Regulatory scrutiny of the Insurance industry is getting stiffer by the day. Regulatory bodies have intensified efforts on controls to avoid mishaps and irregularities.

A shift in recent times from traditional insurance services to being able to take deposits, underwriting interest rates, adding mortgages and investment portfolios have only added to the complexity.

# Following are the mandates set by IRDA on recommendation of Financial Action Task Force (FATF) to ensure Anti Money Laundering:

| Law | How Intense's UniServe™ NXT will help? |
|---|---|
| *Insurance organizations are not to be permitted to keep anonymous accounts or accounts in fictitious names. (While carrying out the KYC norms, special care has to be exercised to ensure that the contracts are not anonymous or under fictitious names.)* | Our solution can be configured to check for duplicate customers records with similar address, identity proof to track fictitious accounts before on-boarding the customer. The application can also be configured to cross-check with blacklisted customers list, Politically Exposed Persons list, OFAC (Offices of Foreign Assets Control) and CFT (Counterfeit Terrorist List) etc before on-boarding the customer. |
| *Insurance organizations are required to conduct ongoing due diligence on the business relationship.* | The application can be configured to trigger alerts (e-mail and SMS) to concerned authorities like AML officers of any change in the customers' recorded profile which is inconsistent with the normal and expected activity of the customer. For example, If the customer pays more than 3lakhs as a single premium for a policy that requires him to pay 1 lakh premium per annum. |
| *Insurance organizations are required to obtain senior management approval for establishing business relationships with Politically Exposed Persons (PEPs)* | Our solution is powered by workflow engine that can be configured such that contracts with high risk customers (PEP) are concluded after approval of senior management officials like chief risk officer or head (underwriting). |

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| *Financial institutions should be required to examine as far as possible the background and purpose of all complex, unusual large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose and set forth their findings in writing.* | • Alerts can be sent through e-mail and SMS to concerned authorities on occurrence of abnormal transactions like large single premium payment to check of the source of funds.<br>• Reports of Suspicious Transactions (including Suspicious Cash Transactions) can be generated by connecting to relevant core applications. The reports can be sent to Financial Intelligence Unit-India (FIU-IND) to track possible money laundering attempts and for further investigation and action.<br>• These reports of suspicious transactions are routed to compliance officers for relevant action. |
| *The AML compliance officer and other appropriate staff should have timely access to customer identification/data and other KYC information, transaction records, and other relevant information.* | All the customer information including the policy document, premium receipts, Proof of identity and address are stored in electronic repository in a specified hierarchy. They can be accessed by authorized personnel and regulatory authorities very easily. |

# Challenges ahead

## 1. Know Your Customer:

- Additional due diligence will need to be performed alongside compliance to AML legislations.
- Applicability of this process for new and existing customers will require retroactive look at historical records.
- Assessing the intent of purchasing policies, especially large ones to ensure the money doesn't come from ill-gotten gains.

## 2. Compliance to International regulations:

- Dynamic needs call for dynamic measures
- Establishing the risk profile of the customer in compliance with KYC norms is error-prone
- Difficult to adhere to de-duplication norms and verifying fictitious accounts

## 3. Audit preparedness:

- Increased scrutiny on the various portfolios and investments will present with continuous documentation challenges
- Manual identification and verification of customer documents is error-prone and time consuming
- Ready access to documents pertaining to dynamic audit queries will be critical

## 4. Data scrutiny:

- Given the sensitive nature of data, Insurance companies hold, regulators will look for security measures. Compounding this will be maintaining data resulting out of mergers.
- Is data security consistent across the enterprise?

