

Reduce agent dependence with e-insurance account

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Have you been running from one insurance office to another to submit an address change request? Holding a lapsed insurance policy as your agent failed to remind you of premium payment date? Misplaced your policy document? The Insurance Regulatory Development Authority of India's (Irda) move toward e-insurance can ease your worries.

The insurance industry is lapping up the digital issuance of insurance policy notified first in 2011 by Irda. Though IndiaFirst, Reliance Life, HDFC Life, Birla Sunlife have been offering digital policies to customers, LIC has joined the bandwagon recently.

Five insurance repositories have been assigned the task of holding insurance policies in the demat form and helping policyholders access to e-insurance account - Central Insurance Repository, Karvy Insurance Repository, NSDL Database Management, SHCIL Projects and CAMS Repository Services. One has the option of shifting from one repository to the other.

There were misconceptions earlier that an insurance policyholder would have to opt for the repository that the insurer has a tie-up with. But that isn't true as one can hold only one e-insurance account. "The customer does not have to choose the repository his insurer offers. An e-insurance account can be opened by the customer directly with a repository of his choice or through the insurer," clarifies Nilesh Parmar, COO of Edelweiss Tokio Life Insurance.

Before one opts for the e-insurance account, the policyholder should understand the changes that would be affected.

Benefits

You can get a single window view of all your policies as you can use your e-insurance account for both new and existing life, annuities (pension), health and general insurance policies. To buy a new policy in electronic form you just need to quote your unique e-insurance account number in your new insurance proposal form and make a request to issue policy in an electronic form.

Miselling too can be kept at bay as strict timelines have been introduced with regards to new policy buying intimations. The problem of receiving policy documents after the end of the 15-day free look period would be sorted out. Repositories claim that the e-insurance account reminds you on all important dates of the policy. Frauds linked to insurance claims too would be curbed as Irda has notified that, "In order to avoid fraudulent encashment of cash benefits, all repositories/insurers shall print the bank account details, furnished by the policyholders, on the payment instruments."

Policy servicing

The e-insurance account comes to the policyhold-

er's rescue, especially when an agent has orphaned you. When you have shifted your residence there would be no need to submit address change requests to multiple insurers' offices. "A single request can cater to the requirements of several insurers. All service requests including address changes, other KYC related changes, claims etc., related to any of the electronic policies linked to his e-insurance account can be routed / processed through the repository," says Parmar.

Having a repository that has a tie-up with at least one repository would be beneficial on the grounds of policy servicing. Similarly, premium payment too need not be physically done or through cheques at multiple offices. Also, when the policy matures, you wouldn't have to await the maturity benefit cheque. "Policy benefits would be paid through electronic facility to the registered bank account, thus ensuring speedier and convenient settlement," states the Irda's

handbook on insurance repositories.

However, select individual policy-linked information such as net asset value of your unit-linked policy or switching funds or surrendering the policies wouldn't be possible through the repositories.

Costs

The benefits of the e-insurance account come at no added cost as the account-opening as well as servicing requests made later are offered free of cost. In fact, policyholders are likely to gain in the long run in the form of reduced premium in the future. "Cost savings are indeed possible for life insurance companies if they can completely do away with existing system of physical maintenance of policies. The benefits of cost savings, if any should eventually get passed on to customers," says Parmar.



Open choice

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Nomination worries

When you have insurance policies in the digital format informing your nominee or heirs about them is pertinent as purely sifting your important documents won't help.

You would have to appoint an authorized representative, who would have access to the e-insurance account in the event of demise of the policy holder. He would only act as a facilitator and is not entitled to receive any policy benefits unless designated as a 'nominee' or 'assignee'. The nominee and the authorized representative can be the same person.

If you find that the authorized representative isn't appropriate then you can change the person too. If you aren't comfortable with holding your policy in a demat form, then you have the option of going back to the physical policy or even downloading the policy bond using your insurance account.