

How not to get conned by fake insurance calls

Carry out basic checks to ensure the agent you are dealing with is genuine

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When it comes to life insurance, the threat of mis-selling is ever-present. A part of the problem is the complex product structures, which are difficult to understand. Another part is the front-end nature of incentives that encourages the intermediaries to clock in more sales. Mis-selling is essentially an individual being sold a policy she hasn't fully understood.

However, for sometime now, the insurance industry is also seeing customers getting defrauded by impostors posing as officials from the regulator's office or insurance companies. One such victim is Satish Kumar Bhatt, 67, who was cheated by three men who identified themselves as officials from a private insurance company and the insurance regulator (read more here: bit.ly/2QH2UcR). Between 2012 and 2018, the fraudsters used different methods to win Bhatt's trust and swindle lakhs of rupees from him. Bhatt finally lodged a complaint in 2018 when one of the three men asked him to transfer some money to a bank account in order to get ₹8.12 lakh for his policy. However, till date Bhatt hasn't got back any money.

While such frauds aren't uncommon in the financial services sector, it is always better to do your due diligence before trusting anyone. The regulator, very often, releases notices in public interest to stay cautious of such crimes.

Here's what you should do to ensure that you don't get cheated by fake insurance officials and agents.

INITIAL STEPS

The first thing to do when someone approaches you as an insurance agent is to ask them for their agent or broker licence number issued by the insurance regulatory. If they show you an identity proof, ensure you take a close look at it. Do not let it pass just because the person has an identity card.

Steps to take to avoid fraud

Don't let fake insurance officials sway you with their words. Do your due diligence



- ▶ Ask the agent or broker for their licence number
- ▶ If someone approaches you saying this is the best discount, be alert
- ▶ Ensure the documents you get, such as receipts and proposal forms, are official
- ▶ Ask the broker or agent to explain the policy details to test his legitimacy
- ▶ It's a red flag if the agent offers to fill the proposal form
- ▶ Do not transfer money to any random account. Make sure it reaches the insurer directly
- ▶ Update your contact details. Don't allow the agent to put his details
- ▶ Compare the policy details and quotes online

Take a couple of days to respond to the agent. If you're being nudged constantly, then it's a red flag. If someone approaches you saying this is the best discount you could get and offers you a policy at a price way cheaper than what is quoted by insurers, you need to be alert. "India is still a 40% cash economy and anything could happen if you buy products from agents. These individuals collect money based on personal relationships and trust. This is where scams start and they can escalate to any level based on your vulnerability," said Mallesh Reddy, co-founder and chief executive officer, Insuremile Insurance Aggregator Pvt. Ltd.

Once you decide to take a policy from an agent, make sure the person you're dealing with has official documents such as receipts, proposal forms, and quotes from the insurance company. Another step you could take to know whether the agent or broker is legitimate or not is by asking them to explain the benefits and details of the policy and how it would be different if you bought it directly from the insurance company. Often if the person is trying to

cheat you, he wouldn't know the nitty-gritty of the policy.

The proposal form is one of the key documents you fill while buying a policy. If the person posing as an agent says he would fill it on your behalf, it's a matter of concern. "Legally, no agent or broker is supposed to fill the proposal form on behalf of the policyholder or in his or her absence," said Reddy.

TRANSACTIONS

We usually get lured by discounted products and guaranteed returns and fraudsters take advantage of this. It's a big warning sign if an agent asks you to deposit money in his or any other personal account in exchange for a fixed return.

"Do not transfer money to someone else's account or pay someone else for your product purchase. Ensure your money is going directly into the insurer's account and the receipt is in your name. Your mobile number and address should be updated; don't let the agent put his details instead," said Shweta Jain, certified financial planner, chief executive officer and founder, Investography Pvt. Ltd.

Reddy said insurance com-

panies do not issue receipts without the money reaching their branch or account. Hence, if the agent or broker issues you a receipt or any other document, know that it is not valid and do not transfer any money to his account.

OTHER MEASURES

"Don't take anyone for their word. Ask for written product details, check on company websites. You have to do your due diligence on the product and adviser before you invest," said Jain. If you want to avoid all the hassle, it's best to purchase your policy directly from the insurer or from an authentic and verified intermediary. Run all necessary checks. Compare the policy details and quotes online. "One must always contact the insurer directly and confirm the insurance policy information. This can be done by writing an email to the insurance company or by calling its customer care number or by verifying the policy on the insurer's website," said Sanjiv Dwivedi, head, investigation and loss mitigation, Bajaj Allianz General Insurance Co. Ltd.

Finally, if you've been conned by a fraudster, it is advisable to file a complaint with Insurance Regulatory and Development Authority of India (Irdai) and your nearest police station.

If someone offers you a policy at a price way cheaper than what is quoted by the insurer, you need to be alert