*Provisional Coverage for new business Release 1.0*

**Release 1.0**

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**Country specific business process description**

**Scope:**

The “Provisional Coverage” is set up for the following cases:

* When the insured object is clearly defined but where several juridical or technical required information are still not provided to the intermediary.

OR

* when the issue of the policy should be postponed for commercial reasons (for example: allocation of available envelop discounts, …).

The users of this feature (provisional coverage) is used by the company (Employees) and by Sales team (intermediaries).

Below products should be handled in this release –

|  |  |  |
| --- | --- | --- |
| **Line of Business** | **Product name** | **Release where the product should be handled** |
| Personal IRD | Gav | Release 1.0 |
| Protection | Release 1.0 |
| Hunting | Release 1.0 |
| special risk | Release 1.0 |
| Auto | Two vehicle | Release 1.0 |
| Other Vehicles  \_ Agriculture  \_ Carts  \_ Vintage vehicles | Release 1.0 |

**Business Process:**

The Provisional Coverage is offered to the customer, because the intermediary cannot finalize the underwriting process. The most common reasons for this are:

* Missing policy information: Mandatory policy data or supporting documents are missing and thus, due not allow the finalization of a policy. Two cases are possible:
  + Standard (e.g.: for cars, waiting of the final automobile license in the case of a new vehicle bought abroad via an agent)
  + No-standard (no case identified yet)
* The waiting period for additional sales budget: The Provisional Coverage is offered by the sales representative, when he is waiting for commercial budgets. In this case, he decides to freeze the application for a limited period. The application exists in the database, but is not completed yet. Once the sales representative receives new budget, he can forward the application for policy processing.

**Provisional Coverage Period:**

A provisional coverage is supposed to be a temporary and not compulsory stage before the establishment of a policy so a provisional coverage should have a limited period to avoid as well fraud (i.e. offering coverages without premium debit several times), and to focus on policy issuing.

The starting date is determined by the sales representative during the sales underwriting process.

* It may be in the past with different rules depending on if the sale is made by a clerk or an agent.
* It may be in a near future: maximum at the due date of the next term to issue

The expiration date is chosen also by the sales representative depending on the business case but cannot exceed a determined period from the starting date, except by the Company.

During this period, all missing documents should be provided by the customer or commercial discounts should be credited or straightened.

As soon as a Provisional Coverage is allocated, an alert should remind the sales representative to review the application before the end of the provisional coverage (as the aim is the policy processing).

**Expiration of provisional coverage:**

Depending on the situation, this can either be a standard individual policy for an individual policy holder or a temporary policy for a limited time of period.

These are the possible cases following:

* The customer provides the missing information during the period of provisional coverage (i.e. the confirmation of a wished coverage); the sales representative can finalize the underwriting process by issuing an individual policy.
* The intermediary has his commercial budget &/or commercial expectations; he can provide the discount to the client and so issue the individual policy.
* If the customer provides the missing information over the period of provisional coverage, only the company can finalize the underwriting process by issuing an individual policy or the company will modify the maturity date then the agent can finalize the underwriting process.
* The customer doesn’t provide the missing information during the defined period of provisional coverage and the risk has existed; a temporary policy is created with a premium for the customer. If the end of date of the provisional coverage is already reached, only the company can turn the provisional coverage into a temporary policy.

The customer or the sales representative decides to set up a “Without-Effect” to the Provisional Coverage allocation. It means that coverage attributed during the provisional coverage are retroactively cancelled and in case of claims notification, those guarantees are not covered. No premium is required to the customer. If the end of date of the provisional coverage is already reached, only the company can set up a “Without-Effect”.

