

Insurance Information & Enforcement System (IIES)

New Directions in Enforcing Compulsory Insurance Laws

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ESSENTIAL TRAINING MATERIALS IIES MEETINGS November 14-15, 2000

If your insurance company was not represented at these important IIES meetings, please make sure that all the appropriate staff reviews these materials immediately. Then please review your systems and business practices quickly to ensure you become fully compliant with NYS requirements by no later than the end of this month.

Each company must identify and provide a primary and alternate contact person to DMV. Send the names, titles, phone numbers and e-mail addresses to IIES@dmv.ny.gov. Please provide this required information as soon as possible, but no later than November 24, 2000. Primary and alternate contacts should be representatives of your company with the status to marshal resources and effect change quickly whether in business practices, training, or programming. The names provided shall only be used by DMV and/or State Insurance Department (SID) officials in the event there are recurring issues concerning your company's compliance as demonstrated by the accuracy and timeliness of the transactions submitted to DMV. **Upon receipt of the required names, DMV shall provide temporary TOLL FREE NUMBERS via return e-mail to be used exclusively by industry representatives. The numbers will be operational from 9:00a.m. to 3:00p.m. EST.** All systems should be reviewed and adjusted, if necessary, so that your company will be and/or will remain in full compliance and be able to provide the best possible customer service. Please quickly, but thoroughly, review this Essential Training Materials package using the information as you review and enhance your reporting systems.

If your company is already in full compliance, we hope that these materials strengthen your staff's understanding of IIES, how it operates, and why transactions are required to be submitted on a timely basis in full accordance with the requirements set forth in Title 15 NYCRR 34 (Regulation Part 34).

AGENDA

- WELCOME AND INTRODUCTIONS
- LEGAL REQUIREMENTS OF THE NEW YORK STATE COMPULSORY INSURANCE PROGRAM
- EVENTS THAT DEFINE A LAPSE IN COVERAGE
- TIMING OF DMV NOTICES TO REGISTRANTS
- PATTERNS OF COMPANY TRANSACTIONS THAT CAUSE UNWANTED DMV OUTPUTS TO REGISTRANTS
- HOW DMV WILL HELP
- WHAT YOU CAN DO TO HELP
- TRANSACTION MATCHING, ERROR CODES, AND RESUBMISSION
- SUCCESSFULLY HANDLING DMV OUTPUTS
- WHERE DO WE GO FROM HERE

IIES: Transaction Interactions

What generates an inquiry letter?

- A cancellation (XLC) if there is no offset (i.e., NBS/LOD/REI, plate surrender, registration expiration or vehicle change) on DMV's files.

What generates an indefinite suspension?

- No registrant response to an inquiry letter and no offset to XLC (see: Inquiry Letter above)
- No insurer electronic verification of paper submitted by registrant (see: NIA & MVF below)

What generates a definite suspension?

- A XLC interacts with the following: NBS/REI/LOD, or plate surrender, or registration expiration, or vehicle change on DMV files to define a chargeable lapse.
- A registration date interacts with a NBS/REI transaction to define a chargeable lapse.

Examples:

<u>Transaction 1</u>	<u>Company</u>	<u>Eff. Date</u>	<u>Transaction 2</u>	<u>Company</u>	<u>Eff. Date</u>
XLC	(ICC 777)	10/10/2000	NBS	(ICC 888)	10/30/2000
XLC	(ICC 777)	10/10/2000	LOD	(ICC 888)	10/30/2000
XLC	(ICC 888)	10/10/2000	NBS	(ICC 777)	10/30/2000
XLC	(ICC 777)	10/10/2000	REI	(ICC 777)	10/30/2000
XLC	(ICC 777)	10/10/2000	Plate Surrender		10/30/2000
XLC	(ICC 777)	10/10/2000	Reg. Expiration		10/30/2000
XLC	(ICC 777)	10/10/2000	Vehicle Change		10/30/2000*
Registration	(ICC 777)	10/10/2000	NBS	(ICC 777)	10/30/2000
Registration	(ICC 777)	10/10/2000	NBS	(ICC 888)	10/30/2000**
Registration	(ICC 888)	10/10/2000	NBS	(ICC 777)	10/30/2000**

* Suspension is issued showing the currently registered (replacement) vehicle

** Missing NBS from ICC 777 (1st example) and ICC 888 (2nd example)

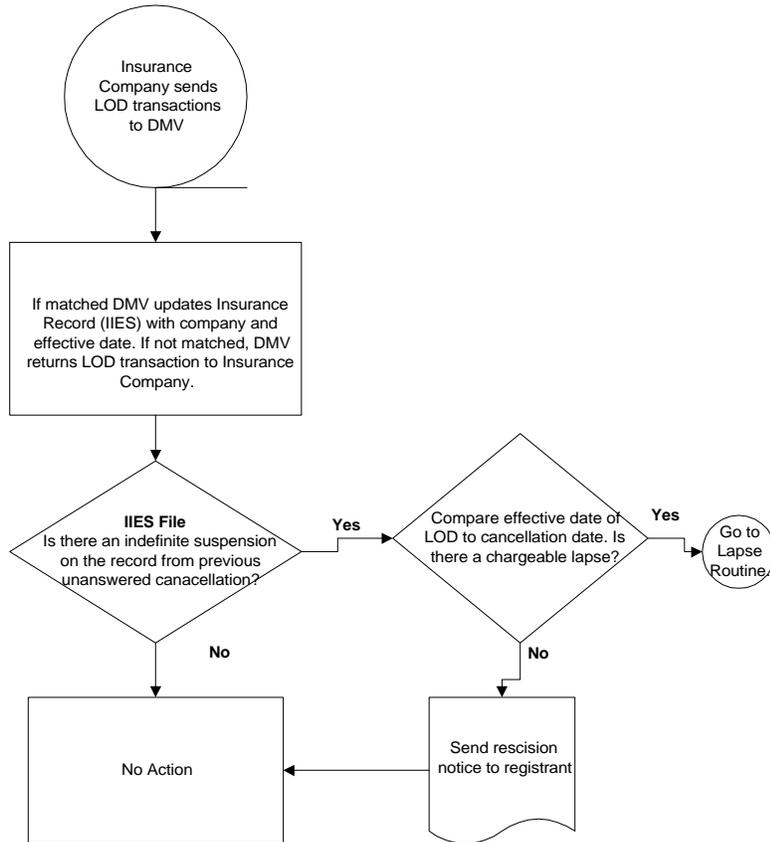
What generates a suspension in the Mandatory Verification (MVF) Process?

