Chapter 6: Policy Cancellations

Insurance Policy Management (IPM) Program Manual

Table of Contents

Change	Description	Date Updated/Version Number
References Section	Updated hyperlinks in document and References section to new Business Partner website on Mass.gov.	04/29/2024 – V5.0

Policy Cancellation Transactions

The **Policy Cancellation Transaction** is the sole mechanism for a carrier to report a policy cancellation. Chapter 175 §113A of the Massachusetts General Laws states:

…further, that said cancellation shall not become effective unless the company or an insurance premium finance agency…has, immediately upon the intended effective date of the cancellation of the policy, whether proposed by the company or by the insured, forwarded to the registrar of motor vehicles a notice, in such form as he may prescribe, containing such information to apprise the registrar of the particular motor vehicle registration on which the insurance is intended to be cancelled.

The **Policy Cancellation Transaction** is the "*in such form as he may prescribe*" referenced in the above statute.

The **Policy Cancellation Transaction** is available as a **Batch Transaction** and a **Web Services Transaction**. These function in the same manner, although they use different input information. The **Batch Policy Cancellation Transaction** uses the Policy and Policyholder information to identify the specific policy while the **Web Service Policy Cancellation Transaction** uses **ATLAS Policy Term Key** to uniquely identify the specific policy to be cancelled. The **Policy Cancellation Transaction** is also available via the **eServices Insurance Portal. eServices Insurance Portal Transactions** are addressed in a separate manual, the **eServices Reference Manual for Insurance Industry Users**, and also via the **ATLAS Training - Computer Based Training (CBT) Videos**.

IMPORTANT: The RMV generally accepts a cancellation date that is anywhere within the Policy Effective and Expiration Dates, without regard to the Transaction Processing Date.

Batch Transactions

The **Batch Policy Cancellation Transaction** is a type 5 transaction, regardless of whether or not it involves Section 5 Registrations. The **Policy Cancellation** matches on the policy and policyholder information using the same edits as the other **Batch Transactions**. They are presented here for completeness, not because there are differences. The other additional information that is included is the Cancellation Reason Code and (if applicable) the unpaid premium amount. The unpaid premium amount needs to contain an entry and, if none exists, 0 should be entered.

Policy Information

The submitting service provider or carrier and the insurer Company Codes are checked for validity and for security to ensure the service provider/carrier is allowed to submit for the insurer.

IPM Policy Identification consists of the following:
- Insurer's Insurance Company Code
- Unique Policy Number
- Policy Type (P=Private Passenger, C=Commercial)
- Policy Effective Date

If the provided policy identification information matches the <u>IPM Policy Identification</u>, the RMV attempts to match the supplied policyholder information with the IPM Policyholder information as listed below. Otherwise, the transaction is rejected with a 0303 error, Policy Identification Not Found. If the policyholder information matches, the policy cancellation will be processed otherwise the transaction is rejected with the applicable policyholder match error code.

There are two types of policyholders: Individual and Company. The processing for each is outlined in the sections below.

Policyholder Edits – Individual

Driver's License Numbers: There are two different license number scenarios outlined below:

- **Massachusetts License Information:** When the policyholder's license state is Massachusetts, **ATLAS** compares the submitted license number to the license information on our license file. The transaction is rejected if there is no matching record for an RMV licensed driver.
- **Out of State License Information:** When the policyholder's license state is a valid state code other than Massachusetts, the license number is compared to out-of-state license information residing on **ATLAS**. If there is a match, the policy is posted with the matched **ATLAS** record as the policyholder. If there is no match, the policyholder record is posted with the policyholder information as provided. In this instance, the reporting of unpaid premium is not allowed. If, at some future date the carrier wanted to post unpaid premium, they would have to process an **Amendment Transaction** to change the policyholder to a record that already exists on **ATLAS**.

Policyholder Surname and Date of Birth (DOB)

For policyholders licensed in Massachusetts, the surname and date of birth (DOB) recorded on our license file are compared to that supplied by the insurance companies in the **Policy Renewal Transaction**.

Edits include:
- At least three of the first five characters must match the last name associated with the license number on **ATLAS**, and at least two of the three component data elements comprising the date of birth (MM/DD/YYYY) are required for acceptance. For records processed in **Batch**, **ATLAS** returns the appropriate error message indicating the field in error for records which fail the Policyholder Edits (1302, POLICYHOLDER SURNAME DOES NOT MATCH).

Transactions that pass the <u>IPM Policyholder Edits</u> return relevant license information as recorded in **ATLAS**. Given the matching algorithm, it is possible that the name/DOB information it is different than what is being maintained by the carrier. There is no requirement for the carrier to adopt the information as maintained by the RMV.

Policyholder Edits – Company

ATLAS maintains a hierarchical structure for companies where it is possible and common for one FID to have several different Company names For example, municipalities may be noted as Town of X or City of X (which is referred to as the Customer Record) but they have a variety of subdivisions they need to track (referred to as the Account Record). The account records normally have the municipal name present in them (X Public Works Department or X Water Department) but not in any predictable order (Trustees of X Cemetery or Long Island Hospital). The RMV tries to maintain a semblance of order with these names, but carriers are advised to always request a copy of a registration and/or to look the Company up to see how it is recorded on **ATLAS**. For Company Policyholders, the FID number (Federal Identification number) is the primary key and is recorded in the Business FID field. The Company name is entered in the policyholder business name field. The RMV finds all of the records associated with the provided FID and matches the first eight characters of the supplied owner name with the Company name on **ATLAS**. For this match, spaces and any special characters are removed. A match on five or the eight characters is considered a match. In cases where they do not resolve to a single record, the RMV chooses the first record in the string of duplicates. In the case where no matching record is found, the Policy posts with the information as supplied by the carrier.

