

I'll run fast



D1: Insurance

- Types, Org, Schemes



D2: pension

- Org, Schemes



D3: Financial Inclusion

- Schemes

PCB7 (Prelim+Mains)

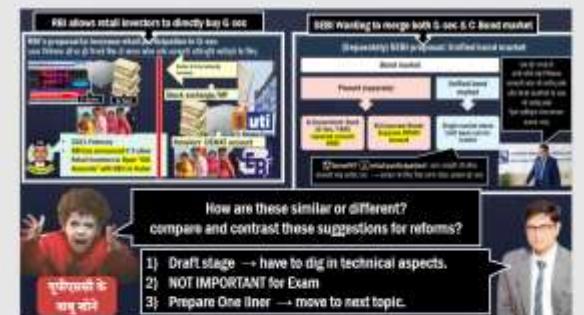
- 3 lectures x 2-
2.5 hrs = 7 hrs

PCB9 RAFTAAR

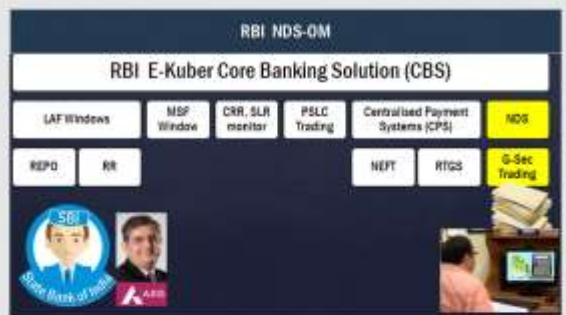
- I aim to finish it much faster.
- Before <6m left.
- I'll give u broad overview.
- Memorize facts from Handout.

Teaching speed is fast. YES I accept.

आप बहुत तेजी से पढ़ा देते हैं - मैं उसका स्वीकार करता हू



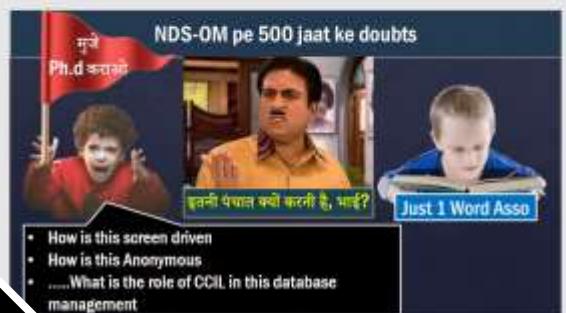
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39

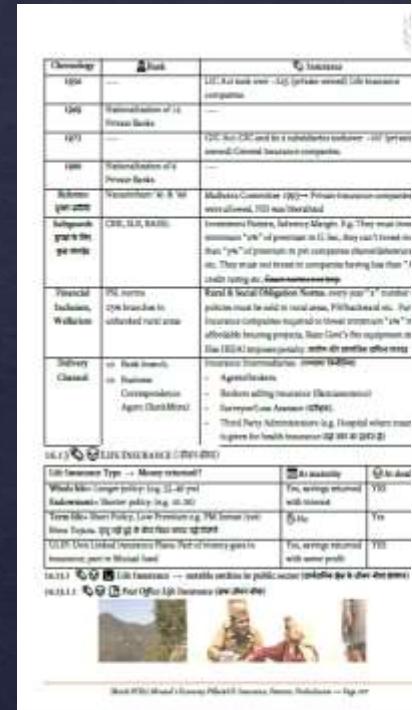


41



42

Powerpoint is only for brief overview.
उसमें हर चीज़ के नीचे लाइन खींचकर दो बार में
समझाने बैठूं और हम 12 months तक ये लेके बैठ कर
सिलेबस खत्म होगा नहीं।



- Preamble to fundamental rights =3 months done
- then new course launched without finishing syllabus
- ka 'scam-game mein nahi khelta.
- I teach fast to complete syllabus and leave u with more time for other subjects.

Memorize the handout next morning.

रटना तो सिर्फ आपको हैंडआउट है

Insurance policy has two parties:



1) Insurer /
Underwriter



2) Insured
/ Client

मेरी मृत्यु पर मेरे परिवार को पैसा मिलना चाहिए

What is insurance?



2) Invest in G-
sec/shares/bonds



Insurer /
Underwriter



Insurance
Policy



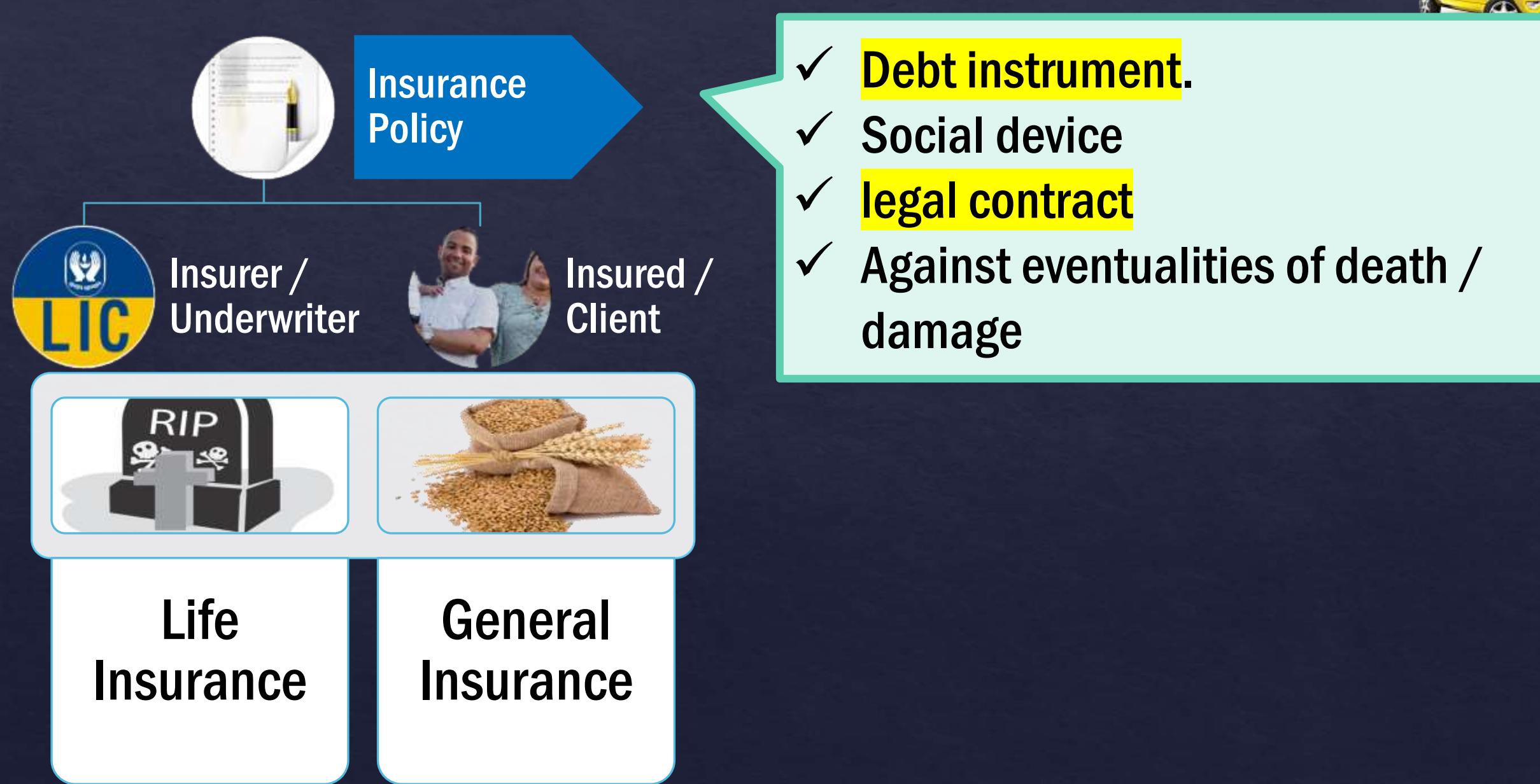
Insured /
Client

3) Pays ₹ 1 Crore if client dies.

Profit due to “Law of probability” - all clients WILL NOT die @same time.

सभी ग्राहक एक साथ नहीं मरने वाले हैं इसलिए इसको मुनाफा होगा

Policy types: depending on what is protected?



Bancassurance = the selling of insurance products using banks as "agents"



Insurance Company



Nages
-waran

Bancassurance



Bank Manager

- यह बांकाश्योरस चीज बहुत महान है
- और इसके चलते भारत में लोगों तक बीमा कंपनीओं की पहुंच बढ़ी है



Bank's
client



Pvt Insurance
Companies

doing NEPOTISM, Scams
not helping poor/farmers

we'll takeover your
ownership



आजादी के पहले और तुरंत बाद बीमा कंपनियों में बहुत कांड हुआ करते थे

तो सरकार ने तय किया “इनकी मालिकी अपने कब्जे में लेंगे”

बीमा कंपनियों का राष्ट्रीयकरण



Pvt Insurance
Companies

doing NEPOTISM, Scams
not helping poor/farmers

we'll takeover your
ownership



Mid 50s: nationalisation
of life insurance
companies

1972: nationalisation of
general insurance
companies

पहले जीवन बीमा कंपनियों का
राष्ट्रीयकरण हुआ #LIC

बाद में गैर जीवन बीमा कंपनियों का
राष्ट्रीयकरण #GIC

Mid 50s: nationalisation
of life insurance
companies

1972: nationalisation of
general insurance
companies

1. allow private sector insurance companies
2. Setup regulator IRDAI

Early 90s: Malhotra
Committee



फिर एक मल्होता कमेटी बनी जिसने बीमा क्षेत्र में सुधार के लिए
अलग-अलग सुझाव दिए

बैंकों की तर्ज पर बीमा कंपनियों ने में भी सीआरआर एसएलआर जैसा खेल होता है नुकसानी से बचाने के लिए



	Banks	Insurance Companies
Safety Buffer?	CRR, SLR,	Investment pattern, solvency margin

What exactly are those norms? $4\% / 18\% = \text{we'll not waste time.}$

Insurance sector MCQ

= mostly govt schemes OR

= random bombs.



	Banks	Insurance Companies
Safety Buffer?	CRR, SLR, .	Investment pattern, solvency margin
help weaker persons, etc.	PSL loans .	Rural & Social Obligation Norms, invest in fire-brigade etc.
Depositor's loss coverage	DICGC .	Re-Insurance

गरीब कल्याण
/ समाज सेवा करोगे
कि नहीं

निवेशक का पैसा डूब
गया तो कोई संस्था
बचाएगी कि नहीं



Premium
5,000



Death during policy
period
Rs.5cr to family

अगर बीमा धारक मर गया तो परिवार को पैसा
मिलेगा?
 हाँ मिलेगा बेशक



Premium
5,000



Death during policy period
Rs.5cr to family

But what if I don't die?
Will LIC return
my Rs.5000 Premium?

लेकिन अगर बीमा धारक नहीं मरा तो उसने जो फीस दी थी
वह वापस आएगी कि नहीं?



Death during policy period
Rs.5cr to family

Premium
5,000



But what if I don't die?
Will LIC return
my Rs.5000 Premium?

Yes in case of

Wholelife /
Endowment

No in case of

Term Life Policy

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



Re-insurance



IRDAI



FDI

Audio/Video
Problem?

CTRL R

Edu Doubt?
Ask through

Google
Forms

सबसे पहले हम देखें जीवन बीमा
= आप मरेंगे तो परिवार को पैसा मिले



Types of L.I.



LIC

Postal



PM JJBY

Financial Inclusion	RPLI norms: 25%	Credit Rating etc. Exact norms not imp.
Delivery Channel	Bank branch, Business Correspondence Agent (BankMitra)	Insured Intermediaries: (मध्यस्थ/ विचालिया)
		<ul style="list-style-type: none"> - Agents / Brokers. - Banks selling insurance (Bancassurance) - Surveyor/Loss Assessor (सर्वेक्षक). - Third Party Administrators (e.g. Hospital where treatment is given for health insurance)

Handout uploaded

15.3 LIFE INSURANCE (जीवन बीमा)

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

15.3.1 Life Insurance → notable entities in public sector

15.3.1.1 Post Office Life Insurance



- Initially started as postal life insurance for the postal employees (1884), later extended to rural people as well.
- Presently, 6 schemes for govt employees and 6 schemes for rural areas (usually with prefix of "GRAM" e.g. gram Suvidha / Suraksha / Santosh....)

Sampoorna Bima Gram Yojana (2017)

- ✓ by Ministry of Communications (संचार मंत्रालय)
- ✓ In every district, atleast 1 village identified → In that village, cover all households with a minimum of one RPLI (Rural Postal Life Insurance) policy.
- ✓ All villages under the Saansad Adarsh Gram Yojana will also be covered. (REF: More in pillar#5 handout → infrastructure → rural infrastructure).

More GK facts.
Given in handout



govt employees



Villagers



postal life
insurance



loans to
Government



20 min reading
 40 min video

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



Re-insurance



IRDAI



FDI

आगे का मुद्दा
जीवन बीमा निगम क्या करता है



Types of L.I.

