

Soon, You Can Trace Unclaimed Amount on Insurers' Websites

Policyholders can enter details such as name, date of birth and other policy details on the cos' portals to obtain the required data, most likely from early next year, says Preeti Kulkarni

Insurance customers and nominees of deceased policyholders will be able to access details of their unclaimed amounts on the websites of insurance companies from early next year. Last week, the Insurance Regulatory and Development Authority (Irda) issued a revised circular on the procedure for allowing policyholders or their nominees to access details of unclaimed amounts on insurers' websites. It includes death benefits, maturity proceeds, premium due for refund and indemnity claims that have been unclaimed for over six months. Earlier this year, the insurance regulator had expressed concern over the rising unclaimed amounts that had gone up to Rs4,865 crore in 2012-13 from Rs3,037 crore in 2011-12. As per the original plan, insurers were supposed to offer this facility from April this year. They have been granted additional time till January 31, 2015 to upload the information as at December 31, 2014. The details will be updated in April and October every year. "The move is pro-consumer and puts the onus of helping the customer get the unclaimed amount with least amount of delay on insurers. The various clauses ensure that insurance companies need to do their best to return policyholders' money," says Suresh Sadagopan, certified financial planner and founder, Ladder7 Financial Advisories. The Irda has asked insurers to pro-

Common Reasons for Claims/ Premium Refund Remaining Unpaid

- **Not informing** change of address to insurers
- **Delay in** clearance of cheques and demand drafts resulting in these being time barred
- **Dependants** being unaware of the life insurance cover taken by the insured

Unclaimed amounts across all insurers (₹ Crore)

2009-10	1,372.64
2010-11	1,945.93
2011-12	3,037.46
2012-13	4,865.81

*As per IRDA circular in February 2014



vide a facility on their portals to ascertain 'whether any unclaimed amounts due to them are lying with the insurer'. Details you may have to enter include policyholder's name, date of birth, permanent account number (PAN) and the policy number. While providing the name and date of birth will be mandatory, other details can be treated as optional fields. After authenticating the information, the insurer will start the process of disbursing the amount. "Unlike SEBI's investor protection fund, there was no mechanism in the insurance space to deal with unclaimed amounts. Irda's initiatives will make insurers more responsible towards managing such cases. Majority of claims disbursed constitute maturity proceeds, and not death

benefits. During the policy tenure, policyholders move residences and if the address is not updated, it is difficult to track them," says P Nanda-gopal, managing director and CEO, IndiaFirst Life Insurance, explaining the need for such a framework. Except for the postponement of date of implementation, the changes are minor in the new directive. "As per the modification, insurers will need to display information on any unclaimed amount above Rs1,000 on their websites. The policy-holder now only needs to fill out his name, policy number, PAN and date of birth on the website and if the information in any two fields matches with the insurers records, the unclaimed amount with the company will be displayed," says Vignesh

Shahane, CEO and whole time director, IDBI Federal Life Insurance. In case of new policies, insurers have been asked to obtain the bank details right at the inception stage. "Many a times, cheques for the claim amount get misplaced or remain undelivered, resulting in unclaimed amount. A direct transfer to bank accounts will eliminate such leakages," says Sanjay Datta, chief, underwriting and claims, ICICI Lombard.

To authenticate the bank account information, insurance firms can ask insurance-seekers to furnish a cancelled cheque, unless they have issued a cheque for the first premium from the same account. A copy of the cheque will have to be preserved by the insurer. The regulator has also barred insurers from charging fee for changing the bank account or modifying the account details.

"There are some exemptions also listed by the regulator where one may not disclose the bank account details. All term insurance policies (without return of premium) are exempted from sharing of bank details. In case of death claim, bank details of the nominee will be taken by the insurer at the time of the claim," says Shahane. Insurance companies are now required to make all payments to policyholders, including claim disbursement, through electronic payment modes.

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