजूद बीमारियों को कवर नहीं किया जाता है

Codes: a) 1 and 3 only    b) 1 , 2 and 3    c) 2 and 4 only    d) 2, 3 and 4

### 17.19 🍞🌽🚗🌽 GENERAL INSURANCE → OTHER THAN HEALTH INSURANCE

#### 17.19.1 🍞🌽 Pradhan Mantri Fasal Bima Yojana (2016)





- **Nodal Ministry:** Agri Min → Public sector general insurance companies, and empanelled private sector insurance companies. (सरकारी सामान्य बीमा कंपनियाँ तथा निजी क्षेत्र की ऐसी सामान्य बीमा कंपनियाँ जिनको कृषि मंत्रालय ने इस योजना लागू करने के लिए सूचीबद्ध किया है)
- Against natural calamities, pests, diseases; (प्राकृतिक आपदाएँ, कीट, बीमारियाँ;)
- Protects before, during and after harvest (फसल की कटाई).
- Premium (बीमा-किस्त) paid by farmers against the total insured amount: Rabi winter crops (1.5%)
  - Kharif summer monsoon crops (2%) – Horticulture & Commercial crops other than oilseed & pulses (5%). Remainder premium is paid by Union: State Gov. It's optional for States to join.

#### 17.19.2 🍞🌽 PM-FBY (2.0) reforms in 2020

Before-2020	From 2020-Kharif
Suppose a kharif crop insurance premium = ₹100. ⇒ Farmer paid ₹2 of the premium ⇒ Union paid ₹49 + State paid ₹49. In other words, Union and States shared their premium burden half-half (50:50).	Suppose a kharif crop insurance premium = ₹100. ⇒ Farmer pays ₹2 of the premium ⇒ Union pays only ₹25 to 30 based on whether it's irrigated or unirrigated respectively. ⇒ State may have to pay ₹68-73. So, states' burden increased. ⇒ However, the Union will bear 90:10 of the burden in case of North Eastern States.
Compulsory for farmer to buy this insurance policy, IF he wanted crop loans from bank	Voluntary (स्वैच्छिक) for farmers. (बैंक लोन पास करवाने के लिए किसान को यह योजना यह बीमा निकलवाना अनिवार्य नहि)
-----	Updated methodology for assessment of crop loss

#### 17.19.3 🌱 Tech solutions for PM Fasal Bima by Agri Ministry

initiative	Objective? (उद्देश्य)
WINDS Portal	Rain and Weather data collected from Gram Panchayat level
AIDE/Sahayak App	Agent can use it for door-to-door enrollment of farmers.
YES-Tech Manual	contains the step-by-step procedure on how to assess the crop damage.

**AB CD ? MCQ. Find correct statements about 'Pradhan Mantri Fasal Bima Yojana': (Prelims-2016)**

- Under this scheme, farmers will have to pay a uniform premium of 2% for any crop they cultivate in any season of the year. किसी भी फसल में सिर्फ 2% बीमा किस्त किसान ने चुकानी होगी
  - This scheme covers post-harvest losses arising out of cyclones and unseasonal rains.
- Codes: (a) 1 only      (b) 2 only      (c) Both 1 and 2      (d) Neither 1 nor 2

#### 17.19.4 🍞🌽 Other Agriculture Insurance Schemes? (अन्य कुछ फसल बीमा योजना)

- Apart from PM Fasal Bima, there is Restructured Weather Based Crop Insurance Scheme (RWBCIS, 2016)- protects against weather only. (so not pests/diseases).



— There was a National Agricultural Insurance Scheme and Modified (NAIS), but PM Fasal Bima subsumed it. लेकिन वो सब याद रखने से परीक्षा में बहोत लाभ नहीं.

#### 17.19.5 🛢️ (👤💼🏡) Insurance to Banks on Exporters' NPA → NIRVIC Scheme (2019)

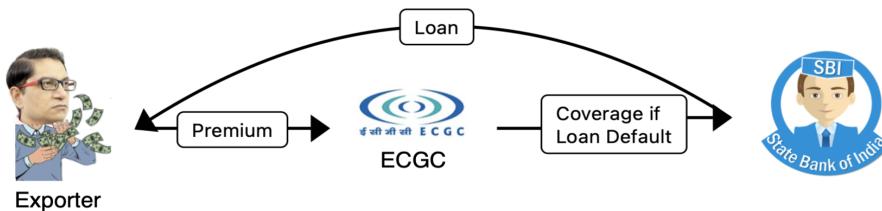
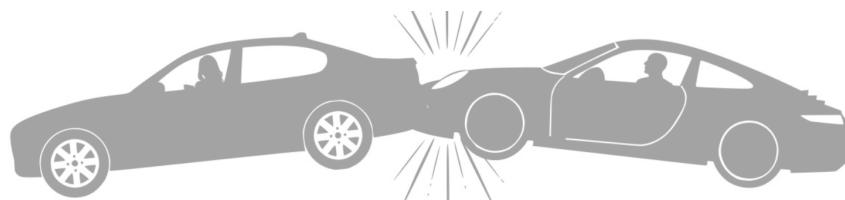


