

Joint Recommendations of
The American Association of Motor
Vehicle Administrator's
(AAMVA)
Financial Responsibility Committee

and

The Insurance Industry Committee
on Motor Vehicle Administration
(IICMVA)

**Requirements
for Model
Motor Vehicle Liability
Insurance Reporting**

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This document deals with procedures involving the transfer of files between the insurance industry and the jurisdictions.

Interactive options are now available and can be used by the jurisdictions and the industry when a jurisdiction requires reporting of automobile insurance information. The IICMVA maintains a position opposing electronic exchange of information as a method of controlling the uninsured motorists in any state. The IICMVA, however, does support the use of ANSI ASC X12 standardized record layout and reporting format, as presented in this document, in jurisdictions which have enacted legislation mandating electronic reporting of insurance information.

Vehicles insured under commercial insurance policies are not included in many jurisdictional insurance reporting programs. If some or all such vehicles are included, there are unique problems and concerns (i.e., unavailability of driver/vehicle information, rotating fleets, etc.) relating to these vehicles that must be addressed in any reporting program. Due to problems inherent in reporting commercial vehicles, it is strongly recommended they be excluded unless specifically mandated by law.

Introduction

Several jurisdictions have introduced, while others are actively considering, programs that require automobile insurance companies licensed within a jurisdiction to report insurance coverage information for privately owned vehicles to the appropriate department or agency within that jurisdiction. In terms of the model requirements outlined in this document, the exchange will occur between *trading partners*; in this case, between jurisdictional agencies that require the reporting of mandatory motor vehicle insurance coverage information and the insurance industry. The trading partners need to work together to implement and evaluate electronic reporting.

Accomplished via Electronic Data Interchange (EDI), in either batch or interactive format, the exchange will be initiated on a regularly scheduled basis by an insurer whenever individual policy information for a privately owned vehicle is activated or terminated (*see Appendix A, "Glossary of Terms", for terminology*). This effort has recently seen widely increased interest within state and provincial governments.

Purpose

The final aim of the effort is the establishment of an electronic means of exchange for insurance information between trading partners. Toward that end, the development of a jurisdictional insurance database which will allow a jurisdiction to confirm compliance with jurisdictional motor vehicle insurance provisions, and the creation of a standardized format by which to exchange the insurance coverage information, is required. The purpose of this document is to provide the general requirements and a descriptive overview of the program from which the trading partners may begin exploratory development.

ANSI Committee (X12)

Both AAMVA and IICMVA support the use of the standard data format ANSI ASC X12 for the exchange of electronic insurance reporting information between trading partners where required by legislation. In brief, the American National Standards Institute (ANSI) is the national coordinator for standards in the United States. ANSI chartered the Accredited Standards Committee (ASC) X12 to develop uniform standards to facilitate electronic interchange of business transactions. The efficiencies of a standard data set can minimize the difficulties that could be incurred if each institution were to impose its own formats on every institution with which it does business. Additional information can be found in the *Electronic Data Interchange X12 Standards, ASC X12S/95-533; Draft Version 3, Release 6 / Dec. '95*.

In defining ALIR as an application, the Property and Casualty - Policy Administration Work Group of the ASC X12N Insurance Subcommittee (ASC X12N/TG1/WG1) restricted data requirements to those necessary for ALIR processing. Each business document (*See Appendix A, "Glossary of Terms"*) adopted by ASC X12 has a corresponding Implementation Guide. For the purposes of this exchange, transaction set 811, "Automobile Liability Insurance Reporting" (ANSI ASC x12.39, *Consolidated Service Invoice/Statement*, Version 003050, October '96), is used. Information currently being sent by the insurance industry to the jurisdictions for automobile insurance notification will be automated through the use of the 811 ALIR Implementation Guide.

The X12 instructions included in the Implementation Guide comprise the standard's data elements and code values which are required for any motor vehicle insurance reporting program. Described are the specific locations for the basic data, technical requirements, and variations of their use. The standard, together with the language in applicable contracts, terms and conditions, related trading partner agreements, and trading partner enveloping conventions, comprise the full scope of electronic transmission of motor vehicle insurance reporting.

This document does not contain all of the specific ASC X12 syntax, so the reader should reference X12 Implementation Guide. The Implementation Guide contains all of the specific ASC X12 syntax and can be obtained from Washington Publishing Company (WPC). WPC holds the copyright on the ASC X12 and the Implementation Guide produced by the Insurance Subcommittee. WPC may be contacted by writing to Washington Publishing Company, 806 West Diamond Avenue, Suite 400, Gaithersburg, Maryland 20878; or by telephone at (800) 972-4334; or by facsimile at (301) 869-9460. Copies may also be downloaded from their website at <http://www.wpc-edi.com>.