Postal



LIC

PM JJBY

Financial		PSL norms, 25%	Credit Rating etc. Exact norms not imp.
Rural & Social Obligation Norms: every year "x"			
Agent (BankMitra)		Holding insurance (Bancassurance)	
Loss Assessor (सर्वेक्षक).			
3rd party Administrators (e.g. Hospital where treatment is given for health insurance)			

15.3 LIFE INSURANCE (जीवन बीमा)

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15.3.1.1 Post Office Life Insurance



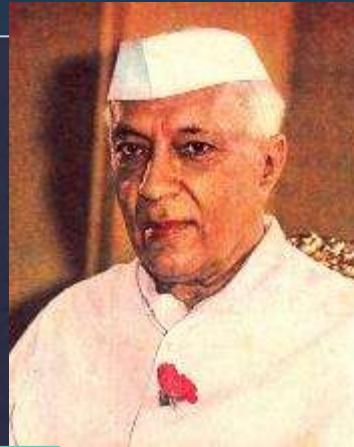
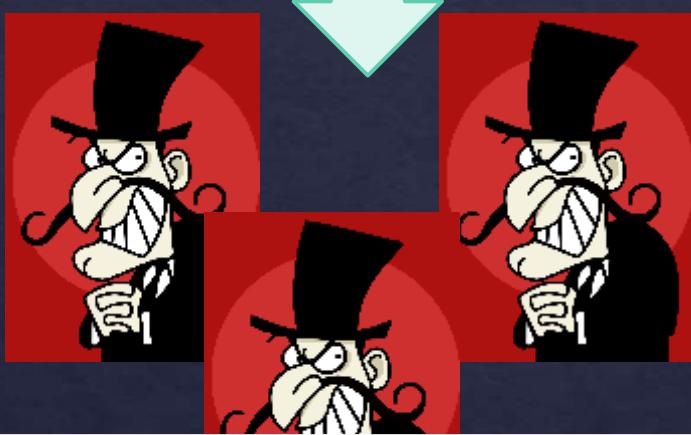
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- Presently, 6 schemes for govt employees and 6 schemes for rural areas (usually with prefix of "GRAM" e.g. gram Suvidha / Suraksha / Santosh....)

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Life Insurance Corporation of India Act 1956

Private sector life insurance companies



Nationalized into



निजी क्षेत्र की जीवन बीमा कंपनियों में भाई भतीजावाद और काण्ड बहुत होते थे इसलिए राष्ट्रीयकरण किया

Hence it's a statutory corporation/company



More GK facts.
Given in handout

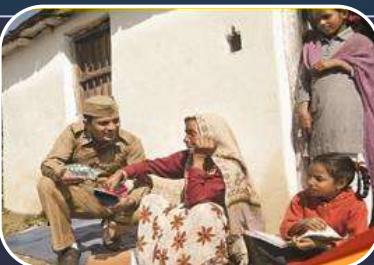
Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



Types of L.I.



Postal



General



Re-insurance



IRDAI

Audio/Video
Problem?

CTRL R

Edu Doubt?
Ask through

Google
Forms



LIC



PM JJBY

मोदी सरकार ने गरीबों के लिए कुछ
नई जीवन बीमा योजनाएं शुरू की



FDI

15.3.2 🔍 Life Insurance Corporation of India (1956)

Handout uploaded

- ✓ To take over/nationalize the private life insurance companies → LIC Act, 1956. So, LIC is a statutory corporation/statutory company. (वैधानिक निगम)
- ✓ Rigveda: "योगक्षेम" (Yogakshema: well being) = name of LIC HQ@Mumbai & its corporate magazine.
- ✓ Gita: "योगक्षेम वहायहम्" (Yogakshemam Vahamyaham:- I ensure safety and well being (of my devotees) = LIC motto.
- ✓ 2018: became majority shareholder in IDBI bank. 2019-March: RBI classifies IDBI as a 'private sector' bank. (More in Pillar#1B1: classification)

15.3.3 🔍 LIC's Disinvestment (2020, विनिवेश)

- ➡ Budget-2020: LIC Act will be amended → LIC will be converted from a statutory corporation into a (listed) Public Limited Company → Initial Public Offering (IPO) → Government will sell part of its shareholding. WHY is Govt doing disinvestment?
 - ⇒ LIC's insurance products come with a sovereign guarantee (संघर्ष गारंटी) by the Govt. So people prefer to buy it over private sector insurance policies. This hampers perfect competition (पूर्ण प्रतियोगिता).
 - ⇒ If Government shareholding ↓ → LIC functioning becomes independent → less financial repression of households (e.g. how LIC bought loss making IDBI under Government's pressure. Ref Pillar#1B-1: Banks' classification).
 - ⇒ So, earlier, International Monetary Fund (IMF, 2018) and Justice B.N.SriKrishna's Financial Sector Legislative Reforms Commission (FSLRC-2011; वित्तीय क्षेत्र विधायी सुधार आयोग) had also advised the same to Government of India.
 - ⇒ Disinvestment = Government will earn some ₹ by selling its shares → welfare schemes. (विनिवेश से कमाई रकम, गरीब कल्याण योजनाओं में इस्तेमाल कर सकती है)

15.3.4 🔍 LIC- Aam Admi Bima Yojana (AABY): OLD SCHEME DONT LOOSE SLEEP

- ✓ 18-59 aged Below Poverty Line (BPL: गरीबी रेखा के नीचे) and marginally above poverty line people.
- ✓ Premium? Rs.200 per year. (out of that Rs. 100 by Union Government. And remaining Rs.100 by either State Government / NGO).
- ✓ Payment? Children scholarship** and ₹30-75k depending on natural death/accidental death / disability.
- ✓ Previously Janshree Bima Yojana -Unorganized workers "group insurance but merged with AABY (2012).
- ✓ Administrative control of this AABY scheme? Previous with DFS, now with Labour Ministry (2017)

FinMin: Dept of Financial Services → Life Insurance → PM JJBY (2015)

प्रधानमंत्री जीवन ज्योति बीमा योजना= किसी भी प्रकार की मृत्यु में ₹200000



1) Premium:
₹ 330/- per person
Per year



2) LIC & even empaneled pvt
Life insurance cos

3) If u don't die,
u get ₹0 back.

Life insurance = if death = family gets money. Subtypes:

Pays Insurance premium



Life Insurance Type	At maturity (if no death)	At death
Whole life : Longer: (e.g. 35 yrs)	Yes insurance premium returned with interest **	YES large amt given
Endowment:shorter(e.g. 10-20)		
Term life (Low premium short term) e.g. 1 year: 2 lakh Insurance for ₹ 330/-	NO, premium will not be returned.	YES large amt given

सुरक्षा बीमा योजना: आकस्मिक मृत्यु या अपाहिज होने पर पैसा मिलेगा



Premium:
₹ 12/- per person
Per year

Pradhan Mantri
Suraksha Bima Yojana



General Insurance
Companies
(public, private sector)

- “Accidental Death”: murder, disaster etc
- ✗ Suicide, alcohol-drugs related death

If not dead but permanent handicap (अपाहिज)

₹2lakh



1 eye/hand/leg=	₹ 1 lakh
2 organs or more lost=	₹ 2 lakh maximum only.

Mrunal's Economy Pillar#1D-1 Insurance Sector → General Insurance

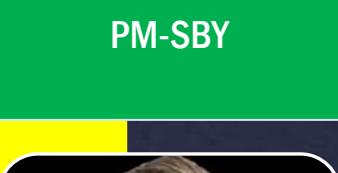
सामान्य बीमा = मृत्यु के अलावा वाली चीजों पर, जोखिम कम करने के लिए दिया जाने वाला बीमा



Life



General



ESIC & Public Sect G.I. Cos

Corona Health Workers 50I



Re-insurance



IRDAI

Audio/Video Problem?



Arogya Sanjivani



Corona KAWACH



PM JAY (5I)



FDI

Edu Doubt? Ask through



PM Fasal Bima

Misc.

15.3.5 PM schemes for Life Insu



Page 203 onw

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

Features	Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJB)	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. 330 per person/ annum	Rs.12/- per person/ annum
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	Accidental Death: murder, natural disaster etc. ₹ 2 lakhs - 1 eye/hand/leg: 1 lakh - 2 organs/>: max. 2 lakhs Suicide, alcohol-drugs related death: not eligible

Neither scheme gives hospitalization cost.

15.4 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.

15.4.1 Public Sector General Insurance Entities

- ⇒ 1948: Employees' State Insurance Corporation (ESIC) under Labour Ministry - through an act of Parliament to protect selected category of workers.
- ⇒ 1957: Export Credit Guarantee Corporation of India (ECGC: नियोत क्रण गरंटी 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 household/businessman.
- ⇒ 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). Later, Govt took direct control over these 4 subsidiaries, and left GIC to take care of re-insurance biz. (पुनःबीमा)

General Insurance → Statutory Corporation → ESIC

मजदूर और मालिक से कुछ पैसा काट के मजदूर को स्वास्थ्य बीमा दे

◆ If preparing for their exam, go through

<https://www.esic.nic.in/attachments/files/faq.pdf>

1948

- Employees' State Insurance (ESI) Act,

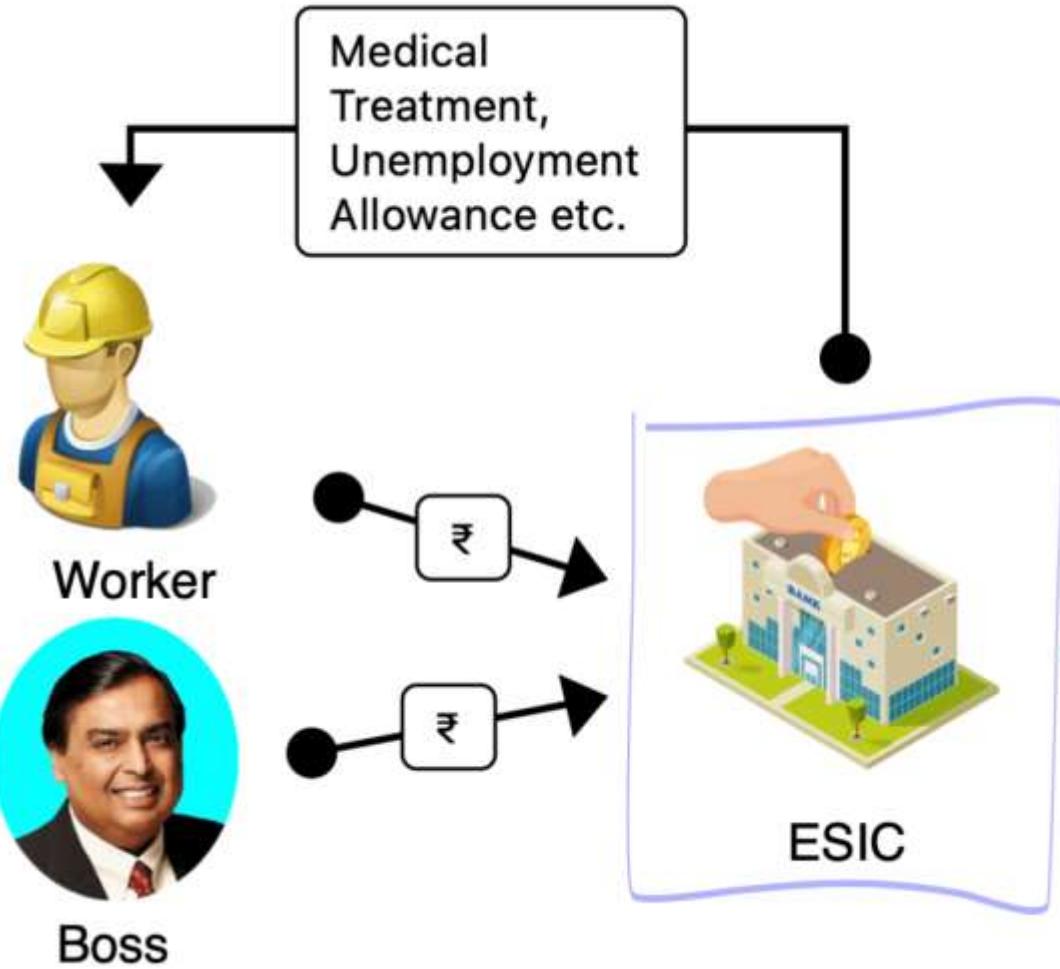
1952

- ESIC corporation starts functioning
- Under Labour Ministry.

