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Challenges in the delivery of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)[1]

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The two insurance schemes, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), launched under the Jan-Dhan Se Jan Suraksha program aim to protect low-income households from economic shocks resulting from two key risks- loss of life and personal accidents. PMJJBY and PMSBY have been lauded for their affordability and accessibility. The product design and delivery mechanism of these products have made formal insurance a reality for millions of low-income households. Yet, almost 8 years after the launch of the program, the performance of the two insurance schemes has been muted. Low take-up rates and supply side challenges give rise to customer protection issues. This research brief documents the challenges in the delivery of the two insurance schemes, proposes potential solutions, and articulates a research agenda that players in the ecosystem can pursue to help these schemes reach their potential.

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1. Introduction

Life insurance can serve as a critical product in the portfolio of low-income households (LIHs) to tide over adverse income shocks. Events such as loss of life or accident of the primary income earner of the family, combined with insufficiency and unpredictability in cashflows can have a huge negative impact on the financial stability of these households. Therefore, helping low-income households manage and recover from shocks is an important policy mandate. With this agenda in mind, the Government of India launched the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) in May 2015 as part of the Jan-Dhan Se Jan Suraksha program. PMJJBY offers a subsidized life insurance cover of up to ₹2 lakhs for a premium of ₹436 (paid annually) for individuals in the age group of 18 to 50 years.[3] PMSBY offers accidental death and disability coverage of up to ₹2 lakhs for accidental death and full disability and ₹1 lakh for partial disability for a premium of ₹20 per annum, for individuals in the age group of 18 to 70 years.[4] PMJJBY and PMSBY are offered by Life Insurance Corporation and public sector general insurance companies, respectively, along with other insurance companies willing to provide the products on terms mandated by the Government, with necessary approvals and tie-ups with banks (Inclusive Finance Report, 2021).[5]

The affordable and accessible nature of these insurance products makes them relevant to the needs of low-income households. Yet, the take-up of these schemes remains low. According to the 2019 All-India Debt and Investment Survey (AIDIS),[6] less than 5% of Indian households have PMJJBY and PMSBY accounts, with the ownership being less than 1% for low-income households.[7]

This research brief aims to synthesize existing evidence on the performance of PMJJBY and PMSBY since their inception, the reasons for low participation in these schemes, and the barriers to their successful implementation. We do this by focusing on the supply-side issues that give rise to customer protection concerns and that reduce the effectiveness of these schemes. We break down and evaluate each step of the customer journey- from access and ownership of accounts to claims settlement and the mechanisms available for grievance redress. We also briefly describe the demand-side factors that have a bearing on the take-up of these schemes, such as the customer's context and preferences and attitudes towards insurance.[8]

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[3] The premium amount of PMJJBY was increased from an annual amount of ₹330 to ₹436 in May 2022.

[4] The premium amount of PMSBY was increased from the initial ₹12 per annum to ₹20 per annum in May 2022.

[5] Inclusive Finance India Report, 2021- https://www.indiaspend.com/uploads/2021/12/19/IFI_Report_2021.pdf

[6] Insights from the AIDIS 2019- https://www.dvara.com/research/wp-content/uploads/2022/02/AIDIS-Slide-Deck.pdf

[7] To study the distribution of policyholders by household wealth, we also calculated the net worth of households by estimating the difference between their value of assets and liabilities. We found that 75% to 80% of PMSBY and PMJJBY account ownership comes from households that fall in the top 60% of net worth distribution, whereas the bottom 40% of households own only 20% to 25% of the total pie. These numbers indicate that the coverage of these schemes remains inadequate among low-income households.

[8] Several of these factors are, however, intricate and are more complex than what they seem on the surface. Therefore, a neat bifurcation of demand versus supply side issues might not always be possible. However, it is important to discuss these factors as they influence the uptake of these schemes. Moreover, several of the 'demand-side factors' are also a result of the current distribution realities of insurance products among low-income households, particularly in rural settings. For example, lack of awareness could be viewed as both a supply and a demand side issue. One could

We rely on existing datasets to evaluate the penetration of these products and speak to sector experts from grassroots organisations, think tanks, and the financial industry to furnish a holistic perspective on the effectiveness of these schemes in meeting their objectives.

