

# An Impetus of Standard Insurance Products Available in Indian Insurance Sector

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**Abstract**— Indian Insurance Industry has existed for a long time and insurance has been covering lives and livelihoods for ages. Insurance covers risks of various diversities and is available as life insurance, general insurance, and health insurance. There are many insurance providers in the market both from the public and private sectors. IRDAI is the regulating agency that regulates nationwide insurance activities. IRDAI provides a list of schemes that become the base product for floating any insurance schemes and policies in the market. These schemes are called Standard Insurance Products. As per the guidelines of IRDAI, all the insurance players in the market must compulsorily provide the basic coverage as prescribed by the Standard Insurance Products(SIP). The insurance players cannot defy the guidelines set by SIP. This paper tries to identify and highlight the importance of Standard Insurance Products. These products and their awareness will help the insurance coverage postulants to plan the coverage and accordingly look for the right schemes from the available schemes in the market.

**Index Terms**— Insurance, Standard Insurance Products, Life Insurance, General Insurance, Health Insurance

## I. INTRODUCTION

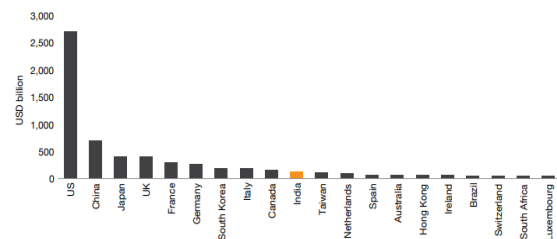
The insurance industry has been in existence in the Indian economy for a long period of time. However, the expansion and penetration of this industry rely mainly on awareness of insurance products among the people. Creating insurance awareness and making people understand the need for insurance has always been a challenge for insurance providers. Creating awareness using internet social media and other print and visual media has been helpful in promoting insurance products. (Demographics & Insurance, , Jan – Mar 2023,) But insurance policy seekers today look for the right insurance products that suit their requirements.

IRDAI has taken certain required steps for the benefit of the customers and policy seekers. IRDAI has introduced standardization of insurance products which helps the customers to understand the basic coverage that will be provided under the policy offered by the insurer. With the introduction of standardization of insurance products IRDAI has helped the customers to understand complex insurance products in a simple way and easily choose the right insurance product as per their need.

Insurance industry is growing at a steady speed. May it be the Life Insurance sector or the General Insurance sector, people understand the need for insurance let it be life, health and other non-life risks associated with a human life. With the introduction of standardized insurance products by IRDAI, insurance providers are able to better cater to the insurance seekers.

Figure 1

Top 20 largest insurance markets in the world by premium volumes, 2021



Source: Swiss Re Sigma Reports, Various Issues, <https://www.pwc.in/assets/pdfs/research-insights-hub/immersive-outlook-4/bridging-gaps-in-the-india-insurance-sector.pdf>

## II. OBJECTIVES OF THE STUDY

- To understand Insurance from an Indian perspective

- To comprehend the need for Standard Insurance Products
- To identify the difference between Standard Insurance Products available in the Indian market as per IRDAI guidelines

**Standard Insurance Products – need and importance**  
 The insurance industry is a well expanding industry. This industry has a lot of potential for growth and expansion. The insurance industry has been opened up for private players as well and with this we can see a lot of insurance players offering a variety of schemes to the customers. This increased competition in the Insurance sector has made it difficult for a customer to choose a right policy for their requirements. (Demographics & Insurance, , Jan – Mar 2023,) For a customer, knowledge about the policy its terms and conditions and trust on the insurance provider are key essential factors which would influence the buying behavior of the customer. For those customers who find it difficult to understand the policy features would find it difficult to choose between the variety of policies available in the market offered by various insurance players. IRDAI Introduced standard insurance products for such customers who are either first time buyers or for those customers who are confused or are unable to choose between various schemes offered due to varied features.

