

# Assessing the Performance of PMJJBY and PMSBY: A Systems-Level Approach

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# The Schemes: An Overview



Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY): Insurance schemes launched under the Jan-Dhan Se Jan Suraksha Program in 2015

Schemes aim to protect low-income households from economic shocks resulting from two key risks - loss of life and personal accident. Participating Bank/ India Post is the master policy holder. The insurance cover is for a one-year period from 1st June to 31st May

In July 2024, the program completed a little over nine years, with a cumulative enrolment of 20.62 crore and 45.36 crore Indian adults under PMJJBY and PMSBY, respectively. Of the cumulative enrollment, only 31% of PMJJBY and 34% of PMSBY were linked with Jan-Dhan accounts as of March 2024. Premium is auto-debited from the designated bank/ post office account upon receiving consent (MoF, 2024)

Claims disbursement ratio as of July 2024 for PMJJBY and PMSBY was 96% and 76% respectively, compared with the overall life insurance industry which stood at 98.45% (Economic Times, 2024)

50% and 22% of PMJJBY and PMSBY policies lapsed between June 2015 and March 2022 (MoF, 2022)

## The Schemes: Features



### PMJJBY

Life insurance cover of ₹2 lakh for an annual premium of ₹436

Age Group: 18 to 50 years | KYC method: Aadhaar

Offered by Life Insurance Corporation and other insurance companies

Commission: ₹30 to BCs for new enrolments | ₹11 to Banks as admin expense



### PMSBY

Accidental disability and death cover of ₹2 lakh for annual premium of ₹20

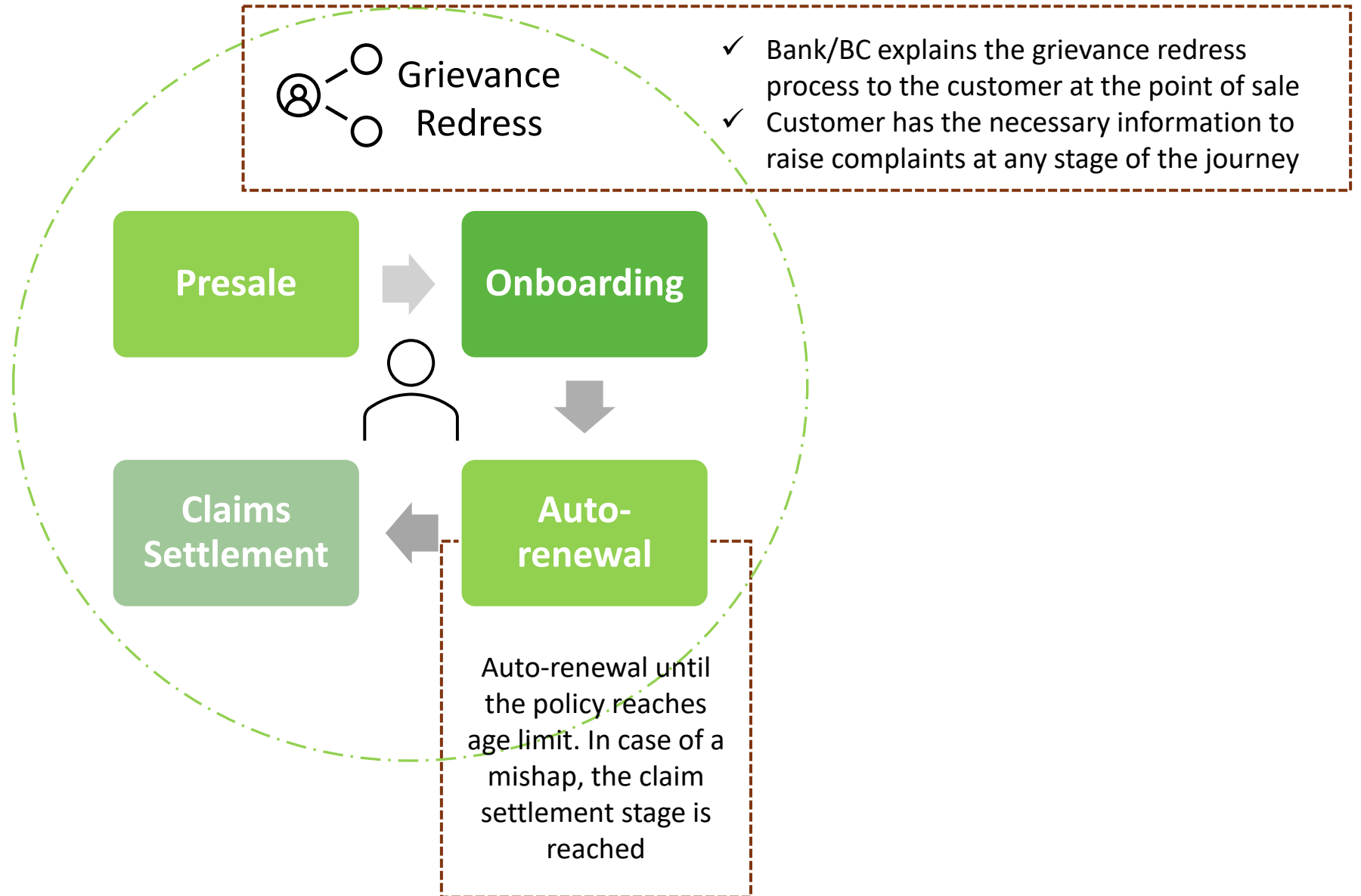
Partial disability: ₹1 lakh | Full disability and accidental death: ₹2 lakhs

