


September 18, 2013

TO: All Fire and Property and Casualty Companies
Authorized to Issue Motor Vehicle Policies in Florida

FROM: Julie W. Gentry, Chief 
Bureau of Motorist Compliance

SUBJECT: Florida Financial Responsibility and Insurance Programs Redesign and Transaction
Change for Flat Files

In an effort to keep you informed of our progress on this very complex programming effort and in keeping with our commitment to the insurance industry to provide three full months advanced notice for insurance companies to program, test and implement XML reporting, please let this letter serve as notice that we are extending the timeframe for reporting in XML format. Based on new programming estimates, we anticipate having the daily/reload XML functionality ready by April, 2014. At that time, we will provide all information including updated manuals, examples and schemas, if applicable. It is our goal for all insurance companies to perform a reload and to be reporting all files in XML format beginning July 1, 2014.

In addition, we are readying to deploy certain new features of our redesign. We will deploy these changes the evening of October 18, 2013.

These changes include our newly redesigned insurance cancellation and registration sanctions. An insurance company's actions, or inactions, can generate sanctions against our mutual customers. The following is a brief synopsis of these two cases and ways to prevent these suspensions from occurring.

Our insurance "cancellation case" is created when an insurance policy is cancelled and there is no verifiable insurance on the insurance database. In order to allow for timely insurance reporting, the Department holds the cancellation for 20 days from the effective date of the cancellation, allowing plenty of time for new insurance to be reported within the constraints of the law. If, after the 20 day holding period, there is no new insurance found on file, an insurance cancellation sanction will be created against the customer. A letter will be mailed to the customer's address as indicated on the Department's database and will allow 15 days due process for response in order to avoid the suspension.

Second, our "registration case" involves the registration of all motor vehicles requiring PIP/PDL insurance coverage. In the past, the Department has only been able to enforce registration renewals. This mid-October deployment will allow the Department to enforce PIP/PDL laws for both original and renewal registrations thus significantly increasing the number of potential cases if insurance is not on the database. If, at the time of registration, there is no insurance information on the insurance

database, the customer will be required to provide proof of insurance for that vehicle to our Department. An insurance verification will be sent to the insurance company provided per vehicle. If the insurance information is denied, the customer will be suspended immediately.

In order to avoid unnecessary complications with our mutual customers, it is imperative to report in a timely manner. As a reminder, per changes made to Florida statute effective July 1, 2013, insurance companies must notify the Department of any cancellation or non-renewal within 10 days after the processing date or effective date of that cancellation or non-renewal. In addition, new policies must be reported within 10 days. It is equally important to check and work all error reports. We have had several companies contact the Department concerning policies that were reported months ago. The transactions received errors and customers began contacting the companies with issues. It was discovered that the error reports were not worked and therefore the policy information was never corrected and added to the database. These errors can cause suspensions as described above.

Additionally, ensuring that all active policies are reported properly to the insurance database will significantly cut down on the creation of suspensions and thus will reduce verifications sent to the insurance company. In the near future, we will be implementing BIL-specific cases to verify level of coverage on our insurance database. Once you have switched to XML, verifications will be even further reduced if you report the level of coverage to the Insurance database. This will prevent the Department from contacting your agency to verify whether or not a customer has PIP/PDL or BIL. If the appropriate level of coverage is found in the database, a suspension will not occur.

Since 2008, state lawmakers have entertained the idea of repealing Florida's PIP/PDL laws and implementing mandatory bodily injury liability. The Department believes similar legislation may pass in the very near future and thus require mandatory BIL reporting. This project provides a great opportunity for those who report insurance to this agency, to embrace this new functionality and therefore be prepared for that legislation change, should it come to fruition. If the repeal of PIP is not successful, utilizing this functionality will still provide added benefits to insurance companies, the Department, and our mutual customers.

This deployment will also require changes in the way we handle cancellation transactions (10s). This will only affect those companies still submitting in *flat* file. Once deployed, we will handle cancellation transactions as follows:

Insurance companies that currently utilize flat file format, will send one flat file with all transactions to the department. We will then split that file and process the cancellation transactions through the new system and all other transactions through the old system. We will combine the outputs into one output file and name the file with the current naming convention. The output for the cancellations will be added to the bottom of the file and not sorted within the file.

You will receive back only the cancellation transactions were errors occurred. However, you will have a total count in your file which you can compare to your sent file to ensure all transactions were processed.

For example, if you send a file that has 500 transactions and 100 of them are cancellation transactions, you will get back 400 non-cancellation transactions plus between 0-100 cancellation errors. If 50 of the 100 cancellations error, you will receive back 450 records.

New error checks will be in place, but there will actually be fewer errors in a cancellation transaction. Also, only one cancellation transaction will be accepted per policy as a cancellation transaction cancels the entire policy. For a cancellation transaction, all we will need is: Transaction Type, Company Code, Policy Number and Cancellation Date. The VIN is not required for a cancellation transaction in the new system. If sent, our system will ignore that field entirely. The errors will be mapped the same way as currently mapped for flat files and will have the same meanings. Remember, these changes **only affect flat file cancellation transactions**. Also, please remember that a cancellation transaction cancels an entire policy. If you want to remove only one vehicle, a delete vehicle transaction (32) should be sent.

There will be no changes to flat file recall of cancellation transactions (transaction 11). Additionally, the changes to the cancellation transactions will not affect recall of cancellation transactions.

It is important that you review our website to seek clarification for any questions that you may have before contacting us. We feel confident that the majority, if not all of your questions, can be answered at <http://www.flhsmv.gov/FRManualFTP/>. This information will be updated to the website.

Please direct all redesign questions to FRRedesign@flhsmv.gov. Please be sure to include your username/account name (01234FTP) in the email subject line specifically so that we can identify your company account and process accordingly.

We thank you for your patience.

JWG/lwf/l1