- An indefinite suspension results if we receive a repudiation of coverage, NIS response from, insurer.
- An indefinite suspension results if there is no insurer response to a DMV MVF (letter sent to registrant before suspension goes into effect).
- An definite suspension results if we receive a NBS with chargeable lapse in coverage.

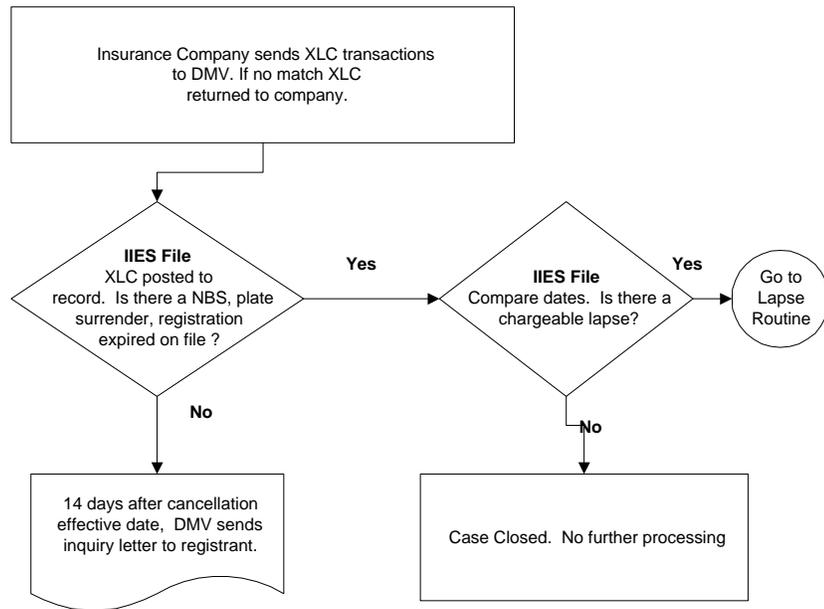
What generates indefinite suspensions in the No Insurance Activity (NIA) Process (starting mid-2001)

- No registrant response to a NIA letter from DMV.
- No insurer electronic verification of paper submitted by registrant in response to NIA letter from DMV.