We find that the customer journey in purchasing and availing the benefits of PMJJBY and PMSBY is marred by numerous process-level inefficiencies. These inefficiencies result in customer harms and give rise to various customer protection concerns. These concerns relate to practices adopted by Financial Service Providers (FSPs) in the sale and servicing of these products that put the customer's interest and wellbeing at risk and therefore fail to 'protect' the customer.

2. Uptake of PMJJBY and PMSBY

2.1 Cumulative Enrolment

A press release dated May 2022 by the Finance Ministry states that the total number of cumulative enrolments in PMJJBY and PMSBY till April 2022 exceeded 12.76 and 28.37 crores respectively.[9] As a consequence of these enrolments, ₹11,522 crores were paid for over 5.7 lakh claims under PMJJBY, and ₹1900 crores were paid for over 97,000 claims made under PMSBY. During the second wave of the COVID-19 pandemic in particular, there was a spike in the number of death claims under the PMJJBY which outnumbered the death claims made in the whole of FY 2020-21.[10] As per the statement by the Finance Ministry, the period from April '20 to February '22 alone contributed to a total of 2.10 lakh claims of around 4200 crores, which were paid with a settlement rate of 99.72%.

Tables 1 and 2 show the cumulative enrolments under both PMJJBY and PMSBY until FY 2020-21. The year-on-year growth rate of enrolments across both the schemes has been high, indicating targeted effort by the government and the financial sector to increase the penetration of these schemes among Indian households. The number of enrolments under PMJJBY increased from 2.96 crores to 10.27 crores between the period 2015 to 2021, indicating a compound annual growth rate (CAGR) of 23%. Similarly, the number of enrolments under PMSBY increased from 9.41 crores in 2015 to 23.26 crores in 2021, indicating a CAGR of 16%. During the same period, the CAGR of the number of claims filed was 50% and 53% for PMJJBY and PMSBY, respectively, suggesting that the two schemes have started witnessing considerable traction among its users.

argue that FSPs have not made enough effort to educate and inform potential customers, especially among low-income, rural communities, about a variety of insurance products available in the market. This could be a reason for the lack of demand for term life insurance products among low-income households. At the same time, one could also argue that limited exposure to the formal financial system and low levels of education of LIHs hinders their knowledge about the formal insurance markets at large.

[9] Ministry of Finance press statement (May 2022)- https://www.pib.gov.in/PressReleasePage.aspx?PRID=1823754

[10] Zee Business. 2021. *PMJJBY Death Claims Settlement: Whopping 2.5 lakhs in Q1FY22 versus 2.35 lakhs in entire FY21 - check data details from Modi government*: https://www.zeebiz.com/personal-finance/news-pmjjby-death-claims-settlement-whopping-25-lakhs-in-q1fy22-versus-235-lakhs-in-entire-fy21-check-data-details-from-modi-government-161745

As on FY 2020-21, the number of persons enroled under PMSBY is almost 2.2 times that of PMJJBY, while the claims disbursement ratio for PMJJBY is 91% compared to 77% for PMSBY. For the same period, the average claims settlement ratio for the overall life insurance industry stood at 98.2%.[11]

Table 1: The number of claims filed, and claims disbursed under PMSBY

Financial Year	Cumulative no. of person enroled (crores)	Total no. of claims received	Total no. of claims disbursed	Claims disbursal ratio (%)	Claims filed ratio (%)
2015-16	9.41	4,566	2,757	60.38%	0.005%
2016-17	9.95	12,534	9,403	75.02%	0.013%
2017-18	13.48	21,137	16,430	77.73%	0.016%
2018-19	15.47	40,749	32,176	78.96%	0.026%
2019-20	18.54	50,328	39,969	79.42%	0.027%
2020-21	23.26	58,540	45,472	77.27%	0.026%

Source: Indiastat and Business Standard

Table 2: The number of claims filed, and claims disbursed under PMJJBY

Financial Year	Cumulative no. of person enroled (crores)	Total no. of claims received	Total no. of claims disbursed	Claims disbursal ratio (%)	Claims filed ratio (%)
2015-16	2.96	22,212	19,409	79.99%	0.057%
2016-17	3.1	62,166	59,118	95.10%	0.201%
2017-18	5.33	98,163	89,708	91.39%	0.184%
2018-19	5.92	1,45,763	1,35,212	92.76%	0.246%
2019-20	6.96	1,90,175	1,78,189	93.70%	0.273%
2020-21	10.27	2,50,351	2,34,905	90.72%	0.233%

Source: Indiastat and IBEF

2.2 Active Enrolment

The numbers presented in Tables 1 and 2 are inclusive of all the enrolments made under the schemes from the year of their inception. Since cumulative enrolment figures also include lapsed policies, it is important to review the total number of active enrolments, for a realistic picture of the performance of these schemes.