Figure 2: निर्यातक बैंक का कर्जा नहीं चुकाएगा तो नुकसान की भरपाई कौन करेगा

Boss? Commerce Ministry → Export Credit Guarantee Corporation (ECGC)

- ⇒ NIRVIK (Niryat Rin Vikas Yojana) is an Export Credit Insurance Scheme (ECIS).
- ⇒ Exporter takes a loan from a bank. But if he defaults then ECGC will cover upto 90% of his principal + interest losses to the bank. (Before NIRVIC scheme, it was only 60%)
- ⇒ Premium rates depend on sector e.g. diamond, chemical etc. exact figures=NOTIMP

#### 17.19.6 🚗💨 Third Party Motor Insurance (थर्ड पार्टी मोटर इंश्योरेंस)



- Motor Vehicles Act (1988) requires all motor vehicle owners to purchase it. (कानूनी रूप से अनिवार्य)
- **Third party (TP) insurance:** When your vehicle hits another vehicle, person or property → that victim (third party) registers a case, gets compensation. IRDAI regulates premium rates & other norms.

#### 17.19.7 🚗🚗 Own Damage Insurance (OD: मोटर संबंधित स्वयं के नुकसान का बीमा )

- It protects owner of vehicle against theft, vandalism, accident, fire.

#### 17.19.8 🚗 Free / Cashless treatment to road accident victims (2024)

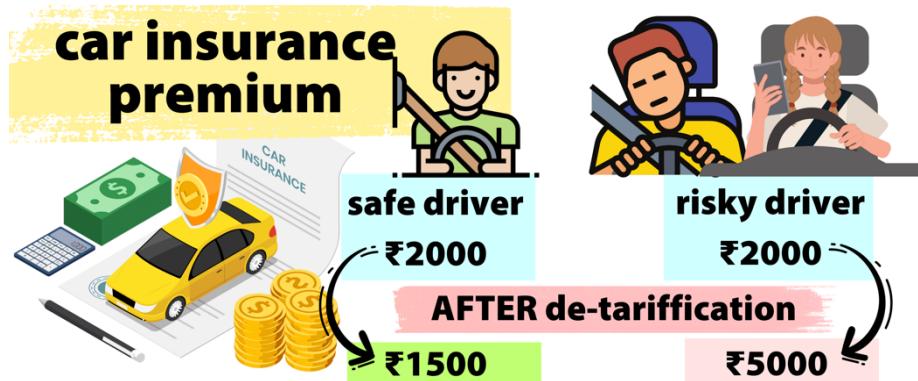
- 2019: Motor Vehicle Act Amendment requires Government to provide free treatment to accident victims. 2024: pilot project started in Chandigarh.
- Cashless treatment up to a maximum of Rs 1.5 lakh per accident to victims.
- Boss? Ministry of Road Transport and Highways
- National Health Authority (NHA) is the implementing agency.

#### 17.19.9 🚗 Tech-driven add-ons in Motor-OD (own damage) cover

IRDAI has allowed insurance companies to launch Tech-based add-ons in in motor own-damage policies for two-wheelers and private cars e.g. "pay as you drive," "pay how you drive,"

17.19.10

🚗 De-tariffication in Chinese insurance sector (📘 EcoSurvey'23)



Normally, in a vehicle insurance	After De-tariffication
motor vehicle insurance companies to charge fixed premiums based on type of the bike/car. This premium is usually decided by the Government/insurance regulator	premium based on risk profile of the driver e.g. age, physical fitness, past car-accidents, alcohol addiction etc.

