

Mastering E-Signatures

With a growing number of states enacting or expected to pass electronic signature laws in the near future, the insurance industry is going through a learning curve as it grapples with the challenges of implementing them.



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Like many aspects of e-commerce, digital signature technology exhibits the classic symptoms I call Cyber Schizophrenia. In theory, digital signatures have come one like gangbusters; in practice, they haven't begun to live up to their considerable hype. First, let's consider exactly what a digital signature does. It is really nothing more than an identifier of the signatory in electronic form. Keep in mind that a digital signature has a finite life; it eventually expires and must be reissued. As a result, digital signature technology will simplify rather than replace the job of the field agent. Paperwork will be done electronically instead of manually and documents will be sent via e-mail.

Further clouding the crystal ball is the involvement of state legislatures and the Federal government. Like most businesses, insurance desperately wants to realize the efficiencies and cost-savings of a paperless, electronic environment. No state wants to be seen as a late convert to cutting-edge technology. We're already seeing a large push at the state level for acceptance of digital signatures in a number of areas, with broader laws likely to follow. We're looking at a two-to three-year window for more comprehensive legislation.

Insurers must also remember that digital signature technology does not represent a security panacea. Digital signatures are truly effective only in conjunction with complementary technologies such as digital timestamping.