News Click, an online news network, filed an RTI to assess the number of active enrolments under PMJJBY. Based on this RTI, the Insurance Regulatory and Development Authority of India (IRDAI)

[11] Kulkarni, S. (2022, January 7). *Latest life insurance claim settlement ratio of companies in 2022*. Retrieved from The Economic Times: https://economictimes.indiatimes.com/wealth/insure/life-insurance/latest-life-insurance-claim-settlement-ratio-of-companies-in-2022/articleshow/88725849.cms

reported that as on March 31, 2021, the total number of lives insured under the PMJJBY scheme was less than 5 crores (Table 3), much less than the 10.27 crores figure reported in Table 2.

According to Table 3, the total number of insurance policies renewed each year under PMJJBY did not exceed 3 crores until March 2021. The number of new people insured was the highest between the period June 2020 to March 2021, with around 1.83 crore additions. This period also witnessed the highest number of insurance claims from 65,322 people, out of which 60,908 received claims worth ₹1218 crores. However, the difference in the total lives covered every year and the number of lives renewed in the subsequent year points to a substantial proportion of policies lapsing every year. On average, 16% of PMJJBY policies lapsed during the period June 2015 to March 2021.[12]

Overall, it appears that the penetration of the PMJJBY scheme as demonstrated by the active enrolment figures is much less compared to the numbers as per the cumulative enrolment figures. Moreover, since the Government has articulated its mandate to link the Pradhan Mantri Jan-Dhan Yojana (PMJDY) accounts with social security schemes such as the PMJJBY and PMSBY, it is useful to look at the penetration of these two schemes as a proportion of the Jan-Dhan accounts. As of March 2021, 24% and 51% of PMJDY account holders were covered under the PMJJBY and PMSBY, respectively (according to the cumulative enrolment figures). However, when calculating the same statistic based on active enrolment figures, only 11% of PMJDY account holders were covered under the PMJJBY scheme.[13] This motivates the need to understand the various factors contributing to the sizable gap in cumulative and active enrolments for the two insurance schemes and the overall low uptake of the two schemes among Indian households.

Table 3: Year-wise details of members covered, and death claims paid under PMJJBY

Year	No of lives renewed during the year*	New lives added during the year*	Total lives covered as of 31st May	Premium received during the year* Rs.	No of claims intimated during the year	No of claims paid during the year	Amount of claims settled during the year Rs.
2015-16		2,73,54,338	2,73,54,338	790,55,40,844	42,317	41,231	824,62,00,000
2016-17	2,25,06,952	28,70,150	2,53,77,102	733,42,39,630	44,171	42,662	853,24,00,000
2017-18	2,07,17,415	46,23,891	2,53,41,306	732,41,95,198	40,391	37,811	756,22,00,000
2018-19	2,26,88,625	71,89,251	2,98,77,876	788,50,33,166	43,367	42,191	843,82,00,000
2019-20	2,49,38,631	1,27,16,717	3,76,55,348	977,80,96,015	47,261	45,037	900,74,00,000
2020-21 Till 31.03.2021	3,13,25,444	1,82,78,438	4,94,39,306	1309,56,07,053	65,322	60,908	1218,16,00,000

**In this statement year means PMJJBY policy year, i.e., from 1st June to 31st May.*

Source: [IRDAI as per an RTI request by NewsClick]

[12] 48 lakhs, 46 lakhs, 26 lakhs, 49 lakhs, and 63 lakhs policies lapsed in the FY 16-17, 17-18, 18-19 19-20 and 20-21, respectively.

[13] Based on author's calculation using enrolment data on PMJDY, PMJJBY and PMSBY as of March 2021. Active enrolment figures for PMSBY are not available.