📘 ES23 said Chinese vehicle insurance sector witnessed De-tariffication. (सामान्य रूप से वाहन बीमा कंपनी की फीस/प्रीमियम फ़िक्स/सब के लिए एक समान होते हैं। हालांकि डी-टेरिफिकेशन ऐसी प्रणाली है जहां जोखिम की संभावना के हिसाब से फीस/प्रीमियम अलग अलग हो सकता है।)

17.19.11

⚖️ Title Insurance (जमीन / इमारत का टाइटल बीमा)



Figure 3: जमीन मकान विवादों के कानूनी लफ़झो में नुकसान से बचने का बिमा img source: Gulabo Sitabo movie (2020)

- 'Title' (अधिकार-विलेख) means a legal document showing ownership of a property. 'Title dispute': usually happens when multiple persons are claiming ownership of the same land / building.
- 'Title Insurance' protects the new buyer in case of such legal disputes (by refunding the money he had spent in buying land, construction, legal expenses etc).
- Real Estate Regulation and Development Act 2016 (RERA) requires the builders to buy this type of insurance. More on RERA in 📄 pillar#5: urban infrastructure.

17.19.12

✍️⚖️ Clinical Trial Liability Insurance for Pharma Companies

- ⇒ Type: General Insurance Cover
- ⇒ Objective: To protect the pharma company from legal expenses/lawsuits, if a volunteer patient suffers damage/death in clinical trials.

17.19.13

🔥🏡 Bharat Griha Raksha & other: Standardized home/factory insurance

- IRDAI ordered @General Insurance companies to sell 1) Bharat Griha Raksha, 2) Bharat Sookshma Udyam Suraksha 3) Bharat Laghu Udyam Suraksha from 1/4/2021 onwards.
- Type? Standard Fire and Special Perils (SFSP) Policy.
- Beneficiaries? protect homes and factories of micro, small and medium enterprises (MSMEs).



- **What damages are covered?** fire, natural catastrophes, riot, strike/hartal, malicious damages, terrorism,, etc upto ₹50 crores.

#### 17.19.14 Property insurance: traditional vs parametric

Type	Traditional Property Insurance	Parametric Property Insurance
Philosophy	Compensation as per the actual loss.	Compensation based on mathematically defined parameters.
Example	If your home is destroyed in an earthquake, we will send an inspector to check the damage and then give you the money as per actual loss e.g. widows damaged = ₹X, wall/roof damaged = ₹Y.	Automatic compensation on home-damage depending on the intensity of the earthquake e.g. Richter scale “6” → ₹10 lakh; Richter scale “7” → ₹25 lakh.
Claims Process	Based on inspector's assessment = Complex, lengthy.	Transparent, predictable, based on a mathematical formula = Quick settlement.

Note: For simplicity in explaining, I have taken the example of an earthquake. Paramedic insurance can be designed for other events as well. For example, if a cargo ship is delayed by “X” hours, we'll pay the importer ₹Y as compensation.

#### 17.19.15 (Proposed) Catastrophe Insurance (आपदा बीमा)

- ⇒ Protects the client from natural and manmade disasters.
- ⇒ Presently, farmers' crops are protected from natural disasters through PM-Fasal Bima Yojana. But, if his own home was destroyed in floods, it's not covered → Union & State Governments forced to use taxpayers' money for paying compensation to victims of floods, cyclones etc.
- ⇒ IRDAI doing some studies to launch catastrophe insurance (or CAT cover) for poor people.

#### 17.19.16 Catastrophe Bonds, Surety Bonds:

Refer Pillar#1C1: SEBI-Sharemarket-यह हम पहले ही पढ़ चुके हैं

#### 17.19.17 General Insurance → Cyber Insurance (साइबर बीमा)

- It covers the losses related to malware attack, phishing and data, identity theft, ransom payment demand made by the hackers, data restoration costs, business interruption losses due to cyberattacks. The loss of reputation, damage to mental health etc.
- Corona lockdown → home-from-home through computer → demand for such policies .
- Bajaj Allianz and HDFC ERGO are notable general insurance companies offering such products.

? MCQ. In India, under cyber insurance, which of the following benefits are generally covered, in addition to payment for the loss of funds and other benefits? (UPSC-Pre-2020 SetB.Q90)

1. Cost of restoration of the computer system in case of malware disrupting access to one's computer
2. Cost of a new computer if some miscreant wilfully damages it, if proved so.



