INSURED RETIREMENT INSTITUTE

Best Practice: Inforce Transaction Requests

Section 1: Introduction

During regular meetings, IRI and its members identified the need to standardize the utilization of e-Signature (or no signature) versus a wet signature on inforce transaction requests within the industry.

The lack of consistency among the carriers causes frustration and confusion for distributors, financial professionals, and customers. When requesting transactions across carriers, the signature method could be wet signature, e-Signature, or no signature needed.

The task force determined that one or more member firms can utilize e-Signatures for all inforce transactions or have been able to remove the need for signature when an inforce platform or self-service portal is present for some inforce transactions.

As a best practice, carriers should look to remove signature requirements for low/no risk transactions and/or allow for e-Signatures on all inforce transaction requests when a signature is required.[1]

This best practice is merely a recommendation and not a requirement. All IRI members and other industry participants can and should exercise independent business judgement to determine whether and how to adapt their policies and procedures to align with this best practice.

e-Signatures and wet signatures are considered equal forms of authorization. The use of signature cards is discouraged. Alternative methods of verification should be deployed in alignment with firm risk tolerance—examples: verbal verification from client or financial professional, email/SMS verification, etc.

Implementing this best practice allows distributors, financial professionals, and customers to submit inforce transaction requests using their preferred signature method.

Section 2: Best Practice Recommendations

Description of Best Practice for Transaction Processing

IRI's Operations & Technology Community recommends the use of e-Signature, as a general practice, when forms are required. The task force recognizes that moving to a fully capable e-Signature environment will require time and resources. Therefore, further recommendation is that member firms utilize the IFT Risk Profile Summary to assist in determining which transactions to move to e-Signature in priority order.

[1] *The recommendation provided herein was developed as the result of discussions within the Operations & Technology Community which comprises of individual representatives of IRI member companies. IRI, as an organization, does not provide legal advice or recommendations, but helps facilitate the dissemination of industry best practices as developed by IRI members. All IRI members and other industry participants can and should exercise independent business judgement to determine whether and how to adapt their policies and procedures to align with this best practice.*

IRI's Operations & Technology Community also recommends elimination of policy owner signatures on low-risk transactions when an inforce platform or self-service portal with validation controls is present. (For a list of low-risk transactions, please see supplemental Risk Profile document created by the member firms of the task force).

Recommended Steps to Achieve Best Practice

- The financial professional and/or policy owner determine that a transaction is needed on their account:
  - The preferred solution is digital self-service, if the carrier allows the transaction via web portal, the financial professional or policy owner requests the transaction online with or without a signature. If the policy owner terminates their relationship with the financial professional and/or distributor, they must have access to the customer portal for self-service with the carrier.
  - If the carrier and distributor are live with an inforce platform solution for inforce transactions, the financial professional follows the distributor's process for initiating the transaction via inforce platform.
  - If the carrier allows e-Signature, the financial professional or policy owner follows the distributor's process for obtaining the electronic signature and submits the paperwork to the carrier for processing.
  - If the carrier allows the transaction via phone, the financial professional or policy owner calls the carrier, completes any required validation, and requests the transaction over the phone.
- The carrier will then process the transaction the same as they would a wet signature.
- When an e-Signature is on file with the application, or subsequent activity, an e-Signature is recommended for all future requests.
  - The use of signature cards which has the sole purpose of capturing a wet signature creates a bad policy owner experience. The use of signature cards is discouraged, as e-Signatures and wet signatures are considered equal forms of authorization.

Section 3: Results of the Best Practice (Outcomes)

Policy Owner Experience

- Creates a consistent experience within the industry.
- Improves ease of doing business by moving to a paperless environment as well as fostering adoption of more forms for e-Signature.

- Allowance of e-Signature will drive the policy owner behavior toward a digital throughput solution rather than reaching out to the carrier for a form.
- Reduces risk of fraudulent request due to authentication ceremony process for e-Signature vs. wet signatures which have no authentication.

Speed

- Forms that are eligible for no signature or e-Signature promote digital self service, which can provide a more secure and efficient conduit than forms that were sent via mail or fax, which will lead to an increase of policy owner satisfaction and potentially reduce market risk.

- Forms that are eligible for no signature or e-Signature would generate less not in good order (NIGO) issues if submitted electronically because of required questions, audit trails, and date stamping capabilities.

- The ability to request a transaction via an e-Signature or no signature solution promotes a more straight through process that allows for faster end to end processing.

Security

- As stated in the 114 STAT. 464 PUBLIC LAW 106–229, ‘‘Electronic Signatures in Global and National Commerce Act,” more commonly known as the ESIGN ACT, e-Signatures are a legally binding form of signature that, as long as consented to by the signer, hold the same power as a wet signature.

Section 4: Success Measurements

- IGO of e-Signature forms vs. IGO of wet signature forms, or conversely NIGO.
- Overall satisfaction for policy owner and financial professional with e-Signature experience.
- Efficiency of end-to-end processing of e-Signature vs. standard processing of wet signatures.

Section 5: Conclusion (Benefit Statement)

As an industry, we have an opportunity to provide consistency for our customers and enable more digital interactions to modernize the experience. e-Signature is a critical component of moving forwarding in a digital world.

e-Signature allows customers to interact with carriers in a manner that is timelier and more secure than a wet signature. Creating consistency across our industry, and interaction channels choice for customers, will improve ease of doing business.

From a carrier perspective, e-Signature creates opportunities to lower cost by leveraging technology to reduce NIGO and manual processes while also reducing fraud risk by leveraging authentication tools associated with e-Signature.

Embracing e-Signature as an industry will provide a better experience for customers while creating opportunities and reducing risks for carriers.