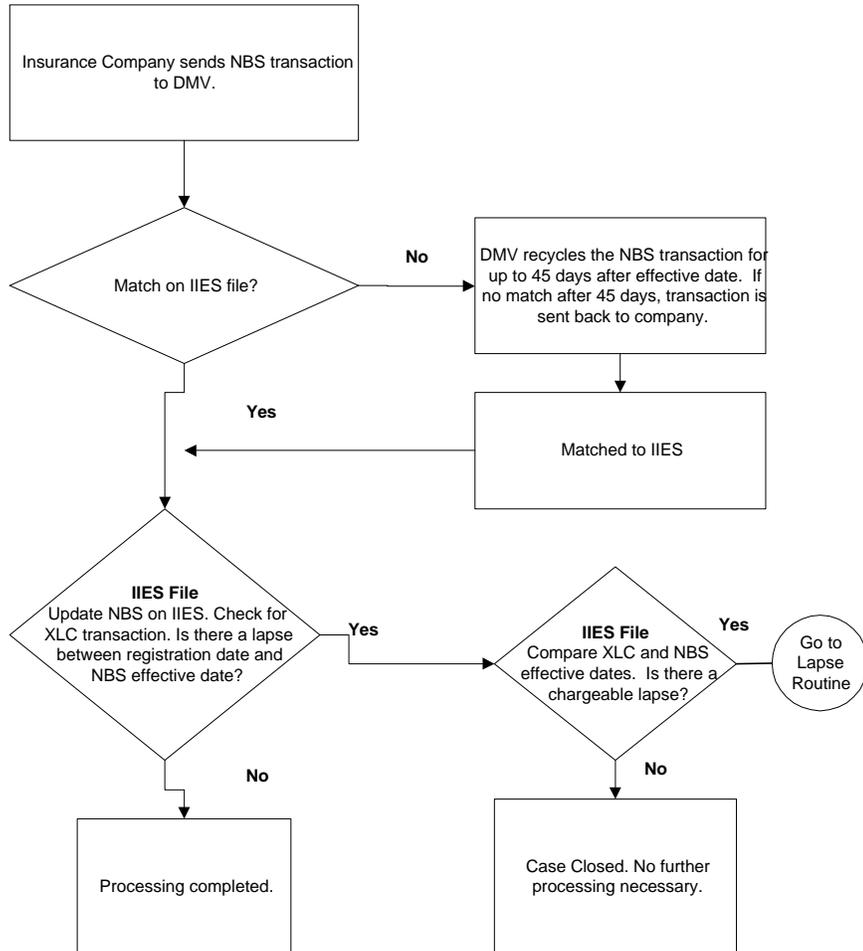
Initial Load (LOD) Transaction



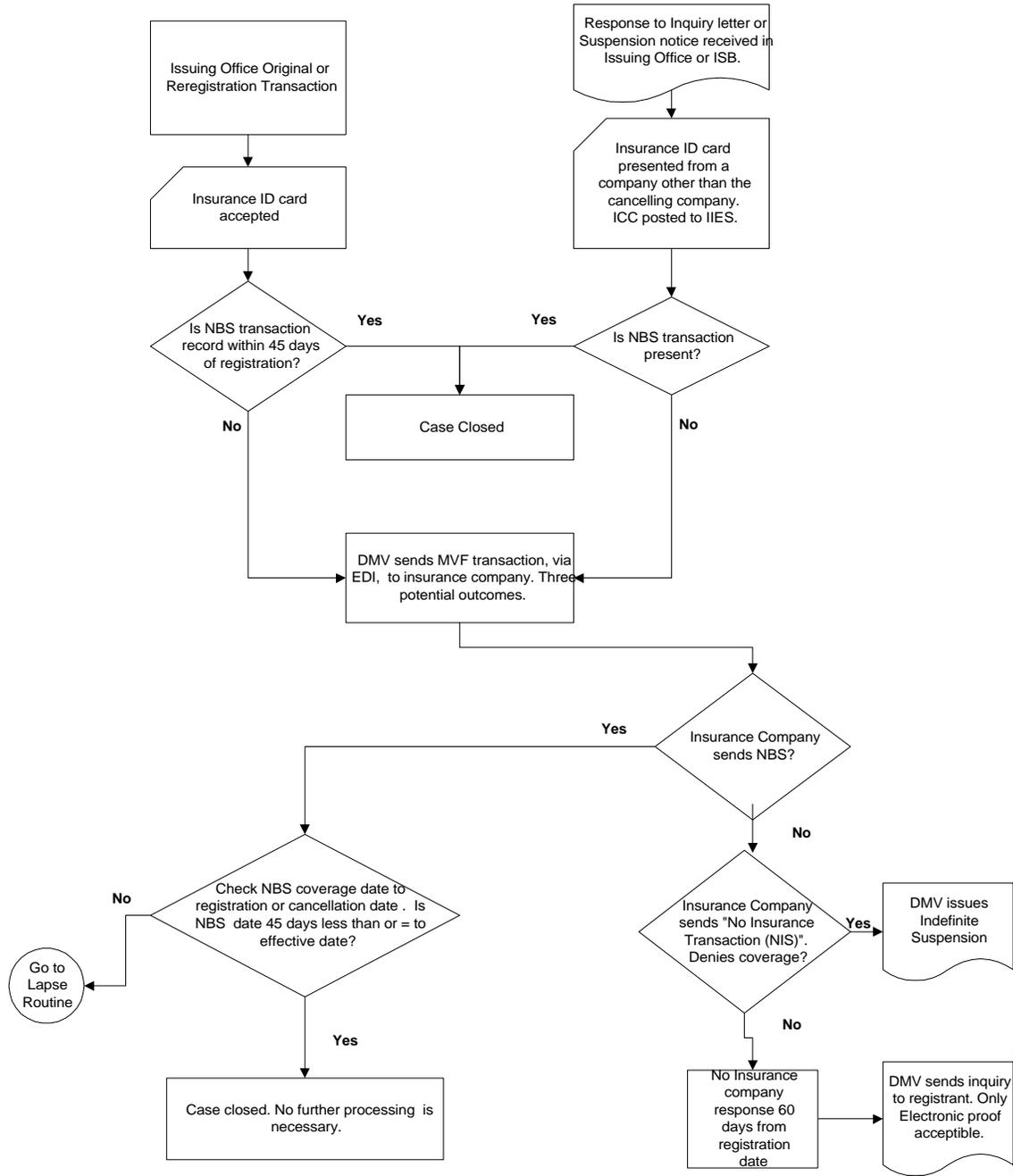
Insurance Cancellation (XLC) Routine



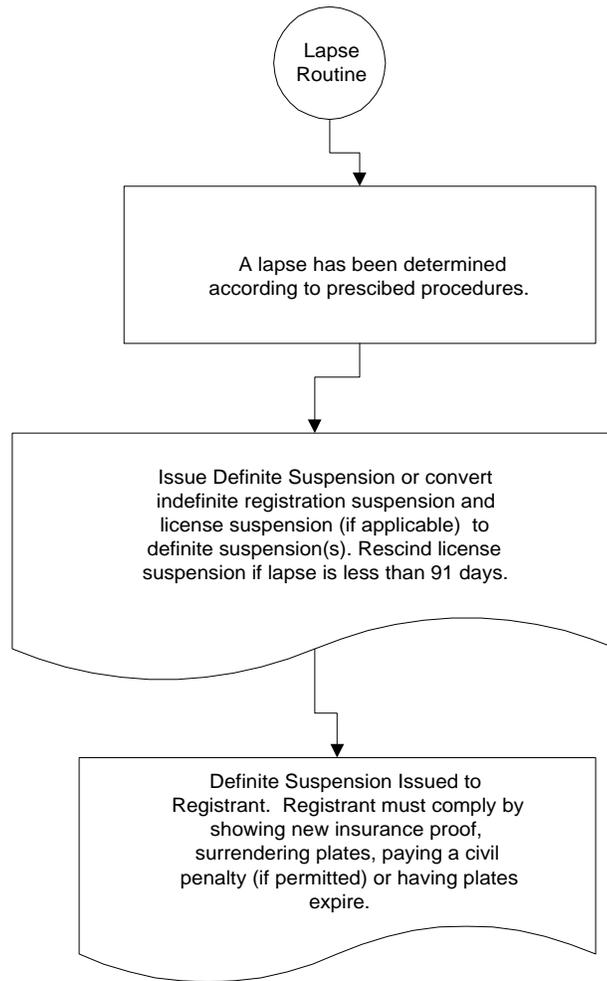
Insurance New Business (NBS) Transaction



Mandatory Verification Transaction (MVF) Verification of Paper Insurance Proof



Lapse Insurance Routine



Q. Is it true that I can only show proof of motor vehicle insurance coverage in effect by having my company send an electronic proof to DMV?

A. No. Paper proof can be accepted in a number of situations but the final official proof of insurance is the electronic submission from the insurance company.

