



Best Practice: Digital Submission Only for Annuity Contracts

Background

The current annuity submission process relies on forms that must often be signed and returned, even when the data required to issue a contract is already captured digitally. This reliance on forms leads to:

- Manual intervention and review that slow down issuance.
- Higher Not-in-Good-Order (NIGO) rates from mismatched answers, skipped questions, or redundant paperwork.
- Inconsistent carrier and distributor practices, creating friction and confusion for financial professionals and consumers.

Paperless Replacements have demonstrated that carriers can complete transactions off data alone while still collecting forms and signatures for audit and compliance purposes. Building on this model, Digital Submission Only establishes a best practice where contracts are issued off data, while clients continue to receive all required disclosures and acknowledgments.

Problem Statement

Without a consistent standard for Digital Submission Only:

- Carriers continue to depend on manual review of forms, increasing cost and time-to-issue.
- Distributors and advisors face unnecessary NIGOs and rework.
- Consumers encounter delays, duplicate requests, and reduced confidence in the digital process.

Out of Scope: Elimination of forms themselves is not in scope at this MVP stage. Forms and signatures will still be collected for compliance and audit purposes.

E-Signature Standard: Electronic signatures are the accepted standard for Digital Submission Only. Falling back to wet signatures or paper-based processes undermines the goals of efficiency, consistency, and straight-through processing and should not be considered a best practice.



Best Practice Recommendation

The industry should adopt a Digital Submission Only model, where issuance is based on data, not forms.

1. Baseline Data Package

- Definition: The core set of data fields sufficient to issue a “cash-only, individual-owned” annuity.
- Implementation: Documented in Best Practice Playbook; mapped consistently to Order Entry (OE) platforms.
- Note: Additional data layered in for replacements and special ownership (trusts, corporations, custodial, etc.).

2. Form Disposition Framework

- Deliver Only: Forms provided to the client but not returned to the carrier.
- Signed & Returned: Forms required back to the carrier due to regulatory or business rules.
- Exception Log: Each carrier documents whether the requirement is statutory, market conduct expectation, or risk mitigation.

3. NIGO Reduction Standards

- Authorized person capture for entity-owned contracts.
 - Reflexive replacement questions must align between client and producer.
 - Banking information validated pre-submission.
 - State-specific requirements (e.g., FL producer address, replacement regs) mapped into OE platforms.
 - *NIGO scenarios that undermine reliance on the digital model will be actively identified and addressed as part of continuous improvement.*
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Expected Benefits

- **Efficiency:** Faster contract issuance by eliminating manual form review for cash-only business.
- **Consistency:** Common baseline standard across carriers and distributors.
- **IGO Improvement:** Reduced NIGO rates through standard data validation practices.
- **Scalability:** Provides a foundation to extend to replacements and ownership variations.
- **Regulatory Engagement:** Establishes clear exception logs to prioritize outreach to regulators on signatures vs. acknowledgments.

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