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E-Signature Strategies for Insurance Carriers: How to Approach E-Signature Adoption Among Independent Insurance Agents

November 2012

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The shift from paper to all-electronic processes is taking place rapidly across the entire insurance distribution chain, with stakeholders adopting e-signatures primarily for new business processing. Whether for personal lines or life insurance, e-signatures have become a foundational technology for straight through processing (STP). The changing expectations of the modern customer are converging with e-applications, e-signatures and automated underwriting to shape the future of insurance purchases. In parallel, association workgroups like LIDMA, ACORD, IRI and ESRA are recognizing the strategic importance of e-signatures and providing guidance.

It is not surprising to see the industry embracing this technology, since there are benefits for everyone involved. Carriers that offer e-signatures not only make it easier for agents to do business with them, they also gain unprecedented visibility and control over the channel. For the agent, having an automated method for capturing signatures (either face-to-face or remote) helps improve productivity and shortens the time to commission payout. Regardless of where the documents need to be stored long-term, whether at the agency or with the carrier, both parties reduce risk related to disputes over "I wasn't shown that disclosure," or "I didn't opt out of that coverage." And most important, the customer enjoys a more convenient and efficient experience, leading to lower not-take rates, greater customer loyalty and more word-of-mouth referrals.

With such compelling benefits, the trend toward e-signatures will only continue to gain momentum. In a recent Life Brokerage Technology Committee survey, brokers ranked e-signatures as the technology initiative that would have the greatest impact on their business. But who will take the lead with regards to e-signatures — the carrier or the agent? Or, does widespread adoption depend on e-app service providers? This issue has unnecessarily introduced confusion and slowed adoption within the industry. Many insurance companies do not want to wait for agents to adopt e-signatures on their own and are beginning to step up and address the issue. To help guide your strategy as a carrier, this article will outline the top three e-signature adoption trends within the independent agent channel and present recommendations.

> "In this era of mobile, social and cloud computing, consumers need the ability to use technology to accomplish more in less time and wherever they are. Independent agents absolutely need to be able to complete a sale totally electronically. Electronic signatures are essential to this model. Independent agents have to be able to offer online services to their customers to continue to compete."
>
> Marcia Berner,
> ACORD Director of Implementation Services

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WHITEPAPER E-Signature Strategies for the Independent Agent Channel

❶ ACCEPTING E-SIGNATURE SOLUTIONS CHOSEN BY AGENTS/AGENCIES

A growing number of independent agents & agencies are taking the initiative and have started using electronic signature services for new business. Unfortunately, most contracts between insurers and agents say nothing on the subject of e-signatures. Without a clear policy in place, insurance companies risk ending up with e-signature processes that may not be compliant, and electronic records they may not be able to support or enforce.

In response, some carriers have begun to issue guidelines or create a list of approved electronic signature vendors. Clear policies are exactly what the industry needs to help propel adoption by independents. However, the process of certifying e-signature providers is far from simple. Accepting any e-signature solution "as long as it meets the ESIGN law" is setting the bar low since ESIGN says nothing about the rules of evidence, which is what you will be concerned with in the event of a dispute. As a carrier, you will want to ensure that any solution chosen by your agents has a proven method of capturing electronic evidence, securing the entire transaction from beginning to end, and providing control through workflow rules.

There are valid reasons why agents want to adopt the electronic signature solution of their choice. First, they have no interest in learning a different new business workflow for each carrier they write for. Second, carriers' e-signature implementations in the past haven't covered agency-specific forms or the ability to insert additional marketing material, which would leave agents with no choice but to either continue using paper or adopt an independent e-signature service of their own. Third, agents want to own the customer relationship and some carrier implementations do not enable the agent to personalize correspondence to the insured. For example, if the customer doesn't recognize the notification email as coming from the person they've been dealing with, they may lose trust in the electronic process and abandon it in favor of paper.

> **RECOMMENDED BEST PRACTICES FROM LOCKE LORD LLP**
>
> "Publish a set of requirements for Producers who have or want to have their own Electronic Signature or electronic delivery process so they can perform due diligence in choosing and implementing a product and process that meets your company's requirements...
>
> Consider the need to amend the company's current agreements or policies applicable to Producers, so that the Producers are properly informed of and bound to follow the company's econtracting processes."
>
> ACORD E-Signature Guidelines

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❷ CARRIERS MAKE E-SIGNATURES AND E-POLICY DELIVERY AVAILABLE TO AGENTS

As carrier adoption of electronic signatures grows, it is becoming increasingly important to establish a corporate standard **across all channels** to ensure security and enforceability, and minimize implementation efforts. However, when it comes to the independent agent channel, all too often the approach has been a siloed one.

The desire to ensure a consistent, trusted approach to electronic transactions and records is the top reason for carriers to offer e-signature capability, but the benefits don't stop there. E-Signatures remove the blind spot that exists when a paper document goes out in the mail for signing, and instead provides control over how each step of the transaction is completed as well as visibility into every action taken by transaction participants. It also eliminates the risk of missing, misfiled or incomplete paperwork, which can compromise your ability to demonstrate compliance or defend against disputes. An enterprise e-signature solution integrated with web-based or mobile e-apps mitigates this through electronic evidence, audit trails and process design best practices.

Offering e-signatures to agents is a competitive differentiator. A well-planned implementation, designed to meet the real needs of the agent community, demonstrates a commitment to making it easy to do business with you. Agents will be able to go beyond entering the customer's data and getting a quote — they will be able to close business immediately. It is no secret that the more convenient a carrier is to do business with, the more business an agent will close with that particular insurer.