**Insurance System’s Business Requirement (BRD):**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **QC#** | **Summary** | **Description** | **Trace to** | **Status** | **Moscow** |
| #99 | Products not allowed for Provisional Coverage (all networks) | New business:  The agent network and employees of the company are not allowed to grant provisional coverage on these product:   * Hunting * Protection   (The agents and employees can subscribe this product but not to grant a provisional coverage) | #1 | Approved | M |
| #98 | Products not allowed for Provisional Coverage for intermediaries | New business:  The agent network is not allowed to grant provisional coverage on these products:   * special risk   (employees can grant a provisional coverage) | #2 | Approved | M |
| #97 | Inception date – rule for the agents | New business:  Inception date – rule for an agent (all products)  General rule:   * D day -7 days ≤ Inception date < the due date of the next term to issue   Exception:  none | #3 | Approved | M |
| #96 | Inception date – rule for employees | New business:  Inception date – rule for employees (all products)  General rule:   * D Day -2 years ≤ Inception date < the due date of the next term to issue   Exception:  none | #3 | Approved | M |
| #95 | Control on « Without-Effect » | New business and the agents only:  It’s allowed to turn an application, which is or has been in “provisional coverage” into Without-Effect, only if it doesn’t exist a claim, not invalid, linked to this application. | #4 | Approved | M |
| #94 | Control when a provisional coverage is turned into short term policy | New business and the agents only:  When a provisional coverage is turned into a short-term policy and if the maturity date of the short-term policy is < to the D-day:  If claim(s) has been opened on the application during the period: expiration date and D-Day,  Then  The transformation in short term policy is not allowed for the tied agent. | #5 | Approved | S |
| #93 | Reducing of the covered period is not allowed if claims exits | New business and the agents only:  IF application = provisional coverage AND new maturity date < initial maturity date AND at least one claim with “occurrence date” between new maturity date and initial maturity date exists on the application  THEN Save action should not be allowed | #6 | Approved | S |

**Solution Functionalities:**

**Key design principles**

**High solution design**

The Provisional Coverage can be allocated at the Quote phase without any committing impact for the company and is not considered as granted.

The provisional coverage is just an intermediary stage which is on the responsibility of the authorized user (manual allocation).

For this, the sales representative selects a standard product regarding the needs of the customer, documents all mandatory data required regarding the risk objects/insured person, allocates manually a Provisional Coverage ‘s policy Type to the Application.

**Detailed solution design**

**Allocation of a provisional coverage:**

The provisional coverage has only a commercial purpose as a temporary stage in the sales underwriting process and should be allocated to a determined Standard/Expert policy File with normal products and a clear defined risk objects/insured person.

**Allocation of a provisional coverage at quote phase:**

The sales representative after the documentation of all relevant data concerning the risk objects and coverages (including level of each coverage) requests the tariff.

At this step of the sales underwriting process for commercial reasons, the sales representative wants to allocate a Provisional Coverage for clear scope of coverage with a normal product. To do so, he can attribute the corresponding Policy Type “Provisional Coverage” in an Insurance System the Personal P&C policy File.

The provisional coverage option is not authorized for the following products:

* Hunting
* Protection

**Allocation of a provisional coverage at application phase:**

**Business process after a granted provisional coverage:**

As soon as the customer provides missing information and/or commercials expectations are now met, the sales representative can finalize the underwriting process if the maturity date is not reached yet.

If the maturity date is not reached yet, the sales representative clicks on the edit mode button and to do so, he turns manually the policy type from provisional coverage into an individual/short term policy and proceeds forwarding the Business Object and policy processing.

**Control when a provisional coverage is turned in short-term policy**

For the agents, a control must be implemented to allow them, or not, to turn the application in short term policy.

When the agent edit the payment period to “Non-recurring”, to transform the application in short term and if the chosen maturity date is in the past:

If the two following conditions are true:

* The application is or has been in status “provisional coverage”
* The application is linked to, at least, one claim (invalid claims are not considered) opened during the period: maturity date for the short-term policy and the D-day

Then

* The turn into Short term policy is not allowed (process is not launched)
* A pop-up with an error-message is displayed:
  + - English version: “You can’t pass in Short term policy an application linked to one or more claims. You must contact the Company “
* Maturity date and payment period are restored to their previous values.

Else

Turning the application in Short term policy is allowed.