Age Group: 18 to 70 years | KYC method: Aadhaar

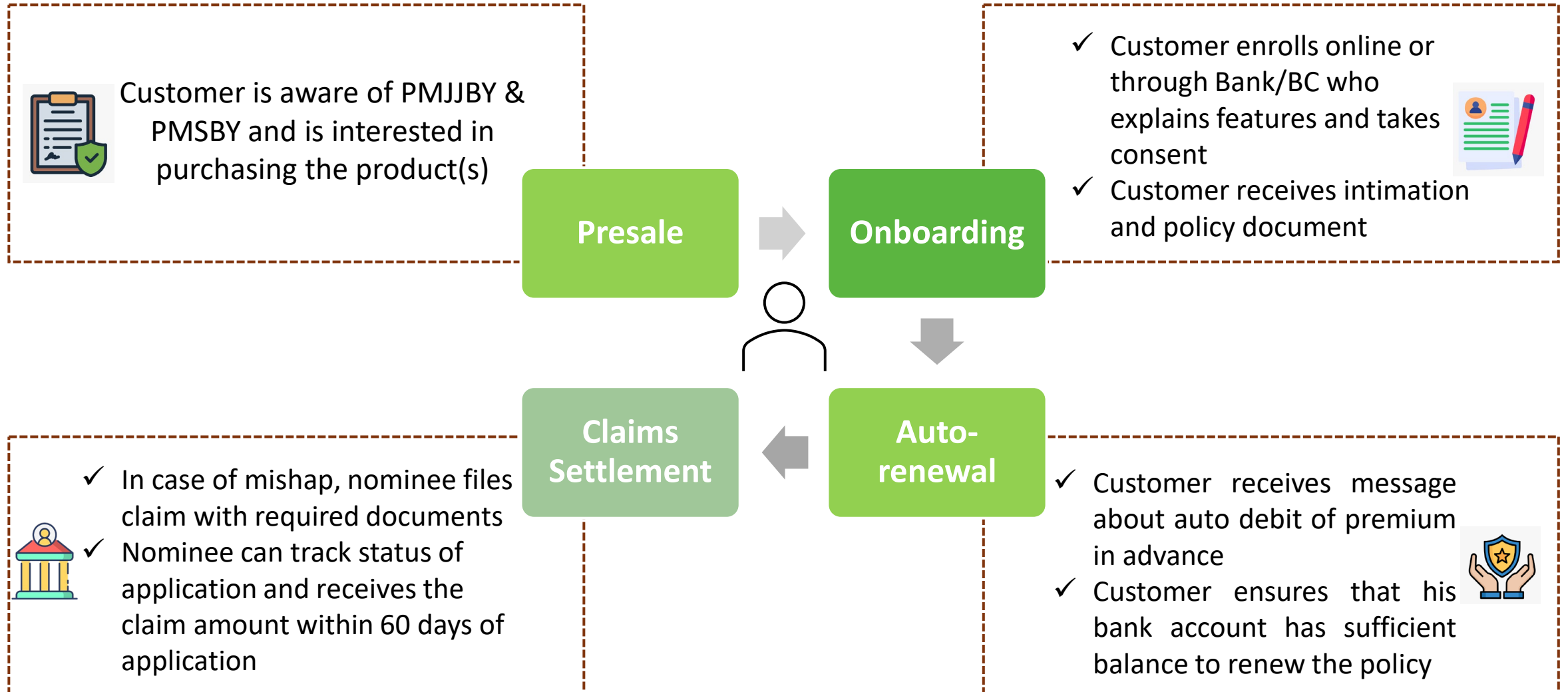
Offered by public sector general insurance companies and other insurance companies

Commission: ₹1 to BCs for new enrolments | ₹1 to Banks as admin expense

# The Schemes: Customer Centric Journey



# The Schemes: Customer Centric Journey



# Problem Statement



## Process Inefficiency

The customer journey in availing the benefits of PMJJBY and PMSBY is marred by numerous process-level inefficiencies. These cause customer harm and undermine usefulness of the schemes



## Structural Issues

Structural and other supply-side issues discourage providers from adequately servicing customers of these schemes

## Research Question

How can the structure and performance of these schemes be improved such that both providers and customers benefit from them?

