

Now, link all your insurance policies to Aadhaar & PAN

Payouts May Be Held Up Till Linkage Is Done

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Mumbai: In a directive that is likely to pose a huge logistical challenge to insurance providers, the regulator has made it mandatory for companies to link Aadhaar with every individual policy. The move comes even as the Supreme Court has asked banks not to spread panic through text messages on deadlines for linking bank accounts to Aadhaar.

The implication is that insurers may hold claims payments until policyholders submit their Aadhaar and PAN numbers. In a circular to all insurance companies, the In-

BIG CHALLENGE

- There are **54 insurance companies in all**, including 4 non-life, 1 life and one reinsurance company in **public sector**. In **private sector**, there are **23** life insurers, **18** general insurers and **5** health insurance cos
- **LIC** alone has around **29 crore policy holders**
- Last year, life insurers issued **2.67cr policies**, of which **2.05cr** were from LIC

urance Regulatory and Development Authority of India (IRDAI) said the central government—in its gazette notification dated June 1, 2017—has made Aadhaar and PAN/Form 60 mandatory for availing of financial services, including insurance.

▶ **'No disruption', P 22**

‘Don’t expect disruption in premium collection’

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IRDAI member (Life) Nishesh Sathe said, “We have informed the companies that this is the law and they have to abide by it.” The circular states that the directives have statutory force and, as such, life and general insurers have to implement it without waiting for further instructions. Some life insurers are interpreting immediate effect to mean that no payout can be possible without Aadhaar and PAN number.

Life insurers are already barred from settling claims in cash. Claim amounts are transferred only to bank accounts, which now have to be linked with Aadhaar. Many insurers already ask for PAN for all life policies although the regulator requires them for cash premium above Rs 50,000.

The process of linking Aadhaar to policies would be similar to the one adopted by banks. This means that insurers would be able to link the numbers either through text messages, online or by visiting the branch. Sathe said that he did

not expect any disruption in collection of premium.

Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance, said that considering neither banks or telecom companies have denied service for want of Aadhaar, he expected authorities to be reasonable in respect of claims that have to be paid out immediately. In the long run, this would be a positive for non-life companies to insure based on the individual rather than the object insured,

LINKING AADHAAR

he added. For instance, in developed markets, the auto insurance premium is on the track record of the owner rather than the vehicle.

ICICI Lombard General Insurance MD & CEO Bhargav Dasgupta said that while there may be some short-term challenges, there are significant long-term benefits in fraud prevention and streamlining the KYC process.

“In my view, it is a progressive and logical step towards creating a unified platform

for financial services and, at the same time, promoting the government’s digitisation agenda,” he said. He added that his company was aligning processes to implement the directive.

The task of linking insurance policies to Aadhaar would need as much effort as was required in banks. Policies are issued every year and life insurance policies have long-term validity. LIC alone is estimated to have around 29 crore policies. In addition, there are 21 crore vehicles and a significant number of health insurance policies. Last year, life insurers issued 2.67 crore policies, of which 2.05 crore were from LIC. In addition, motor, health and travel policies are issued to individuals.

There are 54 insurance companies, which include four non-life, one life and one reinsurance company in the public sector. In addition, there are two government-owned insurers for exports and agriculture. In the private sector; there are 23 life insurers, 18 general insurers and five health insurance companies.