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[Motor insurance: Six must-know ways to save yourself from fake policies](#)

The insurance transaction process often includes reliance on third-party service providers, making insurance companies highly susceptible to fraud within and along its value chain

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The Motor Vehicles Act deems it mandatory for all car owners to have vehicle insurance. The number of road accidents are rampant, reinforcing the importance of a comprehensive motor insurance policy for all vehicles. This is applicable for all commercial vehicle owners who are required to purchase the motor insurance to protect, both, their drivers as well as third-parties from unprecedented accidents. This necessity has given rise to an increase in fraud insurance cases which in-turn is a concern for the insurance industry.

The insurance transaction process often includes reliance on third-party service providers, making insurance companies highly susceptible to fraud within and along its value chain. Significant gap in awareness about the insurance coupled with the misrepresentation of it being a dead investment by customers makes them an easy prey for fraudsters. Now with the recent rule, where 2 wheeler owners have to purchase third party policy for a period of 5 years and private car owners have to purchase it for 3 years in addition to own damage policy, the premium slab for vehicle insurance has increased drastically for the consumer. This has given rise to opportunities to fraudsters to sell fraud policies to unsuspecting customers, since these are offered at much lower premiums relative to the actual cost of a genuine policy.

Such fraud trends have been noticed across the country and several FIRs have been lodged in large numbers in cities across West Bengal, Maharashtra, Telengana, Karnataka, Tamil Nadu, Delhi, UP, Gujarat, Kerala to name a few.

6 essential ways to protect yourself from fake policies:

In India, since a third party motor insurance is made mandatory by law, it is still the most common form of general insurance that people buy. And since customers are not aware about the details of the policy offering and rather consider it to be a mere formality along with other documentation, they easily get tricked by fraudsters. These fraudsters edit genuine policy copies previously issued by insurance companies to generate totally fake policies in the names of the new customers. These same policies are then shared with both the customers and the RTO. Not only is this unlawful, but also puts the customer in a poor financial situation in case of an accidental exigency, even more so in case of third party life/property damage where the compensation amounts can run into crores.

All this can be avoided, if the customer takes a few prudent steps at the time of policy purchase itself, which can be summed in the following 6 easy steps:

Contact the insurer: 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 at the insurer's website.

Premium payment receipt: Request valid receipts for all the premiums paid.

QR codes: These days insurance policies come with QR codes. These QR codes help one to verify the authenticity of the insurance policy. All that has to be done is to scan the image of the QR code using a QR reading apps on smartphones.

Read the insurance policy: One must always take some time to read and understand their insurance policy, to not only check the credentials but also to understand the policy coverage details.

Purchase directly from the insurance company: Fake insurance policies can also be avoided if one buys policies directly from the insurance companies or from authentic intermediaries officially recognized by them.

Secured payment modes: One must pay the premium online or through cheques or credit card, so as to ensure that the premium is deposited with the insurance company itself.

The aforementioned tips are necessary to be followed to avoid the loss of money and to avail the necessary benefits required during an uncertain event. The amount of money spent in premium might be meagre as against any future contingency that might arise out of an accidental situation. Hence as a prudent customer, one must ensure buying genuine policies.

Insurance is all about transferring the risk to an insurer so that it takes care of any financial distress faced by the customer, albeit it is indeed transferred to it and not to some fraudulent trickster. Staying aware of such trends and taking preventive measures to ensure the validity of the motor insurance policy initially itself is hence the most advisable step. Don't forget, only a genuine insurance will keep you safe and secure!

Author of the article is Sanjeev Dwivedi, working as head of Investigation and Loss Mitigation Team at Bajaj Allianz General Insurance.