3. Demand-side factors influencing the uptake of the Jan-Suraksha insurance schemes

The facts outlined above raise several questions- what are the reasons for the low uptake of these products? Why is there a sizeable gap between active and cumulative enrolments? What are the customer attitudes and preferences related to these schemes, and what factors deter customers from purchasing these products? To answer these questions, we began by reviewing existing literature, however scant. Most of the studies discussed the benefits of these schemes in promoting financial inclusion, without describing the bottlenecks faced by customers at different stages of accessing and using the product. A few studies also looked at the attitudes of the policyholders and their expectations from these schemes. This section describes results from studies that seek to uncover customer attitudes towards and expectations from insurance products in general and PMJJBY and PMSBY scheme in specific. These insights are either based on customer surveys or interviews among field officers of banks and post offices offering these products.

Kumar and Pandian (2020)[14] conducted a study in Virudhanagar, Tamil Nadu, and found that among the 250 policyholders surveyed, affordability was the biggest selling point of these policies, followed by the life cover and the accidental insurance that the policies guaranteed and the financial protection that they offered. Srinivasan and Vanitha (2018), in a study conducted among 110 respondents in the Tiruchirapalli district of Tamil Nadu, found that there was a positive association between the income of individuals and their level of awareness about PMJJBY and PMSBY.[15]

In another study of policyholders in rural Himachal Pradesh, Singh et al. (2022) found that both these schemes helped reduce mental stress around achieving financial security. They also agreed that such policies improved people's ability to manage their money and increased awareness about other government schemes.[16] Additionally, Deb and Sarma (2016), found that demographic factors like age, education, marital status, family size, and financial literacy play a significant role in influencing the enrolment decision of households.[17]

Dvara Research also conducted field visits to understand the reasons for the low demand for these schemes (specifically for PMJJBY).[18] Discussions with low-income households (LIHs)[19] as well as staff from India Post Office and India Post Payments Banks in Northern and Southern India revealed a set of key factors for the lack of demand for PMJJBY:

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[14] Kumar S., and Pandian S., 2020, "A study on policyholder's attitude towards social insurance scheme-with special reference to PMJJBY and PMSBY scheme in Virudhunagar district." From https://ictactjournals.in/paper/IJMS_V6_I3_Paper_1_1247_1252.pdf

[15] Srinivasan P., and Vanitha S., 2018, "Social awareness of Pradhan Mantri schemes with reference to Tiruchirapalli district."

[16] Singh, V.P., Singh, R. R., & Singh, G. (2022). *Financial inclusion through social security schemes in Himachal Pradesh: A study of PMSBY, PMJJBY, & APY.* From https://www.researchgate.net/publication/358046002_FINANCIAL_INCLUSION_THROUGH_SOCIAL_SECURITY_SCHEMES_IN_HIMACHAL_PRADESH_A_STUDY_OF_PMSBY_PMJJBY_APY

[17] Deb R., Sarma S., 2016, Picturing How PMSBY and PMJJBY Matter

[18] We did not focus on looking into the demand side challenges for the PMSBY scheme as we found that the premium amount of Rs. 20 per annum played a crucial role in removing most of the demand side barriers and that people did not articulate any specific demand-side issues pertaining to PMSBY.

[19] Ganesan, Priyadarshini, Sowmini Prasad, and Misha Sharma. 2022. "Can information disclosures influence life insurance purchase decisions for low-income households?" *Dvara Research.*

i. LIHs have a nil to weak intention to buy insurance. Life insurance is largely a push product, i.e., LIHs do not actively seek insurance.

ii. Customers are reluctant to buy PMJJBY as it is a pure term life insurance product that does not accrue any maturity benefits. That they should expect such benefits from an insurance product is itself an anomaly, but such an expectation is now habitual, since the purchase of standard endowment plans, that do carry such benefits, is the norm among LIHs. Standard endowment plans are not suitable for LIHs, and the norm is the handiwork of insurance agents who routinely mis-sell such products to LIHs. Part of the persuasive strategy followed by such agents is to convince LIHs that they should prefer the bundled nature of an endowment plan as they can then tie their limited pool of funds into one product to manage both their savings and risk protection needs, rather than buying and maintaining multiple financial products.

iii. Customers feel that PMJJBY's premium amount (Rs. 436) is high as they tend to compare it with the much lower premium of PMSBY (Rs. 20).

iv. Social networks play an important role in determining the financial choices of an individual. Due to low outreach of these schemes, most customers do not see people in their network buying these products. Customers also cite poor claim settlement experience of their peers as a reason for hesitating to purchase these products.

v. Behavioural factors also deter customers from purchasing pure term life insurance plans. A summary of these factors is described in Table 4. [20]