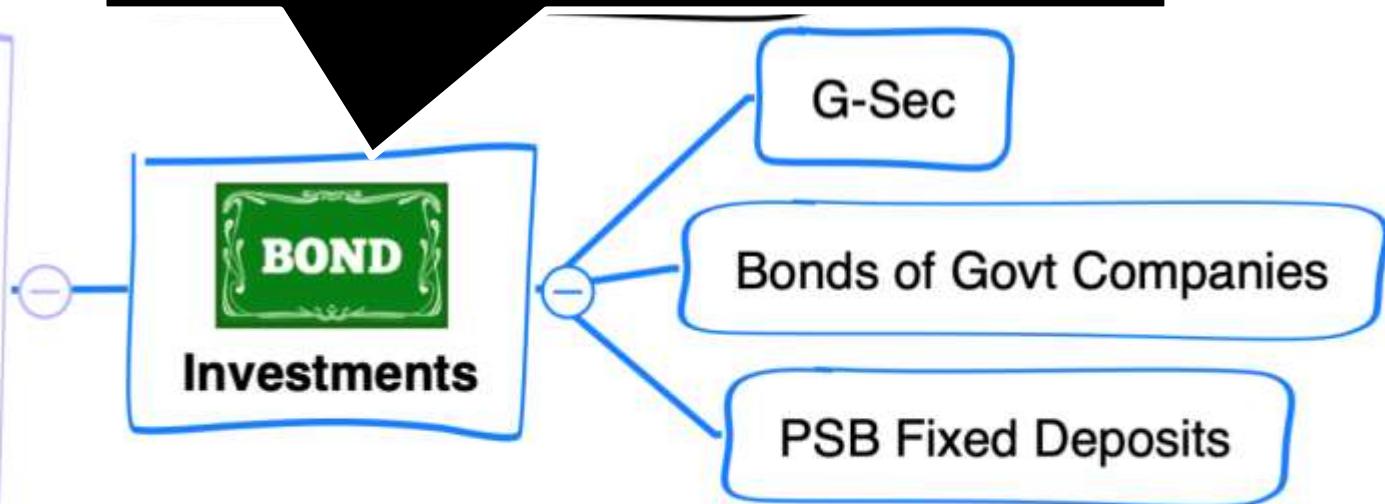


क.सा.बी.नि.
E.S.I.C





+ little bit investment in Sharemarket (from 2022)



मजदूर और उसके मालिक की जेब से कुछ पैसा कटेगा और फिर मजदूर को बीमारी में बेरोजगारी में मदद की जाएगी

ESIC conditions to join **ORIGINALLY**



Any “non-seasonal” establishment
with 10 / > employees



क.रा.बी.नि.
E.S.I.C



✗ seasonal farm-labourers

- ✓ free medical treatment in ESIC hospitals. मुफ्त इलाज
- ✓ unemployment allowance बेरोजगारी भत्ता
- ✓ disability cover etc. अपाहिज होने पर भत्ता

ESIC conditions to join **ORIGINALLY**



✗ seasonal farm-labourers

Any “non-seasonal” establishment
with 10 / > employees



Only if ur salary
<₹21,000/pm

Owner x%



Worker y%

Premium



**क.रा.बी.नि.
E.S.I.C**

CORONA → ATMA NIRBHAR → ESIC coverage expanded

और मजदूरों को इसमें शामिल किया गया

- ESIC compulsory
- 10 या उससे ज्यादा मजदूर काम कर रहे हो तो अनिवार्य था

Before: 10 or more workers



- Hazardous industry= compulsory
- Other industries= voluntary (स्वैच्छिक)

ATMANI: <10 workers

भले 10 से कम मजदूर काम कर रहे हो फिर भी लाभ मिलेगा



क.रा.बी.नि.
E.S.I.C

- ✓ free medical treatment in ESIC hospitals
- ✓ unemployment allowance
- ✓ disability cover etc.



MEDICAL BENEFITS

WE TAKE CARE OF YOUR MEDICAL NEEDS

ESIC provides reasonable Medical Care for self and family from day one of entering into insurable employment.

मुफ्त इलाज



MATERNITY BENEFIT

WELCOME YOUR BABY WELCOME THE BENEFITS

ESIC provides 100% of average daily wages in cash up to 26 weeks in confinement and 6 week in case of miscarriage, during maternity leave and 12 weeks for commissioning mother and adopting mother.

मातृत्व लाभ



DEPENDANTS' BENEFIT

THOSE WHO DEPEND ON YOU ALSO HAVE US TO DEPEND ON

ESIC provides monthly payment apportioned among dependants in case of death due to employment injury

फैक्ट्री में आकस्मिक मृत्यु पर परिजनों को पैसा
+ also in Worker's Corona death

क.रा.बी.नि. E.S.I.C

मजदूर को
यह फायदे मिलते हैं





SICKNESS BENEFIT

SICK LEAVE IS NOT LEAVE OF EARNING

ESIC provides 70% of average daily wages in cash during medical leave, upto 91 days in two consecutive benefit periods.



DISABLEMENT BENEFIT

DISABILITY DOESN'T MEAN INABILITY TO EARN

ESIC provides continuous monthly payment till injury lasts for temporary disablement and for whole life for permanent disablement.



UN-EMPLOYMENT ALLOWANCE

LOSS OF JOB DOESN'T MEAN LOSS OF INCOME

ESIC Provides monthly cash allowance for a duration of maximum 24 months in case of involuntary loss of employment or permanent invalidity due to non-employment injury.

'Atal Bimit Vyakti Kalyan Yojna'.

बीमारी में घर बैठे
रहे तो भी
आंशिक तनख्वाह
मिलेगी



क.रा.बी.नि.
E.S.I.C

फैक्ट्री में
अपाहिज हो गए
तो मुआवजा
मिलेगा

फैक्ट्री बंद होने पर अनैच्छिक
रूप से बेरोजगार हो गए तो
बेरोजगारी भत्ता मिलेगा

Mrunal's Economy Pillar#1D-1 Insurance Sector → General Insurance

सामान्य बीमा = मृत्यु के अलावा वाली चीजों पर, जोखिम कम करने के लिए दिया जाने वाला बीमा



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Corona KAWACH

PM JAY (5I)



IRDAI

Audio/Video Problem?



CTRL R

Edu Doubt?
Ask through

Google
Forms



FDI



PM Fasal Bima

Misc.

15.3.5 PM schemes for Life Insurance & Accidental (Gen) insurance



Figure 1: सरकार भी के मर गए देवदास वाले तो PM-सुरक्षा बीमा योजना से कुछ नहीं मिलेगा।

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

कुछ और
सामान्य बीमा
सरकारी
कंपनियों के बारे
में देखते हैं

General Insurance Nationalisation Act 1972 (सामान्य बीमा राष्ट्रीयकरण कानून)

Private sector General insurance companies



Nationalized into

निजी क्षेत्र की सामान्य बीमा कंपनियों में भाई भतीजावाद और काण्ड बहुत होते थे इसलिए राष्ट्रीयकरण किया



1) New India assurance

2) Natl. insurance

3) United India

4) Oriental

5) GIC

General Insurance → Public Sector ‘Companies’

सामान्य बीमा की सरकारी कंपनियां

1) New India
assurance

2) Natl.
insurance

3) United
India

4) Oriental

4 General
Insurance
Cos.
35%

NABARD
30%

5) Agri. insurance
Company Ltd.
(2002)

GIC
35%



- HQ Location, motto: If preparing for insurance officer / assistant exams.

MORE IN PILLAR #2

GOVERNMENT OWNED

Disinvestment

विनिवेश

100%

95%



govt sells its shares
but keeps min. 51% with govt
सरकार मालिकी अपने हाथ में रखे
लेकिन थोड़े शेयर बेच दे.

Strategic Disinvestment (privatization) निजीकरण

100%

0%



govt no longer keeps
majority shareholding
सरकार मालिकी अपने हाथ में न रखे.

General Insurance Nationalisation Act 1972 → amendment in 2021 (सामान्य बीमा राष्ट्रीयकरण कानून- मैं 2021 में संशोधन के लिए विधेयक)

1) New India assurance

2) Natl. insurance

3) United India

4) Oriental

5) GIC



How to remove legal hurdles in their privatization?

इनके निजीकरण में कानूनी बाधाओं को कैसे हटाएँ

General Insurance Business (Nationalisation) Amendment Bill, 2021

1. Minimum **51% shareholding** need not be in Government's hand. बहुमत शेयरहोल्डिंग सरकार के पास होना अनिवार्य नहीं
2. कानून में सुधार के बाद सरकार के लिए इन सरकारी बीमा कंपनियों का निजीकरण करना होगा आसान

Mrunal's Economy Pillar#1D-1 Insurance Sector → General Insurance

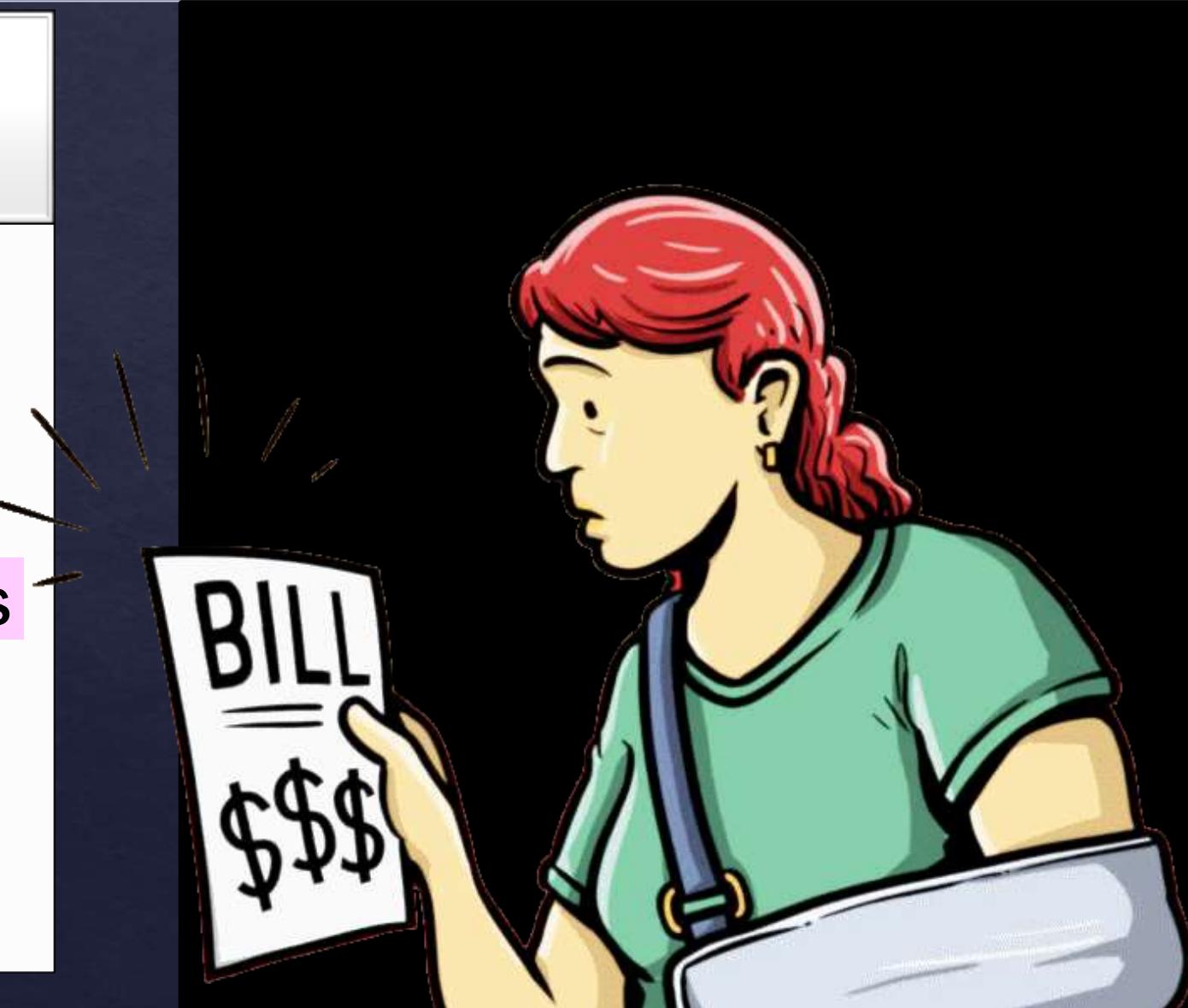
सामान्य बीमा = मृत्यु के अलावा वाली चीजों पर, जोखिम कम करने के लिए दिया जाने वाला बीमा

	<input checked="" type="checkbox"/> Life				
	General	PM-SBY	ESIC & Public Sect G.I. Cos	Corona Health Workers 50I	
	Re-insurance				
	IRDAI	Audio/Video Problem?	Arogya Sanjivani	Corona KAWACH	PM JAY (5I)
	FDI	CTRL R			PM Fasal Bima
	Edu Doubt? Ask through Google Forms			Misc.	<p>Black boxes = Deleted from handout . Outdated for 2023 / 2024 cycle</p> <p>15.4.1.1 ➡ 1948: Employees' Provident Fund Act - an act of Parliament. ➡ 1957: Export Credit Guarantee Council (Exim Bank/NBFC) under Commerce Ministry. ➡ 1961: DICGC Act: banks must buy re-insurance from it. Although not considered a General Insurance Company in text, it is because doesn't directly sell insurance policy to any individual household/businessman. ➡ 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). Later, Govt took direct control over these 4 subsidiaries, and left GIC to take care of re-insurance biz. (पुनःबीमा)</p>

General Insurance → Health Insurance Types (स्वास्थ्य बीमा के प्रकार)

Fixed Benefit (निश्चित लाभ)

- Fixed payment given depending on illness.
- “if you get cancer → we'll give you ₹50 lakhs.”
- Doesn't matter, if hospital bill was ₹10 lakh or ₹60 lakh-
- हाँस्पिटल का चाहे कितना खर्चा आये-
- हम आपको एक निश्चित रकम ही देंगे



General Insurance → Health Insurance Types (स्वास्थ्य बीमा के प्रकार)

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- हम आपको एक निश्चित रकम ही देंगे

Indemnity Based (क्षतिपूर्ति आधारित)

- Upto to the “actual hospitalization cost” from the total insured sum
- (e.g. 5lakh ki policy)
 - IF Actual bill ₹1.5l=₹1.5l
 - IF Actual bill ₹6l=₹5
 - जितना बिल आएगा उस सीमा में पैसा देंगे



General Insurance → Health Insurance in India



10 crore poor families of India

- PM-JAY 5lakh insurance (indemnity) प्रधानमंत्री जन आरोग्य योजना
- Premium? FREE (govt will pay)



Lower middle class worker (salary <21k/pm)

- Premium? ESIC wherein worker x% + owner y%



Indemnity based
क्षतिपूर्ति आधारित



Other Middle class & Rich people?

