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The sum assured for life, personal accident and property covers is Rs 2 lakh each, while the health cover, known as hospi cash, offers a sum assured of Rs 500 for 10 days, with a maximum amount of Rs 5,000 available without producing bills or documents. (Representational Image)

The Insurance Regulatory and Development Authority of India (Irdai) has proposed to price Bima Vistaar, its ambitious all-in-one affordable mass product aimed at the rural areas of the country, at Rs 1,500 per policy.

The regulator made an announcement regarding the launch of Bima Vistaar and its prices at a summit of insurance CEOs, addressed by IRDAI chairman Debasish Panda on Thursday. The product is designed to provide a basic social safety net cover with combined features of life, health, personal accident and property insurances.

The product includes life cover with a premium of Rs 820, health cover at Rs 500, personal accident cover at Rs 100 and property cover at Rs 80. If taken for the entire family on a floater basis, the policy will cost Rs 2,420, with an additional Rs 900 charged for the rest of the family members.

The sum assured for life, personal accident and property covers is Rs 2 lakh each, while the health cover, known as hospi cash, offers a sum assured of Rs 500 for 10 days, with a maximum amount of Rs 5,000 available without producing bills or

documents. Agents selling Bima Vistaar policies stand to earn a commission of 10 per cent, incentivising wider distribution and adoption of the product.

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Narendra Bharindwal, Vice President at Insurance Brokers Association of India (IBAI), said the comprehensive coverage offered by the Bima Vistaar policy underscores its importance in safeguarding individuals and families against various risks and uncertainties. “This initiative not only encourages more people to invest in insurance for their protection but also promotes financial inclusion,” he said.

In the financial year 2022-23 (FY23), India’s overall insurance penetration was down at 4 per cent from the level of 4.2 per cent in FY22, according to a Swiss Re Sigma report. This is much below the global insurance penetration of 6.8 per cent. In FY23, the insurance density in India increased from \$91 in FY22 to \$92.

“The competitive pricing of Bima Vistaar is expected to benefit many individuals and families by providing them with a reliable insurance solution at a reasonable cost. In addition to applauding IRDAI’s commendable initiative with Bima Vistaar, we also encourage the inclusion of provisions that enable intermediaries to effectively promote and sell these products,” Bharindwal said. Insurers said the claim settlement for the property part of the combo solution will be on parametric basis, which means any payout is based on the magnitude of the event, rather than the magnitude of the losses. With 25 per cent of damage, 50 per cent of the sum assured will automatically be paid to the policy holder and with more than 40 per cent damages 100 per cent or Rs 2 lakh will be settled as claims. Irdai, along with the General Insurance Council (GIC) and Life Insurance Council (LIC), was working towards creating a UPI-like moment for insurance.

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Panda called the UPI-like moment in the insurance as 'Bima Trinity', which will include Bima Sugam, the digital platform, Bima Vistaar and Bima Vahak, a women-centric distribution channel to focus on reaching untapped/rural areas.

"Bima Sugam will be the protocol or the platform. Bima Vistaar is a product where we are trying to design it in a manner which will be accessible to the common man. It will be a bundled product of life, health, causality and property," Panda had said. In October 2022, IRDAI had set up a committee to explore and recommend on how to bring about synergies in the working and operations of Bima Vahak, Bima Vistaar and the digital platform – Bima Sugam.

These products will be distributed by Bima Vahak. Initially, every gram sabha will have at least one Bima Vahak, who will visit every house in their area and convince them about the product.

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"By leveraging the expertise and reach of intermediaries, such as brokers, agents, and insurance advisors, we can ensure that Bima Vistaar reaches its full potential in reaching and serving the diverse needs of our population," Bharindwal said.

As Bima Vistaar is considered as a mass product for increasing insurance penetration in the country, it is expected that unlike micro insurance products, it will generate a large sales volume. Now that the premium has been decided, it will

be possible to do a cost benefit analysis of the product for its long-term sustainability.

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