



With providers taking a tougher stance on non-disclosure and more intermediaries submitting business electronically, should the industry introduce guidelines regarding when and if a client signature is required?

Reidy Flynn, The FOS



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With electronic applications, customers need clear information about the questions the insurer has asked and a copy of any declarations they have signed. Intermediaries do not assist their clients if they summarise questions or put them into simplified English – such actions increase the possibility of a serious mistake. Complainants regularly tell the FOS they were only asked if they were in good

health. Intermediaries should never advise a client about what should be disclosed.

It is good practice for customers to be given a paper copy of an application completed online by the intermediary to allow them to review the information.

Many consumers tell us they gave the agent information but it was not recorded. If clients cannot check what disclosure has been made, the application is likely in some cases to be inaccurate, with the possibility of serious results in the event of a claim.

It is also bad practice to ask applicants to sign declarations that they have not seen.

Incorporating the medical consent with declarations may mean the customer does not appreciate the consequences of non-disclosure.

In my experience, the medical consent form confuses many customers, who believe the insurer is going to approach their GP for their full medical history and therefore it will not matter if they forget something. I would like customers to be encouraged to see their GPs and check their answers are accurate, rather than risking avoidance for non-disclosure after they have had to make a claim.

Market views

Rod McKie, Scottish Equitable Protect

Non-disclosure is a problem that continues to damage the industry's reputation. It is therefore a subject that demands attention. And now, with electronic applications the norm rather than the exception, the electronic process and how it helps minimise non-disclosure is more important than ever.

Few would disagree that signature-less applications or digital signatures are where the market should be aiming. However, given the current level of non-disclosure, as evidenced by

works in all scenarios. And it usually stifles innovation. Therefore, I would prefer that each provider has the freedom to operate the most appropriate application process for their own propositions and target customer segments without further guidelines.

approach due to some clients' failure to return documents. However, I believe that if the business is positioned properly and effectively then the consumer wants the case on risk as much as the adviser.

It is definitely a question of when, not if, a signature should be captured

the number of claims declined for this reason, I do not think it is sensible at this time.

Guidance from the FOS and the ABI, issued last year, regarding customer signature capture is clear. A robust evidential audit trail is required to substantiate any declined claim due to non-disclosure and obtaining a client signature does strengthen this audit trail.

Therefore, in my opinion it is a question of when, not if a signature should be captured.

Introducing further guidelines could create more of a level playing field with all providers adopting the same approach. This could help to reduce the incidence of non-disclosure as advisers and customers better understand one uniform approach.

However, a one-size-fits-all approach rarely

Peter Chadborn, CBK

There is a potentially greater margin for error with business submitted electronically. Human error could occur when an administrator or the adviser is inputting the data online. Furthermore, the administrator may then have to answer some additional questions from a drop-down menu. It may not be exactly clear from the data capture form how these questions should be answered. So, by the time the case is underwritten, there could have been a number of innocent errors, which means an underwriting decision is made that could have been different with a traditional paper application.

I am therefore in no doubt that a final signature should be obtained to verify the exact data on which an underwriting decision has been made – and relying on the client to only advise of any inaccuracies is just not good enough. We all take documents more seriously if they require our signature.

The highlighting of non-disclosure statistics has emphasised the need for full and accurate disclosure. Surely this should extend to a uniform approach for electronic business, which entails a signature at the end of the process.

It could be argued that considerable business would never go live with this

Paul Cowman, Prudential

It is a shame that an online process in the protection market is being further complicated by the introduction of a signature. It is not insurers being awkward but a case of necessary protection against non-disclosure and any complaints being upheld by the FOS.

I believe that some of the issues surrounding signatures are the result of the way providers have encouraged intermediaries to use online systems. In the majority of cases, we are seeing it used as a submission tool only so we have no means of verifying that the information is correct, other than via a signature.

A way to resolve the issue is for intermediaries to promote the use of many of the online tools in the fact-find stage with their clients – either face to face or by encouraging their clients to access such tools from home. However, we must not lose sight of the aim to minimise the impact on the customer experience and minimise the inconvenience to the customer. Where the signature is placed in the process is the key to that.

We would welcome minimum standards which would make it clearer in the event of a claim that we were protected against non-disclosure and a case being overturned by the FOS in case of a dispute.

The concession is that if we all have the same approach there will be limited differentiation in service between companies so price will continue to drive the market.