Q. What can I do if my company reported a cancellation, but I still have coverage with that company?

A. The company, not the agent, can send an electronic update showing the date coverage was reinstated. You may contact your agent or company service representative to ask them to have an amended electronic transaction submitted to DMV. In most cases this can be done within 48 hours. Alternatively, the registrant can provide a paper proof from the company, or their authorized agent, showing that coverage was in effective on and after the date of the cancellation that was reported electronically. The paper proof will have to be verified with an electronic transmission from the company at a later date as defined in regulation. If the company fails to verify coverage by failing to send any electronic transaction either proactively, or in response to a mandatory verification initiated by DMV, DMV will contact the registrant to warn of pending sanction due to the company's continued failure to verify that coverage is in existence. If the company responds that No Insurance was in Effect, then DMV will immediately sanction the registrant for offering false proof of insurance.

Q. What if my former company reported a cancellation to DMV because I left their company, but I have had continuous coverage in effect from a second company?

A. The new company should have provided an electronic new business transaction to DMV. If not, either the new company can do so, or the registrant can supply a paper proof from the new company. DMV will accept the paper proof, but will verify with the company if the company fails to provide the information proactively as required in law and regulation.

Q. So has the DMV instituted new rules that no longer allow customers to provide paper proof that insurance coverage is in effect?

A. No. DMV has kept the same business rules, but there are now more situations in which the insurance company establishes a record of the effective dates of coverage. Before the new reporting requirements took affect, insurance companies only electronically reported cancellations. DMV would accept paper proof from the same company showing an effective date on or after the date of the cancellation. DMV could not accept paper proof from the same company for a date that preceded the date of cancellation. DMV could accept paper proof from a company other than the one reporting the cancellation, and the effective date of the coverage reported by the new company could (and should to avoid a lapse) precede the date of cancellation from the first company. The same rules apply to the effective date of coverage given by companies as the date of new business in the current system. However, the paper proof must now always be confirmed by an electronic verification from the company issuing the paper proof. This is to prevent the use of fraudulent documentation to avoid sanctions for being uninsured.

Q. Why is it that a registrant can receive a letter from DMV saying there is a lapse in coverage when that person has just registered a vehicle with an insurance id card that DMV accepted as proof of coverage?

A. Since the insurance company is required to report the new business transaction electronically, and since the electronic record of effective date of coverage is the official record, DMV compares the effective date reported electronically to the date the vehicle was registered. If the date reported electronically is on or before (within 45 days before) the registration date, then the electronic proof matches and verifies the paper id card. If, however, the date reported electronically by the company is after the date of registration, then a lapse in coverage is computed.

Opening a Dial-In Search Account for DMV Records

A search account will simplify and enhance your access to DMV records. You can use your account with our Dial-In service to obtain instantaneous displays from DMV's major files. You can also use it to simplify your mail order requests for records. Search accounts are available to any individual or organization that properly executes an application for service and a Memorandum of Understanding (MOU) with DMV.

Exempt and Paying Customers

Vehicle & Traffic Law §202 establishes the fees for searches of DMV's records. Public Officers, Boards & Bodies performing searches for a public purpose, and Volunteer Fire Companies may participate without charge. All other individuals and organizations, including not-for-profit organizations, must pay for searches of DMV's records.

The Parts That Make Up Dial-In

There are several parts to the Dial-In service. DMV supplies some of them. You supply the others. A brief explanation is below. You'll find more details in your Dial-In manual. We'll include a manual when we send your account number and passwords.

Your Account

DMV creates an account when we accept your application for service. Your account consists of a seven-digit account number, your name and your mailing address. If you are a paying customer it also records daily debits and credits, and reflects your balance.

Your account number is unique and will remain the same for the life of your account. You'll enter your account number whenever you log on to the Dial-In system. You may also use your account to pay for mail order searches.

Fee

Unless you are an exempt customer, you must include a deposit when you apply for service. NYS law does not permit DMV to provide services first and then collect the payment later (commonly known as trade credit). Dial-In searches are \$4 apiece.

When you apply for an account, include an opening deposit sufficient to cover your first two months' searches, or \$200, whichever is greater. When we accept your application, we'll credit your new account's balance with your deposit. As you perform searches, the Dial-In system will debit your account.

At the end of every month we'll send you a statement, showing the total debits, total credits and the balance for each day. We'll also recommend an amount to send in to replenish your account. Be sure to send in at least enough to cover the searches you plan to do during the following month. If your account balance drops to zero, the Dial-In system will prevent you from searching. Be certain that your account number appears on your check or money order. We send back payments that we cannot match to accounts.

Secondary Password

DMV creates your secondary password when we accept your application for service. You'll enter your secondary password whenever you log on to the Dial-In system. You'll also change your secondary password at least every 60 days.

Primary Password

DMV creates your primary password when we accept your application for service. You'll enter your primary password whenever you change your secondary password. Your primary password will remain the same.

Mail-In Password (optional)

If you wish to use your account to pay for mail-order requests for records, check the box on your application form to ask for a mail-In password. DMV's mail order record request forms, [MV-15](#), [MV-198C](#) and FS-25 (Not on the web) all include space for you to write your account number and mail-in password.

Computer Hardware & Software

You supply the hardware necessary to use Dial-In. Typical users will need a PC and modem. A printer is also useful, but not necessary.

You supply the software necessary to use Dial-In. Generically, the software is known as "async" or "terminal emulation" software. There are many programs available, either as separate packages or bundled with your operating system.

Dial-In has been available since 1984. It will work with very old and simple, or very new and sophisticated, hardware and software. Regardless of the hardware and software you choose, setup and maintenance are your responsibility. If you cannot maintain your own equipment, find competent, professional assistance. DMV Help Desk staff do not provide hardware set-up, troubleshooting or maintenance services.

Questions? Write or call us:

Dial-in Accounts
NYS DMV - Room 430
6 Empire State Plaza
Albany, NY 12228
(518) 474-4293

Insurance Information and Enforcement System (IIES)

Training Sessions
November 14-15, 2000

Slide 1

New York's Compulsory Insurance Program

› Requires all motor vehicles registered in New York to be continuously insured.

› Name of the registrant and the name of the insured (name on ID cards and policy) must coincide.

