

Accelerating Insurance Penetration via Account Aggregator

3rd February 2023

Insurance on AA

1.

AA Ecosystem Update

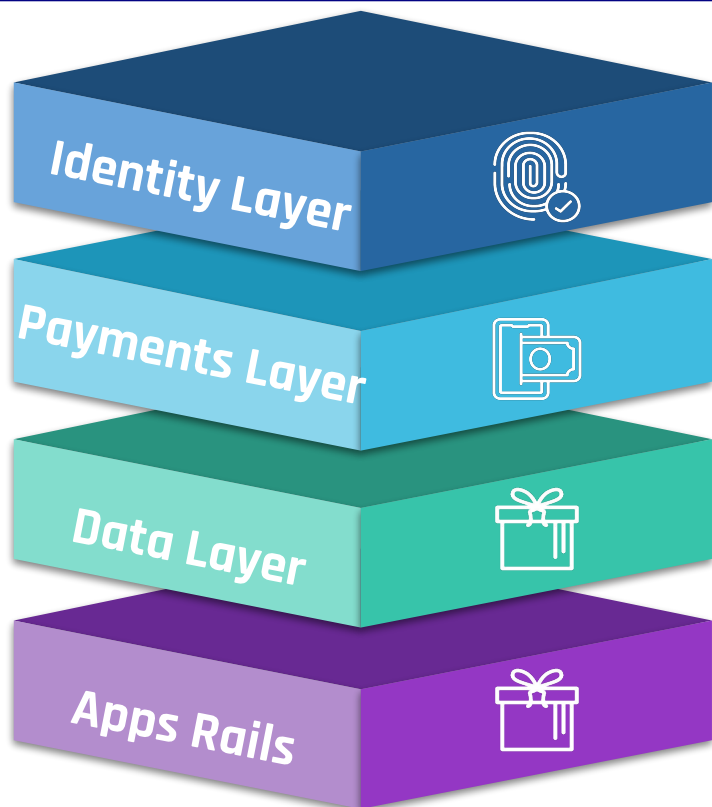
2.

Insurance Use Cases and Demo

3.

Insurance and Deposit on AA - Technical Specs

India Stack is a set of technologies; Account Aggregator is building the data layer



Identity Layer

Giving every resident a unique id and enabling them to prove “I am who I claim to be”

- Aadhaar
- eKYC
- eSign

Payments Layer

Allowing anyone to pay anyone else! interoperable, fast and cheap - not just smartphones

- Unified Payments Interface
- Aadhaar Payments Bridge
- Aadhaar Enabled Payment Service

Data Empowerment

To enable secure sharing of data

- Consent Artefact
- DigiLocker
- Account Aggregator

Cooperative Apps

To make it easier to interoperate

- Open Credit Enablement Network
- National Health Stack
- Open Network for Digital Commerce
- Digital Ecosystem for Skilling and LiviHood

Account Aggregator are RBI regulated NBFCs, introduced to data-empower the citizens through explicit consent based data sharing and digital data portability

Financial Information Providers



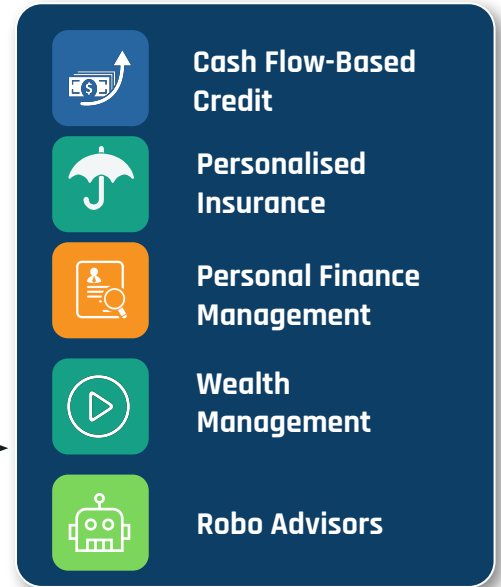
1. Consent to share data



2. Request Data through Open APIs

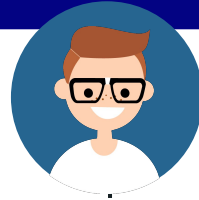
3. Data Flows to FIUs
End-to-End Encrypted

