Lesson 9   Exposure and Reserve Rules

Succeed Insurance wants to automatically create an exposure and reserve lines when the following conditions are met for a Personal auto claim involving two vehicles:

• The Loss Cause is "Rear-end Collision"

• The Fault Rating is "Insured at Fault"

• The 3rd-party driver has a major injury requiring hospitalization

Prerequisites

For this exercise, you will use ClaimCenter and a supported web browser.

ClaimCenter Server should be running when you start the exercise.

The default URL for ClaimCenter is **http://localhost:8080/cc/ClaimCenter.do** .

Log in to ClaimCenter as admin to create the rule. The login/password is `admin/gw.`

For testing, you will log in to ClaimCenter as `aapplegate`. The login/password is `aapplegate/gw`.

9.1   Exposure and reserve rules

Exercise

Determine the specifics needed for creating a business exposure rule.

Exercise 1: Create Exposure rule

Create a business exposure rule called **Rear-end collision insured at fault** that triggers on the creation of an injury incident.

1. Set the Rule Conditions

    a)   The rule should apply to Personal Auto policy types.

    b)   Loss Party Type is Third-party Liability

    c)   Incident Type is InjuryIncident

    d)   Loss cause is "Rear-end collision"

e) Fault rating should be "Insured at fault"

f) InjuryIncident severity should be "Major (hospitalization)"

2. Set the Rule Action

a) Action should create an exposure

b) Coverage Type: Liability – Bodily Injury and Property Damage

c) Coverage Subtype: Liability – Bodily Injury

Exercise 2: Create Reserve rule

Create a business reserve rule called **Bodily Injury Liability High** that triggers on the creation of a Bodily Injury exposure.

1. Set the Rule Conditions

a) The rule should apply to **Auto** Loss Type for **Personal Auto** policies.

b) Exposure Type is Bodily Injury

c) Exposure Segment is All

2. Set the Rule Action

a) Add an Action to create a reserve with Cost Type of "Claim Cost" and a Cost Category of "Medical" in the amount of $10,000.

b) Add an Action to create a reserve with Cost Type of "Expense – A&O" and a Cost Category of "Case management" in the amount of $1,500.

3. Promote the rule to Approved

Test procedure

1. Log out of ClaimCenter as admin and log in as aapplegate/gw.
2. Using the New Claim Wizard, create a new claim that will test the rules you just created.
3. Search for a policy for "Ray Newton".
4. Select the Personal Auto Policy and enter a loss date within the policy period
5. Select Ray Newton as the contact and the Toyota Corolla as the involved vehicle
6. Enter a Loss Cause as "Rear-end collision", an accident description, and a location.
7. Add Ray Newton as the driver of the first vehicle incident.
8. Under Categorization, set the fault rating to "Insured at fault"
9. Add Ray Newton as the driver of the vehicle.
10. Add the second vehicle incident – Ford Fiesta 2002. Add Michael Cashman as the driver. Michael has major injuries requiring hospitalization.

11. Proceed to step 6 of the wizard and note that the Bodily Injury Exposure was created by the Business Rule
12. Assign the claim to yourself (**aapplegate**) and create the claim.
13. In the sidebar, click Exposure.
14. Verify that the exposure has been created.
15. In the sidebar, click Financials.
16. Verify that the reserves have been created.

Stop

9.2   Solution

Solution 1: Exposure rule

Rule: Rear-end collision insured at fault ‹ ›

Last Edited by admin on 06/08/2022.

Name *	Rear-end collision insured at fault
Description	Create bodily injury exposure for major 3rd party injuries (requiring hospitalization) caused by rear-end collision where the insured is at fault.
Trigger Entity	Incident
	Rule executes for an Incident. Available Symbols: incident
Trigger Action	Creation
Enabled *	● Yes ○ No
	Rule will run in this environment.

Applies To

Policy Type *	Personal Auto ▼	Loss Party Type	Third-party liability ▼
Incident Type *	InjuryIncident ▼	Loss Type	All ▼
Loss Cause	○ All ● Selected	Claim Jurisdiction	● All ○ Selected

Animal
Collision while turning left
Collision with bicycle
Collision with fixed object

›
‹

Rear-end collision

Rule Condition

Display Rule Conditions   ● Yes   ○ No

* ○ None
● All of the following criteria must be true (AND)
○ At least one of the following criteria must be true (OR)
○ The following combination of criteria must evaluate to true (AND/OR)

Add	Insert	Remove	↑	↓	Hide Formatted View	Context Help (ALT-H)

	Left Expression	Operation	Right Expression
☐	incident.Claim.FaultRating ▼	= ▼	"Insured at fault" ▼
☐	incident.Severity ▼	= ▼	"Major (hospitalization)" ▼

Actions

Exposures will only be created when the coverages exist on the policy

Add Action	Remove Action	↑	↓	▦ ▼

	Sequence ⇅	Action Type ⇅	Description ⇅
☐	1	Create Exposure	Creates exposure for CoverageType "Liability - Bodily Injury and Property Damage", CoverageSubtype "Liability - Bodily Injury"

Parameters

Action Type   Create Exposure

Coverage Type *	Liability - Bodily Injury and Property Damage ▼
Coverage Subtype *	Liability - Bodily Injury ▼

Solution 2: Reserve Rule

Rule: Bodily Injury Auto reserves ‹ › [Up to Reserve Rules]

Last Edited by admin on 06/08/2022.

Name	*	Bodily Injury Auto reserves
Description		Create reserve lines when a bodily injury exposure is created on an auto claim
Trigger Entity		Exposure
		Rule executes for an Exposure. Available Symbols: claim, exposure
Trigger Action		Creation
Enabled	*	● Yes ○ No
		Rule will run in this environment.

Applies To

Loss Type	*	Auto ▼
Policy Type		○ All ● Selected

Commercial Auto › Personal Auto
                 ‹

Jurisdiction	● All ○ Selected

Exposure Type ○ All ● Selected

General   ›   Bodily Injury
Loss of Use   ‹
Med Pay
Personal Property

Exposure Segment ● All ○ Selected

Rule Variables

[Add] Remove

Name	Description	Expression	Type
	No data to display		

Rule Condition

Display Rule Conditions	○ Yes ● No

Actions

[Add Action] Remove Action ↑ ↓   ⊞ ▼

	Sequence ⇕	Action Type ⇕	Description ⇕
☐	1	Create Reserve	Creates reserve for CostType = "Claim Cost", CostCategory = "Medical", Amount = 10000("USD")
☐	2	Create Reserve	Creates reserve for CostType = "Expense - A&O", CostCategory = "Case management", Amount = 1500("USD")

Financials: Summary

View [Exposure ▼]

	O	Remaining Reserves	
∨ Claim Total		US$14,500.00	
∨ (1) 1st Party Vehicle - Ray Newton - Collision		US$3,000.00	
∨ Claim Cost		US$2,500.00	
Auto body USD	▼	US$2,500.00	
∨ Expense - A&O		US$500.00	
Vehicle inspection USD	▼	US$500.00	
∨ (2) 3rd Party Bodily Injury - Michael Cashman - Liability - Bodily Injury and Property Damage		US$11,500.00	
∨ Claim Cost		US$10,000.00	
Medical USD	▼	US$10,000.00	
∨ Expense - A&O		US$1,500.00	
Case management USD	▼	US$1,500.00	