Insurers will report all mandatory insurance coverage activations, terminations, or adjustments to the jurisdiction. Reporting will occur on a regularly scheduled basis, the frequency of which will be determined by the jurisdiction and may also be affected by the size of the insurance company reporting (for example, larger companies may need to report more frequently due to the high volume of reporting). Adjustments to the reporting period may be made as individual jurisdictions require. To receive the required insurance policy

X12 Transaction Set 811 - "Automobile Liability Insurance Reporting" (ALIR)

How to Obtain the ASC X12 Implementation Guide

Reporting Requirements Overview

reporting as outlined in these procedures, a jurisdiction must create an insurance record database, or expand an existing database. Individual policyholder information maintained in this database should include all of the following information:

- National Association of Insurance Commissioner's Code (NAIC)
- Vehicle Identification Number(s) (VIN) of each vehicle covered
- Policy Number
- Driver(s) License Number

The policyholder information should be accessible by the jurisdiction if at least one of these pieces of information is known.

Insurers will notify the jurisdiction generally within 30 days of the effective date of coverage for active new policies and within 45 - 60 days of the effective date for adjustments or terminations. A separate notice will be submitted for each vehicle. No reporting should come later than 45 days of the insurance company processing date.

Insurers shall only provide information that is required by law or as contained in these specifications. Proprietary information submitted by an insurer to the jurisdiction shall be classified as confidential and shall not be released except in accordance with state or federal laws.

A minimum of ninety (90) days notice should be given to the industry whenever adjustments to procedures and/or requirements are made.

Initial Database Load

An initial database load may be necessary if a jurisdiction does not already have a complete electronic copy of an insurance company's insurance coverage information. Therefore, if an initial database load is required, then the insurer will provide the data in a form specified by the jurisdiction and will contain the required information for each privately owned automobile covered by an active policy. The data will be provided in ASC X12 format on 3480/3490 cartridges, magnetic tape, diskettes, or interactively (on-line) on a date established by the jurisdiction and in consultation with the insurance company. Insurers will have up to 60 days to resolve any identification problems with records returned as errors from the initial database load (see "*Error Handling*"). All vehicles covered initially will be assumed to be continuously covered until a termination notice is received.

The ASC X12 Functional Acknowledgment (FA) transaction set (997) is required to verify that the data sent by an insurer has been successfully received by the jurisdiction and is X12 compliant. The FA makes no statement about the quality of the data sent, but only verifies that the data has either met or failed X12 requirements. If the data deviates from the standard, then the FA is returned to the insurer as an error. The data must then be corrected and resubmitted to the jurisdiction. Conversely, if the data successfully meets all standard X12 syntax requirements, then the FA is returned as “accepted”. This will be the only response an insurer will receive as affirmative acknowledgment from the jurisdiction. For additional information (see “*Error Handling*”). Complete instructions are also available in the Implementation Guide.

Functional Acknowledgment (FA)

Vehicle Identification Number (VIN)	Enter without any modification
Year of Vehicle	Four digits of year
Make of Vehicle	NCIC is the recommended definition. Deviations will be handled through translation software. (Alternatively, use the first 5 characters of the manufacturer name or the complete name if less than 5 characters.)
Insurance Company Code	The NAIC code/5 numeric characters
Policy Number	Insurance policy number
Name of Insured	Last name, first name, middle initial
Date of Birth	Year, month, day (CCYYMMDD)
Drivers License Number	Drivers license number of name insured
Policy Effective Date	Effective date of new policy. (Submission date shall not precede effective date.)
Policy Termination Date	Effective date of policy termination (Submission date shall not precede termination date.)

Core Reporting Program Data Elements (see Implementation Guide)

Manual Reporting

If an insurer has fewer than 1,000 vehicles insured within a jurisdiction, then the manual filing of insurance information by the industry may be permitted in a format specified by the jurisdiction. If another media is in fact used for purposes of reporting, then an “acknowledge receipt” process must be negotiated with the jurisdiction. This may include paper acknowledgment or by other means deemed appropriate.

Error Handling

Even if an individual policyholder record submitted by an insurer to the jurisdiction is in syntactically correct format according to ASC X12 standards (see “Functional Acknowledgment”), the record may still be unacceptable for filing purposes. The error could either be due to the presence of invalid information in a key data field or the absence of information in a required field. In either case, the jurisdiction must transmit the entire record and its attendant data back to the insurer, whereupon the insurer will use that information to locate the record. After conducting an audit to determine whether or not any subsequent and significant activity occurred to the policy since the date of its first transmission, the insurer will have up to 60 days after receipt of the bad record to correct, and then resubmit, the data. Any policy record returned to an insurer as an error will not be considered a filed report (see *Appendix A, “Glossary of Terms”*).

