

Maintaining Policies Locally in Today's Agency and Emailing Policies to Clients

by Jeff Yates, ACT Executive Director

As agencies go paperless and carriers stop providing paper policies, agencies have to decide whether to continue to retain policies locally or rely on electronic policy view to access the policies on the carrier's website. Agencies are also considering whether to begin to email policies to clients, rather than sending them paper copies. Since I get these questions frequently, I decided to reach out to a number of agency consultants and E&O risk management experts to get their insights on these questions. (Please see acknowledgements at the end of this article for the names of these individuals.)

Agency Retention of Policies

Many agencies have decided to retain commercial lines policies locally, even if they have a good download of policy data and electronic policy view in place, because they find they need to refer to these policies and endorsements frequently when coverage and claims issues arise. In contrast, many agencies with a good download in place have decided not to retain personal lines policies locally, because they are able to handle the typical client inquiries without referring to the policies. Often these questions relate to billing and making a payment and the agents are able to handle these inquiries efficiently by using real-time Billing Inquiry and Make a Payment functionality.

Each agency is different, however, so I have provided a list of considerations to assist agencies in deciding this question:

1. How frequently does the staff need to refer to the actual policies for the line of business and for what purposes? Does the amount of usage justify the amount of time it will take to attach them to the client file?
2. Is there a good download in place for the line of business and is my database accurate? If there is not a good download for the business then the agency will probably want to retain at least the dec page locally.
3. Does the agency use the dec page for policy checking and like to retain it as part of the documentation of the policy checking process?
4. Does the carrier provide links on the dec page to all of the actual policy forms and endorsements applicable to that risk – not just the latest editions of these forms – so that they are easy to access?
5. Has the carrier provided a contractual guarantee that the agency will continue to have access to its policy information in the event the carrier or the agency terminates the relationship? This commitment should be for the statutory period in which the agency must retain this information (usually seven years).
6. Do the applicable state laws require the agency to retain the policy documents locally or is access to them at the carrier website sufficient?

Agencies should go through the same analysis with regard to their E&S policies.

Industry Opportunity

Since many agencies have made the decision to retain commercial lines policies locally, it is incumbent on carriers and agency management system providers to make it as simple as download for agencies to attach these policies to their client files. One approach would be to give the agency the option to have the carrier download PDFs of policies (new, renewal and endorsements) each evening using real-time Activity Notifications and Alerts. An option could even be given to receive the dec pages with links to the actual policy forms or the complete policies. Agency management systems should have the capability to route these notifications to the appropriate person in the agency for checking and attachment to the client file. Using this real-time workflow would be an improvement over the emailing of these policies because of the added security and transmission directly into the agency management system.

Since some agencies use the personal lines dec pages to check policies for accuracy and then retains them, the same workflow should be made available to agencies for personal lines.

Delivering Client Policies Electronically

Agents are generally supportive of personal lines carriers that give clients discounts in order to go paperless and access their policies electronically. In the commercial lines and E&S markets, however, many agents are concerned about the inefficiency and cost shifting that takes place when carriers stop sending the paper policies to the agent for delivery to the client, because many insureds still want the paper.

Electronic policies represent the future and are more efficient in many ways (no mail time, do not to be scanned into agency system, potentially save printing costs). Agents should encourage their clients to make the transition to electronic policies, in the same way that other financial services companies are inviting their clients to move to electronic delivery. Carriers, in turn, should help their agents with this transition by providing them with electronic policies and the option to receive paper copies for clients who are not ready to accept the electronic model.

Many agencies like to deliver commercial lines policies to their insureds personally and are now delivering these policies on a CD as a "value add," where clients agree to this method. Several larger agencies provide a secured area on their website where clients can access their policies. Hopefully, technology providers will increasingly provide turn-key solutions for the broader agency population so that they can provide their clients a secured portal for accessing their policies, as well as linking to their carriers to make payments and perform other self-service functions. This is an area in which ACT's Consumer Functionality Work Group is trying to spur more industry action.

Emailing Policies to Clients

In this emerging "paperless" environment, many agencies are considering emailing policies to their insureds. There are several issues for agencies to assess and then incorporate into their procedures when considering such a change in delivery:

1. Confirm that the particular state's laws and regulations permit the emailing of policies and do not require that the

- insured be provided a physical copy.
2. Secure the advance agreement of the client to receive policies electronically by email.
 3. Provide in the email attaching the policy a request that the client acknowledge receipt of the email and policy by return email and have a procedure – that is consistently followed – of following up with the insured if he/she does not acknowledge receipt.
 4. Include in the email a disclaimer that the insured should read the policy to ascertain that its limits and coverages are appropriate for its needs and that it should contact the agency if it would like to add any coverages or make any changes. The notice should also give the insured the option to elect to receive paper policies. (This disclaimer should be provided in the cover letter that accompanies the personal delivery of a paper policy or CD as well.)
 5. Check the policy for accuracy before sending as provided in the agency's procedures.
 6. Send the email by secure email if the policy contains any private personal information under the applicable state and federal privacy and data breach notification laws. Such private information might include the federal employer identification number, driver license numbers, etc. ACT encourages the use of TLS email encryption for secure email, and TLS works very well in agent-carrier communications when both parties have it. A proprietary secure email solution, however, will be necessary for many client communications when the client does not have TLS.
 7. Deliver the policy to the client promptly after being received – whether emailed or delivered personally – and avoid any agency backlog in policy deliveries.
 8. Document in the agency management system that the policy has been sent, the steps taken to follow up if necessary and attach the transmittal email in unalterable form.

The emergence of a paperless environment is precipitating changes in agency workflows and is creating opportunities for carriers and technology providers to provide new tools to help agencies function more efficiently in this new environment. These new tools include the use of Activity Notifications and Alerts to send electronic policies to agencies and the availability of easy to use and cost effective "plug ins" to enable agencies to provide secure portals for their clients to access documents and to perform other services online. I'd appreciate receiving your thoughts on how your agency and the industry can best adapt to these trends. You can contact me [here](#).

Acknowledgements: I would like to thank the following agency consultants for their insights on these issues: Pat Alexander, Steve Anderson and Laura Nettles. I'd also like to thank the following agency E&O risk management experts: Dave Hulcher, IIABA; Jim Keidel, Keidel, Weldon & Cunningham; and Sabrena Sally, Westport Insurance Corporation. Thanks also to the ACT Agent Feedback Group for its input.

Jeff Yates is Executive Director of the Agents Council for Technology (ACT) which is part of the Independent Insurance Agents & Brokers of America. Jeff can be reached at [here](#). This article reflects the views of the author and should not be construed as an official statement by ACT.

<http://www.independentagent.com/Resources/AgencyManagement/ACT/Resources/AgencyManagement/ACT/Pages-policy-locally.aspx>