# Process-level Inefficiencies

## Pre-sale

- Lack of awareness
- Lack of incentives for sale

## Onboarding

- Auto-enrolment without consent
- No policy document with claim and grievance clauses given

## Auto-renewal

- Dormant accounts
- Insufficient balance

## Claim settlement

- No claim application due to unawareness
- Lack of customer support
- Unfavourable claim application period
- Lack of awareness about claim tracking mechanism

## Grievance redress

- Lack of information about the grievance redress process
- Lack of accountability
- Inadequate grievance redress training



Source: [Challenges in the delivery of PMJJBY and PMSBY, Dvara Research](#)

# Structural Issues

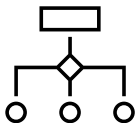


## Product Pricing



- Mispricing of risk, as premiums are not actuarially fair
- Low margins in the sale of these schemes (claims ratio is unsustainable, total claims paid is higher than the amount of premium collected)
- Pricing structure not adequate to tackle costs related to marketing, customer service, and creating and maintaining a data infrastructure

## Sale & Distribution



- Only Banks and India Post can act as master policyholders for the schemes, thereby restricting wider distribution channels for these schemes (NBFCs and FinTechs can act as Corporate BCs to banks, but commissions not adequate to incentivize their participation)
- FSPs allege forced participation
- The government sets targets for banks and post offices, with informal penalties for non-compliance
- Inadequate support from government in raising awareness about these schemes, thereby increasing distribution costs for banks and BCs
- Inadequate incentives due to low commission for banks and BCs to support customers throughout their product journey



# Structural Issues



## Customer Selection



- Customer level-assessment at the time of onboarding is absent
- Insurers are faced with an adverse selection problem as high-risk customers are more likely to enroll for the scheme/s

## Fraud




- Insurers allege fake claims being submitted using fake death certificates and the spread of organised networks colluding to make illegal profits through this scheme

# Learnings From the Field: Customer Interviews



Field Partner: Shram Sarathi





Pushpa's husband tragically passed away in a railway accident. While closing his account at the bank, she discovered that he had active policies for both PMSBY and PMJJBY. With the assistance of a family friend, she gathered all the necessary documents and filed for the claims within 15 days of her husband's death.

Fortunately, she received the claim amount for PMJJBY within 30 days of filing. As only 40 days had elapsed since filing applications for claims under both PMJJBY and PMSBY, she was still awaiting the amount from PMSBY when our team met her. Pushpa acknowledged that without someone to guide her through the process of filing her claim application, she might have struggled to navigate it on her own.

## **Pushpa's experience of filing claim under both PMJJBY and PMSBY**



Baje Ram's sister (32), who moved in with him after her divorce, succumbed to illness.

An NGO volunteer informed Baje Ram about her active PMJJBY account. Upon discovering unnoticed debits of ₹436, he decided to close her account and transfer the remaining ₹15,000 to the nominee's account (their father). He also initiated the process to file for the insurance claim, submitting all the relevant documents to the bank with the NGO's assistance.

However, the bank manager informed him that since it was 4 months since his sister's death, it was too late to file the claim. Despite persistent follow-ups with the bank for 1-1.5 months, he received no response regarding the application. In frustration, he resubmitted all the documents in the 7th month. Unfortunately (until the survey), he had neither received the ₹15,000, nor any claim amount, resulting in him losing complete faith in the system.

## **Baje Ram's struggle: frustration and failure**



When Dalu Ram's wife died, he was unaware of her active PMJJBY account until he visited the bank to close her account. Upon discovery, he promptly filed for the claim within 7 days, submitting all the necessary documents. However, he did not receive any receipt from the bank, nor were the next steps communicated to him.

Fortunately, Dalu Ram had acquaintance with an office helper at the bank, who assisted him in organizing his documents and followed up on his behalf to track the status of his claim application. With persistence, Dalu Ram received the claim amount within 2 months of filing. To track the status of his application, he regularly contacted the office helper every 10-15 days. Once his claim was approved, the office helper notified Dalu Ram of the news. To confirm the receipt of the claim amount, Dalu Ram visited the bank to get his passbook printed.

## **Dalu Ram's case: help from acquaintance in social network**



Manju Bai's husband died three days after an accident, and she learned about his active PMSBY through his colleague. Determined to apply for the insurance claim, she, accompanied by a relative who had come to visit her after her husband's death, went to the bank to submit all the relevant documents.