Have to buy own policy. खुद के पैसो से खरीदनी होगी

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



Handout by tomorrow 7PM

Actual treatment cost 210/- irrespective of actual

WHY?

?



General

PM-SBY

ESIC &
Public Sect G.I. Cos

Corona Health
Workers 50I



Re-insurance



Arogya Sanjivani

Corona KAWACH

PM JAY (5I)

Sub Scheme for J&K &
CAPF

Fee? One-time registration ₹ 20/- No premium by beneficiaries. Can't raise premium

Both RSBT and SCHIS are subsumed in PM-JAY (2018)

for

Challenges?

Figure 4: What do you think about this chart?

ES21 ?



IRDAI



PM Fasal Bima

Misc.



FDI

	
Rashtriya Swasthya Bima Yojana (2008)	
Coverage per family	Upto Rs.30,000
How many persons covered?	 upto 5 people per family
How many families covered?	LESS

पहले गरीबो के मुफ्त **health insurance** के लिए ये योजना थी।
राष्ट्रीय स्वास्थ्य बीमा योजना

30,000 तक हॉस्पिटल बिल माफ़।

एक परिवार के महत्तम पांच सदस्यों को ही कवर किया जाता था।

		
	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

30,000 तक हॉस्पिटल बिल माफ़।

घर के सभी सदस्यों को कवर किया।

दस करोड़ परिवारों को लाभ

ये योजना कौन चलाता है?

			
	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	





Ayushman Bharat



Hospital
upgrade



Health
Insurance
(PM-JAY)



पुरानी योजनाओं को विलीन कर दिया

Subsumed

1. Rashtriya Swasthya Bima Yojana (RSBY)
2. Senior Citizen Health Insurance Scheme (SCHIS)

Budget-2018



Ayushman Bharat



Hospital
upgrade



Health
Insurance



- Existing 1.5 lakh Primary health centres (PHC) → transform to → **Health & Wellness Centres (जीर्णोद्धार)**
- Free drugs, checkup, mother-child care
- प्राथमिक स्वास्थ्य केंद्र में सामान्य बीमारियों का मुफ्त इलाज



Budget-2018



Ayushman Bharat



Hospital
upgrade



Health
Insurance



- Existing 1.5 lakh Primary health centres (PHC) → transform to →
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- Free drugs, checkup, mother-child care
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- National Health Protection Scheme (AB-NHPS)
- Later renamed '**PM Jan Arogya Yojana (PMJAY)**'
- = free health insurance for poor families **गरीब परिवारों का मुफ्त स्वास्थ्य बिमा**

PM-Jan Arogya Yojana: salient features, benefits?

सालाना ₹5,00,000 का स्वास्थ्य बीमा किन परिवारों को मिलेगा?



1) Socio-Economic Caste Census (SECC-2011).

More in Pillar#6 Poverty

8cr
Rural



2cr
Urban



=
10cr
families

सामाजिक-आर्थिक जाति जनगणना
के हिसाब से अगर आपका परिवार
गरीब होगा तो आपको लाभ मिलेगा



PM-Jan Arogya Yojana: salient features, benefits?

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सामाजिक-आर्थिक जाति जनगणना
के हिसाब से अगर आपका परिवार
गरीब होगा तो आपको लाभ मिलेगा



- ✓ No age limit
- ✓ No limit on family size (dozen children)
- ✓ 5 lakh cover per family

PM-Jan Arogya Yojana: salient features, benefits?

◆ Primary health Centre (=already free)



◆ Health Insurance upto **Rs 5 lakh per family**, per year → अगर बड़ी वाली हाँस्पिटल में दाखिल होना पड़े तो ही



◆ **secondary** hospitalization (block-district level hospitals)

◆ **Tertiary** hospitalization (ICU, AIIMS & other specialized hospitals).

◆ All public hospitals and state Govt empaneled private hospitals.



PM-Jan Aroygya Yojana: salient features, benefits?

- ◆ All pre-existing disease are covered. पहले ही दिन से
बीमार थे तो भी मुफ्त इलाज होगा
- ◆ Pre and post hospitalization & medicine expense.
- ◆ cashless and paperless access [NITI partnered
portal, privacy protection]
- ◆ Presently, beneficiary given a golden card given
but in future, Aadhar number may be enough.



Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



Re-insurance



IRDAI



FDI



PM JAY (5I)



PM Fasal Bima



Misc.

Type
"Indemnity" = up to treatment, subject if ₹5 lakh ki policy
⇒ Actual treatment cost 2 lakh → Inverse of actual

Page 203 onw

WHY?

Features

Sub Scheme for J&K & CAPF

Funding

Challenges?

ES21 ?

(Batch:PCB1) Mrunal's Economy Pillar#1D: Insurance,Pension,FinInclusion → Page 158.



Ayushman Bharat



Hospital
upgrade



PMJAY = 5L
Health
Insurance



Rest of India
(PM-JAY-
2018)



Only Poor
People
(SECC)



J&K (PM-
SEHAT-2020)



ALL Resident



Ayushman -
CAPF-2021



CAPF & their
families



सिर्फ गरीबों के लिए

सभी निवासियों के लिए

केंद्रीय सशस्त्र पुलिस बल

Assam Rifles

Border Security
Force (BSF),

Sashastra Seema
Bal (SSB)

Central Reserve
Police Force
(CRPF)

Central Industrial
Security Force
(CISF)

National Security
Guard (NSG)

Indo-Tibetan
Border Police
(ITBP)

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



PM-SBY

ESIC &
Public Sect G.I. Cos

PM JAY (5I)



Re-insurance



PM Fasal Bima

Misc.



IRDAI



FDI

Type "Indemnity" = up to treatment, subject if ₹5 lakh ki policy
⇒ Actual treatment cost 2 lakh → Incentive of actual

Page 203 onward

WHY?

Features

Sub Scheme for J&K & CAPF

Funding & Implementation

Challenges?

ES21 ?

(Batch:PCB1) Mrunal's Economy Pillar#1D: Insurance,Pension,FinInclusion → Page 158.

2019 → National Health Agency renamed → National Health Authority

राष्ट्रीय स्वास्थ्य प्राधिकरण → प्रधानमंत्री जन आरोग्य योजना को लागू करता है

◆ To implement PM- Jan Arogya Yojana (PM-JAY).

◆ It's “Attached Office” with health ministry, not statutory body. सलंग्र ऑफिस यानी उनके काम में मंत्री की दखल कम होती है

◆ Attached office has more operational independence from ministry, than a traditional dept. day2day not required to inform minister



PMJAY Funding Pattern before removing Art 370 (more in pillar2)

योजना का खर्च कोन देता था?

A	"Special Category States" (more in Pill#2) <ul style="list-style-type: none">- North-Eastern States, and- Himalayan Hilly States: J&K, Himachal Pradesh and Uttarakhand	Union 90: State 10
B	<ul style="list-style-type: none">- Other States: who are not in above category (UP, Bihar, etc.)- Union territory (UT) with legislature: Delhi, Puducherry	60:40 
C	<ul style="list-style-type: none">- UT without legislature: Andaman Nicobar etc.	100% 

PMJAY Funding Pattern after removing Art 370 (2019)

A	<p>"Special Category States"</p> <ul style="list-style-type: none">- North-Eastern States, and- Himalayan Hilly States: J&K, Himachal Pradesh and Uttarakhand	Union 90: State 10
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PMJAY Funding Pattern after removing Art 370

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C	<ul style="list-style-type: none">- UT without legislature: Ladakh, Andaman Nicobar etc.	100%

Thinking of creating new category 'Hill Union Territory' so J&K may get 90:10
<update when done>

Budget-2020 on Ayushman Bharat (More in Pillar2)



पिछड़े जिलों में और ज्यादा
अस्पताल बनाएंगे ताकि गरीबों का
इलाज हो सके



Imported medical
Devices pe TAX:
Govt ₹

Pvt sector
₹

Build hospital in Public Private Partnership
(PPP) (More in Pill5)

NITI VC

Suman Berry



Patient can actually
avail the scheme



In **Aspirational (=backward)** districts
identified by NITI Aayog

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



Type
"Indemnity" = up to treatment, subject to if ₹5 lakh ki polis
⇒ Actual treatment cost ₹2 lakh → Indemnity of actual

Page 203 onward

WHY?



General

PM-SBY

ESIC & Public Sect G.I. Cos

Corona Health Workers 50I



Re-insurance



Arogya Sanjivani

Corona KAWACH

PM JAY (5I)



IRDAI

आसानी से समझ में
आ जाए अच्छी
सीधी-सादी पॉलिसी
दे दो



PM Fasal Bima



Misc.



Sub Scheme for J&K & CAPF



Funding & Implementation



Challenges?



ES21 ?



FDI

PM-JAY: challenges



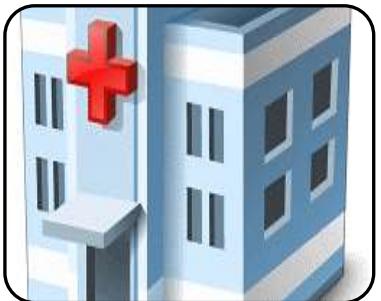
😢 Cooperative federalism spirit is missing

- W.Bengal, Rajasthan and few other states not joining
- कुछ गैर बीजेपी राज्य शामिल नहीं हो रहे



😢 funding: insufficient.

- बजट में जो पैसा दिया है वह पर्याप्त नहीं है



😢 Infrastructure

- #doctors, #hospital = insufficient.



Shifted to Mains

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



PM-SBY

ESIC &
Public Sect G.I. Cos

PM JAY (5I)



Re-insurance



IRDAI

Audio/Video
Problem?



CTRL R



PM Fasal Bima



Misc.



FDI

Edu Doubt?
Ask through



FAQ [Asked in UPSC-Pre-2012] Consider the following:

- 1) Hotels and res...
 - 3) Newspaper est...
 - The employees o...
- (a) 1, 2 and 3 on

Page 203 onw

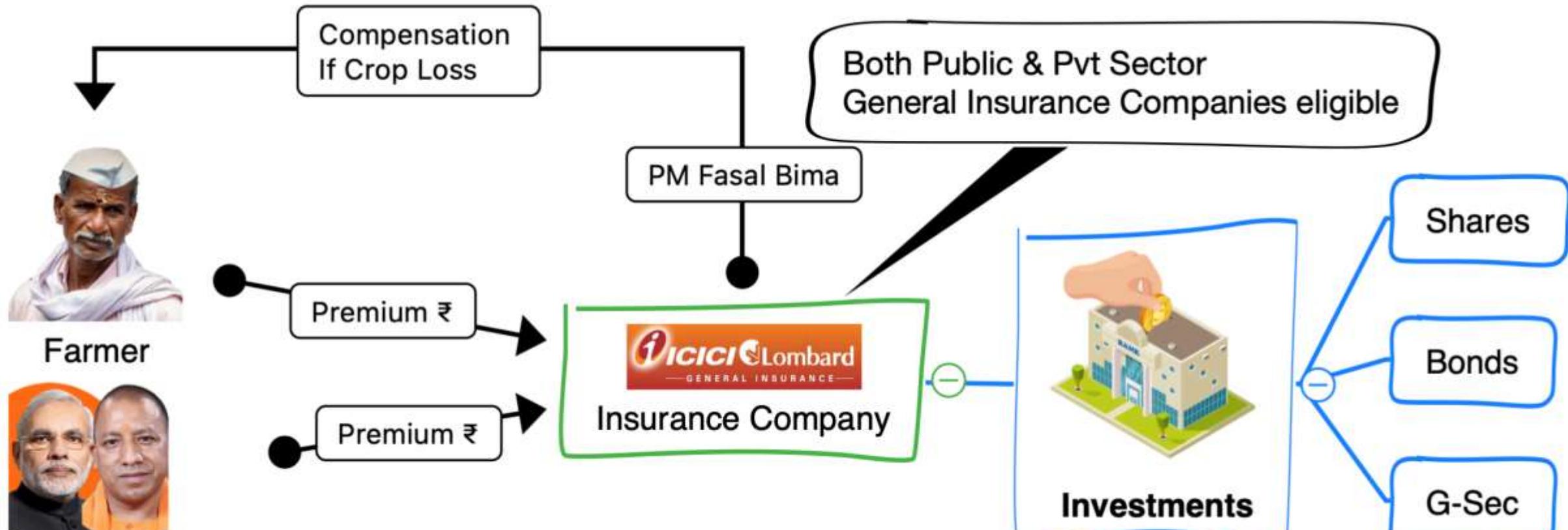
15.4.3 Gen Insurance → Corona Warrior ₹50 lakh cover (2020-March)



