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Government's insurance scheme: New database to keep track of claim duplications

Till now, the Pradhan Mantri Jeevan Jyoti Bima Yojana has received 1,184 claims while another 284 claims have been filed under the Pradhan Mantri Suraksha Bima Yojana.

To prevent duplication of claims under the government's flagship life insurance scheme, the Life Insurance Council has set up a consolidated registry for life insurance companies to check on before processing claims under the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

"Since the master policy for the scheme is done by banks, insurance companies need to verify that the person does not hold multiple policies while processing claims.

This will ensure that only claims of genuine policy holders are settled," said V Manickam, secretary general, Life Insurance Council.

The move follows a directive by the Department of Financial Services in the finance ministry as well as concerns by life insurers to set up a centralised registry.

Sources said the finance ministry has also asked the General Insurance Council to set up a similar database for the Pradhan Mantri Suraksha Bima Yojana (PMSBY) that provides an accident cover of Rs 2 lakh.

"There have been concerns over some of the claims," said the head of a life insurance company, who did not wish to be named. Till now, the PMJJBY has received 1,184 claims while another 284 claims have been filed under the PMSBY.

Accordingly, an IT enabled registry has been set up by the Life Insurance Council through CIBIL. Upon receiving a claim, a bank can inform the concerned life insurance company, which can then approach the council to check on the claim before settling it. "Life insurers can access the database by paying a nominal fee of Rs 5," said Manickam, adding that the check was earlier being done manually. The automated database through CIBIL has been operational for less than a month.

Of the 24 life insurers in the country, 10 have signed up for the PMJJBY. Most claims belong to four life insurers — Life Insurance Corporation of India, State Bank of India Life Insurance Company, Star Union Dai-ichi Life Insurance and IndiaFirst Life Insurance Company.

However, a finance ministry official stressed that insurers have to settle all genuine claims. "We will review the entire claim experience over a period of one year," he said.

The two schemes were launched by Prime Minister Narendra Modi on May 9 this year to improve social security and insurance coverage in the country.



The PMSBY provides a renewable on year accidental death cum disability cover of Rs 2 lakh to those between the age group of 18 to 70 years with a savings bank account at an annual premium of Rs 12 per year.

Similarly, the PMJJBY is a renewable one year life cover of Rs 2 lakh to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, for a premium of Rs 330 per annum per subscriber.