

● INSURANCE

Go for video-based KYC to buy your policy

Irdai's green signal to video-based KYC for insurers will facilitate remote and convenient onboarding of customers in the Covid-19 situation

SAIKAT NEOGI

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



ILLUSTRATION: SHYAM KUMAR PRASAD

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.

Safety and security aspects

Insurers will have to ensure that the video recording has the date and time stamp and is stored in a safe and secure manner as per the Prevention of Money

Laundering Act. To ensure security, robustness and end-to-end encryption, the insurers shall carry out software and security audit and validation of the VBIP application before rolling it out.

Insurers will have to trigger the audio-visual interaction and it cannot be outsourced to third-party service providers. The VBIP process shall be operated by authorised persons specifically trained for this purpose and the activity log along with the credentials of the official performing the VBIP will have to be preserved.

Easier compliance norms

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.

The completed proposal form can be sent to the customer's registered e-mail ID or mobile number in the form of an e-mail or a message with a link. If the prospective customer wishes to consent, then he can click the confirmation link or validate the one-time password. Insurers will have to carry out pre-verification calls in respect of all such proposals.

Irdai has also allowed life insurers to issue electronic or e-policies to the customers on their email IDs during the current financial year to address the difficulties faced by the companies in printing and dispatch of policy documents.