- ⇒ ATMANIRBHAR → PM Garib Kalyan → ₹50 lakh accident insurance scheme cover for health workers involved in managing the Coronavirus such as doctors, nurses, paramedical staff, ASHA workers etc.
 - If corona illness death / corona duty related accidental death (like mob lynching & stone pelting) = family gets ₹50 lakhs.
 - If corona led illness but recovered AND NOT DIED = no ₹ given to anyone. (beez presumed that health worker will get free treatment in Government hospital)
- ⇒ Age limit? None.
- ⇒ Company? New India Assurance, a public sector general insurance company.
- ⇒ Who pays premium? Ministry of Health and Family welfare
- ⇒ Duration? Upto 2020-September. (Although govt may extend it longer, dynamically changing information. Don't loose sleep)

15.5 GEN → HEALTH INSURANCE SCHEMES (स्वास्थ्य बीमा योजनाएं)

Fixed Benefit (निश्चित लाभ)	Indemnity Based (क्षतिपूत्र आधारित)
Fixed payment given depending on illness.	Upto to the "actual hospitalization cost" from the total insured sum.
⇒ If the Policy agreement said "if you get cancer, we'll give you ₹50 lakhs."	"Indemnity" = upto actual cost in treatment, subject to max limit. so, if ₹5 lakh ki policy=
⇒ So, even if a patient spends ₹10 lakh on hospitalization, still the company will pay ₹50L.	Actual treatment cost ₹2 lakh → company pays only ₹2 lakh
	Actual treatment cost ₹7 lakh → company pays max ₹5 lakh
	Further Subtypes
	⇒ Cashless policy: patient simply goes to an empanelled hospital = free treatment.
	⇒ Non-Cashless policy: patient first pays hospital bill from own pocket → submits bills to insurance company → gets refund.



Union & State Govt

General Insurance → Crop insurance schemes

- थोड़ा प्रीमियम सरकार भरेगी
- थोड़ा प्रीमियम किसान भरेगी
- फसल बर्बाद हुई तो किसान को मुआवजा देंगे



Premium

No crop loss,
then no payment.



Payment

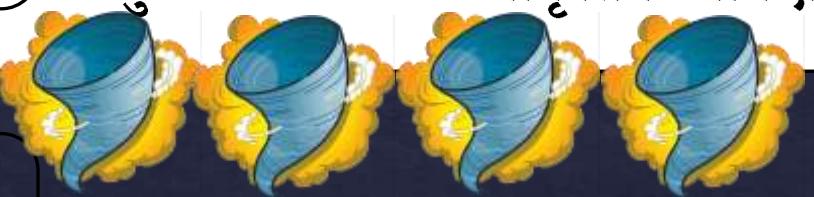


फसल बीमा योजना में क्या-क्या लाभ दिए जाते हैं



Protects against natural calamities

- before, during and after harvest.
- E.g. cyclone, unseasonal rains, landslide, hailstorm, flood, drought...
- फसल की कटाई कर ली थी लेकिन बाढ़ में फसल बह गई तो भी मुआवजा मिलेगा- प्राकृतिक आपदाओं में मुआवजा



Premium



Protects against pests & diseases.

- किटक और बीमारियों से नुकसान तो भी मुआवजा



United India Insurance



How can farmer join PM-FBY?- फॉर्म कहां मिलेगा



1

- Agriculture Insurance Company of India Limited (AIC)

Other
public
sector Cos

- 4 (Govt) General Insurance cos.
- SBI general insurance etc.

Private
insurance
cos

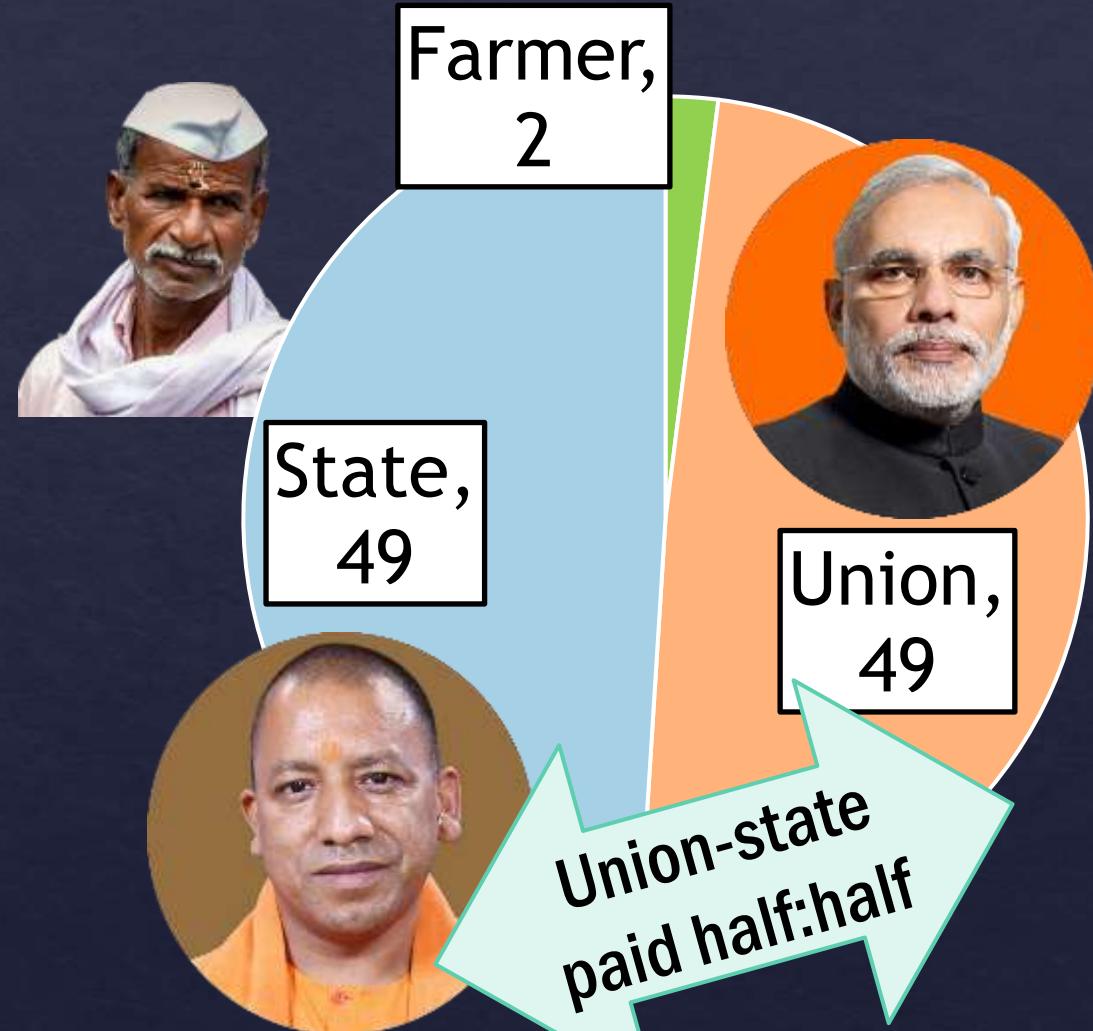
- Empaneled Private insurance cos.
E.g. ICICI Lombard.



But, only 1 insurance company allowed
in a given cluster of districts. 1 जिले में सिर्फ एक ही कंपनी काम करेगी

Kharif wheat crop insurance premium is ₹100, per hectare of wheat

बीमा किस्त कौन भरेगा?



Union-state
paid half:half

Kharif wheat crop insurance premium is ₹100, per hectare of wheat

बीमा किस्त कौन भरेगा?

Kharif: Food,
Oilseed

- 2% farmer pays



Farmer,
2

Rabi: Food,
Oilseed

- 1.5%



State,
49

Annual
Commercial /
Horti. Crops

- 5%



Union,
49

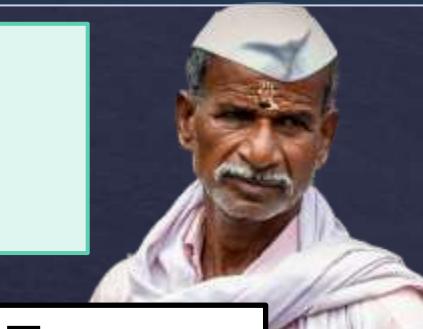
Union-state
paid half:half

2020-reform: PM Fasal Bima Reforms in cost sharing?

केंद्र और राज्य-खर्च हिस्सेदारी में कुछ सुधार किए गए

If Kharif
Premium
₹100

Farmer,
2



Union,
30

State,
68

Non-NE states:
Our burden

How much premium will union pay?

If un-irrigated
land

• 30%

Irrigated

• 25%

NorthEast

• 90%

2020: PM Fasal Bima Reforms

Before



Farm loan चाहिए तो
फसल-बीमे का सर्टि दिखाओ



Farmer had to
compulsorily buy
insurance, IF
taking farm loans

After



Voluntary



भारतीय स्टेट बैंक
State Bank of India
हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN

नहीं लूँगा बीमा।
फिर भी लोन देना होगा!



भारतीय स्टेट बैंक
State Bank of India
हर भारतीय का बैंक
THE BANKER TO EVERY INDIAN

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General

PM-SBY

ESIC &
Public Sect G.I. Cos

Corona Health
Workers 50I



Re-insurance



Arogya Sanjivani

Corona KAWACH

PM JAY (5I)



IRDAI



PM Fasal Bima

Misc.



FDI

- Nodal Minister empanelled
- Challenges? claims quickly

Page 203 onw

Before-2020	From 2020-Kharif
Suppose a kharif crop insurance premium = ₹100. ⇒ Farmer paid ₹2 of the premium. ⇒ Union paid ₹2 + 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 (जिबायी) for farmer to buy this insurance policy, if he wanted crop loans from bank.	Voluntary (स्वीकृतिक) for farmers.
Multiple Perils (एकाधिक आपदा) covered such as flood, drought, hailstorm. But, farmers in Rajasthan had no fear of floods.	'Single-peril' (एकाधि आपदा) Insurance can be taken e.g., "protection only against drought." This will help reduce premium amount.
Government allotted a district /area to an insurance company for usually 1 year.	Minimum 3 years. And if company shows outstanding performance then even more years may be granted. This will encourage companies to invest more in the marketing & insurance agent network.
--	Updated the methodology for assessment of crop loss

Controversy: W.Bengal Implemented scheme in 2016 to 2018 but then stopped it, & launched its own Bangla Fasal Bima Yojana (2019) so cooperative federalism missing.

15.6.3 Other Agriculture Insurance Schemes?

- 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. नेशनल एंड मॉडिफाइड एनएआईसीसी में फासल भारा गयी.

15.6.4 Insurance to Banks on Exporters'HPA → NIRVIC Scheme (2019)

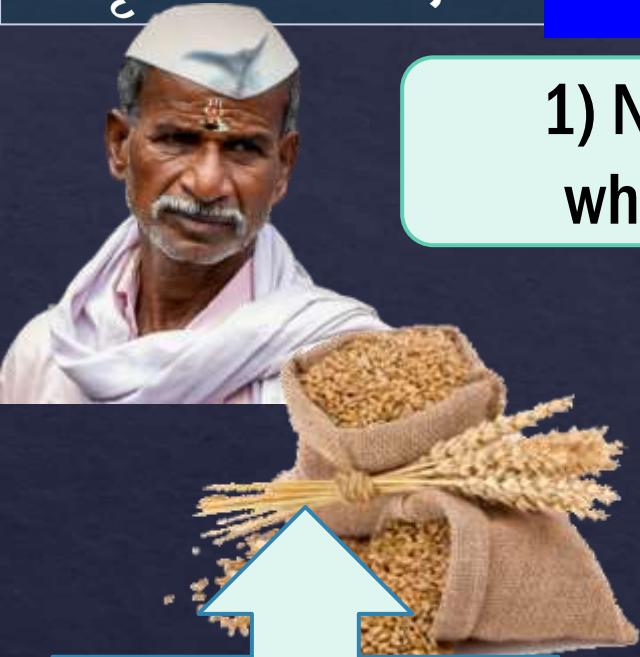


Boss? Commerce Ministry → Export Credit Guarantee Corporation (ECGC)

- ✓ NIRVIC (Niryat Rin Vilkas 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%)

Why do we need Catastrophe Insurance? (आपदा बीमा)

प्राकृतिक आपदा में गरीबों के घर और मवेशी बहु जाते हैं उसका मुआवजा सरकार ने देना पड़ता है



1) Natural disaster:
what is 'insured'?



