

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
STARRED QUESTION NO. *230

ANSWERED ON TUESDAY, 17 DECEMBER, 2024/ 26 AGRAHAYANA, 1946 (SAKA)

LIFE INSURANCE COVERAGE TO ALL BY 2047

*** 230 Shri Akhilesh Prasad Singh:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is committed to cover the entire population of the country under life insurance by 2047;
- (b) if so, whether Government has any programme to spread this facility to socially and economically weaker sections, within the backward people, specially in rural areas;
- (c) whether Government had decided to fix-up rates of commission for LIC agents in the year 1988;
- (d) if so, the rates of commissions revised in the light of the Gazette notification in the year 2017 and an amendment made in the year 2020; and
- (e) if not, the reasons therefor?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (e): A Statement is laid on the Table of the House.

Statement as referred to in reply to part (a) to (e) of Rajya Sabha Starred Question no. *230 Tuesday, December 17, 2024/ 26 Agrahayana, 1946 (Saka) regarding “Life Insurance coverage to all by 2047” by Shri Akhilesh Prasad Singh, Hon’ble Member of Parliament

(a) to (e): Dedicated to the welfare of the citizens, Government of India has launched two Social Security Schemes in the insurance sector; namely the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) on the 9th of May, 2015. These schemes have created a universal social security system for all Indians, especially the poor and the under-privileged and thus play a significant role towards achieving the goal “Insurance for all by 2047”. The schemes are being offered by public sector insurers and other insurers who are offering the product on similar terms and tie up with banks and post offices for this purpose. Salient features of the schemes are annexed (Annexure – 1).

Life Insurance Corporation (Agents) Regulations, 1972 published in the Gazette of India Extraordinary by LIC, with previous approval of Central Government, stipulated commission payable to an agent as per rates given in Schedule II thereof. Further, in compliance with the regulations issued by IRDAI, LIC notified Life Insurance Corporation (Agents) Regulations, 2017, with the previous approval of the Central Government, specifying that the rates of commission payable to agents shall be as approved by the competent authority i.e. Chairman, LIC. In pursuance of these regulations, LIC specifies the maximum rate of commission payable to agents subject to regulations made by IRDAI in this regard. The maximum commission as a percentage of premiums that is allowed for life insurance products for LIC of India as on 2017, which was also applicable in 2020, is annexed herewith (Annexure- II).

Annexure-I referred to in the reply to Rajya Sabha Starred Question No. 230*, for answer on 17.12.2024

Salient features of the schemes are given below:

- i. **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)** – The scheme is available to people in the age group of 18 to 50 years having a bank / Post office account who give their consent to join the scheme. Risk coverage under this scheme is for Rs. 2 lakhs in case of death of the insured due to any reason, at an annual premium of Rs. 436/- which is to be auto-debited from the subscriber's bank / Post office account. To facilitate all those getting enrolled under PMJJBY for the first time during the middle of the policy period, payment of pro-rata premium is allowed.
- ii. **Pradhan Mantri Suraksha Bima Yojana (PMSBY)** –The Scheme is available to people in the age group 18 to 70 years with a bank / Post office account who give their consent to join the scheme. The risk coverage under the scheme is for Rs. 2 lakhs in case of accidental death or total permanent disability and Rs. 1 lakh for partial permanent disability due to accident at a premium of Rs. 20 per annum which is to be deducted from the account holder's bank / Post office account through 'auto-debit'.

Coverage under PMJJBY and PMSBY as on 27.11.2024 is as under :

| Name of The Scheme | Cumulative enrolment | Cumulative No. of Claims received | Cumulative No. of Claims disbursed | Cumulative Claim Amount disbursed (In Cr.) |
|---------------------------|-----------------------------|--|---|---|
| PMJJBY | 21,75,13,540 | 8,96,666 | 8,64,094 | 17,281.88 |
| PMSBY | 47,76,46,129 | 1,94,351 | 1,48,023 | 2,939.55 |

Source: Banks for Universal Schemes & Insurance Companies for Converged Schemes

Annexure-II referred to in the reply to Rajya Sabha Starred Question No. 230*, for answer on 17.12.2024

Schedule — I

The maximum commission as a percentage of premiums that is allowed for life insurance products is as below: -

Table-I Single Premium

| SI No. | Category of Life Insurance Product or policy | Maximum Commission on Single Premium payable to insurance agent |
|--------|--|--|
| 1 | Single Premium | |
| A | All individual life products except pure risk products | 2% |
| B | Individual pure Risk products | 7.5% |
| C | Individual immediate/Deferred | 2% |
| D | One-year renewable group pure risk insurance | 5% of premium paid during the year or Rs 10 lakhs whichever is less. |
| E | Group pure Risk (incl Group credit) | 5% |
| F | Group Saving Variable Life Insurance Group fund based | 2% |
| G | Group Fund based | 0.5% of premiums paid during the year or Rs10 lakhs whichever is less. |

Table II - Regular Premium

| SI No.. | Category of Life Insurance Product or Policy | Maximum Commission on Regular Premium Products or Policies payable to insurance agent. | |
|----------|---|--|--------------------------------|
| | | First Year premium | Renewal Premium |
| 1 | Regular Premium | | |
| A | Individual Pure Risk | 40% | 10% |
| B | Individual Other than Pure Risk | | |
| i) | In respect of policies with premium Payment terms of | | |
| | 5 years | 15% | 7.5% |
| | 6 years | 18% | 7.5% |
| | 7 years | 21% | 7.5% |
| | 8 years | 24% | 7.5% |
| | 9 years | 27% | 7.5% |
| | 10 years | 30% | 7.5% |
| | 11 years | 33% | 7.5% |
| | 12 years or more | 35% | 7.5% |
| C | Individual Deferred Annuity / Pension. | 7.5% | 2% |
| D | Group Pure Risk (incl Group credit) and Group Savings Variable Life | 7.5% (Only on pure risk premium) | 7.5% |
| E | Government Scheme- Life - Health | As per Government Notification | As per Government Notification |