Slide 2

New York's Compulsory Insurance Program

- One lapse of 15 days or less, once in three years is considered a non-chargeable lapse. All other lapses are chargeable. Non-chargeable lapses are not permitted for for-hire (FH) vehicles.
- For any subsequent lapse, the registrant may opt to surrender license plates or pay \$8 per day in lieu of plate surrender. This civil penalty option is available only once in three years.
- If a lapse is greater than 90 days, there is no option to pay the civil penalty. Plates must be surrendered and the driver's license of the registrant is suspended.
- Law enforcement may ticket and arrest, impound vehicle and seize plates if the registration and driver's license, as applicable, is suspended for: (1) FAILURE TO MAINTAIN CONTINUOUS LIABILITY INSURANCE COVERAGE or (2) INVALID PROOF OF INSURANCE.

Slide 3

New York's Compulsory Insurance Program

- The system is extremely sensitive to effective dates provided by insurance companies.
- The electronic (EDI) transmission from an insurance company is required under the law. Prior to June 12, 2000 some samplings of paper proof showed at least 11% presented to clear a lapse were fraudulent.
- Since June 12, 2000 whenever DMV accepts paper proof, we still need an EDI from the company to establish electronic proof of insurance. A New Business (NBS) transaction must be submitted proactively. We will also solicit a NBS through the Mandatory Verification (MVF) and No Insurance Activity (NIA) processes if electronic proof is absent.

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New York's Compulsory Insurance Program

- IIES Experience To Date
 - Nearly 270 companies have loaded their NYS books of business.
 - Over 8 million initial load transactions (LOD) have been posted to IIES vehicle records (as of 11/21/2000).
 - 40,000 to 80,000 electronic transactions are received by DMV each day. DMV picks up transactions at 5:45 a.m. (new time) and records are generally updated by the next day.
 - The number of indefinite suspensions have decreased dramatically.
 - The number of first inquiry letters is decreasing.

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New York's Compulsory Insurance Program

- EDI Transactions Flow Charts

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New York's Compulsory Insurance Program

- Events That Define A Lapse
 - See IIES Transaction Interaction handout.

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New York's Compulsory Insurance Program

- Timing Of DMV Notices To Registrants
 - Inquiry letters go out at least 14 days after cancellation effective date if there is no offsetting event. Registrant is asked to submit proof within 7 days.
 - Letter of suspension goes out next day after a lapse is defined. It becomes effective 14 days from the date of the letter. The letter is dated 3 days in advance.

EXCEPTION: An indefinite suspension converted to a definite suspension retains the original suspension effective date.

- Rescission mailed next day after proof of insurance recorded at DMV.

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New York's Compulsory Insurance Program

- Composite Rated Policies
 - Companies must have been certified as trading partners by September 13, 2000.
 - Companies must send updates on an ongoing basis beginning after the first date the company has loaded any of its non-composite book of business, but no later than September 13, 2000.
 - Book of business for composite rated must be loaded no later than February 28, 2001.

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New York's Compulsory Insurance Program

- Some Transactions That Suggest The Need For System or Process Modifications
 - New business (NBS) dates that are reported when a vehicle is added to an existing policy don't agree with the paper proof provided at the time of registration. This results in a determination of a lapse and notification to the motorist.
 - New business (NBS) is sent to DMV when a motorist merely requests a quote and the company later sends a cancellation (XLC) to DMV for a customer the company never insured.
 - Multiple transactions are sent with different effective dates for one customer for one event.
 - Cancellations sent to DMV for insureds at the end of a policy period even though coverage was renewed by the company.

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New York's Compulsory Insurance Program

- What We Intend To Do To Help Motorists
 - Must have a primary and alternate contact for each company. Send the names, titles, phone numbers, and e-mail addresses to IIES@dmv.ny.gov and identify which is the primary contact. Please provide this information by no later than November 24, 2000.
 - We'll check with this contact if a customer needs assistance or if a company is having recurring reporting problems.
 - Company will be expected to send EDI correction within 24 hours of being notified of the problem.
 - If a company fails to take appropriate steps, DMV will seek sanctions for violations of New York State law.

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New York's Compulsory Insurance Program

➤ What We Intend To Do To Help Motorists (cont'd)

We have established two temporary toll-free numbers for use by company representatives only. Do not provide them to the general public, as we have other numbers available to them and it will impair our ability to assist your company or agency. The phone number in effect beginning November 21, 2000 from 9:00a.m.- 3:00p.m. EST is (**see: page 1**). The phone number can be used if you are checking on the status of a particular customer. If you wish to check on a number of customers, we suggest you fax a list to (**see: page 1**). To provide speedy service we will need at a minimum the name of the registrant, the license plate number of the vehicle, VIN, year and make, and your company code. To effectively monitor your company's performance, you may wish to channel inquiries to DMV through your contact person(s).

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New York's Compulsory Insurance Program

➤ What Can Companies Do To Help Your Customers?

- Establish a contact person and alternate through which to communicate with DMV and to monitor company outputs.
- Review your system to make sure data is correct and timely, including the functioning of your translator.
- Warn your customers to not drive until a suspension is rescinded.
- Use DMV dial-in system to look up records as necessary (there is a fee for this service).
- Communicate with your agents and customer service personnel.
- Identify your own internal hotlines for agents to report problem transactions for speedy corrections.
- Report corrections daily.
- If you are acquiring a book of business from another company, check to see if they have been in compliance. Otherwise, plan for how you will address customer needs that may be triggered when you forward your first NBS.

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New York's Compulsory Insurance Program

IIES PROJECT MANAGER

Slide 14

New York's Compulsory Insurance Program

- Where Do We Go From Here?
 - Systems must be reviewed and fixed as necessary by November 30, 2000.
Continue sending appropriate EDI if compliant.
 - Once systems have been reviewed, we'll proceed to activate the MVF process on a schedule to be determined.
 - The NIA process will be activated on or about June 2001.
 - Letters of non-compliance will be sent out shortly to companies who have a three-digit DMV-issued insurance company code (ICC) but who have not begun EDI reporting.