Table 4: Behavioural factors influencing the demand for PMJJBY

Categories	Description
Optimism bias	People do not think that their risk of death is high enough anytime soon
Loss aversion	People do not want to lose the premium paid without receiving anything in return
Status quo bias	People have always had the experience of getting back returns on their life insurance purchase (endowment plans)
Salience bias	People focus on the premium paid for PMSBY as a comparison scale for the premium of PMJJBY; People focus on endowment plans as these are largely the only products pitched to them
Social proof	Peers in their network have not bought the product
Lack of trust	People do not trust anybody other than community-based agents who sell life insurance products
Present bias	People discount the potential adverse impact of not buying a life insurance as the consequence of the decision is believed to be in a distant future

[20] Ganesan, Priyadarshini, Sowmini Prasad, and Misha Sharma. 2022. "Can information disclosures influence life insurance purchase decisions for low-income households?" *Dvara Research.*

4. Bottlenecks in the customer journey

For an overview of the roadblocks faced by customers in accessing and using these schemes, we interviewed sector experts from organisations working in the domain of financial inclusion. Based on these conversations, we prepared a roadmap of the different stages of the customer journey and the problems that customers face when interfacing with these products. We discovered that numerous process-level inefficiencies exist in the delivery of these products. These inefficiencies result in customer harms and therefore give rise to various customer protection issues. Figure 1 lays out the different challenges in availing and using the insurance products under the Jan Suraksha program.

Figure 1: Challenges in availing insurance through PMJJBY and PMSBY

Pre-sale
- Lack of awareness, interest, and trust
- Lack of incentives for the banks to push/market these products

Onboarding
- Low document readiness
- Auto-enrolment of subscribers without their consent
- No provision of policy document with claims and grievance related clauses

Premium Repayment
- Dormant account (18% of PMJDY accounts are inactive)
- Insufficient balance in bank account

Claim Settlement
- No claims filed as the family of deceased unaware about life insurance ownership
- Low document readiness
- Missing nominee name in the application
- No mechanism to track claims status

Grievance Redress
- Lack of information about the grievance redress process
- Lack of incentive & accountability for the intermediaries to offer support to the customer
- Inadequate information and training given to the intermediaries for handling grievances

4.1 Pre-sale

A lack of awareness about these products, especially among the most vulnerable and underserved populations, is the biggest deterrent to the success of these schemes. Awareness levels also vary widely- either people are completely unfamiliar with the benefits of the schemes, or they have heard about the schemes but are unaware of the features of the products. Life insurance is mainly a push product, more so for households who fall within the lower strata of the income distribution. Their negative experience of interacting with banks and low levels of familiarity with and trust in the banking system also make them hesitant to take up these schemes. On their side, banks and post offices find that the cut they get from the premium amount is not adequate to cover the costs incurred during the different stages of delivery of these products, such as training personnel and providing handholding support to customers. Out of the ₹436 that is paid as premium by the customer for PMJJBY, ₹395 goes to the insurance company, ₹30 is the commission payable to business correspondents (for new enrolments only), and banks get ₹11 as administrative expenses.[21] Competition between insurance market players, especially from those selling endowment plans (a bundle of savings and investment) makes it even more difficult for banks and their agents to promote the PMJJBY/PMSBY products.

4.2 Onboarding

Lack of documentation support during onboarding and inadequate training of Business Correspondents (BCs)

Though the process to enrol into the two schemes may seem straightforward, low-income individuals face certain challenges. To enrol into these schemes, the customer must either download an online form and submit a filled-in form via their Aadhar-linked bank or post office account or must seek support from BCs. Bank accounts that are not linked with Aadhaar are a roadblock for low-income households to participating in these schemes. Additionally, customers require handholding support to fill out these applications, which is often not readily available.

No provision of policy document explaining features, claim settlement, or grievance redress procedure

The problems for the customer, however, do not end with sale of the product. Conversations with grassroots organisations have revealed that often customers do not receive any information regarding policy details, claim filing procedure, and channels of grievance redress from the partnering banks/post offices after enrolment. This results in customers facing difficulties in filing claims applications, which makes the claim settlement process tedious and time consuming. Since banks/post offices play the role of the intermediaries/master policyholders under these schemes, the policy documents often do not reach the customer, leaving the customers with no choice but to rely on inadequately trained agents for information.

