



Independent Insurance Agents & Brokers of America, Inc.

ACT Best Practices Recommendations for Delivery of Insurance Policies to Agents and to Insureds

ACT Policy Delivery Work Group
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Guiding Principles

This report is focused on the “best practices” for policy delivery from the carrier to the agent electronically, as well as from the carrier or agent to the insured by paper or electronically. The intent is to advance our industry practices to meet changing consumer experiences and expectations, rather than to place a “Band-Aid” on our current paper intensive workflows.

It is understood that these “best practice” recommendations will not be achieved overnight and will be phased in by many carriers and agencies over time as they build out their capabilities and their consumers increasingly elect electronic policies. Following this transition period, however, the work group strongly believes that its recommendations will result in a better customer experience, will reduce our reliance on a costly paper process and will help us compete effectively with direct carriers – while at the same time complying with emerging state and federal regulations.

For the industry to succeed in moving to “best practice” electronic policy delivery, it is important that:

- Agencies and carriers commit to these practices including a conscious and deliberate change in the way we conduct business.
- Agents encourage their policyholders to accept electronic delivery and/or access to their policies.
- Carriers and vendors integrate the delivery of electronic documents within the agency’s management systems and websites, so that it is easier for agents to send, provide access to, store and manage these documents.
- The industry put more focus on making the electronic experience more desirable than the paper experience by making the insurance contract more readable and easier to understand and navigate.

Electronic delivery of policies is not intended to shift an additional burden onto either the agency or the carrier, but rather to make the process more efficient and to create a better customer experience that is similar to what consumers are getting from other financial organizations.

Best Practices Recommendations

Best Practice	Description
1. Full Copy of Policy	Carriers should provide a complete copy of the insured’s policy to the agency (and to the insured if the carrier is responsible for delivery) at new business issuance and at each subsequent renewal. Endorsements only need to include new/changed forms that are applicable because of the change, along with an explanation of all the changes made.

<p>2. Agent vs. Insured copies of policies</p>	<p>With the adoption of electronic policies, paper “agent” copies are no longer necessary. Carriers should provide agents with a complete electronic copy of what the insured receives, as well as any supporting “agent only” documents like premium worksheets or documents containing commission information.</p> <p>Insured copies can be delivered electronically or by paper based on the policyholder’s preference.</p>
<p>3. Print & Delivery Preferences for Personal Lines & Small Commercial policies</p>	<p>The recommended best practice is for personal Lines and small commercial policies (as the carrier defines small commercial) to be delivered directly to the policyholder by the carrier electronically or by paper based on the policyholder’s preference.</p> <p>Carriers are responsible for managing and maintaining the policyholder’s delivery preferences and should communicate this preference to the agency via a downloaded data field. In response, ACORD has revised the specification to aid in document identification and distribution. For example, three aggregates that have been added are:</p> <ul style="list-style-type: none"> • “DocumentCopyTypeCd” to identify agent, insured or mortgagee copies • “AttachmentResponsibilityCd” to indicate who is responsible for delivering the policy • “InsuredFacingAttachmentInd” to indicate whether the document is insured facing <p>Refer to the ACORD specifications for the most current information on download codes and indicators.</p> <p>Agents will assist in promoting electronic delivery to their policyholders and in securing email addresses to help facilitate electronic delivery.</p>
<p>4. Print & Delivery Preferences for Mid to Large Commercial policies</p>	<p>The recommended best practice is for mid to large commercial policies (either electronically or paper) to be delivered to the policyholder by the agent/broker.</p> <p>The carrier is responsible for delivering the client copy electronically to the agent/broker using the transmission method the agent has elected. The agent then delivers the policy electronically to the client or provides access to it online through the agent’s or carrier’s website, if the policyholder has agreed to such a method of delivery. If the policyholder requires paper, the agent/broker is responsible for making a copy and delivering it to their client. (See Section #6 for more details on delivery options to policyholders.)</p> <p>The agent/broker is responsible for managing and maintaining the policyholder’s delivery preferences for this business.</p>
<p>5. Electronic delivery to the agent/broker</p>	<p>Delivery to the agent/broker by the carrier can be done electronically and the agency should choose the delivery method it wishes to use, from these recommended methods:</p> <ul style="list-style-type: none"> • eDocs with the ability to set rules for automatic work assignment within the agency management system to the appropriate agency employee, attachment to a client record and/or routing to the agent’s client portal. • Secure email to the agency address specified by the agent (via industry recommended TLS), which would contain the document or a link to it. • NOTE: Agencies should work to provide <u>one</u> agency address where they can be sent, as many instances have occurred with carriers sending to an agency individual when they have left the agency. • Carrier delivery directly to the agent’s system or website. • Requiring agents to obtain the electronic copy through the carrier website is the least desirable option and is discouraged.