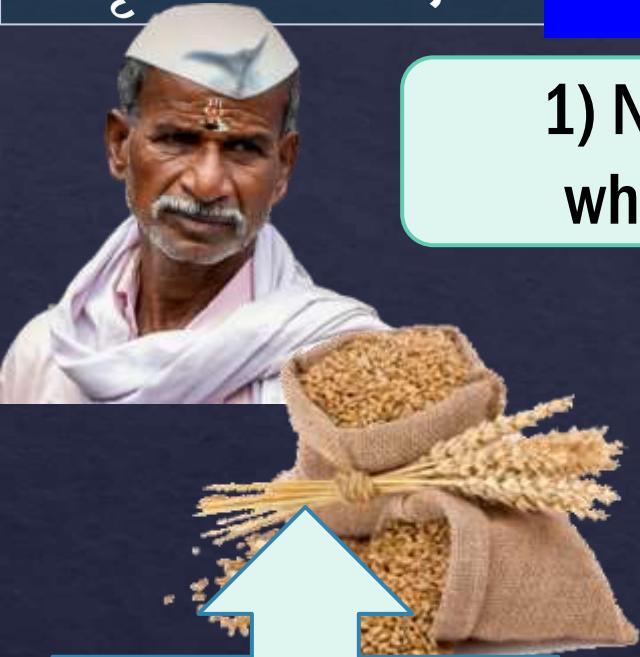
2) Insurance
Company pays
PM-Fasal Bima

3) Tax payers' money →
Govt pays **ENTIRE relief ₹**
for home/cattle loss.



Why do we need Catastrophe Insurance? (आपदा बीमा)

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Company pays
PM-Fasal Bima

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Govt pays **ENTIRE relief ₹**
for home/cattle loss.



4) **Planning CAT Insurance
products to cover all losses.
Benefit?**

● Tax payers' money saved

<update when actually done>

General Insurance- Misc Schemes 1 liners



Standardized home/factory insurance policies as per IRDAI Order

- 1) Bharat Griha Raksha,
- 2) Bharat Sookshma Udyam Suraksha
- 3) Bharat Laghu Udyam Suraksha
- Fire, natural disaster etc.

घर या फैक्टरी में आग लग जाए उसके नुकसान की भरपाई के लिए बीमा



Clinical Trial Liability Insurance

- Type: General Insurance Cover
- Objective: Protect the pharma company From legal expenses/Lawsuits, if a volunteer patient suffers damage/death in clinical trials. (कोई स्वयंसेवक रोगी नैदानिक परीक्षणों में क्षति / मृत्यु → फार्मा कंपनी को बचाने के लिए)



Chennai Covishield volunteer to move court against Serum Institute

Serum Institute of India said the volunteer was "falsely laying the blame for his medical problems on the vaccine trial"



तुम्हारी वैक्सीन परीक्षण में
हिस्सा लिया मैं बीमार हो गया
मुझे ₹100 crore दो
मुआवज़े के रूपए



General Insurance- Misc Schemes 1 liners



Standardized home/factory insurance policies as per IRDAI Order

- 1) Bharat Griha Raksha,
- 2) Bharat Sookshma Udyam Suraksha
- 3) Bharat Laghu Udyam Suraksha
- Fire, natural disaster etc.

घर या फैक्टरी में आग
लग जाए उसके नुकसान
की भरपाई के लिए बीमा



Clinical Trial Liability Insurance

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NIRVIK (Niryat Rin Vikas Yojana): Export Credit Insurance Scheme (ECIS).



1) He 'buys'
credit insurance

2) Defaulted on ₹100 loan



3) Pays ₹90

निर्यातकर्ता
बैंक का लोन नहीं
चुकाएगा
तो बैंक लोन के
नुकसान की
भरपाई करेगा

ECGC



Statutory corp under Commerce ministry

Moral outrage is not required

Why would exporter buy “insurance” to cover bank’s losses? लेकिन कोई व्यापारी क्यों ऐसा बिमा लेगा

Ans.

- ◆ Bank may not pass his loan, unless he’s giving such guarantee. वरना बैंक और उसका लोन-अर्जी पास नहीं करेगा

Q. NIRVIC is not “insurance” but “Credit guarantee” like Standup India/Mudra etc which we’ll learn in 1D.

Ans.

- ◆ Correct but, govt press release labelled it as “Export Credit Insurance Scheme (ECIS).” hence given here.



Third Party Motor Vehicle Insurance

- requires all motor vehicle owners to purchase it. (statutory required)
- When your vehicle hits another vehicle, person or property→
- victim (third party) registers a case, gets ₹₹ compensation.
- IRDAI regulates premium

एक्सीडेंट हो गया, रब्बा रब्बा

1

owner



3

victim

Premium

Compensation

2



General Insurance→ Motor Vehicle

Third Party (TP) Motor Vehicle Insurance

- requires all motor vehicle owners to purchase it. (statutory req)
- When your vehicle hits another vehicle, person or property→
- victim (third party) registers a case, gets ₹₹ compensation.
- IRDAI regulates premium

Own Damage (OD) Insurance

- This is not statutory req.
- It protects the owner of the vehicle against theft, vandalism, accident, fire.



मेरी खुद की गाड़ी टूट गई^ई
उसका पैसा कौन देगा 😠



United India Insurance

car insurance premium



safe driver

₹2000

AFTER de-tariffication

₹1500



risky driver

₹2000

₹5000

car insurance premium



safe driver

₹2000



risky driver

₹2000

AFTER de-tariffication

₹1500

₹5000



- ऐसा चीन में हो रहा है.
- जिसके चलते सुरक्षित रूप से गाड़ी चलाने वाले लोगों के लिए
- कार बीमा प्रीमियम पहले से ज्यादा किफायती/सस्ते हो गए हैं

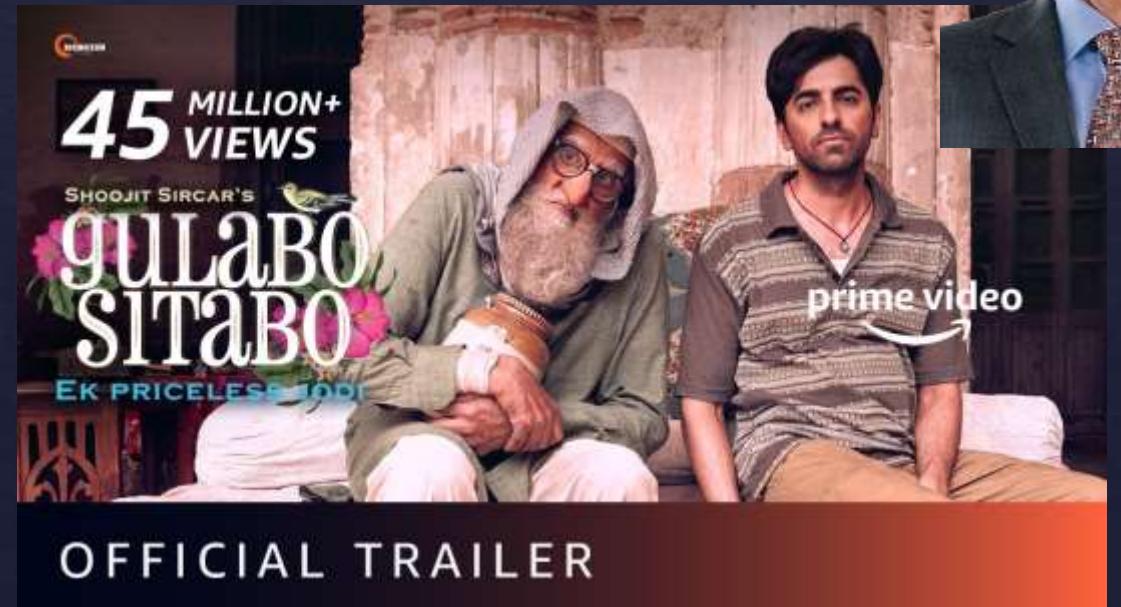


Eco Survey 2023

Title insurance-जमीन और मकान की मालीकी के कानूनी दांवपेच में फंस गए तो नुकसान की भरपाई कौन करेगा

'Title' means the legal document showing ownership of a property.

'Title dispute': usually when multiple persons are claiming ownership of the same land / building.



2) Building home



3) We've paid
partial money
to builder.



Title insurance-जमीन और मकान की मालीकी के कानूनी दांवपेच में फंस गए तो नुकसान की भरपाई कौन करेगा

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Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General



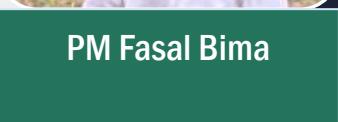
Re-insurance



IRDAI



FDI



15.7 Re-insurance (पुनर्बीमा)

- DICGC Act (1961) requires banks to take deposit insurance from DICGC. Similarly, Insurance Act (1938) requires insurance companies take 're-insurance' on their biz.
- Previously, only GIC was the sole-reinsurer, but then norms liberalized (2015). New 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) are permitted.
- **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.
- **(Full) Budget 2019:** Technical Norms relaxed to attract foreign reinsurers to open branches in India.

15.8 IRDAI: THE INSURANCE SECTOR REGULATOR

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

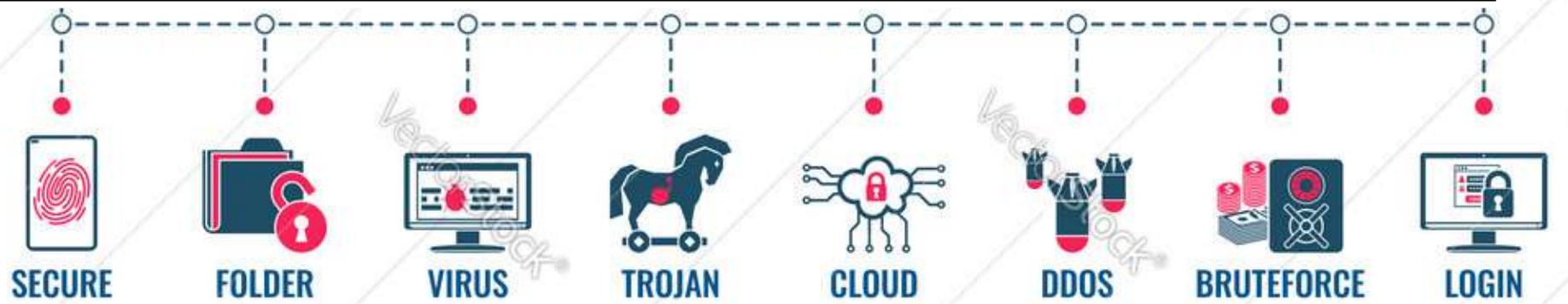
15.9 CHALLENGES TO INSURANCE INDUSTRY (चुनौतियाँ)

- 1) Capital intensive industry (पूँजी प्रधान उद्योग): Private players not generating enough profits due to poor returns in sharemarket. Bleeding in commission rates and marketing.
- 2) Products are not cheap.
- 3) Insurance agents need more skill, network than banker. For bankers- loan recovery easier (SARFAESI, IL&FS) compared to an insurance company that invested into shares/bonds of a failing company (like IL&FS).
- 4) Rural people: either disinterested / un-served despite schemes & IRDAI norms.
- 5) People hesitate in buying House / Factory / Fire / Theft insurance due to fear of raids & ransom demands. As a result, India's assets are not insured.
Healthcare: highly unregulated, so between (doctors-hospitals) vs. patients. treatment costs difficult to ascertain, unlike car damage. Fewer repeat customers for health insurance.

Pending.



Cyber insurance protects person / company
against these problems



कंप्यूटर/सायबर अपराधों
के साथ जुड़े जोखिमों के
लिए बीमा

Limits (Sum Insured)	50,000	100,000	500,000	2,000,000
Individual	1,410	1,938	3,524	6,167



**Life
insurance**

car insurance

**health
insurance**

**e-Insurance accounts
(NSDL etc)**



- **policy renewal**
- **expiry date etc.**
- **check @one place**

**बीमा दस्तावेजों
को डिजिटल रूप
से one-place
संग्रहित करना**

Mrunal's Economy Pillar#1D-1 Insurance Sector



Life



General

PM-SBY

ESIC &
Public Sect G.I. Cos

Corona Health
Workers 50I



Re-insurance

बीमे का
बीमा



IRDAI



FDI



Arogya Sanjivani

Corona KAWACH

PM JAY (5I)



PM Fasal Bima

Misc.

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- 4) Rural people: either disinterested / un-served despite schemes & IRDAI norms.
- 5) People hesitate in buying House / Factory / Fire / Theft insurance due to fear of discovery of 'asset value'. IT/GST raids & ransom demands. As a result, India's "insurance gap" is high i.e. all the assets are not insured.
- 6) Insurance: Highly regulated, but **Healthcare: highly unregulated**, so
 - o Supply demand mismatch: between (doctors-hospitals) vs. patients.
 - o Standardized medical treatment costs difficult to ascertain, unlike car damage.
 - o Delays in claim settlement= fewer repeat customers for health insurance.



Re-insurance...



Banks



Deposit insurance



DICGC
[Max. 5 lakh rs.]

Ref: 1B



Deposit Insurance and
Credit Guarantee
Corporation



Banks

Deposit insurance

DICGC
[Max. 5 lakh rs.]

Ref: 1B



Deposit Insurance and
Credit Guarantee
Corporation

Re-insurance...