A standard insurance product is ideally a basic prototype of the insurance depending upon the risk that is being covered under the insurance policy. Standard insurance product defines the basic risks that an insurance scheme has to cover for a given risk type, it also includes the basic terms and conditions which binds the insurer and the insured. Further it provides guidelines for claim and claim settlement procedures that will have to be followed by the insurer and the insured for claim settlements. Based on standard insurance product guidelines offered by IRDAI the insurance players will design their insurance schemes offered under their brand name. The schemes floated by the insurance providers should compulsorily include the basic coverage guidelines put forth by the regulatory body, however the insurer is free to add additional features to the scheme offered.

Table 1  
 Insurance Penetration (Premium as % of GDP)  
 (World Vs India)

Penetration (Premium as % of GDP)	World	India
Life Insurance	3.31	2.74
Non – Life Insurance	2.78	0.97
Overall	6.09	3.7

The Journal of Insurance Institute of India, Standard insurance products and the guidelines – IRDAI:  
[https://www.insuranceinstituteofindia.com/documents/6454111/6454500/The+Journal\\_Jan-Mar+2023.pdf](https://www.insuranceinstituteofindia.com/documents/6454111/6454500/The+Journal_Jan-Mar+2023.pdf)

**Life Insurance**

**Saral Jeevan Bima**

This is a pure risk premium life insurance plan and it is a non - participating and non-market linked plan. This plan provides life risk coverage to the insured and provides for lump sum payment of the insured money to the nominee in case of untimely death of the policy holder during the term of the policy. However, this scheme provides no loan facility and no maturity benefit under this standard plan.

**Saral Pension**

It is an individual immediate annuity plan with 2 variants i.e., life annuity with 100% Return of Purchase Price and Joint life annuity with a provision of 100% annuity to the secondary annuitant on death of the primary annuitant and the annuitant will be eligible to receive a return of 100% on the Purchase Price at the event of death of last survivor. There is no maturity benefit but a loan facility can be availed after 6 months from the date of commencement of the plan.

**General Insurance**

**Bharat Griha Raksha**

This scheme is for covering dwellings or home building(s) and/or home contents from fire and allied perils for material damage. This scheme is a replacement for the earlier existing policy named SFSP i.e., Special Fire and Special Peril These guidelines have come into effect from 1st of April

2021. The maximum time of coverage is for not exceeding 10 years. It has 2 options i.e., firstly risk coverage for home buildings or home contents and secondly personal accident coverage for the insured and the spouse where insured peril causes damage to home building or home contents and also results in death of either or both of them.

#### Bharat Sookshma Udyam Suraksha

This plan is meant for small businesses like shops, hotels, enterprises, offices, small industries or businesses or any other form of economic activity where the whole value of the insurable assets does not exceed ₹ 5 crores against Fire and other allied Perils. The standard plan covers the physical losses or damages, or destructions caused to the building or buildings including structures, plant and machinery and the stock and other assets relating to the business of the insured.

#### Bharat Laghu Udyam Suraksha

The Laghu Udyam Suraksha - an extension of the Sookshma Udyam Suraksha plan. Here the businesses like Shops, Hotels, Industrial/Manufacturing risks, Offices, Utilities which are located outside the physical premises of Industrial/Manufacturing risks, Tanks / Gas holders attached to the Industrial / Manufacturing risk and so on whose total value of the insurable assets at a particular physical location exceeds ₹5 crores but doesn't exceed ₹50 crores are insured against Fire and other Allied Perils.

#### Health Insurance

The government has introduced various standard insurance policies in Health insurance cadre for the benefit of the people.

#### Arogya Sanjeevani

This insurance policy designed for an individual or a floater. Individual policyholder refers to one beneficiary and the floater refers to a family together as a beneficiary. Like any other general insurance policy, the Sanjeevani Policy is for 1 year. People aged between 18 to 65 years can avail this policy for self, spouse, parents and in-laws and dependent children. It covers hospitalization expenses for a min period of 24 Hrs. including pre-hospitalization expenses for a period of 30 days and post hospitalization expense for a period of 60 days. Also

covers expenses under Ayush Treatment. Ambulance charges and other expenses are covered here and it goes up to a max of Rs.2,000/- per hospitalization.