3. Cost of hiring a specialized consultant to minimize the loss in case of cyber extortion

4. Cost of defence in the Court of Law if any third party files a suit

Answer Codes: [a) 1, 2 and 4 only      [b) 1, 3 and 4 only      [c) 2 and 3 only [d) 1, 2, 3 and 4

#### 17.19.18 eIA: e-Insurance account

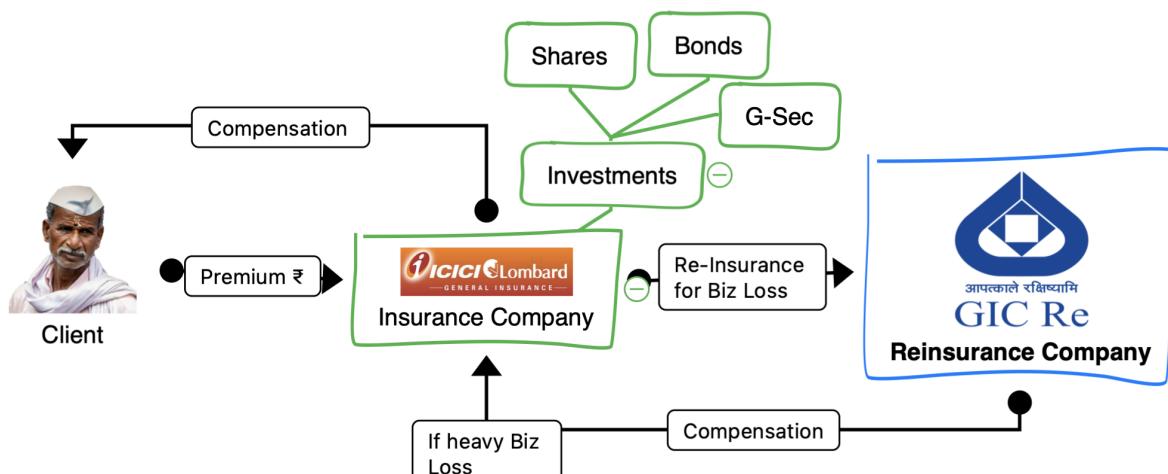
⇒ Shares/Bonds are stored digitally in DEMAT accounts. (More in Pillar#1C)

⇒ Similarly, Insurance policies can be stored digitally in e-Insurance accounts e.g. NSDL's National Insurance Repository (NIR). (बीमा दस्तावेजों को डिजिटल रूप से संग्रहित करना)

⇒ 😊 Benefit? convenience to customers especially if he bought insurance policies from different companies e.g. Vehicle insurance, fire insurance, Health Insurance, Life Insurance. He can easily track their expiry date/ online renewal etc. in one portal. (सदस्यता का ऑनलाइन नवीनीकरण आसान होगा)

#### 17.20 RE-INSURANCE (पुनर्बीमा)

- DICGCI Act (1961) requires banks to take deposit insurance from DICGCI.
- Similarly, Insurance Act (1938) requires insurance companies take 're-insurance' on their biz. (बीमा कंपनी ने स्वयं का "धंधा चौपट बचाओ" बीमा लेना होगा)
- Previously, only GIC was the sole-reinsurer, but then norms liberalized in 2015.
- Now private re-insurance cos allowed. e.g. India's ITI Reinsurance Ltd.
- Even foreign re-insurers such as Swiss Re, Munich Re, General Reinsurance (Warren Buffet, USA), Lloyds (UK) are permitted. (पहले केवल जीआईसी, लेकिन अब अनेक कंपनियों को अनुमति दी गई)
- 😊 Benefits of multiple re-insurance cos? GIC's monopoly in dictating re-insurance premium rates is gone. So, insurance cos' cost of operations to decline → biz. expansion, launch innovative products etc.



#### 17.20.1 😊(🤝) PANDEMIC RISK POOL proposal by IRDAI

⇒ Corona= many people died/sick = insurance companies required to pay large sum of compensation. This is putting lot of Business stress/losses on insurance and reinsurance companies. (महामारी में काफी लोग बीमार हुए/मर गए. बीमा कंपनियों ने मुआवजा देना पड़ा, मुनाफे पर गहरा तनाव)



⇒ PANDEMIC RISK POOL = Insurance companies and government will contribute ₹₹ into this fund to help in insurance companies in future pandemics. (बीमा कंपनियां और सरकार मिलकर एक निधि/कोष/फंड में पैसा जमा करें ताकि भविष्य में महामारीजन्य तनावपूर्ण स्थितियों में बीमा कंपनी की मदद हो सके।)