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New York's Compulsory Insurance Program

- Our Goals:
 - Full Compliance
 - Customer Service

Insurance Information & Enforcement System (IIES)

New Directions in Enforcing Compulsory Insurance Laws

IMPORTANT IIES INFORMATION: 11/14/2000

Title 15 NYCRR 34 (Part 34 Regulation)

The final Part 34 Regulation is the key IIES document along with the technical Motor Vehicle Liability Insurance Reporting Implementation Guide. There are other important bulletins published on the IIES web site <http://www.dmv.ny.gov/ies.htm> that update information provided in early and mid-1999. Strict adherence to NYS law is critical to avoiding unwanted registrant inquiry letters, registration suspensions and revocations and driver's license suspensions.

IIES Database

The IIES database was built over the weekend of June 10, 2000. Vehicle records were created and continue to be created for:

1. Vehicles registered as of June 10, 2000
2. The last vehicle on an expired registration dating back to June 10, 1999
3. Vehicles registered on or after June 12, 2000

The following are examples of vehicle records that would **NOT** be in the IIES database for the registrant names below:

1. A 1998 Ford previously registered by Michael Motorist that was replaced by a 2000 Ford on May 15, 2000.
2. A 1987 Chevrolet previously registered by I M Cool whose license plates were surrendered on October 27, 1995.
3. A 1997 Mitsubishi previously registered by Ronald Registrant whose registration expired on May 30, 1999.

Transaction Matching

EDI transactions are matched to individual IIES database records in accordance with the following criteria. No other data elements are used.

IIES Matching (H Disposition)

1. VIN and NYS Driver's License Number (or FEIN)

2. VIN and 3 of Name* and DOB (if individual)
3. VIN and 3 of Name*
4. VIN and Vehicle's NYS License Plate Number

Exceptions Resolution Matching (R Disposition)- High Level View

1. 5, 3 and 1 of Name** and DOB*** and a single VIN from the registration file that matches the submitted VIN @ 70% or greater

- * First 3 letters of the last name (individual) or company name (organization)
 - a. SMI for SMITH JOHN A
 - b. MOH for MOHAWK VALLEY DENTAL CARE PC

- ** First 5 letters of the last name, first 3 letters of the first name, first letter of the middle name (individual)

First 5 letters of the first name component, first 3 letters of the second name component, first letter of the third name component (organization)

- *** DOB for individual or zip code for organization

Disposition Codes

Resolved (No-Hit Exception) Errors

- R500 Matched record after resolution.
- R505 Associated NYS DMV registrant information.
- R600 Matched record after resolution. Late filing.
- R605 Associated NYS DMV registrant information.

Transactions with the above R500 and R600 dispositions are matched and posted to an individual IIES database record using the Exceptions Resolution Process described in this document. As with DMV's previous insurance program (1984-2000), since there is not an exact match using the criteria identified in IIES Matching described in this document, the DMV registrant information is returned. A R505 is returned with every R500 disposition. A R605 is returned with every R600 disposition. An insurance company may choose to verify the resolution by comparing the information submitted and returned.

Unresolved (No-Hit Exception) Errors

- U500 Unmatched record – No VIN or name hit.

The above means that there is no VIN that matches the one submitted in either the IIES database or DMV's ownership/registration file. The VIN may be valid. Since the submission did not receive an R disposition the name is also suspect. A U500 disposition

generally requires contact with the registrant policyholder. The vehicle may never have been registered in NYS. The U500 may occur frequently with LOD transactions that represent recently insured or added vehicles since the electronic IIES database record may not have existed at the time of loading.

U600 Unmatched record – VIN hit.

U605 Associated NYS DMV registrant information.

The above means that there is a DMV ownership/registrator record corresponding to the VIN submitted. A U605 is returned with every U600 disposition. A match cannot be made since there is a name discrepancy or there is no IIES database record due to one of the conditions explained under **IIES Database** in this document. If the latter situation, no transaction can be posted to the IIES database until such time as this particular individual registers the vehicle again in NYS.

Edit Errors (Unmatched)

The following **Policy Level** errors generate many calls to DMV

- E700 Multiple submission of the same transaction in the same interchange
- E705 Multiple submission of the same transaction in different interchanges

The above error codes mean that an identical transaction is in the interchange (E700) or is already posted to the IIES database (E705). These dispositions generally mean that a computer system is generating the same transaction multiple times or that a correction transaction has been submitted on multiple occasions.

- E745 Interchange has a XLC and NBS for the same effective date, vehicle and name
- E750 Interchange has a XLC and REI for the same effective date, vehicle and name

The above error codes mean that an offsetting transaction (NBS or REI) is in the interchange with a XLC transaction. Such transactions are precluded from being submitted to DMV.

The following **Policy Level** error has generated a few calls to DMV

- E200 VIN invalid

VIN editing and the above related error code is intended to identify and reject fictitious VINS. However, the VIN editing also rejects a few actual VINS that are non-compliant with the federal standard that began with 1981 model year vehicles. In these cases, the transaction should be submitted to NYS DMV on paper using the form contained in Regulation Part 34.10. Be sure to include the relevant vehicle description information (VIN, Year and Make) at the bottom of the form. Such notice should be sent to the address provided therein, Attention: ISB Supervisor.

NOTE: VINS assigned by NYS DMV that begin with the letters NY generally followed by 5 numeric characters are not rejected by the editing routine. Be sure that addition characters are not added to DMV assigned VINS.

Resubmission of Unmatched Transactions (Most U and Certain E dispositions)

Resubmission of corrected transactions has been required by NYS law since 1984. It is now a prime focus due to IIES and its insured vehicle database requirement, i.e., electronic proof of insurance is required for every NYS registered vehicle subject to program requirements.

Resubmissions are required if:

- (1) the original transaction was required to be submitted to DMV and
- (2) there is an IIES database record as defined under **IIES Database** in this document.

