

Saral Jeevan Bima

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In news

IRDAI has come up with a standardised life insurance product “Saral Jeevan Bima”.

About Saral Jeevan Bima

- The Insurance Regulatory and Development Authority of India has come up with a standard individual term life insurance product whose simple features as well as standard terms and conditions are expected to help customers make an informed choice and reduce mis-selling.
- It will be a non-linked, non-participating individual pure risk premium life insurance plan providing for payment of the sum assured in a lump sum to the nominee in case of the insured’s death during the policy term.
- As per IRDAI’s guidelines, **it mandated all life insurers to offer the standard product by January 1.**
- **The plan will be for those in the 18-65 years age group.**
- According to IRDAI, the **policy term is 5-40 years**, while the sum assured will be a minimum of ₹5 lakh and a maximum of ₹25 lakh.
- However, the insurers also have the option of offering sum assured beyond ₹25 lakh with all other terms and conditions remaining the same.
- The product **shall be offered to individuals without restrictions on gender, place of residence, travel, occupation or educational qualifications.**
- On the death benefit, the IRDAI said for regular and limited premium payment policies, it will be the highest of 10 times of annualised premium; 105% of all the premiums paid as on the date of death; or the absolute amount assured to be paid on death.

- In case of single premium policies, it will be higher of 125% of single premium, or absolute amount assured to be paid on death.
- IRDAI also mentions that there will be no maturity benefit. Neither will there be any surrender value nor can any loan be taken against the product.
- The pricing (premium) by insurers will be as per the File and Use (F&U) process.
- On exclusions, the circular said there shall be no exclusions, except suicide.

Why standard individual term?

- IRDAI stated that in the last few years there has been an increased customer preference towards pure term life insurance products resulting in insurers launching many term products with varying terms and conditions.
- Customers who cannot devote adequate time and energy to make informed choices find it difficult to select the right product. Also, products may not be available for the intended sum assured.
- Thus, it was felt necessary to introduce a standard, individual term life insurance product to take care of this situation and to make available a product by all life insurers that broadly meets the needs of an average customer.