

***The following are the Implementation Guidelines for the operational Standards for obtaining the customer's agreement to conduct business electronically and use E-Signatures and consent to the receipt of Required Information in Electronic Records ("Consent").***

<b>93.1</b>	The customer's identity shall be authenticated in a manner that complies with the NAVA Standard 2006-51 for Authentication before the customer provides his or her Consent.
	<ul style="list-style-type: none"> <li>• Without sufficient authentication/validation of a party's identity, an electronic transaction may not comply with the requirements of E-SIGN or UETA. Thus, before presenting the customer with either the Distributor's or the Insurer's Consent, he or she must be authenticated.</li> <li>• The NAVA STP Standards have been developed on the basic assumption that the Insurer will rely upon the Distributor to authenticate the customer.</li> </ul>
<b>93.2</b>	If the customer has been previously authenticated by the Distributor in a manner that complies with the NAVA Standard 2006-51 for Authentication, the Insurer may, by agreement, rely upon the credentials issued by the Distributor for the purpose of authenticating the customer.
	<ul style="list-style-type: none"> <li>• If the customer is already doing business electronically with the Distributor, then presumably he or she has been authenticated and credentials have been issued.</li> <li>• If the customer is already doing business electronically with the Distributor, then a valid customer Consent should be in place. If a customer Consent has been obtained in the past, it is possible that it did not address annuity transactions and the NAVA STP process and needs to be updated. In such a case, the Distributor will need to obtain a more updated customer Consent. In addition, if the customer has not used his or her credentials for more than 18 months, then new credentials must be issued and a "mini" authentication must take place.</li> </ul>
<b>93.3</b>	<p>The customer shall explicitly provide for the Distributor and Insurer his or her:</p> <ul style="list-style-type: none"> <li>• Agreement to conduct business electronically;</li> <li>• Agreement to use the E-Signature process deployed in the STP Standards process for the transaction in which the customer will be engaged; and</li> <li>• Consent to the receipt of Required Information in Electronic Records in compliance with the E-SIGN Consumer Consent Process.</li> </ul> <p>This process is collectively referred to as the Consent process.</p>

	<ul style="list-style-type: none"> <li>• NAVA Standard 93 is based upon the assumption that two Consents will be obtained from the customer. The first will be obtained by the Distributor to enable the Distributor to provide Required Information to the customer pursuant to the Distributor’s obligations. The second Consent is obtained by the Distributor on behalf of the Insurer.</li> <li>• When a consumer engages in a transaction via an electronic means, the transaction is covered by the Uniform Electronic Transaction Act (“UETA”) and the Electronic Signatures in Global and National Commerce Act (“ESIGN”). (UETA – Section 5(b); ESIGN – Section 101(c).)</li> <li>• NAVA Standard 93 is based upon the higher standards of ESIGN. In general, ESIGN, with respect to consumer Consents, is the higher standard.</li> <li>• Section 101(c)(1) of ESIGN provides for a three-part process for consumer Consents:             <ol style="list-style-type: none"> <li>1. the consumer affirmatively consents to receiving the information electronically and has not withdrawn the Consent (the agreement or Consent) (ESIGN § 101(c)(1)(A));</li> <li>2. the consumer is provided a clear and conspicuous statement regarding specific items (the disclosure) (ESIGN § 101(c)(1)(B)); and</li> <li>3. the consumer provides a “reasonable demonstration” that he or she can access the information (the reasonable demonstration) (ESIGN § 101(c)(1)(C)).</li> </ol> </li> </ul>
93.4	<p>The agreement to conduct business electronically and to use E-Signatures shall clearly state: a) the transaction(s) to which it will apply; b) the classes of electronic record(s) to which it will apply; and c) the parties to whom Consent is being provided.</p>
	<ul style="list-style-type: none"> <li>• A “Model Consent Form for Insurers” has been developed for use by STP Insurer participants. The Model Consent summarizes both the “Required Documents” and “Other Documents” that will be provided electronically.</li> <li>• The Model Consent Form states that the Consent relates to an annuity contract. Participating companies considered the issue as to whether the Model Consent should cover all insurance products issued by the Insurer that may be issued to the customer, all annuity contracts issued to the customer by the Insurer, or just a single annuity contract. The participants elected that the Insurer Consent would only relate to a single annuity contract. It was concluded that, since the Insurer must manage the Consents, they could only do so in the context of one annuity contract.</li> <li>• It is anticipated that the Distributor’s Consent will be much broader than just the annuity transaction and could possibly cover all transactions that could be engaged in by the customer.</li> </ul>