Financial Information Users



Account Aggregator at Scale: More information types and innovative use cases

Financial Information Providers



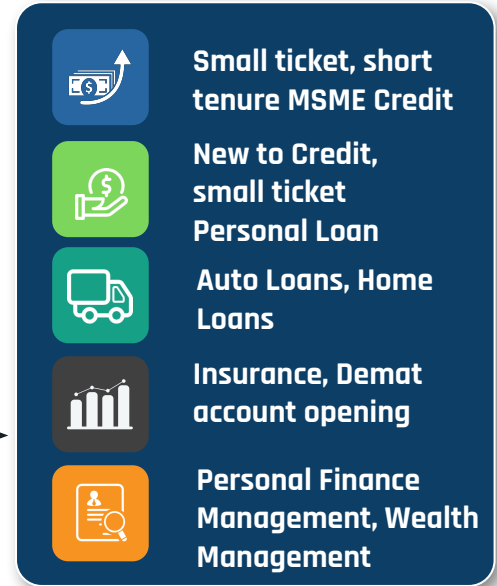
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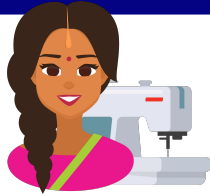
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Financial Information Uses



Account Aggregator is foundational Digital Public Good- immense benefits for citizens & market players



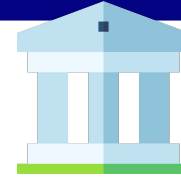
Individuals

Seamless convenience of secure data sharing

Ease of access to small ticket cash flow based credit without collateral, and insurance

Integrated view of financial health

Eligibility based offers for insurance/securities products



Market Players

Lower drop offs on loans/insurance/securities

0% Fraud, trusted data for better financial risk assessment and eligibility calculation

Lower operating costs: viable small ticket products at high volumes

Access to wider market and increase in credit and insurance penetration

Lower default rates, higher renewal rates and claim settlement ratios: Better **data analytics/ML**

Takeoff of PFM, wealth management, robo advisory, and more.



Banking



Insurance



Securities



Pensions

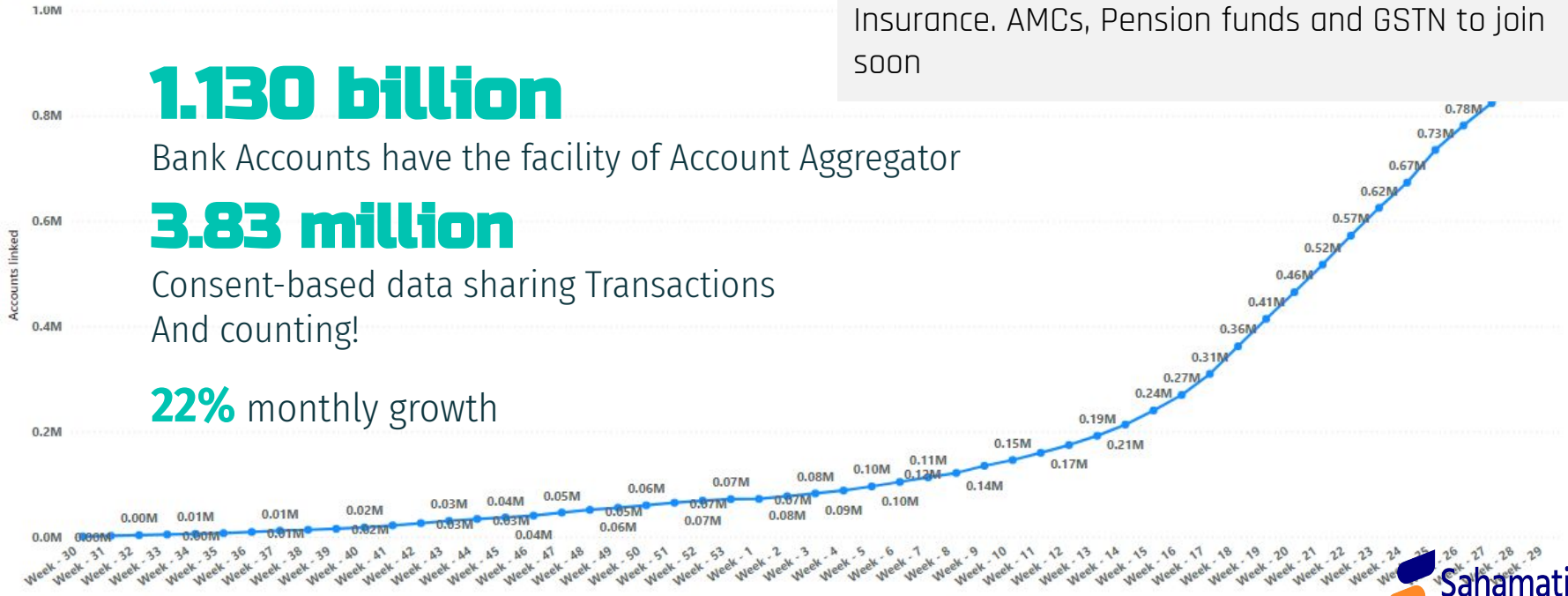
ACCOUNT AGGREGATOR

The first version of the new Account Aggregator ecosystem has been successfully implemented across the country - and it works.