## 5. Governance and reporting:

- Corporate governance vigilantes will require companies to make decisions informed by real and ready access to company information
- Organizations will be assessed on the implemented recommendations

## 6. Customer Dissatisfaction:

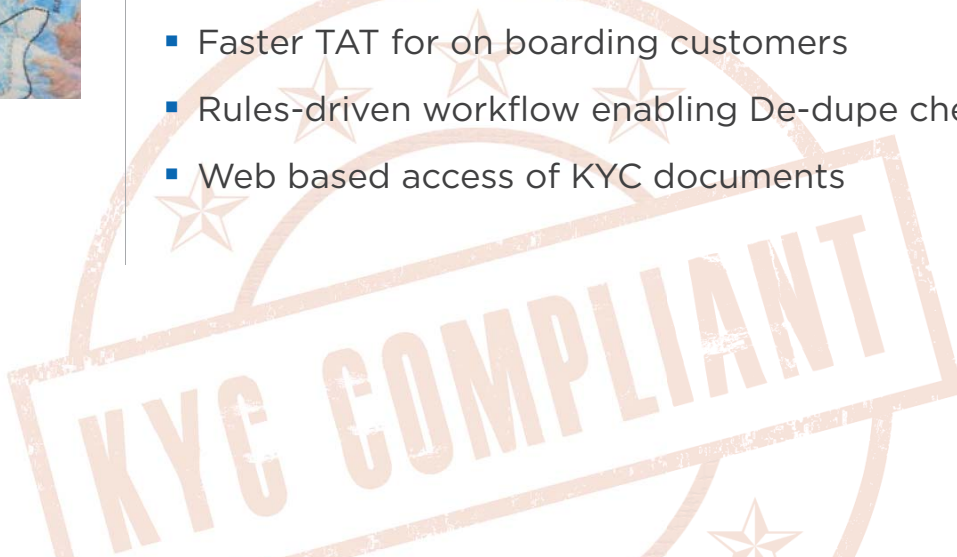- Increase in TAT to bring customers onboard, and delayed transaction SLAs

# Presenting
# Intense's Onboarding Solution

UniServe™ NXT, a solution that automates the entire business process. The solution is enabled with de-duplication engine and mobile application to provide compliance to AML/KYC norms and ensure faster TAT for customer onboarding. The solution is also capable of generation a centralized repository of customer data across various LOBs like savings, loans, credit card etc by creating a unique identity. Home Id to establish relation between customers belonging to same demographic parameters (like address) to enable targeted messaging, consolidated communication across channels and reduced operational costs.
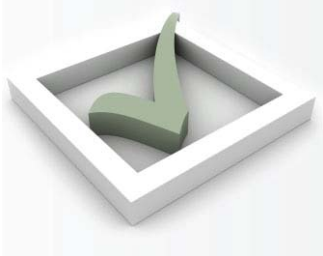
## Key features of the solution:

- Mobile application for metadata and document capture
- Web based/Thin client based approval processing system Support for Biometrics (fingerprint capture)
- Triggers for address verification & credit verification
- Enhanced error tracking and escalation system
- KYC across geographies, products and LOBs
- Faster TAT for on boarding customers
- Rules-driven workflow enabling De-dupe check
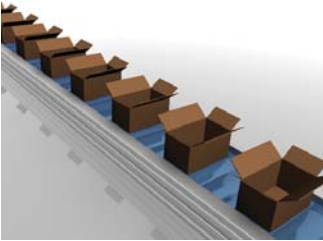- Web based access of KYC documents

# Benef its of the solution:

## *Enables prompt and efficient compliance*

- Automated process of document verification minimizes fraud by checking credentials of every customer
- Provides electronic document storage facility with access rights and version control for legal and regulatory departments, thereby ensuring adherence to statutory compliance
- Tracks end-to-end process for complete control over the customer onboarding process, thus ensuring transparency

## *Improves operational efficiency*

- Higher customer retention because of improved customer satisfaction
- Reduced expenditure on resources such as physical storage, maintenance, manpower, etc.
- Elimination of errors with an automated workflow process
- Faster retrieval of customer application forms for faster turnaround to customer queries.
- Complete, reliable databases to accurately identify and monitor customers who fail to comply

# For more details

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