### 17.21 🎩 IRDAI: THE INSURANCE SECTOR REGULATOR (बीमा क्षेत्र नियंत्रक)

<b>Org संगठन</b>	<ul style="list-style-type: none"> <li>- 1996: IRDA setup → given statutory status in 1999 (वैधानिक संस्था बनी)</li> <li>- 2014: Its name changed to Insurance Regulatory and Development Authority of India (IRDAI: भारतीय बीमा विनियामक एवं विकास प्राधिकरण)</li> <li>- HQ: @Hyderabad, Telangana. (Whereas RBI &amp; SEBI HQs @Mumbai.)</li> </ul>
<b>Structure संरचना</b>	1 Chairman: (5 years/65 age), 9 members (5/62) = Total 10. They can be re-appointed. (पुनर्नियुक्ति संभव है)
<b>Functions कार्य</b>	<ul style="list-style-type: none"> <li>⇒ IRDAI gives separate licenses for life, general &amp; re-insurance companies.</li> <li>⇒ Prescribes norms for insurance companies for accounting, solvency, audit, commission to agents etc. It can penalize companies, suspend or cancel registration. Appeal → Securities appellate Tribunal (SAT) (More in  Pillar#1C)</li> <li>⇒ Norms for agents &amp; brokers, banks selling products (Bancassurance), Surveyor/Loss Assessor, and Third-Party Administrators (e.g. Hospital)</li> <li>⇒ Consumer grievance redressal via Insurance Ombudsman (शिकायत निवारण अधिकारी).</li> </ul> <p>IRDAI is member of Financial Stability &amp; Development Council (FSDC). Ref:  1C</p>

#### 17.21.1 🎩 Domestic Systemically Important Insurers (D-SIIs, (घरेलू प्रणालीबद्ध महत्वपूर्ण बीमाकर्ता)

- IRDAI prepares a list of big insurance companies that are “too big to fail” i.e. they feel it will create very great economic distress for India. (यदि ये बीमा कंपनियां गिर गयी तो अर्थतंत्र में भारी तबाही होगी)
- IRDAI labels them as D-SIIs & imposes additional rules/monitoring/supervision on them.
- Latest List: 1) Life Insurance Corporation of India (LIC), 2) General Insurance Corporation of India (GIC), 3) The New India Assurance Co. Ltd. (NIACL) (उनपर ज्यादा सख्त नियम/निगरानी रखेंगे)

#### 17.21.2 🎩 IRDAI reforms for senior citizen & HIV/Cancer patients (2024)

Matter	Before	2024- Reform
can senior citizen aged 65 or above, buy a new health insurance policy?	Not allowed.	yes allowed.
can cancer/HIV/kidney etc. patient buy health Insurance policy?	Company would usually reject their application.	can't reject.
If patient with pre-existing disease e.g. cancer/HIV etc buys health Insurance policy, then will he get the ₹ ₹ for its treatment?	not for the first 48 months.	not for the first 36 months.



### 17.21.3 🍔👤 Inflation / price-hike in Insurance premium & senior citizen protection

- Life & Health insurance companies 10–15% extra premium on Delhi residents for bad air quality. (2024-News)
- Hospital/medicine prices rose by 14%. So, health insurance companies want to hike insurance premiums.(2024-News)
- 2025: IRDAI ordered health insurance companies cannot ↑↑ senior citizens' premium more than 10% per yr.

### 17.21.4 🍔👤 IRDAI Reforms → 30 day free-look period rule

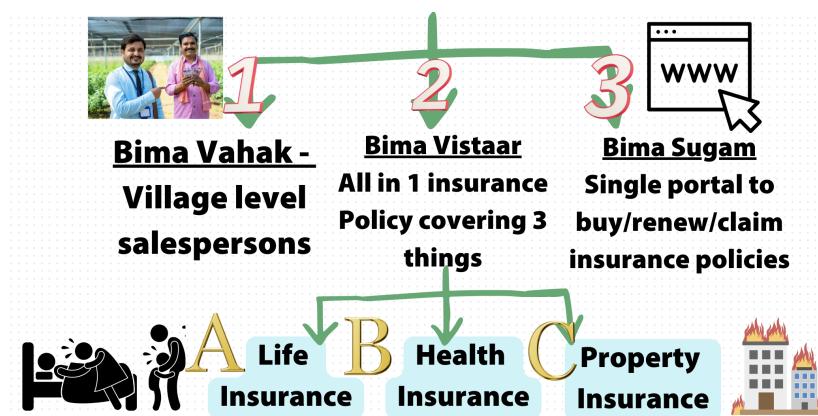
- This feature will allow the client to review/try the insurance policy for 30 days.
- The client can seek a refund of the premium within this 30-day period.
- No penalty on client during this 30-day period, if he cancels subscription.

### 17.21.5 💁 LIC BIMA SAKHI Agents

- **Objective?** LIC to recruit women to sell LIC policies, particularly in the villages.
- **Eligibility?** Women aged 18-70 years who have passed 10<sup>th</sup> std.
- **Salary?** Monthly stipend of Rs 7,000 (year1), Rs 6,000 (year2), Rs 5,000 (year3)
- Apart from stipend, they will be get extra commission on the number of policies sold.
- **Career progression after 3rd Year?** BIMA SAKHI → LIC agents → LIC Development Officer. (but it depends on the discretion of LIC. It is not 'Fundamental right'.)

