

# Chapter 8: Clear and Amend Unpaid Premium

## Insurance Policy Management (IPM) Program Manual

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## Clear and Amend Unpaid Premium Transactions

The **Clear and Amend Unpaid Premium Transaction** is used to adjust unpaid premium amounts from a policyholder’s cancellation history. The **Clear and Amend Unpaid Premium Transaction** will clear unpaid premium in total, clear unpaid premium done in error, and adjust the unpaid premium up or down (e.g., higher or lower).

**IMPORTANT:** Unpaid premiums, once fully satisfied, must be cleared from the Registry of Motor Vehicles (RMV) record within 24 hours of payment acceptance.

The **Clear and Amend Unpaid Premium Transaction** is available as a **Batch Transaction** and a **Web Services Transaction** and function in the same manner, although they use different input information and different codes. The **Batch Clear and Amend Unpaid Premium Transaction** uses the policy and policyholder information to identify the specific policy, while the **Web Services Clear and Amend Unpaid Premium Transaction** uses **ATLAS Policy Term Key** to uniquely identify the specific policy to be reinstated. The **Clear and Amend Unpaid Premium Transaction** will also be 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](#).

The RMV receives several questions regarding the “rules” surrounding unpaid premiums and whether or not carriers need to report and or take the presence of unpaid premium into account when writing a new insurance policy. The RMV tracks unpaid premiums strictly as a service to the insurance industry and at the request of Commonwealth Automobile Reinsurers (CAR). There is no RMV requirement for reporting an unpaid premium other than those presented in this manual, and for the timely “clearing” of reported unpaid premium once it is satisfied. There is no RMV requirement for an insurance carrier to take the presence of an unpaid premium into account in their underwriting decisions. However, Chapter 175 §113H states, in part:

*Section 113H. (A) Insurance companies undertaking to issue motor vehicle liability policies or bonds, both as defined in section thirty-four A of chapter ninety, shall cooperate in the preparation and submission of a plan which shall provide motor vehicle insurance to applicants who have been unable to obtain insurance through the method by which insurance is voluntarily made available; except that the plan shall provide that no insurance company shall be required to issue such policy or execute such bond if:*

*(1) The applicant or any person who usually drives the motor vehicle has failed to pay an insurance company any motor vehicle insurance premiums due or contracted during the preceding twelve months; or*

*(2) Any person who usually drives the motor vehicle does not hold or is not eligible to obtain an operator's license.*

While the RMV does not have rules regulating the use of unpaid premium, CAR does have rules regarding Unpaid Premium that carriers should review and react to accordingly.

## Batch Transactions

The **Batch Clear and Amend Unpaid Premium Transaction** is a Transaction Type 7, whether or not it involves Section 5 Registrations. The **Clear and Amend Unpaid Premium Transaction** 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 information that is included is this transaction is one of the three **Clear Unpaid Premium Reason Codes**:

- **41:** Unpaid Premium Paid
- **42:** Unpaid Premium was Posted in error
- **43:** Premiums were Adjusted

## 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 IPM Policy Identification, the RMV attempts to match the supplied policyholder information with the IPM Policyholder information, as listed below. Otherwise, the transaction rejects with a 0303 error, Policy Identification Not Found. If the policyholder information matches, the **Unpaid Premium Update** will be processed. Otherwise, the transaction is rejected with the applicable policyholder match error code.

## Clear and Amend Unpaid Premium Transaction

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 an unpaid premium is not allowed. If, at some future date the carrier wanted to post unpaid premium, it would

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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 the RMV's license file are compared to that supplied by the insurance companies in the **Clear and Amend Unpaid Premium 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 IPM Policyholder Edits (1302, POLICYHOLDER SURNAME DOES NOT MATCH).

Transactions that pass the IPM Policyholder Edits 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 there are a variety of subdivisions that need to be tracked (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 up the Company to see how it is recorded in **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 match 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 Clear and Amend Unpaid Premium 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 Clear and Amend Unpaid Premium 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
<b>ATLAS Policy Term Key</b>	An <b>ATLAS</b> 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 one of the three **Clear Unpaid Premium Reason Codes**:

- **PAID**: Unpaid Premium Paid
- **EPAY**: Unpaid Premium was Posted in Error
- **EAMT**: Premiums were Adjusted

## Response Record

For each **Policy Clear and Amend Unpaid 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 is accepted, the RMV also returns:

- 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

Unpaid premiums, once fully satisfied, must be cleared from the RMV record within 24 hours of payment acceptance. Carriers can process **Clear and Amend Unpaid Premium Transactions** within three (3) years of the Policy Cancellation Date.

## References

[RMV Business Partners Website](#)

[IPM Program](#)

[IPM Program Documents](#)