Auto enrolment without customer's consent

Stakeholder conversations also revealed that customers are sometimes auto-enroled into these schemes without their consent and knowledge. This is especially true for PMSBY due to the low premium amount of ₹20. Customers only realise this when the premium deductions are reflected in their passbooks. Interestingly, 'compulsion by the bank/post office staff/agents' also figured in the list of reasons for enrolment into these schemes in Kumar and Pandian (2020). Recently, there have also been complaints on Twitter and other social media platforms about enrolment into these schemes without the customers' prior consent, which could be symptomatic of the lack of demand for the two schemes.[22] [23] This is a serious problem as it is not only a violation of customer's contract but also defeats the purpose of the schemes.

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[21] Revised rules for Pradhan Mantri Jeevan Jyoti Bima Yojana (w.e.f. 1.6.2022)- https://www.jansuraksha.gov.in/Files/PMJJBY/English/Rules.pdf

[22] Moneycontrol, 2023. *Are banks deducting insurance premiums for government schemes from customers without consent?*: https://www.moneycontrol.com/news/business/are-banks-deducting-insurance-premiums-for-government-schemes-from-customers-without-consent-9709311.html/amp

[23] The Wire, 2022. *Banks Have Been Charging Customers for Government Insurance They Never Wanted*: https://thewire.in/banking/banks-have-been-charging-customers-for-government-insurance-they-never-wanted

4.3 Payment of Premium

After purchasing the policies, two problems emerge in the premium repayment stage- dormant bank accounts and insufficient balance in bank accounts. According to the 2021 Global Findex database, 78% of Indian adults have a bank account but roughly one-third of these accounts remain inactive.[24] This acts as a barrier during the premium payment stage as policies lapse due to either dormancy of accounts or insufficient balance in these accounts.

4.4 Claim Settlement

Organisations we spoke to reported customers facing difficulties in submitting their claim applications, tracking the status of their claims, and finally receiving their claim amounts. There are multiple roadblocks in the way the claims settlement process is set up that makes this stage of the customer journey rather arduous. One of the requirements by the banks is that the claim should 'preferably' be applied for within 30 days of the death of the policyholder.[25] This provision, though only desirable and not enforceable, has been cited by banks for denying claims in certain situations. For both schemes, claims must be settled within 60 days of document submission to the bank, with the processing time being split at 30 days each for the bank and the insurance company. However, our conversations with sector stakeholders revealed that customers often have to wait for more than 3 months to receive their claim amounts and are often left in the dark about the status of their applications. Documents such as death certificates, claim forms, discharge forms and disability certificates (only in the case of PMSBY) are required to be submitted to the banks. Often, low document readiness of customers becomes a hurdle in claim settlement. The absence of a nominee in many cases also becomes a burden due to the lengthy proceedings that take place to get the claims settled.[26] The lack of a policy document acts as a barrier for the family of the policyholder in understanding the relevant details about the policy such as the bank that sold the product, the grievance redress process available to make queries and complaints, and so on. Moreover, the absence of a mechanism for the subscriber's nominee/legal heir to track the status of their application and the sheer lack of knowledge about the relevant grievance redress channel compels them to rely on information provided by the bank/post office officials who themselves are often unaware of the processes.

4.5 Grievance Redress

Visit to post offices revealed that though the agents are eager to help the customers, they are generally not aware of the steps that are needed to be taken in case a legitimate claim has been denied.[27] There is also a lack of incentive on the part of banks/post offices to offer handholding support that is frequently required by the low-income customer segment. Business Correspondents are given inadequate information and training for handling grievances, due to which customers are unable to escalate the issue to the insurance offices either due to lack of information about the insurance company that the bank has tied up with or because of lack of channels available for reaching out to the insurance service provider.

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[24] World Bank, 2021. *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*: https://www.worldbank.org/en/publication/globalfindex
[25] To access the claim form- https://www.jansuraksha.gov.in/Files/PMJJBY/English/ClaimForm.pdf
[26] Newsclick, 2021. *Revealed by RTI: PMJJBY not working even in COVID crisis:* https://www.newsclick.in/revealed-rti-pm-jeevan-jyoti-bima-yojana-not-working-even-covid-crisis
[27] Our team visited a few post offices in Uttar Pradesh and Tamil Nadu to understand the process of claim settlement for PMJJBY and PMSBY.