### 17.21.6 🍔👤 IRDAI Reforms → Bima Vahak - Village level salesmen (2023–24)

- An individual person or company can register as a Bima Vahak.
- They will sell various insurance policies at the gram Panchayat level, especially with the help of women.
- One Bima Vahak can become a salesman for multiple insurance companies at the same time (e.g., selling both LIC and ICICI-ki insurance policies).
- Bima Vahak will also help insurance companies to collect know-your-customer (KYC) documents and assist clients with claims/compensation.

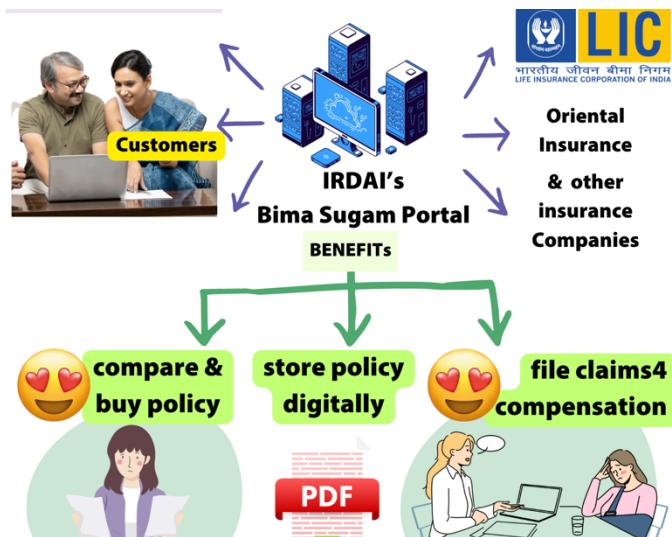




#### 17.21.7 🍔 IRDAI Reforms → Bima Vistaar: All-in-1 Policy

- Bima Vistaar will be an all-in-one standard insurance product.
- It will provide life, health (& accident), and property coverage in a single policy.
- March 2024: It is yet to be launched. IRDAI is working on the guidelines.

#### 17.21.8 🍔 IRDAI Reforms → Bima Sugam, a one-stop digital platform,



- Presently, there are private sector websites like [policybazaar.com](http://policybazaar.com), helping the people to compare & buy insurance policies from various companies.
- IRDAI planning to set up a similar sarkaari website with better features.
- Bima Sugam will be a single website connected with all insurance companies. So you can compare / buy / renew policies, and file compensation-claims online (=in paperless mode).
- Online-KYC with the help of Aadhaar card. No need to visit branch-office.

#### 17.21.9 📱 National Health Claim Exchange NH CX - portal for faster hospital bill clearing

- Boss? Health Ministry with help of IRDAI
- Objective? faster health insurance claim processing by connecting hospitals with health insurance companies. (डिजिटल माध्यम से अस्पताल और बीमा कंपनी को जोड़ के जल्दी से मुआवज़ा देना।)
- Digital exchange of data, documents and images between service provider (hospital/lab/clinic) and the payer (insurance company or govt scheme administrator e.g. PM-JAY's NHA)
- Then, Health insurance company will release the money to hospital within three hours of discharge of patient. (मरीज़ को अस्पताल से छोड़ने के तीन घंटे भीतर ही, बीमा कंपनी द्वारा अस्पताल को दी भुगतान।)
- better customer satisfaction and fraud detection (ग्राहक संतोष और धोखा घड़ी की निगरानी।)

#### 17.21.10 🍔 Insurance for all at Gram Panchayat Level - IRDAI (2024)

- 2024: IRDAI launched draft Rural, Social Sector, Motor Third Party Obligations Regulations.
- Applicable on : Life insurance, health, insurance, and motor vehicle insurance.
- It requires the Insurance companies to cover Minimum X% population in Y number of Gram Sabha in Z years. For example- for life insurance companies

Year	Min. % people covered in Gram Panchayats	Min. Gram Panchayats Targeted
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<b>Year1</b>	30%	25,000
<b>Year2</b>	40%	50,000
<b>Year3</b>	50%	75,000

