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IRDA launches Insurance Repository System, the first of its kind in the World

Hon. Union Finance Minister, Shri. P Chidambaram, formally launched the Insurance Repository System (IR) on 16th Sept, 2013. The Honourable Finance Minister also handed over the first e-Insurance Accounts opened by the Insurance Repositories in the august presence of Shri Rajiv Takru, Secretary, Department of Financial Services, Govt. of India and IRDA Chairman, Shri. T S Vijayan.

Insurance Repository system for individual policy holders is a pioneering initiative of India's Insurance Regulatory and Development Authority (IRDA), the first of its kind in the world, as part of its efforts to improve services to policy holders and Insurance penetration. Insurance Repository system will enable policy holders to buy and keep insurance policies in dematerialized or electronic form (e-Policies). e-Policies will eliminate paper and associated risks of storage and loss and provide convenience and safety to the customer. It will also make it a economical preposition for Insurance companies to issue and service e policies as compared to traditional paper policies. This reduced cost will make lower ticket policies much more viable and is expected to give a further boost to greater penetration of insurance in India.

IRDA has licensed five entities – NSDL Database Management Ltd., Central Insurance Repository Ltd., SHCIL Projects Ltd., Karvy Insurance Repository Ltd., and CAMS Repository Services Ltd. – to act as Insurance Repositories (IRs). The IRs will also act as a single point of service for all e Policies held by a policy holder, making it convenient for policy holders to get service on demand. All the Repositories will be directly regulated by IRDA

A policy holder needs to open an e Insurance Account (eIA) with an Insurance Repository to be able to buy and keep policies issued by various insurers in electronic mode – be it life, pension, health or general. This account opening is free of cost to the account holder. An Individual can have only one e IA and he will get a unique e Insurance Account number. Once an e IA is opened, a policy holder can keep all his e policies, both life and general, issued by various Insurers, under this single account. Initially, this facility is launched for life insurance policies which are of long term nature.

A policy holder can also convert existing policies (in paper form) into electronic form by submitting a request for conversion after opening an e IA. Once a person has an e-IA, he doesn't have to go through the KYC process every time he buys a new insurance policy. Further, any changes to personal details like address can be effected through a single request to the Repository.

Over a period of time, Insurance Repositories will be able to provide a number of services to the policy holders. It will help insurers to bring efficiency in dealing with the requirements of the policyholders and at the same time cut down

their costs. As dematerialization is expected to bring down the cost of issuing and servicing policies, the IRs will be paid directly by the Insurers for these services rendered. No additional cost will need to be paid by the policyholders.

As part of this IR initiative, IRDA has set up iTrex, an Insurance Transaction Exchange to facilitate data interchange between the Repositories and Insurance Companies.

On this occasion, Hon'ble Union Finance Minister also released the Handbook on Insurance Repositories. He advised to come out with an action plan to ensure availability of all Insurance Policies in the repository system

It is a well known fact that improving awareness of the consumers would reduce information asymmetry in the insurance sector. As a part of its continuing efforts on consumer education, IRDA has added three new policyholder handbooks --Life Insurance Riders, Householders & Shopkeepers Insurance and Grievance Redressal Systems in the Insurance sector. IRDA has also developed comic strips aimed at simplifying the nuances of insurance for easy understanding by the common man. For the younger generation, IRDA has developed computer games to impart basic insurance education and this will form part of IRDA's exclusive consumer education website www.policyholder.gov.in. Shri Rajiv Takru, Secretary, DFS, Govt of India released the Consumer education material on this occasion.

The department of electronics and information technology, Govt of India is rolling out Common Service Centres on a public-private partnership model as part of national e-governance plan. CSCs are the front end delivery points for Govt, private and social sector to provide services to citizens of India. M/s CSC e-governance Services India Ltd, the special purpose vehicle, enables delivery of services through the CSC network. IRDA through its guidelines facilitates utilization of the CSCs by insurers as a channel of distribution to reach out to the rural areas for greater financial inclusion. As a move towards this, Chairman, IRDA granted license to M/S CSC-SPV as an authorized intermediary.

Earlier, the Hon'ble Finance Minister also addressed the 79th Meeting of the Authority and was briefed of the various initiatives taken by the Authority to increase the Insurance reach and penetration in the country. Hon'ble Minster also reviewed the Budget related announcements made by him that have a bearing for furthering Insurance reach. Secretary, Department of Financial Services was also present on the occasion.

During the interface with the Authority Members, he advised to work for greater persistency and also to increase the usage of Web Aggregation space for the growth of the Insurance Sector. He also advised to increase the Financial Education measures and start a campaign to promote Life Insurance and its benefits to the people at large.