#### Corona Kavach

Covid Standard Health Policy may be distributed across all distribution channels including Micro Insurance Agents, Point of sale persons and Common Public Service Centers. Beneficiaries can be self and floater as well, spouse, parents, in-laws, dependent children all between the age of 18 Years and 65 years. The min sum insured under the Covid Std Health Insurance Policy would be Rs 50,000/- (Fifty Thousand only). Maximum limit shall be Rs 5,00,000/- a sum of Rs.5 Lakhs in the multiples of Rs.50,000/-. Covid Standard Health Insurance Policy shall be offered and the policy term defined here is of three and 3½ months, 6 ½ months and 9 ½ months which also includes the waiting period. Single premium mode of payment is used for this policy.

#### Corona Rakshak Policy

COVID Standard is another health insurance policy offered on individual basis only between the age of 18 years to 65 years only. The min sum insured under COVID Standard benefit health insurance policy shall be Rs. 50,000/- (Fifty Thousand only). Maximum limit shall be Rs.2,50,000(Two lakhs and Fifty Thousand only which is in the multiples of Rs.50,000. COVID Standard benefit insurance health policy shall be offered with a policy term of 3 ½ months, 6 ½ months and 9 ½ months i.e., 105 days, 195 days and 285 days respectively. The payment would happen through single premium payment mode.

#### Mashak Rakshak

Lump sum benefits which would sum upto to 100% of the Sum Insured shall be payable to the beneficiary on positive diagnosis of the following or any of the below mentioned vector borne disease or diseases which might also require hospitalization for a min continuous period of 72 hrs. They include i) Dengue fever ii) Malaria iii) Filariasis (Lymphatic Filariasis) iv) Kala-azar v) Chikungunya vi) Japanese Encephalitis vii) Zika Virus. Diagnosis Cover only 2% of the sum insured and it shall be payable on positive diagnosis which would be approved through laboratory examination and confirmed by the medical practitioner only and the person should be covered

under vector borne disease on the first diagnosis during the Cover Period, subject to policy terms and conditions. The min sum insured under this Standard Product shall be Rs 10,000/- (Ten Thousand only). The Max limit shall be Rs 2,00,000/- (in the multiples of Rs.10,000/-) Standard Product shall also be offered with a policy tenure of 1 yr with a single premium payment option.

#### Saral Suraksha Bima

The scheme being a Standard Personal Accident Insurance Product, provides coverage of benefit equal to 100% of Sum Insured. The beneficiary shall receive the benefit on death of the insured person only, which might be due to an injury which is sustained due to an Accident during the Policy Period and also the Insured Person's death should have occurred within 12 months from the date of the accident. In case of permanent total disablement, the insured will receive a benefit equal to 100% of sum insured and it will be payable only if the insured person suffers Permanent Total Disablement, which is solely and directly caused due to an accident and it should be during the Policy Period. Along with it, the Permanent Total Disablement that has occurred within 12 months from the date of the accident shall include eyes, limbs and other injuries leading to permanent disablement of the above organs. Min sum insured is Rs.2.5 lakhs and the max sum insured shall be Rs.1 Crore. The sum insured shall be offered in multiples of Rs 50,000/-. Beneficiaries can be self and floater as well, spouse, parents, in-laws, dependent children all between the age of 18 years and 70 years and dependent children between the age of 3 years to 25 years.

#### Bharat Yatra Suraksha

Bharat Yatra Suraksha is a standard Domestic Travel Insurance scheme floated by the Govt. There are 5 plan variants available under this plan and no other variant shall be allowed to be offered under standard travel insurance product. There shall be only single premium payment and it shall be collected in advance. The product is offered to all kinds of travel which includes bus, train, taxi, air travel, ship and any other modes of travel. The premium and according to the coverage varies depending upon the plan chosen. Standard domestic travel insurance products may be offered to an Individual & on Group basis. When the policy is offered as a family cover, the chosen sum of

the money protecting the insured shall apply to each family member separately. Family includes spouse, children, parents and in-laws. There is no waiting period.

#### SDTIP – Plan - A

Under Plan A the mode of travel covered is Taxi Cab or buses. A distance of 100 km from the place of departure or origin of the journey shall be covered and more than that. Only a single journey i.e., from place of origin to place of destination will be covered and the duration of the journey is the tenure which the policy will be covering.

