9.6   Solutions

9.6.1   Cancelling policy

Solution

1. **Cancel the policy effective three months from today.**

   You can select any reason but bind the cancellation immediately.

   a) From the policy, click **Actions → Cancel Policy**

   b) Fill required fields

   c) Click **Start Cancellation**

   d) On the confirmation page, click **Bind Options → Cancel Now** to bind the cancellation immediately.

2. **Examine the policy**

   a) Is the Cancellation bound? How do you know?

Yes. It is shown on the transaction confirmation page and the policy info bar.

b) What is the effective date of the cancellation?

The cancellation effective date is three months from today in this exercise. The Cancel Now option simply binds the cancellation; it does not mean that the policy is canceled immediately.

9.6.2   Reinstating

Solution

Follow the steps in the activity section for reinstatement. Verify that the reinstatement worked by going to the Policy File (**Actions → Policy File**) and scrolling to the Completed Policy Transactions section. Do you see the Reinstatement transaction? Is the Premium amount appearing as a charge (it will be apparent after the Cancellation)?

Completed Policy Transactions

	Period Eff Date	Trans Eff Date	Trans Close Date	Type	Transaction #	Premium
☐	02/15/2018	05/15/2018	02/15/2018	Reinstatement	0002280276	$1,999.00
☐	02/15/2018	05/15/2018	02/15/2018	Cancellation	0002117968	($1,999.00)
☐	02/15/2018	02/15/2018	02/15/2018	Submission	0002004484	$2,645.00

9.6.3   Rewriting

Solution

Rewrite the policy for the remainder of the term.

1. **Cancel the policy a second time effective four months from today**

2. **Start a policy Rewrite for the remainder of the term**

   From the policy file, click **Actions → Rewrite Remainder of Term**

3. **Make the rewrite effective one month after the cancellation date on the Policy Info page**

4. **Quote and issue the rewrite**

   a) You should see a screen confirming that the policy was successfully rewritten for the remainder of the term

   b) You can confirm the transaction on the Policy Transactions page

9.7   Reference

9.7.1   Cancellation

Important

Multiple Cancellations

It is possible for a given policy to have multiple cancellation jobs running. This typically occurs when different people or systems attempt to cancel a policy for different reasons.

Hint

What is a **refund method?** Which ones are available when I cancel a policy?

The **refund method** identifies how the insured should be refunded. In the base application, this can be set to "flat" (refund all money - typically used if the policy has not yet become effective), "pro rata" (prorate the refund), or "short rate" (prorate the refund and subtract an additional amount for processing fees).

Hint

Remember, you are in a Cancellation Wizard.

There are two **Bind** options.

The **Schedule Cancellation** option will schedule the job to be completed on the cancellation effective date. However, you have the option to rescind it before the cancellation effective date.

The **Cancel Now** option completes the job immediately, but the policy is still in force until the Cancellation Effective date. This option is designed for circumstances where an underwriter wishes to complete the work and
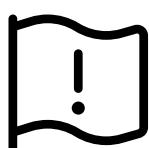
issue a refund as quickly as possible. However, the cancellation cannot be rescinded. To undo the cancellation, you must reinstate the policy.

Important

Cancellations and Out-of-Sequence (OOS) Transactions

Changing the scheduled cancellation date could make a cancellation out-of-sequence (OOS) to another job (or make a cancellation that was OOS, no longer OOS). It is unlikely that a cancellation will become OOS that was not previously OOS since it requires moving a cancellation date back (rare occurrence). OOS transactions are covered in a separate lesson later in the course.

Important

Cancellations and preemptions

Preemptions must be addressed and handled before a cancellation can be rescheduled. After the preemption is handled, the policy must be re-quoted. After a cancellation has been scheduled, but before the cancellation is completed, the cancellation can be rescinded. Rescinding a cancellation suggests that the cancellation is no longer necessary. This option is not available if the policy is canceled via "Cancel Now". Only future cancellations can be rescinded.

9.7.2   Reinstatement

Hint

You are in the Reinstatement Wizard

After a policy is canceled, the **Reinstate Policy** menu item is available in the Actions menu. The user clicks on the Reinstate Policy menu item to start the Reinstatement wizard. Go through the steps as the wizard instructs. You will go through Start Reinstatement, Risk Analysis and Quote.

Note: The Quote and Payment steps are unavailable until the user actively presses the **Quote** button.

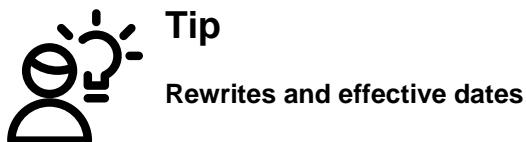**Tip**

Reinstatements

A policy must be requoted before it can be reinstated. PolicyCenter requotes the policy in case there are any changes. For reinstatements, PolicyCenter will always attempt to complete reinstatement jobs immediately.

9.7.3   Rewrite

Tip

Rewrites

A rewrite involves a signficant change to a policy that cannot be captured with a policy change. When a mid-term rewrite is performed, it is generally done for the remainder of the term or for a full new term. With a full-term rewrite, the policy is flat canceled.

Tip

Rewrites and effective dates

In most cases, the rewrite effective date is the same as the cancellation effective date. Usually, this is when the original policy was issued with a significant error, and the policy essentially needs to be reissued. In other cases, the rewrite's effective date is after the cancellation effective date. See the following examples for more information.

Example 1: The reinstatement must be effective sometime after the cancellation, indicating that there is a gap in coverage. This scenario is not possible with a reinstatement transaction because a reinstatement transaction must have the same effective date as the cancellation.

Example 2: The original policy was in force under producer A and is now being transferred to producer B. Note: A policy's producer is inherent to a policy and cannot be changed through a change transaction.

Hint

Full term rewrites

Cancellation must be effective on the start date of the original policy term when the policy is flat canceled. In case of a flat cancel followed by a full-term rewrite, the rewrite can start on a different effective date than the cancellation. Specific to a full term rewrite, the original policy term is completely wiped out and there will not be two different policy terms as is the case for mid-term rewrites.

Hint

Midterm rewrites

The only difference between a **Remainder of Term** midterm rewrite and a **New Term** midterm rewrite are the default values for the term type, effective date and expiration date fields (they are still changeable in both cases).

Find

Additional references to rewrites and cancellations

Search for Rewrite Key Features in the PolicyCenter Application Guide.

Stop