<p>6. Delivery to the policyholder</p>	<p>The decision around which party delivers the policy is up to each individual agency based on the type of relationship they have with their client. Agents make the determination if they want to deliver or have the carrier deliver as well as whether their client receives a paper copy or it is delivered electronically throughout the relationship life cycle. They should have the flexibility to set this preference each renewal by individual account, by transaction type (new business vs renewal vs endorsement), by Line of Business or by size of account.</p> <p>Policy delivery/access to the insured can follow several different workflows, including but not limited to:</p> <ul style="list-style-type: none"> • Mailing or hand delivering paper copies or a flash drive, or posted to the agency’s client portal with an electronic copy • Emailing an electronic copy using secure, registered email (so that the agent or carrier has proof of receipt) • Using an e-Signature tool to deliver an electronic copy as an attachment to an acknowledgement letter or ACORD form that the client e-signs • Emailing a link to the policy residing on a secure client portal on the agent or carrier website. <p>Electronic delivery excludes any documents legally required to be delivered by paper by a specific state such as Auto ID cards or Notices of Intent to Cancel, or if the insured elects to continue to receive paper.</p> <p>Carriers should deliver invoices for direct-billed policies directly to the insured regardless of who is responsible for delivering the policy, in order to ensure timely receipt by the policyholder.</p> <p>Carriers should make it clear when agents elect electronic delivery exactly what will/will not be included with the delivery. Time sensitive documents like cancellations, reinstatements and copies of invoices should be sent directly to the insured by the carrier.</p> <p>If the carrier is delivering policy documents, it should keep agents informed throughout the delivery process including:</p> <ul style="list-style-type: none"> • The method of delivery the policyholder has elected (paper or electronic) and if electronic, the email address it was sent to • Delivery date • What types of documents were delivered • Provide agents with access to or copies of signed documents. <p>If the agency is delivering policy documents, they should enact an Agency-Customer eDelivery agreement - This will cover the agency’s E&O and protect the customer as well. A template is available free to Big ‘I’ agents available from their main website with the following navigation flow: Click on “Big ‘I’ Resources”, then over to “Legal Advocacy”, and then “Memoranda & FAQ”. A direct link can be accessed HERE.</p> <p><i>NOTE: A Big ‘I’ ID & password is required to access this resource.</i></p> <p>Electronic delivery to the policyholder must comply with all applicable state and federal laws. These requirements include:</p> <ul style="list-style-type: none"> • Agent or carrier should obtain the written consent from the policyholder to receive his or
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	<p>her policy electronically and that he or she is able to access electronic documents in the file format that is being used.</p> <ul style="list-style-type: none"> • Agent or carrier should also advise the policyholder that he or she can change this election at any time or request a paper copy at no cost. • The policy should be delivered securely. • Agent or carrier should receive some acknowledgement of receipt that the policyholder has received the electronic policy (e.g., a receipt that the secure email has been delivered, a record that the policyholder has accessed the policy on the secure client portal, etc.)
<p>7. Providing documents that are designed for electronic consumption</p>	<p>Carriers, agents/brokers and vendors need to work together to offer innovative, easy to use electronic policies in order to encourage policyholder adoption. At a minimum:</p> <ul style="list-style-type: none"> • A hyperlinked Table of Contents • Be searchable and allow the agent to save and/or send the document to another party. • Major sections of the policy should be included in the Table of Contents for easier navigation. (An example of appropriate navigation points would be: Table of Contents, Line of Business Sections, Exclusion Sections, Signature page, Dec page, Additional Ownership Interests breakout. <p>Carriers need to provide mobile compatible versions of documents and rethink how they present policies and other documents so that they are more readable and easier to understand, given that they will increasingly be viewed electronically on tablets, smart phones, as well as on PCs. Auto Id cards are an example of a document that will be primarily viewed on a smart phone.</p>

Access to electronic copies of documents

This document focuses on policy delivery best practices, not document retention guidelines, eDocs download, or requirements around providing copies of policy forms. Those recommendations provide for the carrier to provide the insured’s policy documents online to the agent for at least the current and two prior policy terms and for the agent to be able to request documents from the carrier for earlier years (years 4-7) with a turnaround time of no more than five days.

If carriers or agencies provide their *insureds* with online access to their complete policy documents (Declarations pages and policy forms), it is recommended that they be provided online for a minimum of two years from expiration date or cancellation date. Carriers and agencies, however, should be mindful of any state laws that might impose a different time period.

Carriers should make it clear to insureds and agent/brokers that they can request a paper copy of their policy for a specified time period after electronic access has ceased for a particular policy. Agents should have access to policies from carriers (whether online or off line) for a period of at least seven years from the date of expiration of the policy.

38 states have now passed laws that provide carriers and agents with an additional option to providing their policyholders with a full electronic copy of their policy (DEC pages and policy forms), as

recommended in this report. These statutes allow carriers to e-post their standard policy forms on their websites and then provide their policyholders with only DEC pages which include all of the policyholder's personal information and links to the full policy forms online. These statutes also typically specify that insureds must be given the option to receive paper copies on request at no cost and require the carrier to retain the policy forms online for a specified time period. Florida, for example, requires that these policy forms be kept online for 5 years following the expiration of the insured's policy. The Big 'I' has also provided retention guidelines, which can be accessed [HERE](#). The states allowing electronic delivery – including access via portal – can be found on the [PCIAA 'E-Commerce'](#) web page within the 'Electronic Delivery of Insurance Information' section.

The work group believes that providing the insured with the full, searchable electronic copy as outlined in Section #1 above continues to be the best practice, rather than providing only the DEC pages with links to the full policy forms online.