

Come April, You Can Get Details of Unclaimed Insurance Online

This will also help nominees not having access to relevant documents, says **Preeti Kulkarni**

Insurance customers and their nominees don't have to suffer inordinate delays in claim settlement anymore. A new circular from Insurance Regulatory and Development Authority (Irda) is going to change the current opaque scenario from April 1.

"While unclaimed amount is not uncommon in insurance sector, a steep increase in unclaimed amount is a cause of concern," the regulator said in the circular that put out the figures of unclaimed insurance proceeds in the public domain for the first time. The unclaimed amount swelled from ₹3,037 crore in 2011-12 to ₹4,865 crore in 2012-13 — an increase of over 60%. The unclaimed money is the result of insurance proceeds that have failed to reach policyholders or their nominees in time for various reasons. Needless to say, it completely defeats the entire purpose of buying an insurance cover.

Transparency in Procedure

From April, a policyholder or nominee will be able to access information about the policy. Irda has asked insurance companies to display details like policyholders' names and address, maturity proceeds, death benefit and premium due for refund, among other things, unclaimed for over six months, on their websites.

"Several thousands of crores of unclaimed amount might be lying with insurance companies. There is



no reason why insurers should absorb this amount," says P Nandagopal, MD and CEO, IndiaFirst Life Insurance. "Now, policyholders or their nominees will be able to access information pertaining to their own policies and claim the amount due to them," he adds.

Insurers may not allow unfettered access to their database to prevent frauds, but if you have a cover, you can run a check and obtain the details of your policy.

Many policyholders often misplace original policy documents, and this could result in them forgetting about a policy. It also could lead to their nominees not having access to the relevant documents when they need them.

These problems will be solved once companies start displaying details on their website. Once they get the infor-

New measures (Effective April 2014)

- Insurers will have to display information on unclaimed amount of policyholders, as well as their names and addresses as per records
- All claims and maturity payouts due to policyholders or nominees will have to be transferred directly to policyholders' bank accounts

mation, they can go ahead with claiming the due amount. "The nominees have to intimate the insurance company about the policyholder's demise, specifying the reason for the death. Then, the insurer will send across the claim form relevant to the cause of death. The claim processing begins after the nominees furnish the documents asked for in the form," said certified financial planner Harshvardhan Roongta, CEO, Roongta Securities.

A steep increase in unclaimed amount is a major cause of concern for the insurance regulator

Direct transfer of money will also eliminate several problems like dependants being unaware of the existence of the policy, cheques or demand drafts being time-barred or remaining un-presented for payment and delay due to insurer not being informed about change in address, among others.

Benefits of Direct Transfer

Irda has also asked insurance companies to transfer proceeds from policies to the registered bank ac-

counts of policyholders and nominees. Even existing policyholders will be given the option of receiving the funds electronically. For new policies, insurers will seek these details at the time of buying the policy. In case of non-life insurance policies, these details will be collected at the time of renewals or claims. "This is a very good move. It will curb frauds, where unclaimed cheques are discounted and encashed by others. This is a rampant practice," says Roongta.

It will also help claim amounts — maturity proceeds, death benefits, or reimbursement claims in health and motor insurance — to reach you sooner. "The move will improve the efficiency and accelerate the pace of claim disbursement, as the claim amount will be directly transferred to the bank accounts," says Arvind Laddha, CEO, Vantage Insurance Brokers.

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"Many policyholders move residences, as a result of which, cheques sent to the address as mentioned in the insurers' records, remain unused. Direct transfers to bank accounts will eliminate such operational hassles," says Laddha.