NOTE: Transactions specifically excluded from being submitted or resubmitted to DMV are delineated in the Part 34 Regulation and this document.

Basic Requirements for Successful Resubmissions:

1. Part 34 Regulation requirements and definitions (General Information 05/18/2000)
2. Listing of Disposition and Error Codes and decode information (Technical Bulletin 06/01/2000)
3. Information on IIES and DMV legacy files provided herein
4. Complete information on the transaction and all relevant data elements submitted to DMV
5. The disposition code and error codes returned by DMV
6. Complete information on all of the data elements returned by DMV, if applicable
7. A clear delineation on a insurance company report between the data submitted and returned
8. Verification of name information with the policyholder as required
9. An understanding that all NYS registration names for vehicles that an insurance company actually insures may not have been previously captured
10. A ability to distinguish between registration names for vehicles that an insurance company does insure and those that it does not. NOTE: Extreme care and due diligence must always be exercised when using registrant information returned by DMV. This is especially true with a cancellation transaction since the registrant name provided by DMV is always the current registrant, i.e., in the case of a vehicle deletion from an in force policy, it may be a subsequent registrant.

Unwanted Outputs to Registrants

Unwanted outputs to registrants generally result from the following:

1. **Excluded transactions are being submitted to DMV**
 - a. Transactions for non-liability related administrative and incidental changes
 - b. NBS transactions for the issuance of duplicate ID cards
 - c. XLC transactions for the last policy period upon policy renewal
 - d. XLC transactions for replaced vehicles
 - e. XLC transactions for non-renewals on policies that have already been cancelled mid-term
 - f. XLC transaction for "I don't know why"
 - g. NBS and XLC transactions for quotes & book rolls for policies never accepted by the registrant, etc.

- 2. Required transactions are not being submitted to DMV**
 - a. NBS transactions for vehicle endorsements (to confirm ID cards accepted by DMV)
 - b. NBS transactions in response to DMV initiated MVF transactions
 - c. NBS transactions to provide an earlier date of coverage for vehicle
 - d. NBS transactions to offset previously reported NIS transactions
 - e. REI transactions to offset previously reported XLC transactions, etc.

- 3. Submitted transactions contain incorrect effective dates / Incorrect Response**
 - a. NBS transactions for vehicle endorsements contain policy renewal or processing dates (the binder or endorsement date is either not being captured and submitted or is not being submitted)
 - b. XLC transactions instead of required NBS transactions
 - c. NIS transactions in response to DMV initiated MVF transactions for insured vehicles
 - d. NIS transactions in response to DMV initiated MVF transactions with the date provided by DMV along with NBS transactions with the “actual” date of coverage, etc.

- 4. XLC effective date from canceling insurance company exceeds NBS effective date from superseding insurance company by more than forty five (45) days**

Insurance Company Response to Programming Problems

1. Proceed with program fix promptly so additional registrant policyholders do not receive DMV outputs
2. Identify individual submissions in error by insurance company program data fix to submit mass correction transactions to DMV
3. Submit data fixes one at a time in the form of individual correction transactions. Examples:
 - a. NBS with actual endorsement date to cover the date of registration
 - b. REI with the same effective date to offset a XLC submitted for a VIN correction
 - c. REI with the same effective date to offset a XLC submitted for a replaced vehicle
 - d. NBS with the earliest date of coverage to rescind or amend down a suspension caused by the interaction of an XLC and a LOD
 - e. NBS with the same effective date to offset an incorrectly submitted NIS, etc.

Basic Requirements for Successfully Handling DMV Outputs Received by Policyholders

1. Part 34 Regulation requirements and definitions (General Information 05/18/2000)
2. Identify the type of output
 - Inquiry letter
 - Second inquiry letter
 - Letter due to no insurer response to mandatory verification (MVF)
 - Indefinite registration suspension order
 - Indefinite license suspension order
 - Definite registration suspension order
 - Definite license suspension order
 - Registration revocation order

3. Use the information provided in the output. Examples:
 - Inquiry letter: canceling insurance company and cancellation effective date, registrant name and address, vehicle description (VIN, Year and Make), Vehicle's NYS license plate number
 - Indefinite Suspension Order: the same information as the Inquiry Letter plus the suspension effective date and other suspension related information
 - Definite registration suspension order or registration revocation order
 - ⇒ Same information as Inquiry Letter and Indefinite Suspension Order plus
 - ⇒ Canceling insurance company and cancellation effective date along with superseding insurance company and effective date OR
 - ⇒ Canceling insurance company and cancellation effective date along with reinstating insurance company and effective date OR
 - ⇒ Canceling insurance company and cancellation effective date along with date of plate surrender OR
 - ⇒ Canceling insurance company and cancellation effective date along with date of registration expiration OR
 - ⇒ Canceling insurance company and cancellation effective date along with date of vehicle replacement OR
 - ⇒ Date of registration and associated insurance company (from ID card) along with insurance company submitting NBS transaction and effective date
4. Verify the insurance company transaction(s) submitted to DMV
5. Determine, if a suspension output for example, whether the sanction resulted from: a lapse of coverage, the submission of an excluded transaction, a missing insurance transaction, a transaction submitted by your insurance company or another insurance company
6. Determine any error and, if applicable, the appropriate correction transaction or transactions required to be submitted to DMV by your insurance company
7. Submit or resubmit transactions daily using a stand alone correction system

NOTES:

1. Upon receipt of an electronic transaction that rescinds a suspension or revocation, DMV will send a rescission notice to the registrant.
2. Upon receipt of a reinstatement transaction w/o a chargeable lapse in coverage, DMV will send a rescission letter to the registrant.
3. Upon receipt of an electronic transaction that enables calculation of a shorter lapse in coverage, the suspension will be amended down and DMV will send an amended suspension order to the registrant.

Mandatory Verification (MVF) Process

References: Part 34 Regulation published 05/18/2000 and Program Bulletins 1 & 2 published 10/15/1999 and 10/22/1999, respectively.

