– Online Verification (OLV) TIPS for Success –

Understanding the OLV Concept

Online Verification (OLV) of insurance is intended to be an event-based verification process which addresses the primary concern of jurisdictions – knowing if the required evidence of insurance (ID Card) is valid. The OLV model, by design, overcomes the inherent deficiencies with database reporting programs by eliminating the need for a database. OLV allows the jurisdiction to concentrate on verification of evidence of insurance directly with the source of the information, the insurance company. The verifications occur "real time", the time of the event (registration, renewal, traffic stop, etc.), without relying on databases that are costly, require large data stores and need constant maintenance. The OLV method is simple, secure and effective.

Getting a Better Match Rate

The IICMVA OLV model is built to be an event-based system where an insurance company expects its own key information to be used for verification. The model is similar to that of a credit card authorization process where the numbers on the card are used as a key to determine if a purchase can be made. If the key information is not properly captured and entered into the verification request, the insurers' responses will produce incorrect results. As such, obtaining information directly from a customer's ID card or policy declaration page will yield the best results.

Allow for Common Insurance Business Practices

As they apply to virtually any type of automobile insurance verification process, industry business procedures will at times conflict with jurisdictional rules. Such is the case where strict enforcement of Financial Responsibility (FR) laws prevent vehicles from being registered without first validating evidence of insurance. For example, a typical auto policy provision allows customers 30 days to inform their insurance company of newly acquired vehicles.   The 30-day delay can impede the registration process when the evidence of insurance that is presented cannot be immediately validated. As such, refusing to register a vehicle due to the inability to validate evidence of insurance is undesirable from a jurisdiction's perspective for multiple reasons: ease of doing business, revenue flow and an undesirable customer service experience.

In order to accommodate these situations, the IICMVA recommends using an approach where UNCONFIRMED verification responses are reprocessed at a later date prior to taking action on the registrants. While this approach may not be possible in all scenarios, doing so whenever possible should help reduce unnecessary impact to all interested parties.

Managing Maintenance Windows

As is the case with virtually all businesses that leverage technology, insurance companies must regularly update their computer systems in order to ensure the integrity of their data. While these system updates typically result in downtime, the goal of most insurance companies is to provide the highest level of systems availability.

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Where there are distinct windows of downtime, the IICMVA recommends that the implementing jurisdiction store maintenance window times as a part of the company information. Requests initiated during the scheduled maintenance window period of a particular company can be saved and re-transmitted outside of that scheduled downtime.

Verifying Coverage on Past Dates

As stated in the User Guide, the OLV model recommends that insurance companies maintain at least six months of data for the handling of verification requests. Jurisdictions with verification dates that extend back beyond six months should not expect consistent responses from insurance companies. Some insurance companies may be able to accommodate older requests while others cannot. An alternate method to confirm evidence of insurance for older requests should be considered.

Query Response Times May Vary

Internet traffic can affect response time to/from the jurisdiction and the insurance company. As the open internet cannot be controlled, there are no assurances of the timeliness of response once a data payload leaves the Jurisdiction or insurance company's firewall. Such delays however, are rarely ever an issue as web services of all types are routinely used by many organizations.

Jurisdictional Boundaries May Affect the Outcome of the OLV Response

There are instances where automobile policies are issued in states other than where the vehicles are registered. This is particularly true of business entities with multiple locations spanning several states. Special handling of these cases may be required in order to accurately confirm coverage.

Consider an Alternate Method of Verification for Commercial Insured Vehicles

It is common among commercial insurers to assess risk on factors other than detailed vehicle information so vehicle information is not collected or required to issue these types of auto policies. Consequently, vehicle specific data, including VINs, may not be available on the insurance company's records. But, it may also be possible that a commercial insurance company will have vehicle information available for verification. In the event that a verification request is unsuccessful on a commercially insured vehicle, an alternate form of verification should be used before taking enforcement action. Jurisdictions are encouraged to work closely with commercial insurance companies in order to facilitate a tailored solution to meet the unique requirements of their respective laws and regulations and provide business owners an insurance verification option that is not burdensome.

Consider the Smaller Insurance Company

Although many insurance companies have adopted the OLV model, some smaller insurance companies which insure fewer vehicles may find that it is not justifiable to absorb the cost associated with

implementing large scale solutions. Complementing the OLV solution with a secondary verification method may be a desirable accommodation for these companies.

Decide Who Will Build Your Service

Each jurisdiction should consider its individual needs when determining who will build the OLV system. Some may choose to build the system "in-house" while others may choose to use the services of a vendor. In either case, the IICVMA can assist in defining that system; however, since the IICMVA is not a vendor and is vendor neutral, we do not have the resources to assists with the actual implementation.

Ensure that the Data for Making an Accurate OLV Request is Available

To the extent possible, key information for queries should be obtained directly from the documentation provided to the Insured by the insurance company by either printed or electronic means. Modern technology allows companies to innovate in providing their customers with information in more efficient and expedient ways, so regulations should allow for various forms of evidence of insurance, such as ID Cards, Binders, Declarations Pages, Computer Printouts from Insurer, Facsimiles of Proof of Insurance, Electronic Mail from Insurer, Mobile devices or other documentation provided electronically.

Although regulations should allow for evidence of insurance to be presented in various formats, they should also ensure that the data elements contained in that evidence are sufficient for making an OLV request. The evidence of insurance must contain three data elements to generate an accurate OLV request: the NAIC (National Association of Insurance Commissioners) number, the policy number and the VIN of the vehicle being verified. If your jurisdiction has specific laws governing the content of the Auto ID Card, be certain that the laws require these elements. If changes to the law are required, allow time for the legislative process to pass a bill amending the law and time for insurance companies to modify their systems to include the data elements after the regulations have been updated.

Using the information on the evidence of insurance provided to the customer by the insurance company will provide the most accurate results possible. In the event of an "Unconfirmed" response, review the evidence of insurance to confirm that the correct information was captured and sent in the request, make corrections, if necessary, and resend.