Despite all the benefits of e-signatures, some carriers may ask, "If we build it, will they come?" Past attempts at deploying electronic signatures and e-apps to agents have had only modest success. However, things

> **Carriers should consider the following best practices when implementing e-signatures for the agent channel:**
>
> - Support the agent's current way of doing business — make it easy for them to do business with you
>
> - Choose a method of signing that suits the agent's environment
>
> - Address both in-person and remote signing
>
> - Involve key agency representatives early in the requirements gathering process
>
> - Run a pilot locally and in other states prior to a full national roll-out
>
> - Consider an incentive program
>
> - Gain advocates for the e-app and work with them to promote it throughout the channel
>
> - Agent connectivity — choose a mobile solution that also offers offline capability
>
> - Education is key — publish a list of FAQs to address agent concerns

have changed for many reasons, one of which is the pervasiveness of mobile devices and the availability of completely web-based solutions. Traditional barriers to adoption among independent agents have included the cost of dedicated signature capture pads, or a workflow that did not support the agent's way of doing business. However, there is no longer any need for specialized signature capture hardware tethered to a laptop. Today anyone can legally click-to-sign using nothing more than a web browser. And, if agents want a hand-scripted signature they can capture it directly on a mobile tablet such as an iPad.

While many agents are comfortable with the "print, sign, scan, shred" workflow, outside pressures from customers, competing agents and online direct insurers are driving behavioral change. The winning factors for e-signature adoption are in place, if properly coupled with a comprehensive change management program.

Finally, with the right implementation, many of the agent concerns mentioned earlier (i.e., having the ability to insert agency-specific forms or personalize the process) can be built right into the solution. As an example, a carrier built e-signature workflow can allow the agent, agency or others in the distribution chain to:

- Trigger the email notification inviting the customer to the signing ceremony for both remote and in-person signing with the customer.
- Include their contact information on the e-sign web screens in case the client has questions.
- Access a dashboard that would allow them to monitor and manage their e-signature transactions in real-time, including the ability to remotely guide a signer through the e-signature process step by step, if necessary.

❸ MULTI-CARRIER SOLUTIONS – INTEGRATED ELECTRONIC SIGNATURES

Service providers, primarily exam companies, agency management systems, new business aggregators and e-application vendors, recognize that you can't have e-apps without e-signatures and now routinely offer e-signature capability as part of their solutions. This integrated approach is arguably the ideal middle ground for both carriers and agents. From a workflow perspective, it makes sense for electronic signatures to be built into the new business applications used by agents on a daily basis. This approach clearly helps mediate the concern over agents having to learn and carriers having to support multiple e-signature methods. Carriers can still give agents the ability to choose a solution, while limiting integration and due diligence efforts.

However, the need to ensure a secure and reliable process remains important here. In the past, many service providers that offered electronic signatures minimized the complexity of the e-signature requirements and simply built in very basic capability themselves. Today, service providers have moved away from a simple consent checkbox and are partnering with true e-signature vendors that are proven, trusted and secure.

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RECOMMENDATIONS AND CONCLUSION

As a carrier, it is important to understand the role you can play in making e-signature adoption a reality, and that means having a clear strategy towards all three of the adoption models described in this article. Delay and you are missing out on opportunities to increase revenue, build customer loyalty, cut costs and create competitive differentiation. To help define your electronic signature plan for independent agents, consider these questions:

1. Do you have an e-signature policy for your agents?
2. What e-signature solutions are being used throughout your organization, for other lines of business and channels? Is there a corporate standard?
3. What e-signature capabilities have your e-app, policy admin and other service providers integrated with? Is their solution reliable and does it meet your risk criteria?

Silanis offers a true enterprise electronic signature platform for all your channels, from online, call center and/or captive agents, all the way out to your independent brokers by providing flexible deployment and pricing options. Our solutions include:

- **e-SignLive**™ — Silanis' on-demand e-signature service. e-SignLive provides the quickest time-to-market and the lowest up-front investment for moving to paperless signing processes with independent agents. It is available to agents for a low monthly fee. With e-SignLive, agents can electronically prepare and securely sign new business documents over the web in three simple steps:

  o Upload documents.
  o Define who signs each document, and where.
  o Send.

  According to one agent who is seeing an 89 percent success rate with his agency's own use of e-SignLive, he now spends less time managing paperwork and more time selling. His process is

more compliant than before – there are no more missing documents and forms – and he is able to prove to auditors that customers were signed up in compliance with industry rules.

- **e-Sign Enterprise**™ – Chosen by carrier companies for all channels. Silanis e-Sign Enterprise is an on-premises e-signature platform that automates enforceable and regulated customer-facing transactions. More than just a signature, it manages all the documents, participants, business rules, exceptions and notifications so that e-signature processes remain electronic from start to finish. It is designed to scale across different lines-of-business, products and sales/service channels. A single technology platform built on standards-based architecture, this e-signature platform has the ability to easily and cost-effectively scale across the entire operations of any size carrier, while supporting the unique requirements of individual processes, departments, channels and jurisdictions. Its flexible e-Sign Framework helps maximize adoption and transform customer experience.

- Silanis e-signatures are also integrated with the most widely used insurance industry multi-carrier platforms, including Aplifi and Ebix. If your e-app, policy admin, paramed and/or agency management solution provider still use a simple I Agree checkbox, tell them a true enterprise standard is available.

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The most widely used e-signature solution™

To find more e-signature resources or watch a product demo, visit www.silanis.com.
Or speak to an inside sales representative at 1-888-745-2647.