However, despite her efforts (until the survey), she hadn't received any communication from the bank in four months. Living close to a busy road and fearing for the safety of her young children, she found it difficult to leave them alone to inquire about the status of her claim at the bank. She held on to the hope that the bank will notify her once the claim amount is credited to her account, as she had no other means of tracking the status of her claim. With no support system in place, she felt miserable and helpless in her situation.

**Manju Bai's  
struggle:  
limited  
mobility and  
social support**

# Primary Research: Sampling Methodology



## Locations

**Rajasthan:** Gogunda, Salumbar, & Kherwara  
Total respondents: PMJJBY- 129 and PMSBY- 186  
**Gujarat:** Surat  
Total respondents: PMJJBY- 136 and PMSBY- 150

## Types of policy holders

**Active policyholders** of PMJJBY or PMSBY, or both  
**Inactive policy holders:** who paid the premium in the year 2019 or after, but their policies had lapsed at the time of the survey  
**Family members** of deceased policyholders

## Qualitative Interviews

**Rajasthan:** 4 FGDs, 9 Customers, 12 service providers  
**Gujarat:** 3 FGDs, 7 customers, 6 service providers

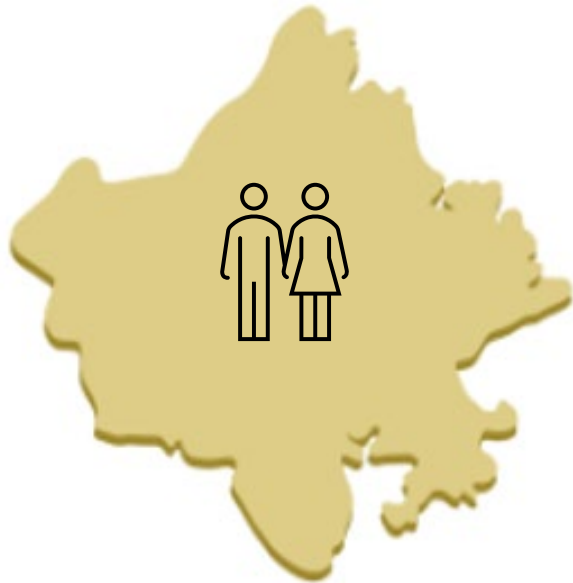
### Sample identification:

- Lack of publicly available district or block-level data on active and inactive policyholders, or on claims for PMJJBY or PMSBY
- Respondents identified through networks in the community – local community leaders, Bank CSPs and BCs, door to door surveys, and labor association offices

# How Respondents from Rajasthan differ from Gujarat

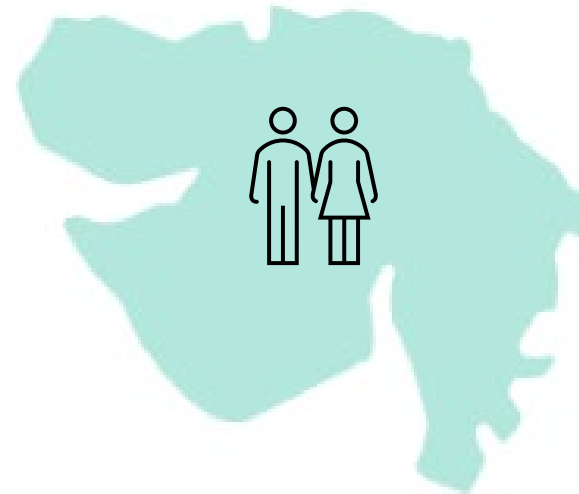


## Rajasthan



**Terrain:** Hilly and difficult to access, rural  
**Primary occupation:** Agriculture (labourers)  
**Income:** ₹7000-10000 per month  
**Education:** Mostly illiterate  
**Scheme Awareness:** Low  
**Financial Vulnerability:** High  
**People:** Residents. Locating and persuading them for interviews was comparatively easier