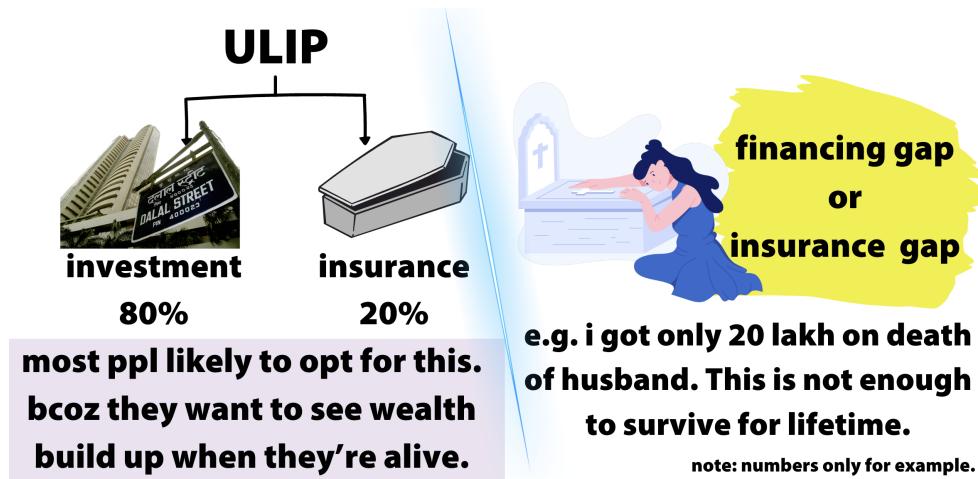
### 17.22 📈 INSURANCE PROGRESS INDICATORS (बीमा प्रगति संकेतक)

Metric	FY2001–02	FY2021–22	FY2022–23	Y2023–24
<b>Insurance Penetration(%: बीमा प्रवेश)</b> =Premium divided by GDP	2.7%	4.2%	4.0%↓	3.7%↓ (Global avg=7%)
<b>Insurance Density (\$:बीमा घनत्व)</b> =Premium divided by population	\$ 11	\$ 91	\$ 92↑	\$ 95↑

For India, these indicators are low compared to Malaysia many other developing countries.

#### 17.22.1 🌟 ES23: ULIP savings linked policies exposing subscribers to insurance gap

- insurance gap = when person is not taking adequate amount of insurance. (बीमा खाइ।)
- Most life insurance products sold in India are savings-linked. (e.g. ULIP)
- Unit Linked Insurance Plans (ULIPs) are a type of life insurance plan that offer the dual benefits of life insurance and savings.
- They have just a small protection component. Hence, households remain exposed to a significant “insurance gap / financing gap” in the event of the premature death of the primary breadwinner. (बहुत कम रकम का बीमा किया होता है।)
- And therefore indicators such as insurance density- do not give us the full picture.