Background. NYS law requires electronic proof of insurance transactions (NBS) transactions to be proactively submitted to DMV in accordance with strictly defined time frames. MVF is designed to enable an insurance company to reactively submit missing electronic proof of insurance transactions (NBS) to DMV or to identify a fraudulent ID card (repudiate coverage) by submitting a NIS transaction.

MVF Transaction Effective Date. The effective date sent by DMV is one of the following: (1) the date of registration, (2) the effective date from an ID card or (3) the date of an accident or ticket issuance.

NIS Response: Submit this response using the effective date sent by DMV to repudiate coverage only if the vehicle is not/was not insured.

- **DO NOT submit two (2) transactions in response to a MVF, i.e., a NIS using the effective date sent by DMV and a NBS with the “actual” effective date.**

NBS Response: The expectation is that the date sent by DMV will be used in the majority of cases, although a policy or endorsement could have been effective a day or two earlier. The legal requirement is to return the actual effective date. **Cautions:**

- **Be sure that your system has captured the actual endorsement/binder date. A subsequent effective date is a red flag. Suspensions will be issued for chargeable lapses in coverage using reactively submitted NBS transactions in the same manner as proactively submitted NBS transactions.**
- **DO NOT report policy effective dates for endorsements. A effective date more than 45 days prior to effective date sent by DMV will not close the case.**

Time Frames:

- Response to MVF is required not later than fourteen (14) day after the DMV send date
- Non-response to a MVF results in an inquiry letter advising the registrant of the non-response by the insurance company and further notifying the registrant of a future suspension if the required electronic proof of insurance in not received
- An additional thirty (30) days if provided for receipt of the missing NBS transaction

NOTE: DMV cannot accept another ID card from the registrant or any other paper proof because it is the paper proof previously submitted to DMV that is at issue. Electronic confirmation is required.

- Non-response after the additional thirty (30) days will result in the issuance of an indefinite registration suspension order and indefinite license suspension order effective in fourteen (14) days, as applicable or a registration revocation (For Hire). Reason: INVALID PROOF OF INSURANCE

Advance Notice on New EDI Transactions

Background: Transactions currently part of the X12 811 transaction set do not enable erroneous transactions to be overridden or withdrawn by the submitting insurance company. In addition, DMV has determined that it is virtually impossible to support the intended dual usage for the Reinstatement (REI) transaction. Accordingly, in the future REI usage will be limited to reinstatement of coverage. It will no longer be used as a rescission of cancellation. Insurance companies are encouraged to begin development now to enable submission on a voluntary basis until an amendment to the Part 34 Regulation is promulgated. The correction transaction for cancellations is expected to be available first. The two (2) new transactions currently being developed by DMV are:

REC: Rescission of Cancellation. Rescind a XLC reported in error. This transaction essentially will override a XLC and will close an inquiry letter or suspension order that may have resulted from its submission. **REC does not** reinstate coverage. The IIES database record will be restored to its status prior to submission, matching and posting of the erroneous XLC.

Example: Upon the submission, matching and posting of a **REC** transaction from Insurance Company ABC to override an erroneously reported XLC for a vehicle that it never insured, the IIES database will show Insurance Company XYZ as the insurer of record based on its previously reported NBS transaction.

REN: Rescission of New Business or Initial Load. Rescind a NBS or LOD transaction. This transaction essentially will override a NBS or LOD and will close a suspension order that may have resulted from its submission. **REN** will enable an insurance company to rescind an erroneous NBS/LOD or a matched NBS/LOD with an R disposition posted to an incorrect record. **REN** will enable a reversal or an erroneous NBS/LOD without a XLC and the inquiry letter that it will generate. The IIES database record will be restored to its status prior to the submission, matching and posting of the erroneous NBS/LOD.

Example: Upon the submission, matching and posting of a **REN** transaction from Insurance Company ACB to override an erroneously reported NBS for a vehicle that it never insured, the IIES database will show Insurance Company XYZ as the insurer of record based on its previously reported NBS transaction or the database may reflect no insurer of record, if applicable.

Other DMV Enhancements in Development

1. Using a single EDI transaction for multiple cases, e.g., confirm an ID card from the same company (registration transaction) and offset an XLC submitted by a different insurance company
2. Using a plate surrender on a reactivated record with multiple EDI transactions
3. Expansion of overlapping coverage window (from 45 days to 60 days).

Quick Review on Acceptance of Paper Proof of Insurance

Limitations on Paper Proof. Fraudulent ID cards and coverage letters are a well-known problem that has existed since ID cards were first required by NYS law in 1972. They have been used and continue to be used to register vehicles and respond to DMV inquiry letters, suspension orders and revocation orders.

DMV continues to accept fraudulent paper? Unfortunately yes, although changes are well under way. Presently DMV is unable to identify most fraudulent paper proof since: (1) all IIES components including mandatory verification (MVF) and 2D encrypted bar coded ID cards are not fully operational, (2) reporting insurance companies- all required transactions are not submitted or matched and posted to the IIES database, and (3) non-compliant insurance companies are not submitting required transactions. See: Number 5 under “**Cannot Accept Paper Proof to:**” below.

However, once electronic information is submitted by an insurance company and is matched and posted to the IIES database it is the official record. An erroneous electronic transaction or an electronic transaction containing an incorrect effective date must be corrected via an electronic transaction submitted by that insurance company.

Cannot Accept Paper Proof to:

1. Provide an earlier effective date of coverage from Insurance Company ABC than was electronically submitted by Insurance Company ABC
2. Provide a later cancellation effective date from Insurance Company ABC than was electronically submitted by Insurance Company ABC
3. Provide proof of insurance from Insurance Company ABC to override a NIS transaction submitted by Insurance Company ABC
4. Provide proof of insurance from Insurance Company ABC in response to a MVF transaction sent to Insurance Company ABC
5. **In the near future**, provide proof of insurance from a NON-COMPLIANT insurance company after withdrawal of the NYS insurance company code (ICC)

Can Accept Paper Proof:

1. In all of the situations when DMV previously accepted paper since 1984 except as noted above.