



Electronic Signatures



Catherine Smola
President and CEO,
Centre for Study of
Insurance Operations

Electronic signatures make workflow less cumbersome. They can also produce an audit trail for each transaction and provide proof that the customer received and read the documentation before he or she signed it.

Electronic signatures, or eSignatures technology, enable the creation and use of secure and verifiable signatures over computers, tablets and smartphones. More than just another means of conducting business, they are a key tool for retaining and growing market share. The technology has already begun to establish a presence in the Canadian insurance space, building momentum within the broker distribution channel.

The Centre for Study of Insurance Operations (CSIO), recognizing the benefits of widespread adoption, released its Advisory Report on eSig-

natures in 2013. CSIO commissioned law firm Fasken Martineau DuMoulin LLP to produce the report, a document designed to educate brokers and insurers on the Canadian legal and regulatory landscape concerning eSignatures in property and casualty insurance and provide guidance in researching and selecting a solution.

FEWER ERRORS, LESS PAPER

The advantages of eSignatures extend to all participants in the sales process: brokers, insurers and customers. By enabling the instant completion of applications and policies, brokers and customers can conclude the sales cycle in a single interaction without the cumbersome and manual process of printing, signing, scanning, sending and filing the necessary documentation. Furthermore, brokers can use eSignatures to do business remotely, extending their geographic territories and growing their client bases.

Sproule Insurance, a Calgary-based brokerage, uses eSignatures technology almost exclusively. "It has certainly been great feedback from our clients," says president Jay Sproule. "We receive comments of excitement, comments on the ease of doing business. They are enamoured by the process."

Many eSignature solutions include automatic document validation, dramatically reducing the occurrence of mistakes and re-writes. eSignature-enabled forms can also contain rules to prevent customers from signing until all required fields have been populated. Some even contain dependencies whereby populating one field triggers a need to complete subsequent ones.

“eSignatures are an easier way for us to do business, save time and reduce errors,” adds Sproule. “In fact, eSignatures is more about creating a seamless digital insurance transaction than simply obtaining an electronic signature. It is about amalgamating various documents, possibly from different sources, into a single client-ready document.”

Operationally, eSignatures are a natural extension of the workflow efficiencies and cost savings already realized by the broker channel through CSIO eDocs and CSIONet. “It is quite incredible,” remarks Sproule. “Three, four years ago I would have a room full of paper — literally. Now, you walk into my office and you may see 10 sheets. In conjunction with eDocs and other technologies, we need very little space to conduct business.”

Andrew Wood, chief information officer at Northbridge Financial, and a member of the CSIO Board of Directors, sees great synergy between eSignatures and existing workflow solutions. “I’m very keen to see eSignatures work with the expansion of CSIO eDocs,” says Wood. “The ability to remove as much paper as possible from the channel has got significant benefit. Not only from an operational standpoint, but from a cost benefit as well.”

PREVENT UNAUTHORIZED CHANGES

eSignatures solutions play an important role in risk management by producing an audit trail for each transaction. While the level of detail varies from vendor to vendor, the effect is identical: proof that the customer received and read the documentation prior to signing. “It is fantastic from our point of view,” states Sproule. “Everything is time-stamped.

Every time you touch the document, there is a new version. We have better control over verifying documents than we did on paper.”

Furthermore, eSignatures equips documents with tamper-proof seals that can block unauthorized changes and invalidate the signature if a change does occur. In fact, the combination of electronic evidence with tamper-proof technology reduces the risk of repudiation and can help reduce the likelihood of contract disputes, litigation and settlements.



The combination of electronic evidence with tamper-proof technology reduces the risk of repudiation and can help reduce the likelihood of disputes.

“Reducing the cost of doing business is always a win,” adds Wood, “but the added authority of eSignatures goes a step further and provides added confidence in the authenticity and validity of the contract for all parties. That is a huge win.”

eSIGNATURES IN CANADIAN INSURANCE

Electronic commerce legislation recognizes eSignatures as valid documentation, even when there may be laws requiring that information be set out in writing or in paper form. As a result, brokers and insurers may employ eSignatures for the vast majority of transactions, including new business,

endorsements and billing.

While specific regulations vary from province to province and certain restrictions exist universally (e.g., eSignatures may not be used for policy cancellations), the benefits and savings of adoption are broadly available to brokers, insurers and customers from coast to coast.

A common concern is that digital files are infinitely modifiable and easily duplicated — that maintaining an authoritative “original” copy is impossible. However, the same tamper-proofing technology that protects the integrity of an eSignature is capable of ensuring the integrity of an entire file, leaving the digital original intact for evidentiary purposes.

CSIO ON eSIGNATURES LEADERSHIP

With standardized requirements and approved solutions, brokers and insurers may proceed confidently in selecting an eSignatures solution that suits their needs and those of their business partners. The efficiencies, cost savings and convenience of eSignatures are a tremendous opportunity for the Canadian p&c marketplace, and CSIO’s Advisory Services exists for precisely this kind of advancement: identifying advantageous technology and providing education on how best to implement it.

Releasing the eSignatures Advisory Report was the first deliverable. Already engaged on the next deliverable, CSIO is working closely with members to identify a common requirements checklist for selecting an eSignature solution. In addition, CSIO is reaching out to brokers who already use eSignatures to identify best practices and workflow efficiencies, and to provide a knowledge base for those interested in realizing the benefits in their own organization.

The Canadian p&c insurance industry has shown itself to be adaptable and receptive in moving to digitized, paperless workflows that benefit the broker channel as a whole. Working in tandem with eDocs and CSIONet, eSignatures technology will undoubtedly make a positive impact in 2014 and beyond. ≡