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Bima Sugam: Is it a 'UPI moment' for insurance sector, and how will it benefit customers?

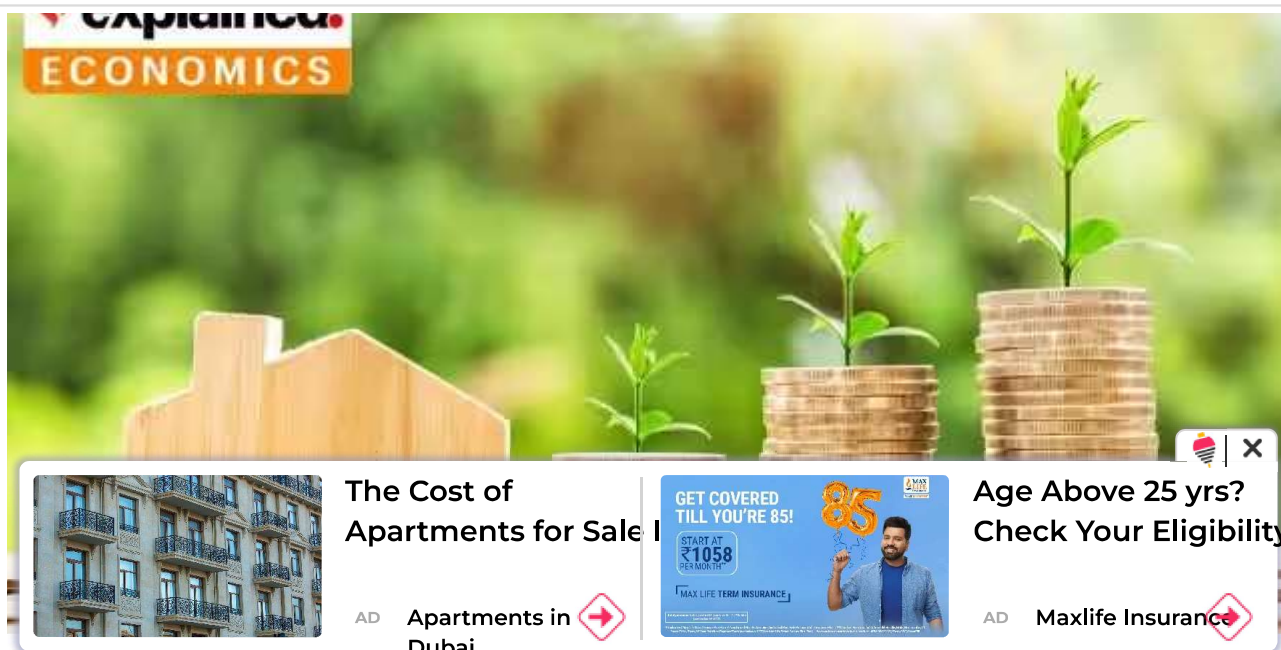
In short, identifying the right policy, buying it, settling the claims and renewals will be streamlined in the online process that Bima Sugam will introduce. Here's how it could benefit customers looking for insurance policies.

Written by [George Mathew](#) [Follow](#)

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The proposed platform would act as a single window for the policyholder to manage his/her insurance coverage. It will provide end-to-end solutions for customers' insurance needs i.e., purchase, service, and settlement in a seamless manner. (Representational photo/ Pixabay)

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The Insurance Regulatory and Development Authority of India (IRDAI) claims that the **proposed Bima Sugam** is a “game changer” and a “UPI moment” for the insurance segment, with ambitions of becoming the largest online market for insurance products and services which has not been practiced anywhere in the world.

The proposed platform is expected to help customers identify the right scheme from a maze of hundreds of products and services, with reduced paperwork.

What's Bima Sugam?

It's an online platform where customers can choose a suitable scheme from multiple options given by various companies. All insurance requirements, including those for life, health, and general insurance (including motor and travel) will be met by Bima Sugam. This platform will help in the settlement of claims, whether it's health coverage or death claims, in a paperless manner on the basis of policy numbers.

The overall budget for Bima Sugam has been hiked to Rs 200 crore from around Rs 85 crore. IRDAI has appointed a committee for the creation of the platform and now plans to go for requests for proposals (RFPs) soon to appoint a service provider for the platform. The service providers will be the technological partners for creating and running a platform to provide all the services in one place.

What's its role and utility for customers?

The proposed platform would act as a single window for the policyholder to manage his/her insurance coverage. It will provide end-to-end solutions for customers' insurance needs i.e., purchase, service, and settlement in a seamless manner.

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It will facilitate insurance companies to access the validated and authentic data from various touch points on a real-time basis. The platform will interface for the intermediaries and agents to sell policies and provide services to policyholders, among others, and reduce paperwork.

Commissions on policies are expected to come down, benefiting the customers. The cost of buying policies will come down, insurers say.

Currently, there are hundreds of insurance schemes in the life and non-life sectors. Customers have no idea who is offering the best deal and the pros and cons of different schemes. Bima Sugam will enable them to identify a suitable scheme for the customers in a single platform. They have to spend time talking to agents and visiting the websites of different insurers to select a suitable scheme.

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Will the physical mode go away?

Customers will open an insurance account and the policies will be stored in this account, thus obviating the need for physical documents. Further, the paperwork involved in buying a policy will also come down. Settlement of claims and renewal of policies will also become faster as paperwork is reduced drastically, making it easier for the customers.

In short, identifying the right policy, buying it, settling the claims and renewals will be streamlined in online process. The process will be mostly on the lines of demat accounts and online trading in the case of stock markets.

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What does the IRDAI say?

IRDAI says Bima Sugam is an electronic marketplace protocol which would universalise and democratise insurance. "This protocol will be connected with India Stack which is a set of APIs (application programming interface) that allows governments, businesses, startups, etc. to utilise the unique digital infrastructure to enable seamless delivery of services. It is envisioned that this e-Market place would enable and empower all insurance stakeholders across insurance value chain," says IRDAI Chairman Debasish Panda.

When is Bima Sugam supposed to be up and running?

IRDAI initially wanted the Bima Sugam to be up and running by January 2023 but postponed it to August 1. It has now postponed the implementation to June 2024. Life insurance and general insurance companies will own a 47.5 per cent stake each, while brokers and agent bodies will own 2.5 per cent each.

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While industry observers say it's going to be a challenging job to implement the Bima Sugam as it has to be backed by technology and innovation, they say it will increase insurance penetration in the country. "It's a matter of great concern that 80 per cent of consumers acknowledge insurance's pivotal role in financial security, yet a staggering 94 per cent remain inadequately covered," said Mahesh Kumar Sharma, MD & CEO, SBI Life Insurance, which came out with a study on insurance penetration.

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