

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?
	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