Sahamati AA Ecosystem Performance Dashboard - FIP

Cumulative count of accounts linked

A running total of accounts linked by account-owners



We now have **9 AAs**, **29 FIPs**, and **128 entities** transacting through AA Depositories. Insurance, AMC's, Pension funds and GSTN to join soon

Date

As on 27th Jan 2023

Participation in AA is now cross-sectoral: 27th January 2022

9 RBI Operationally Licensed AAs; 9 AAs with in principle-approval

128 Financial Institutions live as FIUs

98 RBI regulated entities

16 SEBI regulated entities

12 IRDA regulated entities

2 PFRDA regulated entities

29 Financial Institutions live as FIPs

12 Public Sector Banks

10 Private Sector Banks

1 Small finance Bank

4 Life Insurance Cos

2 RRBs

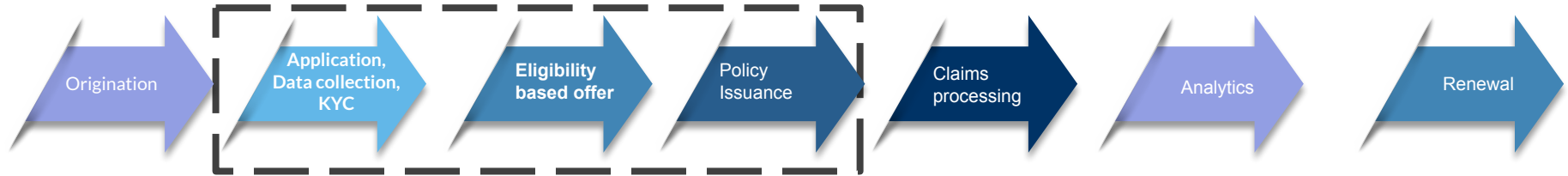
Insurance on AA

1. **AA Ecosystem Update**

2. **Insurance Use Cases and Demo**

3. **Insurance and Deposit on AA - Technical Specs**

Insurance Use Case 1: Customer Onboarding and Risk Assessment



Current Process:

- **Low ticket:** Customer declaration for income & existing insurance
- **High ticket:** Customer shares PDFs/print-outs for income proofs. Dedupe on existing policies post in-principle policy approval via IIB

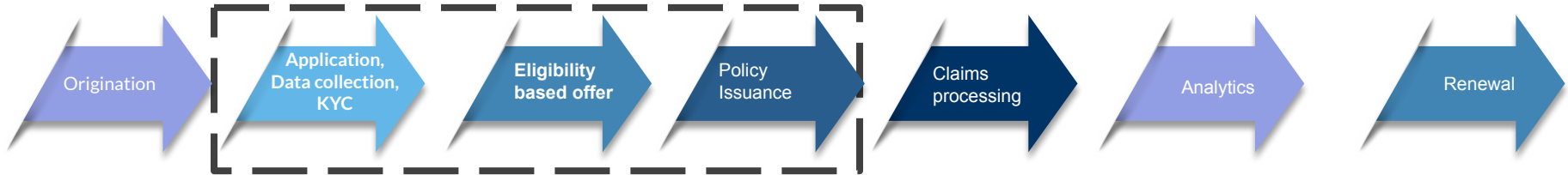
Challenges

- High Drop Offs with paper work
- Potential policy rejections/ lower sum assured with post issuance de-dupe
- Declared income and chances of frauds results in conservative risk assessment in higher policy rejections and claim rejections

Benefits of Account Aggregator

- **Increasing penetration:** Higher risk confidence to operate in low ticket/self employed
- **Improved Viability:** Digitisation of underwriting and policy issuance
- **Increasing affordability** for end consumers with small ticket products

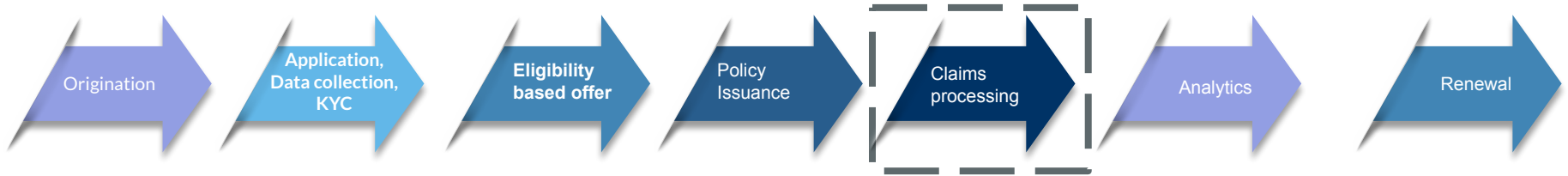
Insurance Use Case 2: Strengthening Verification Process and Reducing Frauds



