

# Lesson 10 Out-of-Sequence Transactions

## 10.1 Requirement

In this exercise, you will create a new policy, start two policy changes to create an out-of-sequence conflict and resolve it.

## 10.2 Creating an out-of-sequence policy change

### 10.2.1 Creating a Policy



#### Activity

Create a new Personal Auto policy.

1. Follow the personal auto policy steps to create a new personal auto submission for the account Renee WellsXX. Details for this policy are:
  - Offering: Standard Program
  - Effective date: Today's date
  - Vehicle: Create a vehicle with **VIN 111** (Acura) that cost \$30,000 new. Renee will be the sole driver.
  - Give the new vehicle comprehensive and collision coverages with default deductibles of \$500. Note: you may have to manually change these values.
  - Accept all other defaults.
2. Quote and Issue the policy

### 10.2.2 Issuing a Policy Change



#### Activity

Start the first policy change

1. From the Policy File, click Actions → Change Policy

Make the change effective one month after the policy's start date.

2. Make some material changes, such as creating a new vehicle

For the personal auto example, add a new vehicle that Renee will drive 100%.

- **VIN number 222** (Honda) that cost \$25,000 new
  - Use the remaining defaults for the vehicle
3. Change a coverage limit or deductible

- a) Remember which coverage you changed and the value, as you will change the same coverage again later.
- b) For the personal auto example, change the collision deductible on the first vehicle (VIN 111, Acura) to \$1000.

**4. Quote and issue the policy change**

**5. Return to the Policy**

**6. View the policy two months from today by entering or selecting the date in the Date box below the Policy Contract menu on the left**

- a) For the personal auto example, what is the collision deductible on the first vehicle?



**Tip**

Trouble seeing changes after selecting a date?

You may have to click outside of the Date box on the right side of the page to refresh the page for the new date that was entered.

## 10.2.3 Creating a second policy change



**Activity**

Start the second policy change that is effective before the first one.

**1. From the Policy File, click Actions → Change Policy**

Make the policy change effective two weeks after the policy's effective date.

**2. Make another material change, such as creating a new vehicle**

- a) Does the creation of a new vehicle cause a conflict? Why or why not?
- b) For the personal auto example, create a new vehicle:
  - **VIN number 333** (Mazda) that cost \$20,000 new
  - Accept all other defaults

**3. Change the same coverage in the first policy change job to a different value**

- a) Does the change in the same coverage cause a conflict? Why or why not?
- b) For the personal auto example, change the collision deductible on the first vehicle (VIN 111, Acura) to \$250.

**4. Try to quote and resolve any conflicts**

The values in the second change should take precedence.

**5. Quote and issue the policy change**

**6. View the policy two months from now**

- a) For the personal auto example, what is the collision deductible on the first vehicle?

## 10.3 Solutions

### 10.3.1 Creating a policy



#### Solution

Creating a Personal Auto policy

**Note:** If you are having problem creating the Personal Auto policy, refer to the Personal Auto lab in the lesson *Full Application Submissions* for more details on each step. Try to use the data provided in this lesson, such as the VIN and coverages, etc.

### 10.3.2 Issuing a policy change



#### Solution

6. View the policy by entering or selecting a date that is two months from today by using the Date box below the Policy Contact menu on the left.

a) For the personal auto example, what is the collision deductible on the first vehicle?

\$1000

**PA Coverages**

Coverages applied per vehicle in California

Vehicle #	Description	Comprehensive	Collision	Towing Lat
1	2003 Acura RSX	500	1,000	Selected
2	2000 Honda Civic	500	500	Selected

**Coverage Details**

**Comprehensive**

Comprehensive Deductible 500

**Collision**

Collision Deductible 1,000

### 10.3.3 Creating a Second Policy Change



#### Solution

1. **Make the policy change effective two weeks after the policy's effective date**

In this change, you should receive an OOS message. Click OK to continue.

2. **Make another material change, such as creating a new vehicle**

a) Does the creation of a new vehicle cause a conflict? Why or why not?

*No, it does not conflict with any changes from the transaction that is effective later. Because they are not on the same field.*

3. **Change the same coverage as in the first policy change job to a different value**

a) Does the change in the same coverage cause a conflict? Why or why not?

*Yes. It conflicts with a change in the same coverage from the transaction that is effective later. Because it is on the same field.*

4. **Try to quote and resolve any conflicts**

a) Go to the Policy Review page and the **Change Conflict** tab

b) Resolve the conflicts. The values in the second change that was made should take precedence. Select Yes to Override Future Conflict.

c) Click **Submit**

**Policy Review** Back Quote Save Draft Versions Withdraw Transaction

Your Policy Change is an out-of-sequence transaction. There are future transactions at 10/21/2018.

Differences **Change Conflicts** Policy Review

Some values specified in this policy transaction conflict with changes made with future effective dates. Please indicate which future conflicts are to be overridden, and then click Submit.

Warning: Submitted changes cannot be undone.

Override All Override None

	Item	Policy Change Eff. 10/05/2018	Conflict	Conflict Eff. Date	Override Future Conflict?
i	Collision Deductible	250	1,000	10/21/2018	<input checked="" type="radio"/> Yes <input type="radio"/> No

Submit

5. Quote and issue the policy change

6. View the policy two months from now

a) For the personal auto example, what is the collision deductible on the first vehicle?

\$250

**Policy Contract**

- Policy Info
- Drivers
- Vehicles
- PA Coverages**
- Quote
- Forms

Date: 11/21/2018

**Tools**

- Summary
- Billing
- Contacts

### PA Coverages

Coverages applied per vehicle in California

Vehicle #	Description	Comprehensive	Collision	Towing Lab
1	2003 Acura RSX	500	250	Selected
2	2000 Honda Civic	500	500	Selected
3	2003 Mazda Miata	500	500	Selected

**Coverage Details**

**Comprehensive**

Comprehensive Deductible 500

**Collision**

Collision Deductible 250

## 10.4 References



### Review

#### Out-of-sequence vs preemption

An **out-of-sequence** (OOS) transaction occurs when a transaction is created and **after it is bound** a second transaction is started with **an earlier effective date**. The critical issue here is that the second transaction changes the nature of the policy at a point prior to the effective date of the first transaction. Therefore, the second transaction must consider both what the policy looks like when it becomes effective and the impact of jobs which become effective at a later date.

A **preemption** occurs when a transaction is created and, **before it is bound**, a second transaction is started. The critical issue here is that two transactions have been started from the same base period. Only one of those transactions can be bound. When one of them is bound ( “wins”), it will force additional work for the other transaction (the “losing transaction”), because the base period has been changed.

Note: For preemptions, the effective date of the second transaction is not significant. The fact that the second transaction has been started before the first transaction was bound is what is significant.



### Review

#### What changes will cause conflicts in an out-of-sequence transaction?

A conflict occurs when subsequent transactions modify the same field, and each transaction sets the field to a different value. For example, a submission that sets liability to \$500, then sets it to \$1000 in a later transaction will result in a conflict. A transaction where a coverable is added (e.g., add a vehicle) will not result in a conflict



### Stop