

MIS

BILLING SYSTEM

PROCEDURE

MANUAL



EFFECTIVE: JANUARY 2016

DIRECT BILL PROGRAM

INTRODUCTION

The Security Mutual MIS Direct Bill Program bills the insured directly for premiums for new and renewal business and policy changes.

AGENT ONLINE INQUIRIES

Agents have access to billing inquiries through our web based site "Agent Xpress" which can be found at <http://www.securitymutual.com>. Click on Agent, & Current Agent. Agency usernames and passwords can be obtained by calling our office.

PROGRAM DESCRIPTION

The system is designed to bill on an annual basis. The payor has the option to pay the entire premium due, or, in the case of the policyholder, to use the 6-pay payment plan. When the payment plan is selected a \$6.00 service charge will be charged on each installment. Payments may be made by check, money order, credit card (VISA, MC, DISCOVER & AMERICAN EXPRESS), or ACH, including payment on our website at <http://www.securitymutual.com>. **The minimum annual premium for payment plan billing is \$130.00.**

BILLING CYCLES

A. NEW BUSINESS

When the payment plan option is not selected, the full premium must accompany the completed and signed application. If the payment is less than the full premium, the system will generate a bill either at the time of policy issuance or at inception, whichever is later, and the remaining premium will be due in 25 days.

If the payment plan option is selected, the first installment of 25% of the annual premium, plus the \$6.00 service charge, is due at inception and must accompany the application or policy. All subsequent installments of 15%, plus the \$6.00 service charge, will be due 35 days apart. All bills are generated 25 days prior to the due date unless a non-payment of premium notice is pending.

B. ANNIVERSARY OR RENEWAL PREMIUMS

The premium is billed 33 days prior to the anniversary or renewal date.

If the payment plan option is selected, 25% of the annual premium plus the \$6.00 service charge is due at the anniversary or renewal date. All subsequent installments of 15%, plus the \$6.00 service charge, will be due 35 days apart. All bills are generated 25 days prior to the due date unless a non-payment of premium notice is pending.

C. ESCROW and "OTHER PAYOR" BILLING

Escrow and "Other Payor" billings will be on an annual basis and due on the anniversary date. The payment plan Option is not available. Escrow and "Other Payor" bills as well as any return premiums will be sent directly to the payor or party who made the payment.

D. SPECIAL SITUATIONS

The payment plan option will be denied and full payment of the annual premium will be required in situations involving repeated late payments or in situations deemed necessary per our underwriting department. Also, the agency may be listed as payer in special situations with prior approval from the company.

MINIMUM PREMIUM

There is a minimum premium requirement of \$130.00 for use of the payment plan option.

DIRECT BILL INSTRUCTIONS

A. NEW BUSINESS

All policies shall be applied for with a signed and completed application. If the payment plan option is selected, the down payment of 25%, plus the \$6.00 service charge must accompany the application. In some cases a single annual payment may be required with the application. To avoid service charges and notices, the down payment should equal the annual premium.

B. RENEWAL BUSINESS

All policies will automatically be renewed under the Direct Bill Program. An expiration list will be issued 90 days prior to expiration. The list should be reviewed and returned within 60 days, with both renewal instructions and direct bill instructions, if changes are required.

PREMIUM BEARING ENDORSEMENTS

If an endorsement is made within 5 days of the inception or anniversary billing, a new bill will be generated to reflect the change.

If the endorsement is issued during the installment period, the remaining installments will be adjusted to reflect increase or return premium.

If the endorsement is issued after the total premium has been paid, the full endorsement premium will be billed and due in 25 days. If the endorsement generates a return premium, a check will be issued to the payor.

CANCELLATION and REINSTATEMENT

If premium payment is not received by the due date, a Cancellation Notice will be issued 5 days after the due date and there will be a \$25.00 charge added to the amount due.

If the premium payment is received prior to the effective date of the cancellation, the policy will be reinstated with no lapse in coverage.

If payment is received after the effective date of cancellation, a new policy may be issued at the option of the Company. In no event will payment received after the effective date of the cancellation guarantee that coverage will be reinstated.

If an insured's check is returned for insufficient funds, the Company will request from the insured, a bank check, cashier's check or a money order in the amount of the payment plus a \$25.00 fee. The policy will be subject to normal cancellation procedures.

PAYMENT: UNDERPAYMENT, OVERPAYMENT OR DECLINATION

If payment received is less than the amount due, an Underpayment Notice will be generated, and a Cancellation Notice will follow depending on the amount of underpayment. If the underpayment is less than \$25.00, the amount will be added to the remaining installments. If there are no remaining installments, or the amount of underpayment is more than \$25.00, then Cancellation Notices will be sent. If 95% of the amount due is paid, the balance is billed to the insured.

Overpayments will result in equal adjustments to remaining installments, if applicable, or a return premium check will be issued. The System will generate an Overpayment Notice only on fully paid policies.

If coverage is declined or canceled, the unearned premium check will be issued and sent to the insured or payor.

If the application is declined prior to issuance of a policy, or depositing of the check by the company, the insured's check will be returned to the Agency.

PAYMENTS MADE TO THE AGENCY

On occasion the Agent will receive payment from the insured or payor for different reasons. To avoid any problems or delinquencies, caused by the deviation from payment procedures, the following steps should be taken by the Agent:

1. All payments received via a personal check should be uploaded to our ACH payment page on our website (<http://www.securitymutual.com>). Authorization of ACH Payment must be received from the Policyholder prior to upload.
2. All payments received via cash should be uploaded to our ACH payment page on our website (<http://www.securitymutual.com>) out of the Agent's checking account.
3. **All payments received via a Mortgage Company check should immediately be sent to the Company along with the Billing Notice.** If the notice is not available, please include the insured's name and policy number.
4. All payments received via a credit card should be uploaded to our Credit Card Payment page on our website (<http://www.securitymutual.com>).

AGENTS COMMISSIONS AND ACTIVITY REPORTS

Agent Commissions will be paid on the full annual premium once 25% of the annual premium has been paid. In the event of cancellation of the policy the return commission will be computed in the same manner and charged against the Agents Commission Account.

Commissions will be mailed or transferred via ACH on the 10th of the following month or the first business day following the 10th, if the 10th falls on a weekend or holiday.