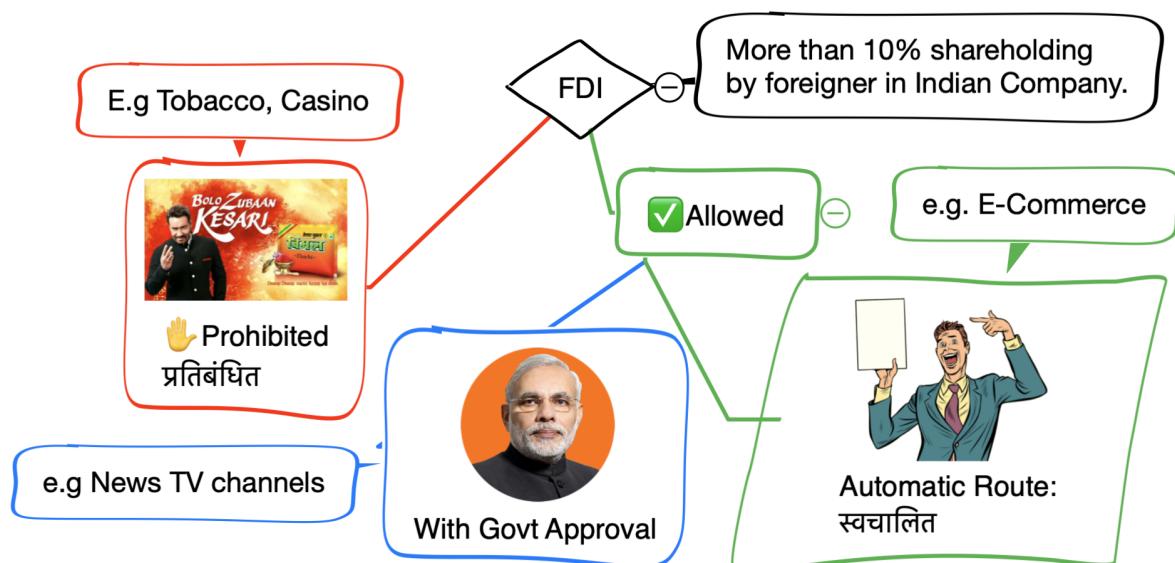


### 17.23 🎉 FDI LIMITS IN INSURANCE SECTOR? (बीमा क्षेत्र में प्रत्यक्ष विदेशी निवेश की सीमा)

⇒ Foreign Direct Investment (FDI) is the (more than 10% equity / share) investment made by a foreign entity into an Indian company, with the objective to get involved in the management / production of that Indian company. (किसी विदेशी इकाई द्वारा एक भारतीय कंपनी में 10% से ज्यादा शेयर निवेश करना उसे कहते हैं प्रत्यक्ष विदेशी निवेश) (More on FDI  Pillar#3A)



⇒ e.g. 2018: Walmart-USA bought 77% shares in Flipkart-India @ \$16 billion.



FDI limits in insurance sector→	BEFORE	AFTER (Automatic Route)
State owned/public sector Life insurance corporation i.e. LIC (सार्वजनिक क्षेत्र का जीवन बीमा निगम)	NO RULE	20% (done in 2022)
Insurance company itself (Except LIC)	49%	74%** (done in 2021) 100%*** (done in 2025)
Insurance intermediaries e.g. agent/broker, surveyor/loss-assessor, third party administrators (hospital who give treat to health insurance clients) (बीमा क्षेत्र के बिचौलिये/दल्ले)	49%	100% (done in 2020)

\*\* 📁 Budget-2021: announced to amend Insurance Act, 1938 to ⏪ FDI limit from 49% to 74% in

Insurance Companies. With following safeguards: हालांकि कुछ शर्तों के साथ →

- the Majority of Directors on the Board and key management persons must be Resident Indians. बोर्ड ऑफ डायरेक्टर तथा कंपनी प्रबंधन के वरिष्ठ पदाधिकारियों में बहुमति भारतीय निवासी होने चाहिए
- At least 50% of Directors must be Independent directors. (स्वतंत्र डायरेक्टर) (Ref#1C)
- Certain % of profits must be retained as general reserve. मुनाफे का कुछ प्रतिशत सामान्य आरक्षित निधि के रूप में अलग से रखना होगा, ताकि आगे कोई कांड हो जाए तो इन पैसों से क्षतिपूर्ति हो सके.

⇒ \*\*\* 💳 Budget-2025: FDI limit ↑ from 74% to 100%, provided the company invests entire premium in India only. ( पूरी प्रीमियम राशि केवल भारत में ही निवेश करनी होगी। विदेशी शेयर/बांड बाजार में नहीं.)

### 17.23.1 😊👉 Arguments in favour and against increasing FDI in insurance sector?

Shifted to Mains. #Prelims-RAFTAAR-🔴

### 17.23.2 🚗 Composite license & reduce GST - Parliamentary committee suggestions

2023: Parliamentary committee on finance has suggested following:

Present System	Suggested Reform (not implemented as of 2025-Mar)
Insurance Act, 1938 & IRDAI's rules do	Permit composite license. So Single company can offer all



Present System	Suggested Reform (not implemented as of 2025-Mar)
not allow single company to run life, general, health insurance. So, companies need to obtain separate licenses for each activity.	three services with single license. Benefits (1) For company: reduced the cost of operation/regulatory compliance (2) For client: reduced burden of giving documents to multiple companies.
18% GST on insurance products	reduce to 5%

## 17.24 🚲 INSURANCE INTERMEDIARIES: BANKERS, AGENTS, BROKERS

### 17.24.1 🚲 Insurance Agent vs Broker

Insurance Agent	Insurance Broker
Sells policies of a single company e.g. LIC life insurance agent. (केवल एक कंपनी का माल बेचेगा)	Sells policies of multiple insurance companies, e.g <a href="#">Policybazaar.com</a> (एकाधिक कम्पनियों का माल)

### 17.24.2 🚲 Direct Broker, Reinsurance Broker & Composite Broker, Bancassurance

Type	Meaning
1) Direct Broker	sells life/general/health policies of multiple companies.
2) Reinsurance Broker	sells reinsurance of multiple companies.
3) Composite Broker	doing both (1) + (2)
4) Bancassurance	French word for when banker sells insurance policy for an insurance company.

### 16.11 📚 Mock Questions for Mains from Insurance topic

Mostly around importance of insurance for human development. Whether we should allow more FDI in insurance sector? How does particular insurance scheme helping the poor people and farmers? Etc. This handout is for Prelims. There is separate handout for Mains.

NEXT Handout: Pillar1D2: Pension & Financial Inclusion.