93.5	<p>The customer must consent electronically, or confirm his or her consent electronically, in a manner that reasonably demonstrates the customer can access Required Information in the electronic form that will be used to provide the information that is the subject of the Consent. For instance, if the Required Information is to be provided in a PDF form, the customer's Consent must demonstrate the ability to receive information in the PDF form that will be employed by the Distributor and/or the Insurer. If the information is to be provided at the Distributor's website, the customer's Consent must demonstrate the ability to access information on the Distributor's website.</p>
	<ul style="list-style-type: none"> <li>• <b>ESIGN</b> requires that the consumer must be provided, prior to consenting, a statement of the hardware and software requirements for access to and retention of electronic records. <b>ESIGN</b> also requires that the consumer confirm his or her Consent electronically, in a manner that "reasonably demonstrates" that the consumer can access information in the electronic format that will be used to provide the information that is the subject of the Consent (<b>ESIGN</b> § 101(c)(1)(C)).</li> <li>• Thus, the consumer cannot manually sign the Consent form and make a representation that he or she has the capability to access the required documents.</li> <li>• <b>NAVA Standard 2006-31.4</b> requires that documents that are static in nature should be rendered "locked-down" in ISO-standard PDF, and documents that require customer interaction should be rendered into an ISO/PDF(A) and "locked-down" once they are completed and signed.</li> <li>• The Insurer Consent will be presented to the customer as an ISO-PDF and once electronically signed, locked down as an ISO-PDF(A) document. In making the Insurer Consent a PDF document, the act of opening it and electronically executing it assures that the customer can access the annuity related documents.</li> </ul>
93.6	<p>A Distributor may rely upon a customer's Consent that was provided by the customer to the Distributor prior to initiating the STP Standards process if: 1) the scope of the Consent encompassed the proposed annuity transaction; and 2) the Consent process complied with all NAVA standards.</p>
	<ul style="list-style-type: none"> <li>• <b>Standard 93.6</b> permits, but does not require, a single consent form which would cover both the Distributor and the Insurer. It was anticipated that this standard would most likely be relied upon by Insurers that had captive agents and an affiliated Distributor.</li> <li>• If a single consent form is to be used, then the <b>Model Consent Form</b> needs to be modified accordingly.</li> </ul>
93.7	<p>A Distributor may act as an Insurer's agent/representative for the purpose of obtaining a customer's Consent if the Distributor clearly: 1) describes the Distributor's agency relationship with/representation of the Insurer; and 2) informs the customer that the Consent being entered into is between the customer and the Insurer.</p>

	<ul style="list-style-type: none"> <li>Standard 93.7 incorporates the principles of agency law. The drafters concluded that it was appropriate to make sure that the customer was clearly informed by the Producer that he or she was acting on behalf of the Insurer when the Insurer's Consent was obtained.</li> </ul>
<b>93.8</b>	Consent between a customer and Insurer shall clearly state that Insurer's Required Information will be provided by the Distributor's electronic communication system through completion of the STP Standards process.
	<ul style="list-style-type: none"> <li>The NAVA STP Standards also presume that all delivery of documents to the customer, from the initial product presentation through the contract delivery, will be done via the Distributor's portal.</li> <li>ESIGN requires that the consumer is provided, prior to consenting, with a statement of the hardware and software requirements for access to and retention of electronic records.</li> <li>The Model Consent Form contains the following statement to meet the requirements of Standard 93.8:   <p style="text-align: center;">Unless notified otherwise, ABC Life will be providing or making available these documents through your producer's System(s).</p> </li> </ul>
<b>93.9</b>	For the purposes of complying with the ESIGN Consumer Consent Process, when the Distributor sends Required Information to the customer on behalf of the Insurer, the Insurer may rely upon the customer's reasonable demonstration to the Distributor of the customer's ability to access information in the electronic format used by the Distributor.
	<ul style="list-style-type: none"> <li>The NAVA STP Standards have been developed on the assumption that the Insurer will rely upon the Distributor to obtain the required "reasonable demonstration." See 93.5 above.</li> </ul>
<b>93.10</b>	A customer's representative shall not be allowed to provide Consent on behalf of a customer until he or she provides evidence of the customer's authorization.
	<ul style="list-style-type: none"> <li>See Third Party Position Paper.</li> </ul>
<b>93.11</b>	The customer's Consent shall be evidenced by one or more records, at least one of which the customer can access or retain for future reference.
	<ul style="list-style-type: none"> <li>Section 101(e) of ESIGN provides that, in order for certain contracts or other document or record to be enforceable, the electronic record of such document must be in "a form that is capable of being retained and accurately reproduced for later reference by all parties or persons who are entitled to retain the contract or other record."</li> <li>Customers should be either sent Consent electronically and instructed to download it for future reference or a mechanism could be provided to the customer that would permit the customer to have a copy maintained for him or her on the Distributor's portal.</li> </ul>

93.12	If a customer withdraws his or her Consent, the STP Standards process shall disable the customer's ability to furnish an E-Signature or to receive new or additional Required Information in an electronic record. (Withdrawal of Consent shall not affect the validity of E-Signatures created by the customer, or electronic records provided to the customer, prior to the withdrawal of the customer's Consent.)
	<ul style="list-style-type: none"> <li>• While it is not anticipated that a customer will withdraw his or her Consent during the new business process, companies should have procedures in place should such an event occur.</li> <li>• The withdrawal of a customer's Consent post-issuance is the more likely scenario. Post-issuance activities are considered out of scope for the current phase of the project. Nonetheless, companies should begin consideration of how they will manage the post-issuance withdrawal or modification of the customer's Consent.</li> <li>• Section 101(c)(1)(B) requires that, in addition to the disclosures discussed above, the consumer must also be informed of the procedures the consumer must use to withdraw his or her Consent and to update information needed to contact the consumer electronically. The disclosure must also inform the consumer how, after consenting, the consumer may, upon request, obtain a paper copy of an electronic record.</li> </ul>

CROSS REFERENCES	
<u>REFERENCE</u>	<u>SOURCE LOCATION</u>
STP Process Model Reference <ul style="list-style-type: none"> <li>❖ <a href="#">Account Opening</a></li> <li>❖ <a href="#">Product Presentation</a></li> <li>❖ <a href="#">Selection and Order Entry</a></li> <li>❖ <a href="#">Principal Suitability Review</a></li> <li>❖ <a href="#">Application Process</a></li> <li>❖ <a href="#">Insurer Application Process</a></li> </ul>	
Related Documents	<a href="#">NAVA Position Paper for Consents to Use Electronic Records &amp; Signatures</a> <a href="#">Background analysis</a> <a href="#">Statute....</a> <a href="#">Third Party Position Paper</a> <a href="#">STP Glossary of Terms</a>
Check lists	<a href="#">Check List for Implementation</a> <a href="#">Consumer Consent Process for Certification</a>
STP Standards	<a href="#">All STP Standards</a>