#### SDTIP – Plan - B

Plan B is also designed to cover a mode of travel by Taxi Cab or Bus. The distance covered by the policy is 100 km and more from the Place of Origin of the journey. Plan B again covers only a single journey from Place of Origin to Place of Destination and it covers the beneficiaries during the journey.

#### SDTIP – Plan – C

Plan C aimed to cover pre-reserved train travel. There are no restrictions on distance. A single journey from Place of Origin to Place of Destination covers the beneficiaries during the journey.

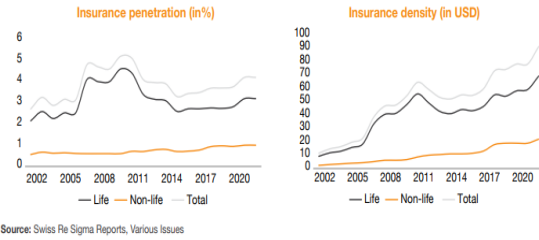
#### SDTIP – Plan – D

Plan D covers Air travel covering the air traveler against any accidents during a single travel journey from place of origin to place of destination. Plan D coverage has no restrictions on the distance covered.

#### SDTIP – Plan – E

All domestic Trips including travel through Taxi Cab, Bus, Train, Ship or Air travel any one or multiple modes of common carrier shall be included in Plan E. The plan provides round-trip coverage i.e., from place of Origin to place of origin or place of residence, and tenure of the coverage is a maximum duration of up to 30 days.

Figure 2  
Insurance Penetration and Density Over Years in India



Source: <https://www.pwc.in/assets/pdfs/research-insights-hub/immersive-outlook-4/bridging-gaps-in-the-india-insurance-sector.pdf>

### III. FINDINGS

**Scope for Development:** The study suggests that there is significant potential for growth and enhancement within the Indian insurance industry. This implies that there are opportunities for expansion, innovation, and improvement within the sector.

**Standard Insurance Products:** The Insurance Regulatory and Development Authority of India (IRDAI) plays a crucial role in regulating the insurance market. The study indicates that IRDAI establishes standards for various insurance schemes that can be offered by insurance providers. These standards likely ensure consumer protection, product consistency, and industry stability.

**Standard Insurance Products Identification:** The study identifies specific standard insurance products that have been mandated or encouraged by IRDAI. These include schemes such as Saral Jeevan Bima, Saral Pension, Bharat Griha Raksha, Bharat Sookshma Udyam Suraksha, Bharat Laghu Udyam Suraksha, among others. These standardized products are likely designed to simplify insurance options for consumers and ensure that they have access to basic, essential coverage options.

### IV. RECOMMENDATIONS

**Promotional Strategies:** It is noted that achieving higher levels of insurance penetration (the proportion of the population covered by insurance) can be facilitated through the implementation of more

effective promotional strategies. This could involve marketing campaigns, educational initiatives, or other tactics to increase awareness and uptake of insurance products among the public.

### CONCLUSIONS

The protection gap in India continues to grow despite the encouraging signs, which presents both a challenge and an opportunity for the sector. Just 18% of eligible individuals are observed to be subscribing to pure retail policy term offerings as of FY 2020, and 12% of the population has protection penetration (basic sum assured). It is anticipated that this protection gap will widen by 4% annually. The mortality protection terms and the mortality safety gap in India alone has been estimated upto USD 40.4 billion (represented in premium equivalent terms) at the end of 2021. It is anticipated that the mortality protection/safety gap in India will gradually close as a result of the government's overall focus on promoting financial and insurance inclusion through extensive insurance schemes, the need for new protection products that are designed to address the ever-increasing risks, the recent upsurge of market entrants with digital-first operating models, and the increase in reach of the markets and the ease of doing business through use of latest technological interventions.

There are 57 insurance companies in India, comprising 33 nonlife and 24 life insurers. Two new insurance licenses are granted recently by the Insurance Regulatory and Development Authority of India (IRDAI), which also intends to give 20 additional licenses in 2023. The current insurance companies have endured over time, and many have been able to list their companies profitably because of their strong distribution networks, steady development, and loyal customer bases. However, newcomers will need to deploy creative offerings, targeted channels, and a digital first outreach to reach the uninsured & under and those un-addressed population.

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