Best Practices

As a result of its many years of operating experience with new program/application implementations, AAMVA has catalogued its understanding of the field into a brief guideline of recommended “best practices” to be followed by both the jurisdictions and the insurance industry:

A joint working group between the jurisdiction and the industry should be established and a pilot program run to allow technical and procedural issues to be identified and resolved prior to implementation. The working group should remain active both during and after implementation in order to be in the best position to address any technical and procedural issues not identified during the pilot and/or implementation stages.

An implementation date should be established by the jurisdiction with enough lead time, preferably 12 to 18 months, to allow both the jurisdiction and the industry time to program and test.

APPENDIX A

Glossary of Terms

Activity - A business process that has a definite beginning and end. Information is transformed in some way, for example, *added* (“activated”).

Adjustment - A modification of premiums associated with a coverage, policy, or contract, or modifications to coverage by attachment of additional forms and conditions which alter the original contract coverage.

Agent - A person who is authorized to represent one or more insurance companies in dealing with third parties in insurance related matters.

Business Document - A preprinted or computer emitted reproduction of standard wording and format that is used repeatedly for policy issuance, policy service, or company administration. Synonymous with “transaction set”.

Coverage - A guarantee from the insurer to indemnify the insured up to a certain amount of money, and under specific conditions, if a pre-specified even occurs. The parties determine together the elements under which the coverage will apply, what is covered, and for how much.

Customer Identification Number - Driver’s license number for the named insured (in the format used by the jurisdiction), if available. The Federal Employee Identification Number (FEIN) should be used for the business owner, when available.

Filed Report - Any record sent by an insurer that passes the jurisdiction’s ASC X12 syntax check and receives an FA “accepted status”.

Functional Acknowledgment (FA) - Verifies that the data sent by an insurer has been successfully received by the jurisdiction and is compliant with ASC X12 syntax.

Hit - A record transmitted by the insurer which is matched to a vehicle or driver record in a jurisdiction.

***Glossary of
Terms,
continued***

No Hit - A record transmitted by the insurer that does not match a vehicle or driver record in the jurisdiction.

A "U" indicates an unresolved, no hit, exception. The jurisdiction has not filed the data and the record is not found on file within the jurisdiction.

An "E" indicates an error due to missing or invalid information in one or more of the data fields. The jurisdiction has not filed the data. The data field(s) not matched upon is specified by the error code.

An "R" indicates a resolved, no hit, exception. The jurisdiction filed the data even though it did not match on all of the data fields. For example, the VIN may not have matched but the insured name, license, and car information did. The data field not matched upon is specified by an error code in the record. If more than one field did not match, multiple error codes may be present.

Industry (service agent, service bureau, or service provider) - Any person or organization duly designated by an insurer or jurisdiction to prepare, transmit, deliver or receive insurance records on behalf of such insurer or jurisdiction.

Insurance Company Code (NAIC) - A unique number assigned to each insurance company. The National Association of Insurance Commissioner's Code (NAIC) will be used by the insurer (since a jurisdiction can convert the NAIC to any specific number that it may require, the insurance industry will only have to report the NAIC number).

Insurer - One who assumes risk or agrees to underwrite a contract of insurance.

Jurisdiction - 50 States and the District of Columbia

NAIC - Insurance company code. A unique number assigned to each insurance company. The National Association of Insurance Commissioner's Code (NAIC) will be used by the insurer (since a jurisdiction can convert the NAIC to any specific number that it may require, the insurance industry will only have to report the NAIC number).

Named Insured - The named insured as listed on the declaration page of the policy. The name submitted to the jurisdiction should exactly match the name listed on the insured's drivers license. If a corporate name is used, it should match the name on the application for registration or existing registration for the vehicle.

NCIC - National Crime Information Center.

Notification - The furnishing of information by an insurer to the jurisdiction concerning mandatory insurance on a motor vehicle or a change or correction of data concerning the item of insurance, the vehicle or the named insured.

Policyholder - A client who legally owns or controls a particular insurance policy.

Recall of Notification - A notice submitted to the jurisdiction by an insurer or service agent, which rescinds a notification submitted to the jurisdiction in error.

Record - Information sent to the jurisdiction pertaining to the items required by law and regulations for an individual vehicle or driver.

Termination - The cessation of a contractual agreement because of cancellation, expiration, or by other means. For example, in this case, termination is an action caused by the insurer or the insured which results in the coverage no longer being in effect.

Transaction Set - Synonymous with "business document".

VIN - Vehicle Identification Number