## Gujarat



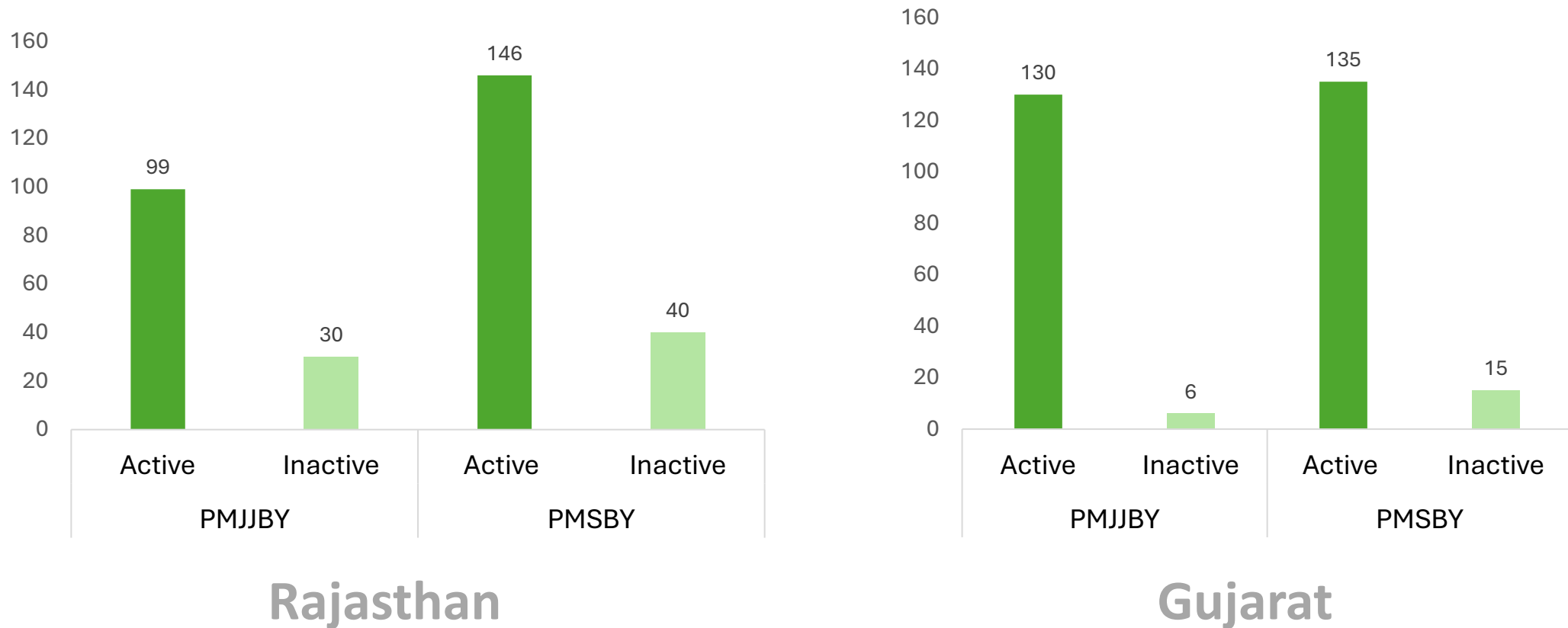
**Terrain:** Plain, urban  
**Primary occupation:** Textile, diamond industry  
**Income:** ₹20000 - 25000 per month  
**Education:** Comparatively more educated  
**Scheme Awareness:** Medium  
**Financial Vulnerability:** High & risky jobs  
**People:** Migrants from Odisha: Locating and persuading them for interviews was difficult due to varied and irregular shift timings, festivals, etc.



# Sample Size



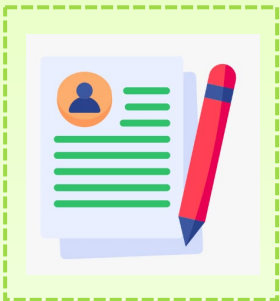
**510 active policyholders** of both PMJJBY and PMSBY were surveyed across Rajasthan and Gujarat. Similarly, **91 inactive policyholders** of both PMJJBY and PMSBY were surveyed across both geographies. The bifurcation is shown below.



# Onboarding



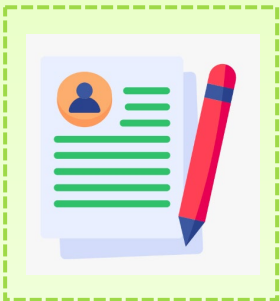
- ✓ Customers were often unaware of their enrolment into these schemes – specifically in Rajasthan. ~58% of active PMJJBY policyholders and 74% of active PMSBY policyholders in Rajasthan claimed that their consent was not taken at the time of enrolment. Whereas these numbers were only ~21% in Gujarat
- ✓ Most customers recalled names of the banks that sold them the policy, but they were unaware of the insurance company. Particularly in Rajasthan, almost no respondent could identify the name of their insurance company
- ✓ Customers were often not provided with any physical policy or disclosure documents. They think that having these documents will make it easier for them to remember that they have these policies and refer to the policy details



# Onboarding



- ✓ Most customers were not explained the features of the products by the banking staff at the time of enrolment. Only ~20% and ~14% of active PMJJBY and PMSBY policyholders in both Rajasthan and Gujarat reported being adequately informed about the product features. This number was much lower for inactive policyholders.
- ✓ Awareness about premium charges for active PMJJBY customers was high in both Rajasthan and Gujarat, while it was low for inactive customers. Similarly, it was high for active PMSBY customers in Gujarat but was low for all other types of customers in Rajasthan and Gujarat.
- ✓ Awareness about insurance coverage for PMJJBY in both states was low: ~1 in every 4 respondents were aware. Awareness about coverage for PMSBY in Rajasthan was relatively higher as ~2 in every 4 respondents in Rajasthan were aware, but the number was much lower in Gujarat.