5. Key problem statement and proposed solutions

Problem Statement: The customer journey in purchasing and availing the benefits of the two insurance schemes under the Jan-Dhan Se Jan Suraksha program, namely, the PMJJBY and PMSBY, is marred by numerous process-level inefficiencies. These cause customer harm and undermine the usefulness of the schemes (see Table 5 for a list of customer protection issues and the resultant customer harm). How can these inefficiencies be resolved?

Table 5: Customer protection issues and the resultant harm in the delivery of PMJJBY and PMSBY

Problems	Customer Protection Issues	Customer Harms
Enrolment without consent	Unfair Conduct; Mis-sale; Inadequate Disclosure	• Violation of customer contract • Unauthorized transaction leading to monetary loss in terms of premium payment • Loss of autonomy • Unfiled claims
No policy document provided to the customer	Inadequate Disclosure	• Inadequate information about the features of the policy • Problems during claims filing and settlement
Lack of incentive & accountability for the intermediaries to support customers at different stages of the product journey	Conflict of interest; Inadequate Grievance Redress	• Travel/transaction/time costs • Mental stress
Inadequate information and training given to the intermediaries to support customers at different stages of the product journey	Inadequate Grievance Redress	• Travel/transaction/time costs • Mental stress
Lapsed policy due to inactive bank account or insufficient balance	Unsuitable product and process design	• Lack of protection from economic shock resulting from loss of life or accident
Difficulty in filing claims due to lack of knowledge about the process	Inadequate Disclosure	• Delay in filing claims application leading to delay in receiving the claim amount • Increase in travel/transaction/time costs
No mechanism to track the status of claims application	Inadequate Grievance Redress	• Inadequate information about the status of the claims application leading to mental stress • Travel/transaction/time costs in tracking the application and following up

What are the key barriers to the take-up of these schemes at the pre-sale stage? How can they be reduced to increase the penetration of these schemes?

Though there are multiple reasons behind the low uptake of insurance products offered under the Jan Suraksha Scheme, lack of awareness and lack of trust in the banking system, stand out as prominent barriers. There is a dearth of information about these schemes in the public domain and hence, the natural first step is to decrease this information gap. One potential solution could be to increase awareness of these products through campaigns and advertisements. Some of our conversations with key actors in the ecosystem revealed that people, especially in rural regions, respond positively to socially reputable figures such as the *Gram Sarpanch* (village head) more than officials from banks/post offices. Therefore, if campaigns and awareness programs are led by such local leaders, the impact of such outreach could be high. Similarly, posters with a list of Frequently asked questions (FAQs) in local/regional languages about these schemes can be displayed in post offices, panchayat offices, government health centres, and other such local offices to make information readily available to the public. The network of said leaders could also be leveraged to solve the nuances of region-specific problems that persist in extending social protection to everyone. Another possible way to increase awareness could be through government-run Interactive Voice Response Survey (IVRS) channels. Studies have shown that IVRS is an impactful tool in disseminating and collecting information from the remotest of areas which could help provide extended coverage.[28] Besides these efforts, Business Correspondents (BCs) and Grameen Daak Sevaks (GDS) or rural postal agents should continue to put in efforts in not only explaining the terms of the schemes but also in helping customers navigate the entire product journey from the point of sale to handling the claim settlement process (if required). Additionally, the incentives for banks and BCs for selling PMJJBY or PMSBY are not comparable to the commissions they earn from selling similar products offered by private players. Therefore, there is a need to re-examine the incentive structure designed for this product.

How can the onboarding experience of customers be improved?

The problem of auto-enrolment without customers' consent is first and foremost a violation of the customer contract, and secondarily, also defeats the purpose of these schemes. Our research indicates several lapses in the onboarding process that leave the customers poorly equipped to understand the features of the schemes and avail its benefits when needed. Steps that could be followed to improve the onboarding process are (i) providing relevant policy documentation that confirms the customer's insurance ownership (ii) explaining the terms and conditions of the product at the point of sale (iii) training of agents, banks, and post office officials to handle the claims application process and finally (iv) incorporating strict protocols in place that keep a check against auto enrolments into the scheme.

Are there frictions in the premium payment stage? If so, what can be done to smoothen it?

Dormant accounts or insufficient balance in bank/post office accounts can lead to lapsed policies. Sending pre-recorded audio messages in addition to phone messages reminding the customers about their premium repayment terms might help in making the premium payment stage hassle-free.

