

Underwriting Guidelines

Last Modified on 04/09/2025 4:30 pm EDT

Effective Date

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The agent must ask/probe for and apply the correct effective date. If the customer is currently insured, the agent may probe for the effective date using an open-ended question.

- For customers who are not currently insured, select the next day as of 12:01 AM for the effective date.
- The effective date cannot be set more than 60 days in the future.
- Elephant does not backdate at new business for any reason.
- The garaging address on file must match where the NI will be keeping their vehicle when the policy goes into effect; we cannot start a policy in a new state or at a new address until they're living there.

Same Day Bind

There are only six reasons sales/service would set up a policy with a same day effective date. According to our compliance manual, here are the reasons:

- DMV-related (going to DMV to register a car, needs a SR-22 to reinstate license at DMV, etc.)
- Purchasing a new vehicle from a dealership today.
- To prevent a lapse of insurance.
- Police impounded a vehicle and require insurance to release.
- Lienholder repossessed vehicle and requires insurance to release.
- Customer is purchasing a Texas auto policy and requires insurance to get a state inspection

If the customer wants a same-day bind for a reason not mentioned above, the **earliest** the policy can start is 12:01am the next day.

The following question must be asked by the agent prior to binding if the effective date is for the same day:

"Have you, any drivers on your policy, or any vehicles on your policy been in any accidents today?"

If the answer is yes, you may not continue with bind.

Early Bird Discount

In order to proactively apply Early Bird, we must first make sure the customer qualifies. In order for them to qualify, they must be currently insured. They must be able to maintain their current coverage for at least 5 days or more till their policy starts with us.

The customer must PURCHASE the policy, 5 days prior to the effective date. We do not go by the quote date.

Binding Restrictions

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Binding restrictions are temporary guidelines often placed ahead of major weather events intended to help minimize Elephant's loss ratio in the impacted areas.

They may prohibit policyholders from adding certain types of coverage or increasing their limits, and they may bar new policies from being bound until after the adverse weather has passed. For new business, there will be a hard stop in place so no need to keep up with zip codes etc.

While binding restrictions are active

First-party coverages are often among those that are restricted. Comprehensive, Collision, Emergency Roadside Assistance, and Rental Reimbursement all pay out to the named insured, and are considered first-party.

Policyholders MAY:

Add new vehicles eff 12:01 AM next day with liability coverage ONLY*

Bind new policy eff 12:01 AM next day with liability coverage ONLY*

Add new drivers eff 12:01 AM next day

Policyholders MAY NOT:

Add new vehicles eff 12:01 AM next day with comp/coll, ERS, or RR

Bind new policy eff 12:01 AM next day with comp/coll, ERS, or RR

Add comp/coll, ERS, or RR to any existing vehs on the policy

Lower deductibles for comp/coll on existing vehicles

Increase liability limits on existing policy

Free Look

Free Look

Free Look is the period Underwriting can review new business policies for risks that were missed during the application process.

- UW runs additional reports, and then reviews previous limits, lapses/years with last insurer, and other information provided on the application.
- We can cancel a policy during the Free Look period.
- The free look period 45 days in MD, 90 days in OH, and 60 days in every other state.

If UW decides that we need to increase the premium due to information discovered during Free Look, we sent the customer an **Adverse Underwriting Warning**. The AUW letter is mailed as a courtesy and gives the customer a 7-days warning before the premium is increased. Once the 7 days are over, and the policyholder does not provide any proof of information against what was discovered, then an **Adverse Underwriting Decision** is made, and the policy is amended.

Adverse Underwriting Warning (AUW)

- Sent via email in all states
- This document is a courtesy warning emailed to policyholders to advise that there will be a change in their premium based on new information discovered by Underwriting. It will be information that conflicts with what was provided on the auto application. These are sent to the customer seven days before the change is made. **Reasons for AUW:**
- A policyholder's insurance history shows a lapse in coverage for any period during the past three years.
- Previous coverage limits are different than what is reported on the insurance application.
- Length of time with prior insurance is different than what was reported on the insurance application.
- Unacceptable risk.

Please note: With notice, the premium may be recalculated from the effective date of the policy as a result of an Underwriting decision, or coverage under the policy may be canceled during the free look period if your risk does not meet our Underwriting standards.

Adverse Underwriting Decision (AUD)

- Sent via mail in all states
 - Mailed to the policyholder after the AUW once a change has been made to the policy based on new information discovered by Underwriting that conflicts with the information provided on the auto application.
 - If a policyholder calls to correct the issue after the change has been made, their total premium can be returned to the original agreed-upon amount.
 - However, if there was a down payment associated with the change, it will still apply to their next invoice and all future invoices will be prorated to make up for the difference. Underwriting can send requests to redistribute the refund, as well as the Customer Care team leads or managers.
 - In the event we need to reverse an Underwriting decision, agents do not have access to edit the previous insurance information on the Applicant page of the work order. They will need to contact leadership or Underwriting to have the page unlocked so the information can be updated. The only time agents will have access to this information is during a Rewrite New Term.
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