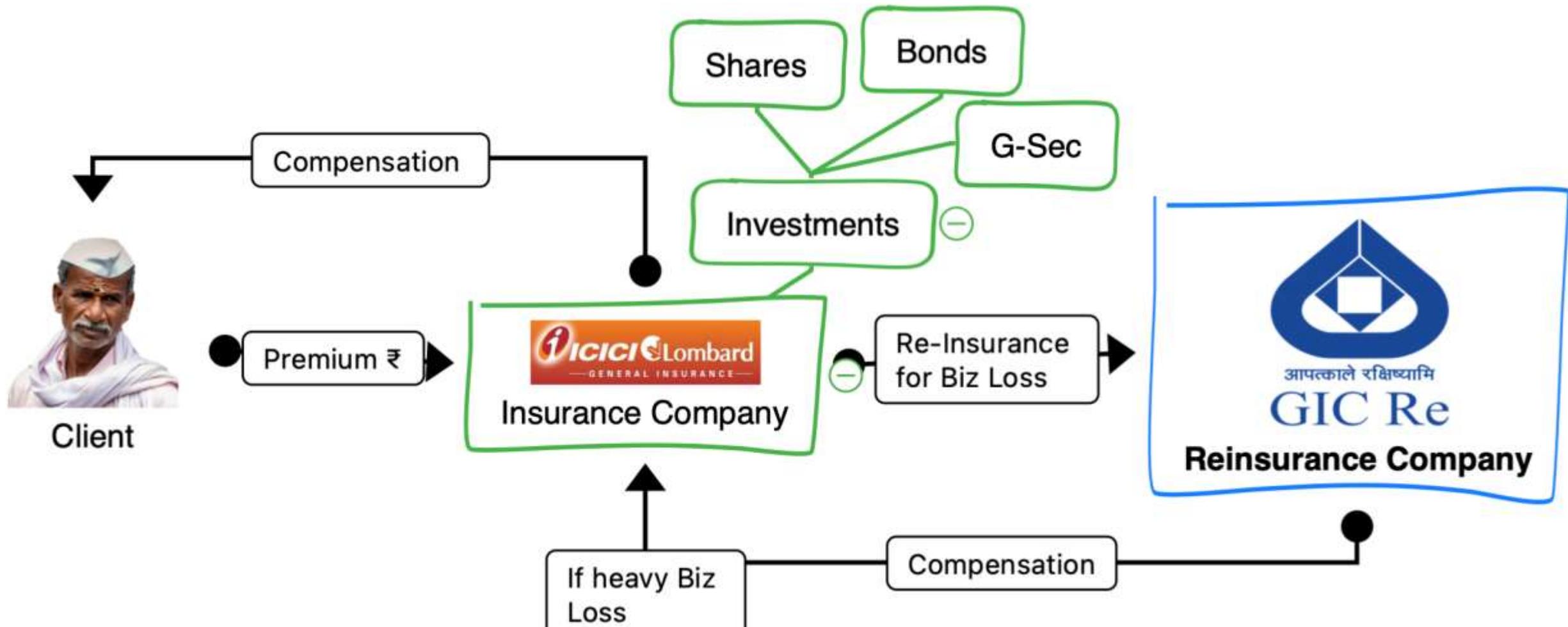
Insurance Cos.

Insurance on their biz

REINSURANCE
Cos.



Insurance company itself taking 'insurance' on its business. बीमा कंपनी खुद के धंधे की बर्बादी से बचने का बीमा किसी से खरीदें



BEFORE: only 1 Re-insurance Company



Premium: 100



BEFORE: only 1 Re-insurance Company



Premium: 100



After: More Re-insurance Companies allowed → competition



Premium: 100



Premium: 80



Premium: 70



More reinsurance cos
= My operational cost
will ↓ ☺☺



PANDEMIC RISK POOL proposal by IRDAI

सरकार और बीमा कंपनियां इसमें पैसा जमा करेगी ताकि महामारी में बीमा कंपनियों के नुकसान की भरपाई हो



Government &
insurance
companies
deposit money
→ cover
losses of
insurance
companies in
Pandemic



PANDEMIC
RISK POOL



()PANDEMIC RISK POOL proposal by IRDAI

स्वाभाविक है कुछ लोग भावुक हो जाते हैं



PANDEMIC RISK POOL proposal by IRDAI

सरकार और बीमा कंपनियां इसमें पैसा जमा करेगी ताकि महामारी में बीमा कंपनियों के नुकसान की भरपाई हो



Government & insurance companies deposit money
→ cover losses of insurance companies in Pandemic



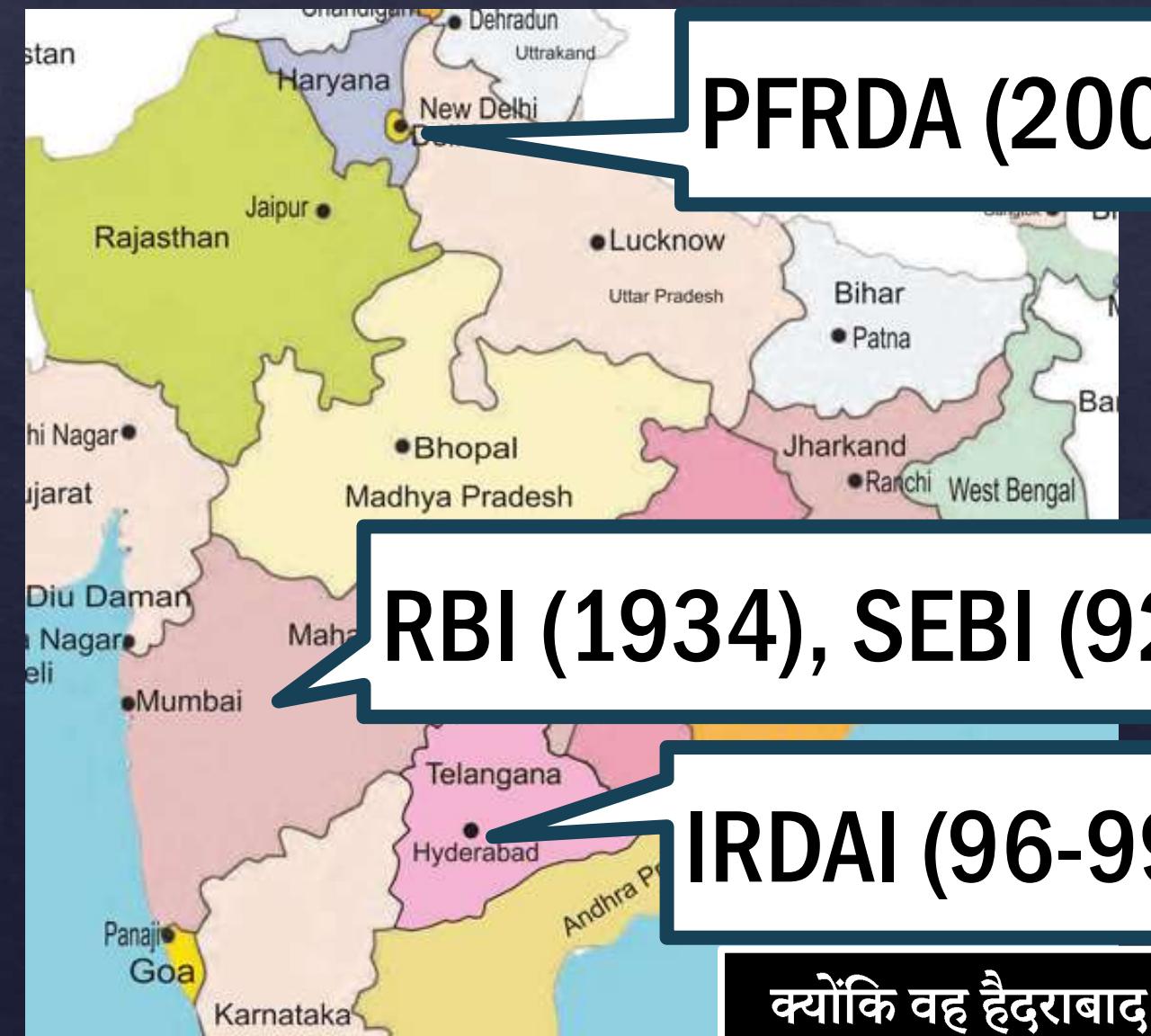
PANDEMIC RISK POOL

1. No! This is an additional buffer, in-addition to Re-insurance companies. एहतियाती रूप से एक और नई चीज़ बनाई जा रही है
2. Still in proposal stage.

1. Does it mean RE-insurance companies will stop working ?
2. What is the % contribution by Government? 50% ? 80%?



HQ & Chronology.... मुख्यालय और स्थापना का कालक्रम याद रखना है भाई



PFRDA (2003-13), IBBI (2016)

मुंबई से गई पूना
पूना से गई दिल्ली
फिर भी
ना मिला सजना-इरडा

RBI (1934), SEBI (92-99)

IRDAI (96-99)

क्योंकि वह हैदराबाद में बैठता है, तो दूसरी जगह कैसे मिलेगा



GSM2: Statutory, Regulatory Bodies- IRDAI- functions

यह संस्था के कार्य क्या है?

- ◆ RBI gave blanket permission to all NBFCs to run insurance business, But they must get IRDAI license. इनसे लाइसेंस लेना अनिवार्य
- ◆ IRDAI gives separate licenses for life, general & re-insurance companies. तीन अलग-अलग किस्म के लाइसेंस देता है
- ◆ Prescribes norms for these companies for investment, accounting, audit, commission to agents etc. बिमा कम्पनीओं के हिसाब किताब इत्यादि के नियम बनाता है



GSM2: Statutory, Regulatory Bodies- IRDAI- functions

यह संस्था के कार्य क्या है?



- ◆ Consumer grievance redressal via Insurance

Ombudsman- ग्राहक शिकायत निवारण

- ◆ It can penalize companies, suspend or cancel license. दंडित कर सकता है

- ◆ Appeal → SAT Securities Appellate

- ◆ IRDAI chief is member of FSDC

Notable Org: Financial Stability & Development Council (FSDC)

वित्तीय स्थिरता और विकास परिषद



IRDAI makes a list of Domestic Systemically Important Insurers

“Too Big To Fail”. IRDAI Puts more strict rules/supervision on them

1) Life Insurance Corporation of India (LIC),

2) General Insurance Corporation of India (GIC),

3) The New India Assurance Co. Ltd. (NIACL)

यदि ये बीमा संस्थान गिर गए तो अर्थतंत्र को भारी नुकसान होगा इसलिए इरडा संस्था इन पर ज्यादा सख्त नियम और निगरानी रखती है

Technical news not imp.

Now, IRDAI allows 3-month moratorium on term loans

The decision is likely to benefit several corporates, especially finance companies which had taken term loans from insurers.



Youtubers &
CA-PDF walle

IRDAI approves multiple proposals under the Regulatory Sandbox -

IRDAI new rules on ULIP, Non-Linked insurance products:
Check what has changed

👉 insurance MCQs mostly confined to Government schemes/policies.

Waste of time to prepare technical thing- even if one random
Cyberinsurance MCQ asked.



Mrunal's Economy Pillar#1D-1 Insurance Sector

Page 203 onw



Life



General



Re-insurance

186-203



IRDAI



FDI



Problems faced
by insurance
industry?

Can FDI
solve it?

Shifted to MAINS

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- DICGC Act (1961) requires banks to take deposit insurance from DICGC. Similarly, Insurance Act (1938) requires insurance companies take 're-insurance' on their biz.
- Previously, only GIC was the sole-reinsurer, but then norms liberalized (2015). New 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) are permitted.
- **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.
- **(Full) Budget 2019:** Technical Norms relaxed to attract foreign reinsurers to open branches in India.

15.8 IRDAI: THE INSURANCE SECTOR REGULATOR

Org संगठन	- 1996: IRDA setup → given statutory status in 1999
Structure संरचना	- 2014: Its name changed to Insurance Regulatory and Development Authority of India (IRDAI): भारतीय बीमा विजियमेंट एवं विकास प्राधिकरण। - HQ: @Hyderabad, Telangana. (Whereas RBI & SEBI HQs @Mumbai.)
	1 Chairman: Dr. Subhashchandra Khuntia (IAS) (5/65), 9 members (5/62) = Total 10. They can be re-appointed. ⇒ IRDAI gives separate licenses for life, general & re-insurance companies. ⇒ Prescribes norms for insurance companies for accounting, solvency.

विदेशी निवेश को
अनुमति देनी चाहिए
कि नहीं

- o Standardized medical treatment costs difficult to ascertain, unlike car damage.
- o Delays in claim settlement= fewer repeat customers for health insurance.