Other Potential Benefits of Account Aggregator

- Address in bank statements as address proofs
- Name, PAN, address cross-validation with declared info and KYC docs.
- Bank Account Verification replacing penny drop- if and when unmasked bank account numbers are made available

Insurance Use Case 3: Efficiency in Claims Processing



Current Process:

- Customers provide financial statements as supporting documents for claims processing

Challenges:

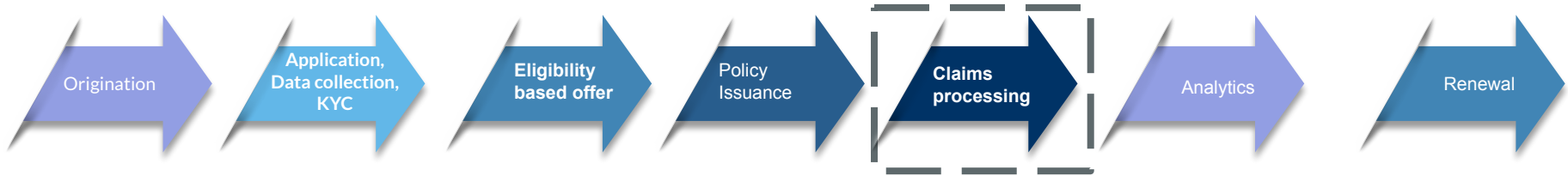
- Manual process
- Chances of tampering
- Long TAT

Benefits of Account Aggregator

- Digitisation: low cost, low TAT
- Strong risk assessment: with nil fraud rates

Insurance Use Case 4: Ease off Claims Payments and Reduce Unclaimed Assets

Future use cases: Claims Payment and Unclaimed Assets



Current Process:

- Insurance companies need the bank details of the insured or the nominee to disburse the claim amount

Challenges:

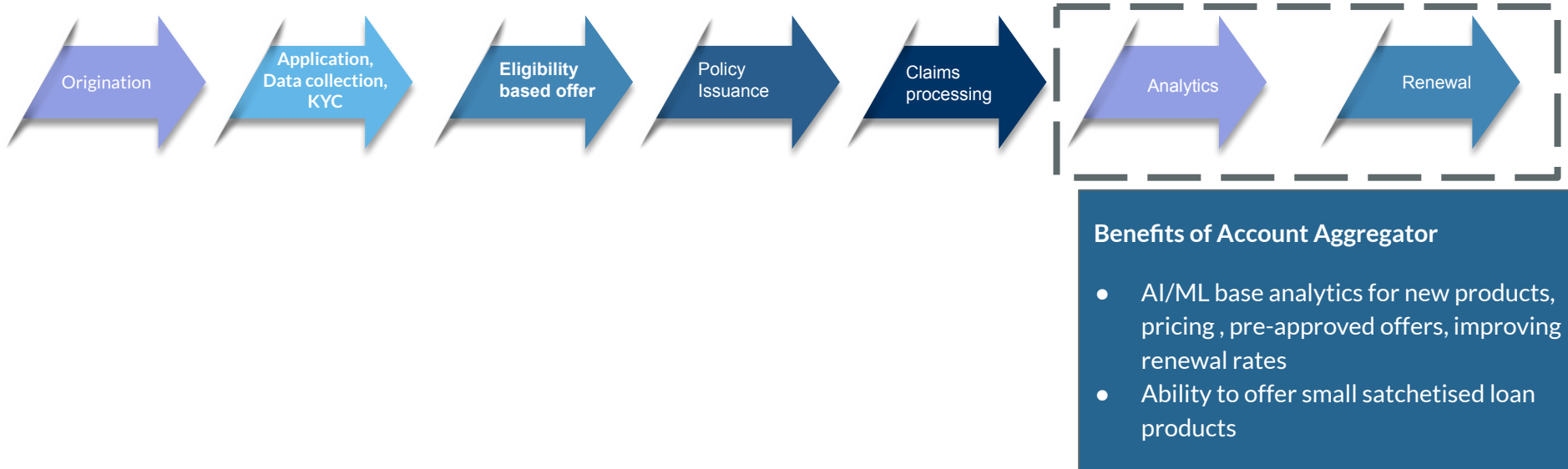
- Bank account details not updated
- Bank account verification required
- Huge unclaimed payments