# Onboarding



	Rajasthan				Gujarat			
	PMJJBY		PMSBY		PMJJBY		PMSBY	
	Active (%)	Inactive (%)	Active (%)	Inactive (%)	Active (%)	Inactive (%)	Active (%)	Inactive (%)
Respondents whose consent was not taken at the time of enrolment	<b>57.6</b>	<b>86.7</b>	<b>74</b>	<b>97.5</b>	<b>20.8</b>	<b>0.3</b>	<b>20</b>	<b>0.9</b>
Respondents who knew the name of the bank that sold them the policy	58.6	80	62.3	87.5	83.1	66.7	94.8	26.7
Respondents who knew the name of the insurance company	0	0	0	0	14.6	16.7	11.9	13.3
Respondents who received a policy certificate	0	0	0	0	10.8	0	13.3	0
Respondents who received the disclosure documents of the policy that specifies the terms and conditions	0	0	0.7	2.5	0	0	0	0

# Onboarding



	Rajasthan				Gujarat			
	PMJJBY		PMSBY		PMJJBY		PMSBY	
	Active	Inactive	Active	Inactive	Active	Inactive	Active	Inactive
Respondents who were explained the features of the product by somebody from the bank or BC	21.2	6.7	14.4	2.5	19.2	33.3	14.1	0
Respondents who answered the following statement correctly: PMJJBY provides an insurance cover of 2 lakh rupees in case of a partial disability caused by accidents	17.2	20.0	-	-	25.4	33.3	-	-
Respondents who answered the following statement correctly: The bank deducts an amount of Rs 436 annually from your bank account on its own as premium for PMJJBY	64.6	23.3	-	-	76.9	66.7	-	-
Respondents who answered the following statements correctly: PMSBY provides an insurance cover of 2 lakh rupees in case of a partial disability caused by accidents	-	-	48.6	55	-	-	15.6	13.3
Respondents who answered the following statement correctly: The bank deducts an amount of Rs 20 annually from your bank account on its own as premium for PMSBY	-	-	26.7	40	-	-	75.6	26.7

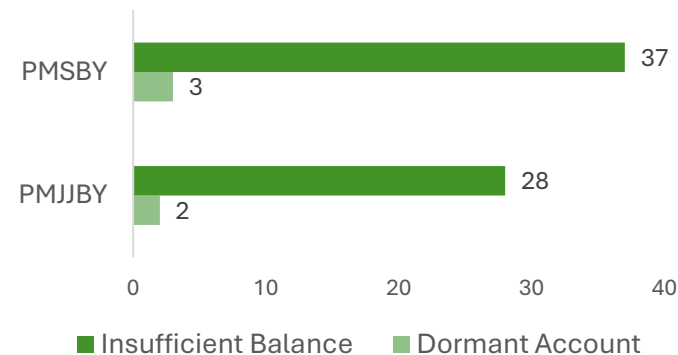
# Auto-renewal and Exit Features



- ✓ Most inactive policyholders cited not maintaining sufficient balance in their bank account at the time of auto-debit for premiums, especially those who were unaware of their enrolment
- ✓ Some respondents cited account becoming dormant as a reason for inactive insurance account
- ✓ Exiting either of these schemes posed a significant challenge particularly for those whose consent was not obtained at the time of enrolment. Qualitative interviews revealed that customers either didn't know where to submit a request for exiting these schemes, or those who did raise complaints struggled to get their requests acknowledged

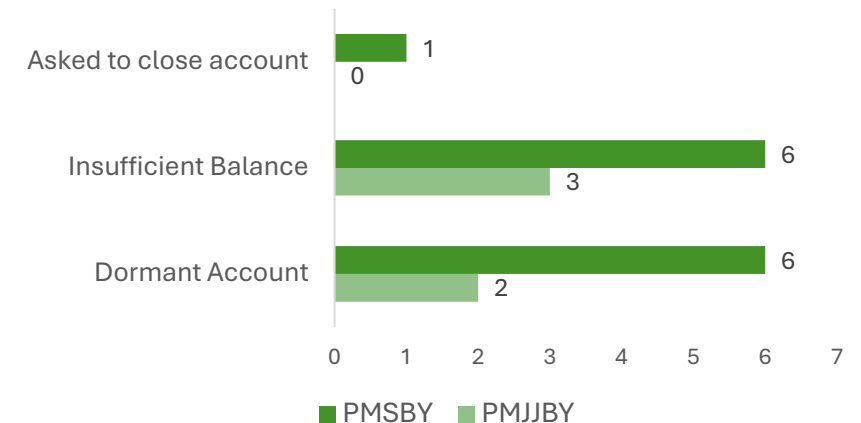
## Rajasthan

Reasons for Inactive Account  
(Number of respondents)