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[28] Patel, Neil, Deepti Chittamuru, Anupam Jain, Paresh Dave, Tapan S. Parikh, 2010. *Avaaj Otalo — A Field Study of an Interactive Voice Forum for Small Farmers in Rural India*: http://represent.org/publications/papers/pap0310-patel.pdf

How can the gaps in the claim settlement and grievance redress procedures be filled?

There are multiple roadblocks in the way the claims settlement process is set up that make it difficult for the customers to file their claims application. The following solutions may help refine the claims settlement and grievance redress processes and enhance customer experience: (i) increasing the 'preferable period' within which a claim can be filed with the banks from 30 days to at least 60 days (ii) providing proper training to bank/post office staff to handle customer queries related to claim settlement (iii) instating a centralized tracking system along with a customer care number to help subscribers' nominees/legal heirs track the status of their claims application (iv) explaining the claim settlement and grievance redress process at the point of sale and at the point of filing for claims (v) appointing village/block level grievance redress 'sathis' to aid in filing grievances to higher authorities. (vi) using IVRS as a grievance redress channel to collect customer feedback and extend coverage of the scheme.

Figure 2 summarises the proposed solutions across the different stages of the customer journey.

Figure 2: Proposed Solutions

Pre-sale	Onboarding	Premium Repayment	Claim Settlement	Grievance Redress
• Campaigns and advertisements - including local leaders • Posters in local languages with FAQs in public places • Financial literacy camps • Government-run IVRS • Door-to-door delivery of information and services by BCs/GDS • Better incentive structure for banks and BCs	• Enrolment with due consent • Claim settlement and grievance redress process to be explained verbally to both the subscriber and their nominee at the point of sale • Provision of policy documents containing terms and conditions	• Pre-recorded audio messages along with SMS notifications to maintain sufficient balance at the time of policy renewal	• Increasing the 'preferred period' within which a claim can be filed with the banks from 30 days to at least 60 days • Training bank/post office staff to answer queries related to claim settlement • Handholding customers at the time of claim application	• Procedure for grievance redress channels to be explained at the point of sale and at the point of filing of claim • Training bank/post office staff to assist the customer at different stages of the customer journey • Village/block level grievance redress 'sathis' to aid in filing grievances to the higher authorities

6. Research agenda on improving the take-up of PMJJBY and PMSBY schemes

Given the challenges identified in this research brief, it will be important for sector stakeholders such as the government, regulators, and financial service providers to work together towards the successful implementation of these schemes. In this context, some important questions need to be resolved. We list these questions in the form of a research agenda that researchers in the ecosystem can help answer. Each set of questions speaks to the different players in the ecosystem- customers, banks, post offices, insurance service providers and the government.

1. Customers: How can the intrinsic demand for the PMJJBY and PMSBY schemes be increased? How can we build a value proposition for the customers that will improve the usability and relevance of these schemes for them? What are some of the solutions that can be designed to overcome the behavioural biases of customers towards pure term life insurance?
2. Banks/Post Offices: How can the delivery of the schemes be improved? Given that banks are the customer-facing front for these schemes, how can the incentive structure for banks be strengthened such that they provide quality customer service at different stages of product delivery? At the onboarding stage, what steps can banks take to ensure that they enrol the right mix of customers across all age groups with the due consent of the customer? How can banks work with BCs to improve the transfer of information between the insurance service provider and the customer, related to product features and other policy details? What incentives should be put in place to ensure that banks and BCs provide adequate handholding to customers at the time of the claims settlement stage? How can technology be used to improve customer experience and ensure greater coordination between banks, insurance service providers and the customer?
3. Insurance Service Providers: What mechanisms can insurance service providers adopt to increase outreach and awareness among their customers? What steps can insurance service providers take to ensure that information about the policy document, certificate of insurance, etc. reaches the end customer? How can insurance service providers identify fraud at the claims settlement stage?
4. Government: How can the government support the successful implementation of these schemes? At what stages should they be providing intensive versus light touch support? Could the government play a greater role in awareness creation and building demand for these schemes? What kind of support can the government offer to banks and insurance companies beyond the subsidized rates of policy premium that will incentivize market players to push the delivery of these products in a suitable and customer centric manner?
5. Regulator/Government: Finally, how can the success of these schemes be measured? What is the nature of the market monitoring toolkit that can be deployed to evaluate the efficacy of these schemes at various levels? Who can use this toolkit and what value add can it provide?