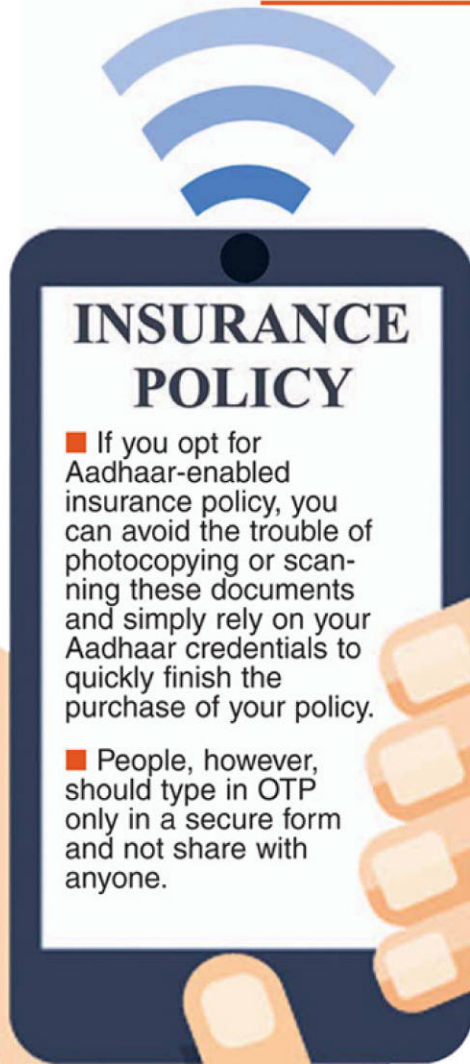


AADHAAR -  
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BUYING  
INSURANCE  
POLICIES  
EASIER. LET'S  
LOOK AT  
HOW IT WILL  
HELP  
PEOPLE.

# INSURANCE POLICIES AT FINGERTIPS



■ Money talk  
Adhil Shetty



## INSURANCE POLICY

■ If you opt for Aadhaar-enabled insurance policy, you can avoid the trouble of photocopying or scanning these documents and simply rely on your Aadhaar credentials to quickly finish the purchase of your policy.

■ People, however, should type in OTP only in a secure form and not share with anyone.

**W**ith internet penetration increasing in India at a rapid rate, online purchases are becoming the norm in areas with Internet connectivity. Whether you want to buy apparel, gadgets, home appliances or even grocery, you simply have to let your fingers do all the work while you shop from your home or office. Even financial products are available online. You can research, find, compare and buy any investment product you want on the virtual marketplace.

Life insurance plans, too, can be availed with the few taps on your phone screen. If you are looking to buy insurance before the end of the financial year, you may want to give the mobile route a try. On the net, premiums are lower, there is ease of buying, and you do not have to put up with agents trying to push products on you. You can take your time to compare several products before making up your mind. These are some reasons why online insurance plans are becoming popular. Keeping this in mind, the Insurance Regulatory and Development Authority (IRDA) now lets you buy insurance policies through OTP (One Time Password). Let's understand what IRDA has implemented, but find out about the concept of OTP.

### WHAT IS OTP?

If you have transacted online, you would be familiar with the OTP. To authenticate your online payment, payment gateways ask for the temporary password which is sent via SMS to your registered mobile number. The OTP ensures your identity as the customer making a valid payment.

### BUT OTP FOR BUYING INSURANCE?

Buying a life insurance policy online has some simple steps. You have to fill up the online proposal form and submit it online. For submitting the proposal, you have to include a digital or electronic signature on the online form. Then your KYC (Know Your Customer) documents are to be submitted to the insurer. To submit this, you have two options. One, you can scan your KYC documents and upload them online. Second, you can quote your Aadhaar number and opt for e-KYC. In this case, you get an OTP on your registered mobile which is to be submitted to the insurer.

After you do this, the insurer uses your Aadhaar number to obtain your KYC details from the UIDAI (Unique Identification Authority of India) database and proceeds with the underwriting of your proposal. Also, the premium is paid online to complete the buying process.

### BENEFITS OF OTP-ENABLED PURCHASE OF INSURANCE

**No Paperwork:** In the past, you were needed to submit heaps of documents for your KYC document each time you bought a new financial product. With the OTP process, you can avoid Xeroxing or scanning these documents and simply rely on your Aadhaar credentials to quickly finish your purchase. You simply need to include your digital signature in the 'Declaration' part of the form and opt for e-KYC. An OTP would be generated which you have to enter and your documentation is done. Easy, right?



**Safer:** The OTP is sent to your mobile number as registered with your Aadhaar and bank. Thus, OTP authentication prevents the chances of frauds and is safer. The chances of your identity being used fraudulently to buy financial products without your knowledge are low.



**Boosts insurance penetration:** Over a billion Indians have an Aadhaar number. Roughly the same number of people now own cellphones. By leveraging the power of their Aadhaar and phone numbers, more people can now come under the ambit of the formal financial system. They can open accounts, buy insurance, invest in mutual funds, etc by going through the new KYC norms. This increases financial inclusion.



### Challenges

The only challenge with OTP-enabled transactions is the availability of the correct mobile number in the Aadhaar database. With people who change mobile numbers often, it can be a challenge to maintain the correct and relevant mobile number in the Aadhaar database.



### The bottom line

The IRDA facilitated the OTP method with only one objective - to make the insurance-buying process easy and simplified, and it has succeeded. OTPs remove the hassles of Xeroxing, scanning and uploading documents, and make the whole purchase process streamlined and automated.



Besides, we're in the post-demonetisation era. And this is a good time to leverage the power of the internet to make your money management easier.

— (The writer is CEO of BankBazaar.com)

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