Benefits of Account Aggregator (if mobile number is available in records)

- To fetch the bank details of the insured or the nominee with no additional verification required

Insurance Use Case 5: Advanced Analytics based Products

Future Use Cases: Advanced Analytics based



- Insurance Companies use bureau based analytics for identifying the best customer-product match
- Shift to bank statement and current policy behavior based analytics modules can be powerful

Cross Sectoral Use Cases: Insurance on AA as FIP

Lending

- Calculate and offer adequate additional insurance cover on unsecured loans or large ticket secured loans
- As a trust signal for underwriting for thin file customers

Personal Finance Management

- Advise on the insurance cover (product type and amount) based on consolidated financial analysis of the customer.
- Reminders to pay renewal premium on time with alerts on bank balance.

Demo 1: Income Verification for Insurance with AA

Insurance on AA

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Decoding Insurance as FIP on AA

Who

- Who are the FIPs and FIUs in insurance
- Citizen Entity Types (individual, corporate etc) to whom facility of data sharing via AA will be available

What

- Scope of data to be shared
- Period of data to be shared
- One time vs. recurring data fetch

How

- Deep Dive into Discovery, linking and consent process

Insurance On AA: Key Technical Aspects

Key Aspects	Description
Financial Information Providers (FIPs)	<ul style="list-style-type: none">● Insurance Companies● Insurance Repositories● Insurance Bureau- Out of scope
Financial Information Users (FIUs)	All entities registered and regulated by IRDAI
Category of Citizens than can use AA Facility	<ul style="list-style-type: none">● Single and Joint Active Policy Holders● All Policyholders irrespective of the entity types (Individual, Group, Corporate, Business)
Type of Information shared through AA	<ul style="list-style-type: none">● Complete policy detail incl. Riders, Moneyback, Covers, Contracts, Investments etc.● Transactions on policy incl. Premium payment, reimbursements, claims are available● Matured, Surrendered, In Process policy, Claim data is not available
Identifier for discovery and linking of policies	Mobile number of the policy holder as updated in the insurance policy account

Insurance On AA: Key Technical Aspects



Key Aspects	Description
Time Period for which data will be shared	Up to 5 year historical transaction data on the policy is available
Size Limit	NA
Types of Products covered	All types of Life and General incl. Term, Savings, Endowment, Moneyback, Motor, Fire, Liability etc.

Deposits On AA: Key Technical Aspects

Key Aspects	Description
Financial Information Providers (FIPs)	<ul style="list-style-type: none">• Banks• Deposit taking NBFC
Financial Information Users (FIUs)	All entities regulated by one of the Indian Financial Regulator
Category of Citizens than can use AA Facility	<ul style="list-style-type: none">• Individual/Retail Current, Saving, FD, RD accounts• Sole Proprietorship Current accounts
Type of Information shared through AA	<ul style="list-style-type: none">• Account holder and summary details• Transactions on account• Account Number is currently shared in masked form (e.g. XXXX XXXX 1234)
Identifier for discovery and linking of Accounts	Mobile number is the only supported identifier
Time Period for which data will be shared	Up to 2 year historical transaction data is available

Insurance & ULIP Schema



Holder details	Demographic details of the Payor and Insured incl. Name, Address, PAN, DOB, Email etc.
Rider	Rider type, sum assured, premium etc.
Policy Details	Unmasked Policy Number, Cover, Maturity Benefit, Sum Assured, Premium details etc.
Holdings	Instrument, NAV, Amount, Allocation etc.
Transactions	Payment, Claims, Reimbursement and other transactions

Deposit Schema



Holder details	Demographic details of the Primary holder incl. Name, Address, PAN, DOB, Email etc.
Account Summary	Bank, Branch, IFSC, Opening Date, OD details etc.
Transactions	All transactions during the selected period incl. Narration, Value Date, Amount etc.

Linking & Sharing Insurance Policies on AA

Discover

Search policies available for the Citizen against an identifier.

Masked Policy Number is displayed to the Customer (e.g. XXXXXXXXXXX1234)

Mobile No is the preferred identifier

*Displaying Product Name requires a schema change

Linking

FIP shares the OTP on registered mobile number of the Citizen

Citizen enters the OTP on AA app to authenticate the linking request

Multiple policies of a FIP can be linked via single FIP OTP

One OTP per FIP

Consent & Share

Consent is displayed to citizen on e-consent framework on AA app

Citizen approves the consent

Encrypted data flows from FIP to FIU via Account Aggregator

Open to Discussion