Response Record

For each **Policy Cancellation Record** received, there is a corresponding response record that contains:

- A mirror image of the record as sent by the insurer, and
- The record as it appears on **ATLAS**. The specific details for the response record are noted in **Chapter 12: Technical Specifications**.

Web Services Transactions

The **Web Services Policy Cancellation Transaction** functions in the same manner as the **Batch** version of this transaction, however it uses **ATLAS Policy Term Key** to uniquely identify the Policy Record on **ATLAS**. The **ATLAS Policy Term Key** is described below.

Key Name	Description/Key Components
ATLAS Policy Term Key	An **ATLAS** assigned unique key that is a combination of: The Insurance Company Code, Policy Type, Policy Number, Policy Effective Date, and Policy Expiration Date. This value differs for each policy term.

The insurance carrier needs to provide a Cancellation Reason Code, these are outlined in the Data Dictionary. In addition, the carrier can also report an unpaid premium, this should be reported only when actual unpaid premium exists (e.g., it is not necessary to enter 0 to indicate there is no unpaid premium).

Response Record

For each **Policy Cancellation Record** received, there is a corresponding response record that contains:

- A time stamp,
- A unique **ATLAS Transaction Key**, and
- An indicator for whether or not the transaction was accepted.

If the transaction was accepted, the RMV will also return:

- The **ATLAS Policy Term Key**, and
- The policyholder **ATLAS Entity Key** (if applicable).

In the last case, if the indicator is set to **NO**, an additional error response record is sent that contains all of the error codes and their description.

Timing Issues

Policy Cancellation Transactions must be processed within the following time frames:

- For **Active Policies**, the Cancellation Effective Date may be any date between and including the Policy Effective Date and Policy Expiration Date.
- For **Expired Policies**, the Cancellation Effective Date must be equal to the Policy Expiration Date.

Cancellation Rules

Below are several examples that illustrate the cancellation rules.

Active Policy Examples

Example 1	
Policy Effective/Expiration Date	2/1/2019-1/31/2020
Transaction Date	12/5/2019
Cancellation Date	12/1/2019
Cancellation Transaction	Accepted
Example 2	
Policy Effective/Expiration Date	3/1/2019-2/29/2020
Transaction Date	12/5/2019
Cancellation Date	2/29/2020 (Policy Expiration Date)
Cancellation Transaction	Accepted
Example 3	
Policy Effective/Expiration Date	2/1/2019-1/31/2020
Transaction Date	12/5/2019
Cancellation Date	11/20/2019
Cancellation Transaction	Accepted (15 days prior to the Transaction Date)

Expired Policy Examples

Example 1	
Policy Effective/Expiration Date	2/1/2019-1/31/2020
Transaction Date	4/5/2020
Cancellation Date	1/31/2020 (Policy Expiration Date)
Cancellation Transaction	Accepted
Example 2	
Policy Effective/Expiration Date	2/1/2019-1/31/2020
Transaction Date	4/5/2020
Cancellation Date	1/1/2020
Cancellation Transaction	Rejected (Prior to Policy Expiration Date)

Advanced Policy Examples

IPM supports the cancelling of policies that have not become active as long as the Cancellation Date is equal to the Policy Effective Date and the transaction is processed prior to the Policy Effective Date.

Example 1	
Policy Effective/Expiration Date	2/1/2020-1/31/2021
Transaction Date	1/5/2020
Cancellation Date	2/1/2020
Cancellation Transaction	Accepted
Example 2	
Policy Effective/Expiration Date	2/1/2020-1/31/2021
Transaction Date	2/5/2020
Cancellation Date	2/1/2020
Cancellation Transaction	Accepted
Example 3	
Policy Effective/Expiration Date	2/1/2020-1/31/2021
Transaction Date	1/5/2020
Cancellation Date	2/2/2020 (Cancellation Date is not equal to Policy Effective Date)
Cancellation Transaction	Rejected

Revocation Process

Once a **Policy Cancellation Transaction** is accepted, the registrant has 23 calendar days to provide the RMV with proof of insurance (or the presumably new insurance carrier has 23 days to post the new Policy Record). If proof of insurance is not provided within 23 calendar days after the Cancellation Effective Date, the RMV sends a registration revocation notice to the registrant. This notice has a 10 calendar day grace period for the registrant to provide proof of insurance and the status of the registration record is **VRGVAL** (or active) with an insurance status of "pending revocation due to unreported insurance" or **INSPEN**. If, within the 10 calendar days, either the carrier does not post a Policy Record or the registrant does not provide proof via a stamped form, the registration will become revoked at 12:01a.m. on the 11th calendar day. The registrant must stop operating the motor vehicle and is required, in addition to providing proof of

7

insurance, to also pay a $50 reinstatement fee. The status of the registration record is **VRGREV** or revoked and the insurance status will change to "revocation due to unreported insurance" or **INSREV**.

If, at any time during this process and even after the revocation, the carrier files a policy with a Policy Effective Date prior to the Revocation Effective Date, the RMV immediately and automatically reinstates the effected registration(s) at no fee to the customer. If the Policy Effective Date is on or after the Revocation Effective Date, the registration will remain revoked until the customer remits a $50 reinstatement fee, per registration.

References
RMV Business Partners Website
IPM Program
IPM Program Documents