These indicators very low for India, than other developing nations

अन्य विकासशील देशों के सामने भारत मानदंडों पर बहुत पीछे

Insurance penetration (%)

$$= \frac{\text{Total Premium}}{\text{GDP}} * 100$$

$$= 3.##\% (\text{Life insurance})$$



GDP= market value of all goods & services produced in India (Pillar#4C)

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$$= 3. \# \% (\text{Life insurance})$$



GDP= market value of all goods & services produced in India (Pillar#4C)

Insurance density (\$)

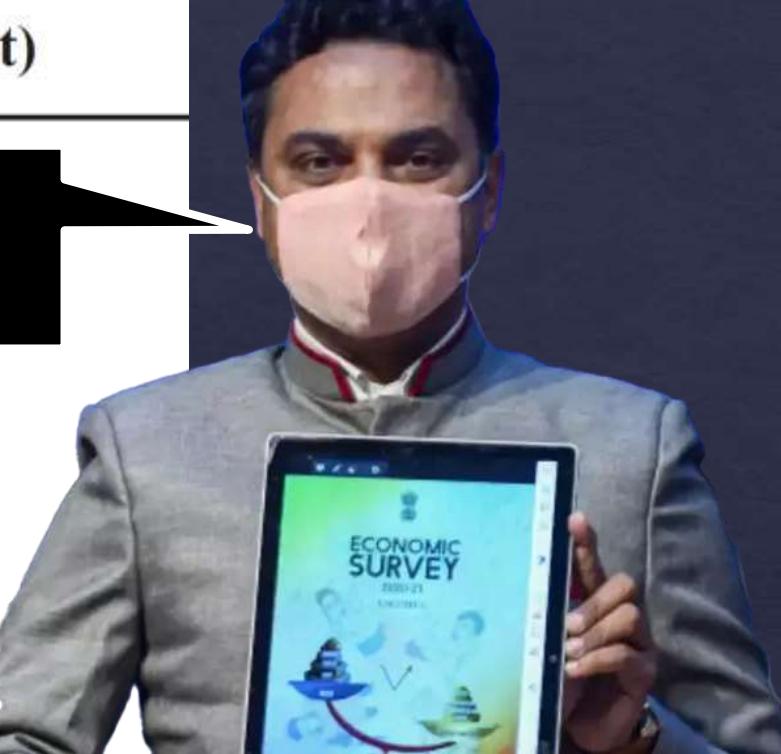
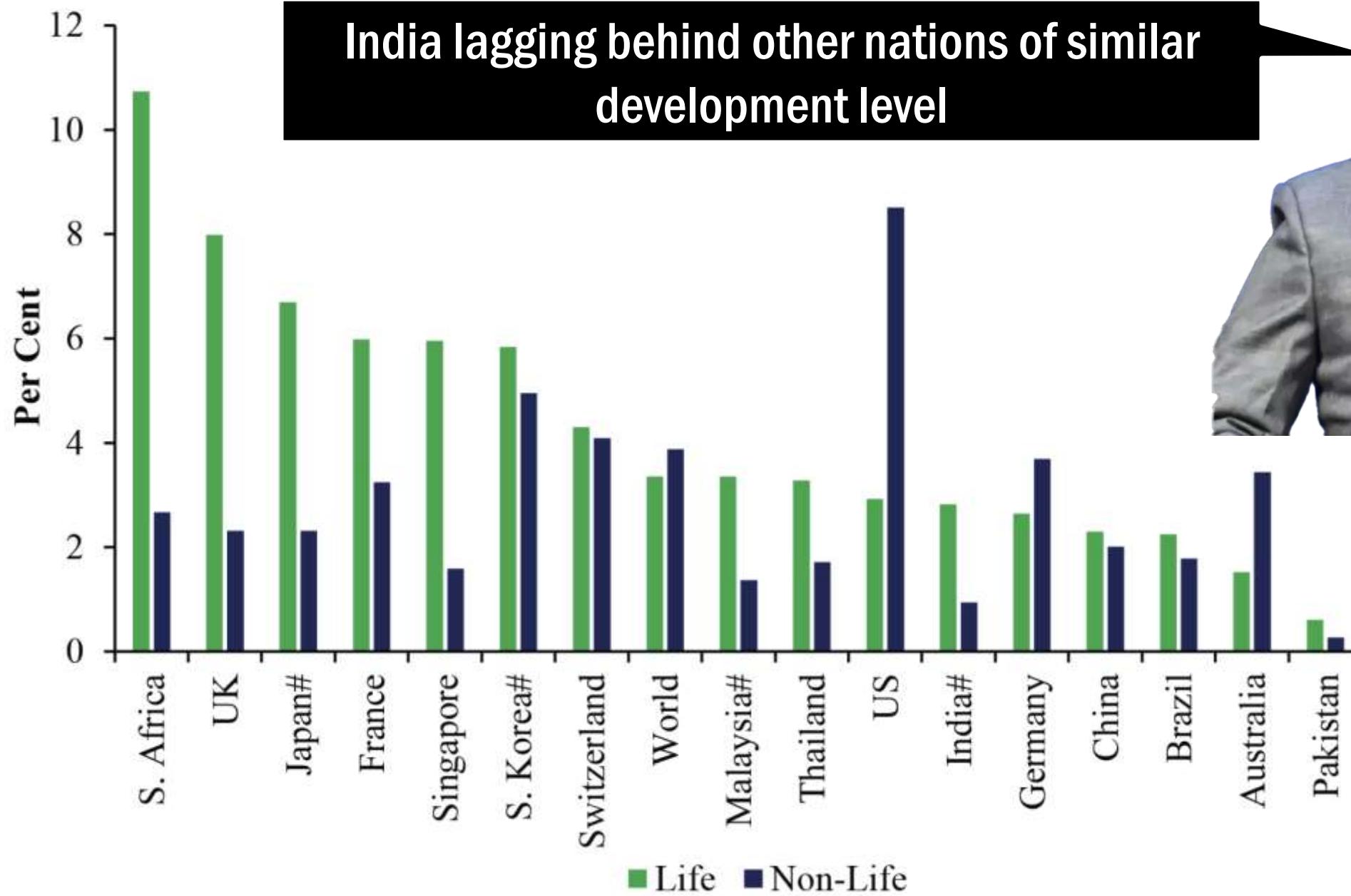
$$= \frac{\text{Total Premium}}{\text{Total population}}$$

$$= \$59 (\text{Life insurance})$$

Refer handout for more data



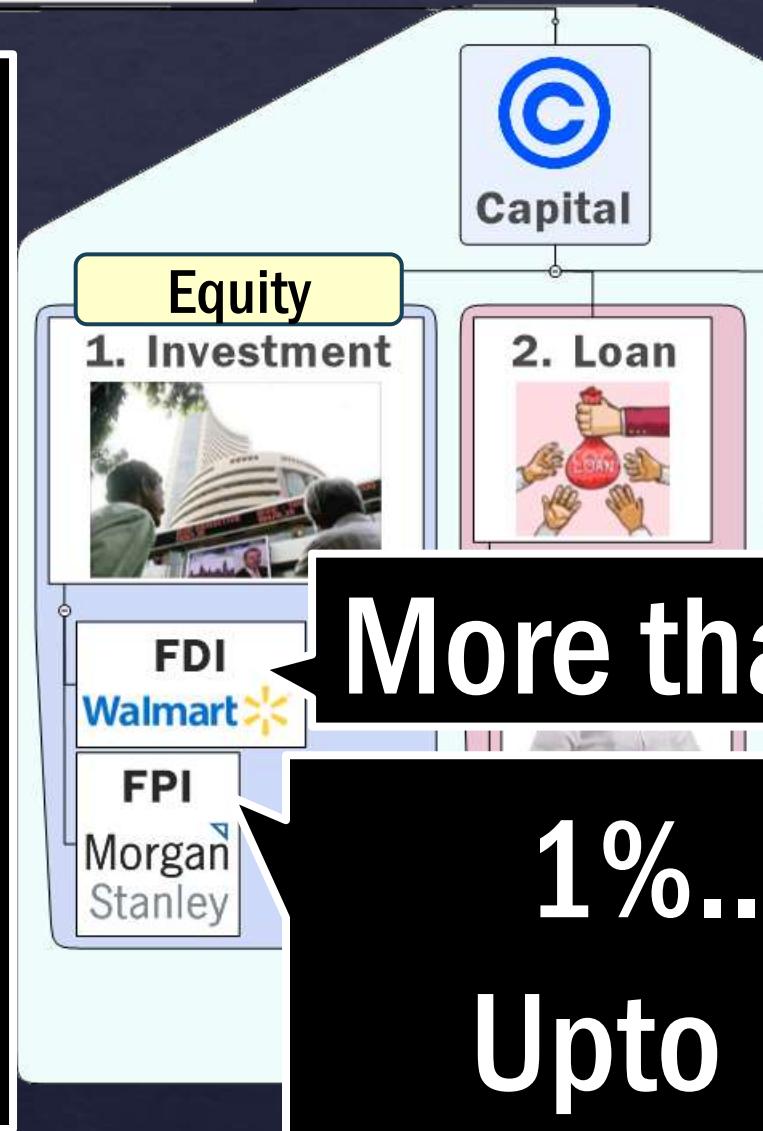
Figure 17: Insurance Penetration in 2019 (in per cent)



MORE IN PILLAR#3

Balance of Payment (BoP): Components

विदेशी प्रत्यक्ष निवेश चीज़ क्या है
= किसी विदेशी इकाई द्वारा भारत
की कंपनी में 10% से ज्यादा
शेयर हिस्सेदारी खरीदना



E.g Tobacco, Casino

FDI

More than 10% shareholding
by foreigner in Indian Company.



Prohibited
प्रतिबंधित

E.g Tobacco, Casino



👉 Prohibited
प्रतिबंधित

FDI

More than 10% shareholding by foreigner in Indian Company.



Allowed

e.g. E-Commerce

E.g Tobacco, Casino



👉 Prohibited
प्रतिबंधित

e.g News TV channels



With Govt Approval

FDI

More than 10% shareholding by foreigner in Indian Company.

✓ Allowed

E.g Tobacco, Casino



👉 Prohibited
प्रतिबंधित

e.g News TV channels

FDI

More than 10% shareholding by foreigner in Indian Company.

✓ Allowed

e.g. E-Commerce



With Govt Approval



Automatic Route:
स्वचालित

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)
Insurance intermediaries e.g. agent/broker, surveyor/loss-assessor, third party administrators (hospital) (बीमा क्षेत्र के बिचौलिये/दल्ले)	49%	100% (done in 2020)

FDI hiked in insurance sector intermediary companies

बीमा कंपनी के नीचे जो बिजोलिया प्रकार के मध्यस्थ होते हैं वहां पर विदेशी निवेश को बढ़ोतरी दी गई



Insurance Company itself

FDI limit

Indian,
26%

Foreigners,
74%

Agents/ Brokers

Surveyor/ Loss Assessor

- Confirm the quantum of loss.

Third Party Administrators

- e.g. hospital where treatment given
- Car repair shop

Intermediary companies here

FDI ↑: 49% → 100% (done before 2021)

Economy Pillar#1-D- बीमे का खेल खत्म



D1: Insurance

- Types, Org, Schemes



1) MBFI



2) Budget



D2: pension

- Org, Schemes



3) Intl. Trade



4) Sectors of Economy



D3: Financial Inclusion

- Schemes



5) Infrastructure



6) HRD

17 → (₹ 31) PENSION (पेंशन)

- ⇒ Insurance: person/his family eligible to receive ₹ if he suffers death / damage. e.g. PM Jeevan Sahayata Yojana
- ⇒ Pension: person eligible to receive monthly ₹ when he retires. And when he dies, his wife (is usually) eligible to receive monthly ₹. When she also dies, scheme stops.
- ⇒ ES2019 observed that in future, we'll have an ageing population and less young people, so should gradually raise the age of retirement. More in [Pillar#6 → Demographic dividend](#).

17.11 EMPLOYEE PROVIDENT FUND ORG. (कर्मचारी भविष्य निधि संगठन)

- 1951-52: EPFO was setup initially by ordinance & then Act.

प्रधानमंत्री ने इसकी स्थापना की।

Finish memorizing
it!

- ⇒ Principal + interest returned upon retirement age/ death
- ⇒ Partial withdrawal upto "X%" allowed for education/ construction. (अपरि से पहले आविष्कार से पैसा निकलना)
- ⇒ 2020: ATMANIRBHAR → PM Garib Kalyan Abhiyan. EPFO subscribers' to withdraw upto "X%" of EPFO amount even during lockdown.



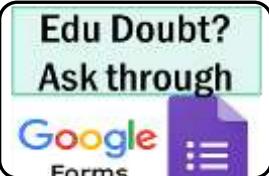
लेकिन सरकार पढ़ाकू
बच्चों पर ज्यादा GST
लगाती है इसलिए मैं रोज
की पढ़ाई रोज नहीं करता

PLAN FOR NEXT WEEK: अगले हफ्ते का कार्यक्रम



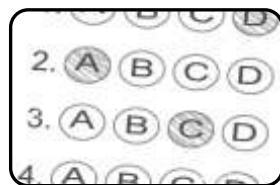
Monday: Current Affairs

- Night 8PM Mrunal's Monday Quiz



Google Form FAQ

- Whatever doubts received in google form till Monday 9AM:
- Ans in a PDF file in course page → update section
- ON Wed 10PM , depending on volume of queries



Wednesday 9PM:

- Weekly Economy Quiz from what we learned so far.



Thursday

- 7PM NEXT handout Pillar2A Budget ...



Thursday onwards 9PM

- LIVE Classes

March, 2023

Mo Tu We Th Fr Sa Su

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6 7 8 9 10 11 12

13 14 15 16 17 18 19

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