

WHITE PAPER

The Case for Utilizing Web Services Technology to File Certificates of Financial Responsibility



**Insurance Industry Committee on
Motor Vehicle Administration**

**Version 1.0
August 16, 2011**



Executive Summary

Mandatory liability insurance laws currently exist in 49 of the 50 states. Many jurisdictions require an individual to obtain and maintain Certificates of Financial Responsibility. An individual may need a Certificate of Financial Responsibility due to unsatisfied judgments, driving without insurance, certain moving violation convictions or the inability to provide evidence of financial responsibility after involvement in a crash. Certificates of Financial Responsibility are typically referred to as an SR-22, FR-44 or similar designation depending on the jurisdiction and reason for the filing.

Today, few jurisdictions accept Certificates of Financial Responsibility electronically from insurance carriers, and no standardized methodology exists for the submission of Certificates to all the jurisdictions. Jurisdictions accept Certificates by numerous methods which include: paper forms via US Mail, faxed forms, email, proprietary website entry and costly electronic methods utilizing third-party vendors.

Current submission methods can result in inferior data quality, duplicate entries, and unsatisfactory customer experience. Data quality is affected by the numerous forms of delivery; duplicate entries are required as insurers must also input data into the insurance carrier database; and customer experience is negatively affected by delays in delivery to jurisdictions. Also, the submission of Certificates via a website does not allow for audit trails by the insurance carrier.

The purpose of this paper is to outline for the submission of Certificates of Financial Responsibility utilizing web services technology. This method supports numerous state-specific data and documentation requirements evidencing an insured's compliance with a jurisdiction's financial responsibility laws through a partnership between jurisdictions, the public and insurance carriers. The method is intended to be uniform, cost effective for both jurisdictions and insurance carriers, support data security, and benefit public interest. Jurisdictions taking advantage of this technology will eliminate paper processing, reduce manual efforts, and improve data quality.

Proposed Solution

Technology has evolved significantly over the past several years to the extent that confining business transactions of this nature to paper documents is no longer necessary nor is it optimum.

Utilization of internet-based technology, specifically web services for submission of Certificates of Financial Responsibility, provides the above referenced benefits as well as a real-time solution. The Insurance Industry Committee on Motor Vehicle Administration (IICMVA) views the use of this technology as the optimum solution for overcoming the limitations of paper Certificates and best meets the needs of all stakeholders.

A web-based methodology for submitting Certificates of Financial Responsibility on behalf of insured customers to jurisdictions provides a number of benefits:

- Time delays inherent in providing paper documents are eliminated, thereby completing the business transaction in a real-time manner that meets the needs of all stakeholders.
- Standardized electronic transactions enhance the quality and accuracy of the data provided to jurisdictions, thereby eliminating any rework.
- Standardized electronic transactions enhance the security of customer information that is shared between the insurance carrier and the jurisdiction.
- Manual work currently required by both jurisdiction and insurance carrier personnel is significantly reduced.
- The need for jurisdictions to build proprietary websites for the purpose of allowing insurance carriers to enter data is eliminated.
- Audit trails for the purpose of maintaining and monitoring the existence of Certificates can be systematically created, thereby eliminating manual processes.

- The methodology is uniform across jurisdictions and across insurance carriers, thereby making it more cost effective for jurisdictions and insurance carriers.
- The technology can eliminate third-party dependency for providing such services.
- The customer experience is greatly enhanced due to the real time nature of completing the business transaction.

These are but a few of the benefits offered by this proposal. The IICMVA believes that web service technology is a superior method for addressing the needs of individual jurisdictions with respect to the need to verify evidence of auto liability insurance under state financial responsibility laws.

The IICMVA envisions the following business processes as integral to the real-time electronic submission of Certificates of Financial Responsibility: (Also See Appendix A)

- A jurisdiction notifies an individual of the need to provide a Certificate of Financial Responsibility for specified reasons, and the individual makes the request of his/her insurance carrier.
- Each jurisdiction and insurance carrier is responsible for maintaining a web portal through which the required data on a Certificate of Financial Responsibility may be transmitted from the insurance carrier to the jurisdiction.
- Valid messages are transmitted in a standard format established by the industry from the insurance carrier to the appropriate jurisdiction containing the specified data and using the key information for the submission of the filings.
- The jurisdiction responds with an electronic transaction to the insurance carrier acknowledging receipt of the Certificate.
- The insurance carrier's database maintains a record of having submitted the Certificate and continues to monitor its status for the period of time required by the jurisdiction or until such time the policy is terminated.

About the IICMVA

The IICMVA was formally organized in January, 1968. Prior to this time, industry ad hoc committees were assembled by each jurisdiction to assist with the implementation of compulsory insurance and financial responsibility laws.

Ad hoc committees, which operated at the individual state level, were restrictive and inconsistent in function and composition. The IICMVA was formed to facilitate consistent, industry-wide communication between the insurance industry and all jurisdictions.

The IICMVA's basic organization is built around insurers and insurance trade associations. [The American Insurance Association](#) (AIA), [National Association of Mutual Insurance Carriers](#) (NAMIC) and [Property Casualty Insurers Association of America](#) (PCI) comprise the three major trades. Non-affiliated insurers round out the IICMVA roster.

The IICMVA is not a lobbying organization. Instead, the committee serves as a liaison between the insurance industry and state motor vehicle departments in the following subject areas: drivers licensing, vehicle titling/registration, motor vehicle records, compulsory insurance laws, and financial responsibility programs. The IICMVA also maintains a close working relationship with the American Association of Motor Vehicle Administrators (AAMVA).

APPENDIX A -

Financial Responsibility Filing Notification

