

IRDA's e-insurance norms to be announced by June

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Insurance Regulatory and Development Authority (IRDA) is likely to release final guidelines on e-insurance in the first week of June, according to sources in the know. The insurance regulator's new guidelines are likely to make it mandatory for insurance companies to issue only electronic policies from July 1.

Last year, IRDA had allowed players like NSDL Database Management, Central Insurance Repository, SHCIL Projects, CAMS Repository Services and Karvy Insurance Repository to offer insurance repository services.

According to players in the e-insurance market, a large number of life insurers have stayed away from the concept of offering dematerialised policies and want to take a wait-and-watch approach. Life Insurance Corporation (LIC) of India had earlier written to the regulator raising concerns regarding the implications of e-insurance policies, sources said.

However, the regulator is known to have been firm so far in saying that it wants policies to go the demat way so that customers and their families may benefit from it. The insurance repositories have thus issued only a little more than 1 lakh e-insurance policies to customers.

"Currently, LIC spends nearly R600 on managing the physical copy per policy. Last financial year, 4.5 crore policies were registered. The repositories will help in reducing this cost considerably," S Roy Chowdhury, member (Life), IRDA, had said some time last year. Like stocks, where all transactions happen through a demat account, the same can be achieved in insurance policies, he added.

According to SV Ramanan, CEO, CAMS Repository Services, life insurers like ICICI Prudential, HDFC Life, Reliance Life Insurance and PNB Met Life have been active in adoption of e-insurance.

One of the most important reasons behind the idea of dematerialised insurance policies is the rising number of unclaimed amounts with insurance companies. E-insurance will help in turning over unclaimed insurance benefits to families.

In February this year, IRDA asked life insurers to ensure timely payout of dues to policyholders, amid a rising trend in amounts lying unclaimed with companies.

A circular issued by the insurance regulator in 2012-13 said about R4,865 crore remained unclaimed with insurance companies. The figure was R3,037.46 crore in 2011-12, R1,945.93 crore in 2010-11 and R1,372.64 crore in 2009-10.

(Financial Express)