

Insurance: Go for video-based KYC to buy your policy

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Last month, Irdai allowed all life insurance companies to get customers' consent without requiring a wet signature on the hard copy of the proposal form till December this year. With the rise in Covid-19 pandemic, the filling-in of the physical proposal form, obtaining wet signatures on them and subsequent movement of such physical papers are severely affected.

In order to make the compliance processes of onboarding easier and reduce the paperwork, the insurance regulator has advised all insurance companies to use video-based identification process (VBIP) for the know your customer (KYC) process. Insurance companies will have to develop their own app and appoint people to do live VBIP for the establishment, continuation and verification of an account based relationship with the customer.

In fact, many banks and non-banking financial companies have rolled out video KYC after Reserve Bank of India (RBI) had allowed them in January this year to complete full KYC of a customer in this way.

How will it work?

The Insurance Regulatory and Development Authority of India (Irdai) in a circular has said that the authorised person of the insurance company doing the VBIP for KYC will have to record the video and take photographs of the customer present for identification and obtain the identification information through Aadhaar. The live location of the customer or geotagging will be captured to ensure that the customer is physically present in India. The authorised person of the insurance company will have to ensure that the video is clear and the customer in the video is easily recognisable and the face will not be covered in any manner.

The insurer will have to ensure that photograph of the customer and the identification details in the Aadhaar match with the customer undertaking the VBIP and the details provided by him. Also, the authorised person or the insurer will have to ensure that the questions asked during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.

Pankaj Arora, MD and CEO, Raheja QBE General Insurance, says video-based KYC for insurers will facilitate remote and convenient onboarding of the customers, a necessity in the Covid-19 situation. "This shall mean a completely digitised and seamless customer journey. Insurers will be able to reduce operational costs while improving the reach, penetration, and efficiency in their service industry," he says.