## Gujarat

Reasons for inactive account  
(Number of respondents)



# Claim Settlement & Grievance Redress



- ✓ Claim application either takes longer to process (> 60 days) or is not processed by bank/insurance company if it is submitted after 30 days from the date of the policyholder's death
- ✓ It is easier to get claim application settled if the family members of deceased policyholder have connections at the bank or receive support from their social circle
- ✓ None of the respondents in our survey were aware of a method to track the status of claim application. This lack of information made it difficult for them to determine whether they would receive the claim amount. Moreover, additional time and monetary costs were incurred in visiting the bank to inquire about the status. This issue was compounded for women in our survey as they often had to rely on others to accompany them to the bank. In Gujarat, we also witnessed a lack of confidence among women to carry banking transactions independently



# Claim Settlement & Grievance Redress



- ✓ Customers' lack of knowledge about the insurance companies offering these policies makes it challenging for them to directly track the status of their claim application on their own
- ✓ 70-80% respondents in our survey did not know who to contact in case of queries or grievances related to either of these products

	Rajasthan				Gujarat			
	PMJJBY		PMSBY		PMJJBY		PMSBY	
	Active (%)	Inactive (%)	Active (%)	Inactive (%)	Active (%)	Inactive (%)	Active (%)	Inactive (%)
Respondents who knew who to reach out to in case of any queries or grievances	23.2	26.7	21.9	40	30.8	16.7	36.3	0



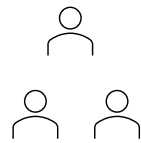
# Claim Application



6 out of 20 respondents whose family members died with active policies did not claim due to the following reasons

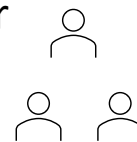


**PMJJBY**



- Didn't know deceased was an active policyholder
- Didn't know how to claim and did not receive any help

- Didn't know deceased was an active policyholder
- None of their peers received their claims – don't believe that they will get it either



**PMSBY**



# Claim Experience



## Insights from interviews with respondents who applied for claims :

- **PMJJBY:** 4 in Gujarat (Guj), 6 in Rajasthan (Raj)
- **PMSBY:** 2 each in Gujarat and Rajasthan

Raj: 15-90 days to file for claim | Guj: 30-90 days to file for claim

Raj: ~₹1350, ranging from ₹200-3000, cost incurred | Guj: ~₹1250, ranging from ₹0-2500

Raj: 4/6 respondents received assistance from a BC or bank | Guj: 2/8 respondents in Surat received help

Raj, Guj: Experience of applying for claim satisfactory for most

2/6 in Raj and 5/8 in Guj received their claim amount within 40-90 days  
Those who did not receive were not provided with reasons for delay or rejection

Raj: 4/6 felt navigating claim settlement process on their own difficult or very difficult  
Guj: 1/8 felt it was difficult

# Interviews with Financial Service Providers: Findings



\*We conducted 18 interviews with Financial Service Providers - this includes Business Correspondents, bank branch managers, and post office officials in the same geographies as the customer survey

# Interviews with Financial Service Providers (FSP): Findings



## Product Pricing and Incentives



- FSPs state that customers consider PMJJBY and PMSBY to be fairly priced. But they indicated a lack of demand, trust, and interest as key reasons for difficulty in selling the schemes
- FSPs typically receive higher incentives for selling (insurance) products except PMJJBY and PMSBY
- Low awareness and demand causes FSPs to exert significant effort to promote the schemes which doesn't match the incentive they receive for sales
- FSPs perceive the responsibility of raising awareness of these products to lie with the government. Although they make targeted efforts on their front, they believe that the schemes can scale effectively through larger awareness campaigns initiated by the government

## Customer Selection

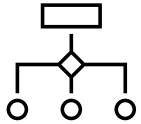


- The problem of adverse selection may manifest while marketing either of these products. Consequently, while FSPs may aim to stimulate demand across diverse customer segments, actual conversions may predominantly occur among those already afflicted with illness or in precarious health conditions

# Interviews with Financial Service Providers (FSP): Findings



## Distribution



- Bank branches are assigned aggressive targets for enrolling customers. BCs often report feeling humiliated or penalized for not meeting their targets. Target driven approach leads to unsuitable sale, mis-selling, and poor customer experience such as auto enrolment, lack of assistance, etc.
- Some officials revealed that due to aggressive targets, field staff/BCs sell the products to high-risk customers. For example, some bankers revealed that if their staff was aware of a potential customer consuming alcohol, they would try to convince the customer's wife to purchase the product for her husband

## Policy Renewal

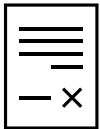


- Low-income customers often fail to maintain sufficient balance in their bank account, either due to lack of trust in the banking system or because they frequently require liquid cash, making bank accounts irrelevant and unintuitive for their cashflow management. This leads to policies lapsing

