

Lessons Learned from State Farm Reload and Conversion to File Transfer Protocol (FTP) with Florida Department of Highway Safety and Motor Vehicles (DHSMV)

State Farm Insurance

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FTP Conversion

The actual conversion to a new medium of transmission was not difficult. However, once the DHSMV established connectivity and we discussed appropriate data encryption and file naming conventions, switching to daily updates was the key to uncovering and correcting systematic problems on both ends. While working to resolve returned errors, our operations center employees were able to put together patterns from this process that helped us to make corrections on our side as well as the state's.

Before undertaking the conversion, we encourage companies to perform a thorough review of up-to-date reporting requirements in comparison to current processing. We also recommend switching to the daily FTP process prior to spending time and resources on a reload.

Data Process Hints & Tips

Florida's system is policy number based, not vehicle or VIN based as many other states are. The data is organized by policy number. For all carriers, but especially those that write primarily single-car policies, this is an important distinction. The following scenarios illustrate this fact.

Reinstatement with a Car Change:

This change is accomplished by sending three transactions:

1. an 11 puts the policy back in force (reinstatement)
2. a 31 adds the new car
3. a 32 deletes the old car

This approach contrasts with the process used by many states, where the carrier would simply report one new business transaction (NBS, N, etc) with the correct VIN for the new car. Also, we have discovered that if a carrier reinstates a cancelled policy and processes a car change at the same time, part of the change is currently rejected by the state.

The state of Florida runs the reported file through validations before updating the record to its database through a batch process. Since the 11 transaction (reinstatement) has not been updated at the time of the validation, the validation programs reject the 31 (add car), which is returned as a transaction type error to the company.

Once a carrier is converted to daily processing, they may wish to systematically hold the 31 and 32 transactions for a day before sending them. This will allow the 11 (reinstatement) to process on the state's end, so the new vehicle is not incorrectly rejected by the state. This may cut down on the carrier's error ratio, and time spent by personnel correcting this type of error.

Cancellations and Reinstatements

When a carrier cancels a policy and reinstates it within the same filing period (currently a week for most carriers), the state validates and accepts the 10 (cancellation) but does not accept the 11 (reinstatement / recall of cancellation) because the cancellation has not been processed by the state at the time of validation. This situation may be less common once the carrier switches to daily reporting; however it may still be used to reflect time out of force, etc.

Drivers Licenses

Only Florida driver's licenses should be reported. The license field (PH-ID-Number) should be filled with blanks if the vehicle owner's (or named insured, if same) driver's license is:

1. Unknown
2. Issued by another state
3. Issued by a Canadian province
4. Issued by a foreign country

Discontinuing sending out of state licenses may cut down on the carrier's error ratio, and time spent by personnel correcting this type of error.

Coverage Suspensions

Florida does not recognize a provision for the suspension of mandatory coverage if the vehicle is to remain licensed (plated). If a policy is "withdrawn from use", the mandatory coverages typically remain in force, at a reduced premium.

If a carrier's business practices/policy forms allow suspension or removal of mandatory coverages (while advising the insured to surrender plates), then this change must be reported as an effective cancellation if this situation would result in the denial of payment under mandatory coverages should a loss occur while the coverage is not in force.

Note: Carriers should check with appropriate legal counsel to assure compliance with this provision as business practices and policy contract language varies.

The Reload Process

We anticipated that many of the policies that we would report on the load would already be on the database, whether in a live or dead status. We worked with the state to account for both scenarios programmatically. All policies (vehicles) reported with the load were reported with a transaction code of 20 (new issuance).

Prior to the reload, Laura Rogers (DSHMV) developed a process to clone the production insurance file server. She then pointed users, such as State field offices, at the cloned server and purged all State Farm policies in a live status from the production server. Policies in a dead status were retained for compliance reasons.

Some live policies were reported with the reload which were currently on the state's database in a dead status. This may be due to a variety of reasons. Existing validation would have rejected these policies with a transaction type error, since the policy number had been previously used by the same carrier at one time.

Policy records with "Transaction Type" as the sole error were written to a separate tape/file. Jason Tillman (DHSMV) reran the records and substituted an 11 (recall of a cancellation) transaction for the 20 (new issuance) transaction to place the policy back in force since this was the intent of the reload.

After the policy reinstatement processed, he reran the same records and changed the transaction code to 31 (add vehicle) to add the correct vehicle to the policy, since all cars were reported individually. Finally, Jason ran a compare of the reported VIN on these policies with the VINs now reflected on the database; and subsequently provided us with a listing of policies and VINs where more than one VIN was present and there was no fleet indicator.

While the state processed the load data, we accumulated ongoing daily transactions, subsequent to the creation of the load tapes until the state was ready to accept data again.