**Insurance System’s Functional Requirement (FRS):**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **QC#** | **Summary** | **Description** | **Trace to** | **Status** |
| #1 | Provisional coverage is not allowed for all insurance products | New business for an agent network and employees of the company:  In top tab [Product] & side tab [list], dropdown list “Type of Policy” values depend on the following rule:  Test on insurance product codes: <TPOLICY>. <<MAINPRODUCT>> value is [HUN01] or [PRO01])  Then  Allow the following values:   * Individual policy * Short term   Else  Allow the following values:   * Individual policy * Short term * Provisional coverage | #99 | Approved |
| #2 | Provisional coverage is not allowed for Intermediaries for several insurance products | New business:  For intermediaries (sales organizational) and insurance product is special risk  <TPOLICY>. <<MAINPRODUCT>> value is special risk [SR001]  Then  In top tab [Product] & side tab [list], dropdown list “Type of Policy” must contain:  - Individual policy  - Short term  \*\*\*\*\*(“provisional coverage” is not authorized) | #98 | Approved |
| #3 | For an agent and company, the Inception Date can be in the future | New business:  For all the Service & Sales (Company and the sales organizational) and all insurance Products  “Inception Date” may be in the future but can’t exceed the due date of the next term to issue  Then  Error message:  English: “Inception Date” date may be in the future but can’t exceed the due date of the next term to issue” | #97  #96 | Approved |
| #4 | An agent is not allowed to turn a provisional coverage in Without-Effect if at least one claim, not invalid, exists for this application | New business:  For the agent, a control must be implemented to allow them to turn the application in “Without-Effect”  Triggers:   * the agent ticks the field “Business Object Forward” for Reject on screen [Policy] / [Active Policy] * or modification of the maturity date at Inception date + 1 day and save   Control:  if the two following conditions are true:   * The application is or has been in status “provisional coverage”   < TPOLICY>.<< PHASE>> value = [2]  And  < TPOLICY>.<< POLICYTYPE>> value = [PC] or  < TPOLICY\_GEN>.<<PROVCOV>> value = [PC]   * The application is linked to, at least, one claim, invalid claims are not considered   < TCLAIM>. << POLICYNUMBER>> = < TPOLICY>. << POLICYNUMBER>>  And  < TCLAIM>. << CATEGORY>> not= [F] (invalid creation)  Then   * The turn into “Without-Effect” is not allowed (process is not launched) * A pop-up with an error-message is displayed:   + English version: “You can’t pass in Without-Effect an application linked to one or more claims. You must contact the Company * The box “forwarding” and the field “Business Object Forward” are erased.   Else  Turning the application in “Without-Effect” is allowed. | #95 | Approved |
| #5 | An agent is not allowed to turn a provisional coverage in Short term policy if the maturity date choice for the short-term policy is in the past and if at least one claim, not invalid, exists for this application during the period: expiration date to D-Day | For the agents, a control must be implemented to allow them to turn the application in short term policy  Pre-condition - the agent edit the payment period to “Non-recurring”, to transform the application in short term on screen [Product] & [List] and the maturity date has been edited with a date in the past (according D-day)  Triggers:   * save the application and answer “yes” for Business Object Forward in the pop-up   or   * ticks the field “Business Object Forward” on screen policy/Active policy for policy processing   Control:  if the 2 following conditions are true:   * The application is or has been in status “provisional coverage”   < TPOLICY>.<< PHASE>> value = [2]  And  < TPOLICY>.<< POLICYTYPE>> value = [PC] or  < TPOLICY\_GEN>.<<PROVCOV>> value = [PC]   * The application is linked to, at least, one claim, invalid claims are not considered, opened during the period maturity date choice for the short-term policy and the D-day   < TCLAIM>. << POLICYNUMBER>> = <TPOLICY>. << POLICYNUMBER>>  And  < TCLAIM>.<< CLAIMSTATUS>> = [N]  And  < TCLAIM>. << CATEGORY>> not= [F] (invalid creation)  And  < TCLAIM>.<< CLAIM\_TIMESTAMP>> >= maturity date  And  < TCLAIM>.<< CLAIM\_TIMESTAMP>> <= D-date  Then   * The turn into short term policy is not allowed (process is not launched) * A pop-up with an error-message is displayed:   + English version: “You can’t pass in Short term policy an application linked to one or more claims. You must contact the Company * Maturity date and payment period are restored to their previous values.   Else  Turning the application in Short term  policy is allowed | #94 | Approved |
| #6 | An agent - Control if maturity date of a PC is modified by an oldest one | New business and an agent only:  IF   * application = provisional coverage   < TPOLICY>.<< PHASE>> value = [2] and  < TPOLICY>.<< POLICYTYPE>> value = [PC]   * AND new maturity date < initial maturity date * AND at least one claim with “occurrence date” between new maturity date and initial maturity date exists on the application   < TCLAIM>. << POLICYNUMBER>> = <TPOLICY>. << POLICYNUMBER>> And  < TCLAIM>.<< CLAIMSTATUS>> = [N]  And  < TCLAIM>. << CATEGORY>> not= [F] (invalid creation)  And  < TCLAIM>.<< CLAIM\_TIMESTAMP>> >= “new “maturity date  And  < TCLAIM>.<< CLAIM\_TIMESTAMP>> <= „previous “maturity date  THEN on save: blocking message in a pop-up (Save action is not allowed)   * English version: “You can't reduce the length of this Provisional Coverage because it is linked to one or more claims. You must contact the Company   ELSE  Save action is allowed | #93 | Approved |

**Impact on Insurance System’s data model**

NA

**Batch scheduling and rules**

NA

**Authorization**

NA

**Open Points**

NA

**Appendix**

NA