# Interviews with Financial Service Providers (FSP): Findings



## Claim Filing & Application



- According to FSPs, customers do not need physical policy documents; presenting their passbooks or messages showing premium deductions is considered sufficient proof to apply for claims. However, there are instances where family members who visit the bank to close the account of the deceased are themselves unaware of an active policy. In such cases, FSPs first inform them about the policy status and then assist the customer in collecting relevant documents and facilitate the claims process
- It is preferable to file the claim within 30 days of death of the policyholder. Although claims submitted after this period may still be approved, verifying their authenticity becomes increasingly challenging with time, reducing the likelihood of a successful claim process

# Policy Recommendations



Recommendation(s) for Improving Structural Design	Outcome of Interest	Mode of Intervention		
		Regulator	Government	FSPs
Reconsider structural design of the program - pricing & sum assured, incentive structure, and distribution	Better architecture of the program		X	
Recommendation(s) for Process Efficiency	Outcome of Interest	Mode of Intervention		
		Regulator	Government	FSPs
Standard Operating Procedure (SOP) for banks in the sale and servicing of the PMJJBY and PMSBY schemes	Enhanced customer protection		X	
Policy document containing the terms and conditions of the policy to be provided to customers				X
Customer Information Sheet (CIS) to be provided as a physical hard copy to customers				X
Alerting customers (through IVR based phone calls) one week before auto-renewal of the policy to avoid policy lapsation				X
Mandating banks and post offices not to reject claim applications if they are filed 30 days after the policyholder's death			X	
Providing customer updates via SMS notification regarding the status of the claim application at each stage of the application process				X
Creating FAQs related to the two insurance schemes to aid BCs and other banking staff in providing high quality service to customers				X
Data infrastructure that can act as a Customer Registry System to avoid multiple auto debits for the same customer				X



Recommendation(s) for Market Monitoring	Outcome of Interest	Mode of Intervention		
		Regulator	Government	FSPs
Diagnostic toolkit proposed by Dvara Research - User Experience of PMJJBY/PMSBY	Improved supervision of the schemes through better data collection		X	
Annual reporting of scheme performance - related data by insurance companies to be made publicly available by IRDAI		X		
Monitoring the Jan-Suraksha scheme performance of insurance companies by MoF			X	

Recommendation(s) for Awareness & Accessibility	Outcome of Interest	Mode of Intervention		
		Regulator	Government	FSPs
Develop socio-cultural context-specific strategies to increase insurance awareness and inclusion in consultation with local community members, Bima Vahaks, and Civil Society Organisations (CSOs)	Increased insurance penetration			X
Mobilise resources in piloting, testing, and implementing strategies to increase insurance awareness and uptake in consultation with state governments, local CSOs and community members, and FSPs			X	

# User Experience of PMJJBY & PMSBY: A Market Monitoring Approach

A diagnostic toolkit to monitor the quality of customer service provided in the context of PMJJBY and PMSBY schemes





## Diagnostic Toolkit: User Experience of PMJJBY & PMSBY

### For Active Policyholders

Questions	Score
As per our records, you are an active policyholder of PMJJBY/PMSBY. Was your consent obtained at the time of enrolment into this scheme?	Yes = 1; No = 0
Were the features of the scheme explained at the time of enrolment into this scheme?	Yes = 1; No = 0
Were you told by salesperson that the policy premium will be deducted automatically from your bank account on or before 31st May every year?	Yes = 1; No = 0
In case of a query or a grievance related to this policy, were you told who to reach out to at the point of sale?	Yes = 1; No = 0
How would you rate your overall experience with the scheme?	Ok/Good = 1; Bad = 0

# Diagnostic Toolkit: User Experience of PMJJBY & PMSBY



For customers' nominees for whom at least 60 days have passed since they filed the death claim

Questions	Score
Did you receive assistance from any bank official or BC to file your claim application?	Yes = 1; No = 0
Did you receive regular communication or updates about the status of your claim application?	Yes = 1; No = 0
Did you receive your claim amount?	Yes = 1; No = 0
If you didn't receive the claim amount, were you communicated why?	Yes = 1; No = 0
How would you rate your overall experience with the scheme?	Ok/Good = 1; Bad = 0

Each customer survey will receive a score between 0-5, 5 being the highest. Total score for each insurance company can be arrived at by using a simple average across all customer surveys. Data can also be segregated by customer profile and region to identify specific issues if any. **Potential stakeholders that could implement this diagnostic toolkit could be-** (i) Industry associations such as Life Insurance Council and General Insurance Council (ii) Audit or customer service teams housed within insurance companies themselves (iii) Market monitoring teams within IRDAI.