

American Automobile Insurance Company

One of the Allianz Insurance Group Companies

Billing Rule

Installment Fee

An installment fee of \$6.00 will be added to each subsequent installment bill. There will be no fees associated with the Electronic Funds Transfer Payment Option.

Reinstatement Fee

If a policy is reinstated after being canceled for nonpayment of premium, a \$15 fee will be applied.

Non-sufficient Funds

If a payment is returned by the bank/financial institution, a \$25 fee will be applied.

American Automobile Insurance Company

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Billing Rule

Installment Fee

An installment fee of ~~\$4.00~~ \$6.00 will be added to each subsequent installment bill. There will be no fees associated with the Electronic Funds Transfer Payment Option.

Reinstatement Fee

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Non-sufficient Funds

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~~Late Fee~~

~~If a payment is remitted past the due date, a \$15 fee will be applied.~~

American Automobile Insurance Company
Explanatory Memo
Private Passenger Auto
State of Massachusetts

This filing was originally submitted under SERFF filing number FFDC-127824380. However, this submission was mistakenly filed under multiple underwriting companies. We only write auto business in the state of Massachusetts under “American Automobile Insurance Company” and this has been corrected in this filing.

We will submit a “Note to Reviewer” to have filing FFDC-127824380 withdrawn

In order to meet the needs of our customer base, Fireman’s Fund is moving into an Account billing platform. Once the account is bundled with all the policies, customers with more than one policy will save over the existing bill plan which does not permit account bill. We propose implementing a simple set of charges that cover the cost of maintaining this service.

Service charges are charged to recoup the additional cost to administer the different plans. These expenses are incurred at the beginning of the policy period as well as during the policy period.

Lines of business

- Private Passenger Auto

Company

- American Automobile Insurance Company

Installment fees

- If a customer is already paying in more than four installments, they will be defaulted to a four-pay scheme. The customer can choose to change it if necessary.
- Installment fees are not charged on:
 - First transaction that starts policy term
 - Customers who pay through EFT
 - Customer who elect paperless invoicing
 - Pending cancellations
 - Earned premium bills
 - If payment is received in full on last scheduled installment

Other fees

- Reinstatement Fee: Applies when a policy is reinstated with or without a lapse in coverage following cancellation for non-payment.
- Non Sufficient Funds Fee: Applies when a check is returned by the bank for any reason (non-sufficient funds, lacking payor or signature, etc.)

We propose to implement the following charges:

Installment Fee	\$6
Late Fee	\$0
NSF Fee	\$25
Reinstatement Fee	\$15

The current fees are:

Installment Fee	\$4
Late Fee	\$15
NSF Fee	\$20
Reinstatement Fee	\$0

Payment Methods

- Check
- Electronic Funds Transfer (available for all payment plans, required for monthly plans).
- Direct Debit (Visa/MasterCard) / Check accepted by phone only
- Credit Card (Visa/MasterCard) accepted by phone only
- Mycheckfree: www.mycheckfree.com/

Deposit

At policy issuance we may collect a deposit.

Payment Plan Options

Policy Term = 6 months

Payment Plan	Deposit %	# Installs	Install % ¹	Bill Frequency	Comment
Full Pay	100%	0	100%	Upon Booking	No service charge
Two Pay	50%	1	50%	60 days	Service charge for 2 nd and subsequent installments
Four Pay	25%	3	25%	Every 30 days	Service charge for 2 nd and subsequent installments
Monthly Pay (New Business)	33.30%	4	16.70%	Every 30 days	Requires EFT, no service charge
Monthly Pay (Renewal Business)	16.70%	5	16.70%	Every 30 days	Requires EFT, no service charge

Policy Term = 12 months

Payment Plan	Deposit %	# Installs	Install % ¹	Bill Frequency	Comment
Full Pay	100%	0	100%	Upon Booking	No service charge
Two Pay	50%	1	50%	150 days	Service charge for 2 nd and subsequent installments
Four Pay	25%	3	25%	Every 60 days	Service charge for 2 nd and subsequent installments
Nine Pay	30%	8	8.75%	Every 30 days	Service charge for 2 nd and subsequent installments
Monthly Pay (New Business)	16.70%	10	8.30%	Every 30 days	Requires EFT, no service charge
Monthly Pay (Renewal Business)	8.30%	11	8.30%	Every 30 days	Requires EFT, no service charge

[1] Final installment rounded to total 100%. Endorsements are spread over remaining payments.

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