

Billing

Overview

This chapter contains three sections related to Safety's billing procedures and guidelines:

- Billing Guidelines
 - Billing Reports
 - Collecting Payments
-

Billing Guidelines

Description

This section contains the following billing-related topics:

- Billing Methods
 - Payment Options
 - Billing Charges
 - Due Dates
 - Installment Amounts
 - Endorsement Premiums
 - Billing-related Cancellations
 - Refunds
 - Uncollected Premium Bad Debts
 - Renewals
 - Re-rates
 - Book Transfers
 - Converting Policies from Agency Bill to Direct Bill
-

Billing Methods

Safety offers two billing methods: Agency Bill and Direct Bill. In the Agency Bill method, your agency is responsible for billing and collecting premiums. In the Direct Bill method, Safety takes care of all aspects of the billing process.

Even if you select the Direct Bill method, policyholders may still submit payments through your office. For more information, refer to the section in this manual titled Collecting Payments.

Policies that are financed by a premium finance company are not eligible to participate in Safety's Direct Bill program. Please contact your Billing Analyst for specific Procedures and Instructions related to premium financed policies.

Safety Advantage

With Safety Advantage, policyholders can have payments electronically withdrawn from their bank accounts. Under this program, Safety waives monthly finance and service charges.

To join the program, the owner of the bank account completes a Safety Advantage application, which is available in the *Agent Forms* section of the AVC. The applicant will be asked to provide a voided check, select a monthly withdrawal date (from 1 to 28) and indicate the number of transactions over which they want to spread their payments (2 through 9).

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Billing Guidelines, Continued

Payment Options

Policyholders can pay their premium in full or in monthly installments.

New business requires 20 percent for the down payment.

The installment payment plan is automatically implemented if the full amount is not paid on the first bill. The plan is designed so that the policy is paid in full during the tenth month of the policy term.

If the policyholder has been cancelled for non-payment of premium within the prior 24 months, then you are required to collect 100 percent of the premium.

Billing Charges

Billing charges accrue if the premium is not paid in full by its due date.

Policyholders can avoid monthly billing charges by signing up for Safety Advantage, our electronic funds transfer program, which automatically deducts payments from banking accounts.

For policyholders who wish to pay in installments, Safety's guidelines for billing charges are as follows:

# of Vehicles	Finance Charges – 15% APR	Service Fees - \$6.00*
1 Vehicle	Total Points 2 and Higher	Total Points 1 and Lower
2 Vehicles	Total Points 3 and Higher	Total Points 2 and Lower
3 Vehicles	Total Points 4 and Higher	Total Points 3 and Lower
4 Vehicles	Total Points 5 and Higher	Total Points 4 and Lower

Note: In order for our Billing System to calculate total points assigned to each vehicle, point value 98 was converted to -1, and point value 99 was converted to -2. Example: vehicle 1 assigned to a driver with a point value of 99, and vehicle 2 assigned to a driver with a point value of 5. Total points (-2 plus 5) is equal to 3, therefore Finance Charges will apply.

Other Charges

Policyholders may be assessed the following charges on returned (for stop payment, non-sufficient fund, account closed, etc.) or late payments.

Type	Description
Returned Payment Charge	A \$25.00* service charge is automatically assessed whenever the bank doesn't honor a policyholder's payment. In most cases, this charge is not added until after our bank has tried to process the returned payment twice.
Late Charge	If a payment is not received within 10 days after the due date, a \$25.00* late charge is assessed. If policy equity is poor, we will also issue a non-payment cancellation.

* Effective 10/1/2009 New Business and Renewals

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Billing Guidelines, Continued

Due Dates Policyholders receive the first installment bill approximately 1 week after the policy inception or renewal date. Payments on installment bills are due on the same day each month (for example, the 20th of each month). Due dates are assigned when the policy is produced or renewed.

Installment Amounts The installment amount is determined by the Premium Balance, divided by the number of payments remaining, rounded to the nearest whole dollar amount. All installment payments (except the last one) are subject to a \$35.00 minimum.

Endorsement Premiums Endorsement premiums do not change the current bill. Subsequent bills will be adjusted accordingly.

Billing-related Cancellations We mail cancellation notices via a Certificate of Mailing. To prevent cancellation, we require sufficient payment to bring the premium balance up to date.

Refunds Safety's refund guidelines are as follows:

- Refunds are issued every week.
- No refund is issued for less than \$2.00.
- Refunds are mailed to policyholders directly from Safety.
- Prior to Safety's mailing of refunds, you will have the opportunity to review the records and make changes, if necessary, to policies with pending refunds. (See the sub-section titled Refund Listings in the Billing Reports section.)
- Refunds on premium-financed policies are issued and mailed directly to the premium finance company.

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Billing Guidelines, Continued

Uncollected Premium Bad Debts

Safety handles uncollected premium bad debts as follows:

- A billing analyst reviews any cancelled and expired policies having outstanding balances.
 - The analyst mails letters to former policyholders who owe premium and allows ten days for payment.
 - All uncollected premium is immediately reported to the Registry of Motor Vehicles.
 - If the outstanding premium is not paid, the account is forwarded to a collection agency for further action.
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Renewals

Safety's billing practices regarding renewals are as follows:

- All direct bill policies are automatically renewed and billed by Safety. Customers are billed for 10 percent of their premium approximately one month prior to the renewal effective date (this bill is called a prebill).
 - Prebill payments are due by the policy renewal date. If the prebill payment is not received by the due date, a prebill reminder will be mailed within 10 days. This notice is the final notification before a cancellation is issued (approximately nine days later).
 - The renewal bill includes any outstanding debit or credit balances.
 - Safety automatically renews *but does not bill* agency-billed policies. Agents are responsible for billing and collecting premiums on these policies. For information about changing the billing method of a policy upon renewal, see the section titled Converting Policies from Agency Bill to Direct Bill.
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Book Transfers

In certain situations we can prebill policies that are submitted to Safety through a book transfer. Please contact your Marketing Representative for more information.

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Billing Guidelines, Continued

**Converting
Policies from
Agency Bill to
Direct Bill**

If you are an existing agent with Safety you can switch all of your policies or only selected policies from Agency Bill to Direct Bill.

To change all policies, contact your marketing representative two months before the changeover month.

To change selected policies, contact your underwriter two months before the changeover month.

Billing Reports

Description This section describes the types of lists, letters, and other documents that Safety provides to help you review your policyholders' billing activity.

eView - Daily Activity Safety updates eView to show the following Direct Bill activity:

- A. Notices of Cancellation
 - B. Notices of Reinstatement
 - C. To be Cancelled (5 Day Notice)
 - D. Delinquent Payment Letters (Too Late)
 - E. Incomplete Payments Letters (Too Little)
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eView - Reports Safety posts the following weekly Direct Bill reports

- A. Mailing Address Changes

Mailing address changes should be verified and endorsed.

Important: If the policy is not endorsed, then the mailing address will revert back to the previous mailing address when the policy renews. Notify your Billing Analyst if the mailing address change is incorrect.

- B. Direct Bill Potential Refunds

You are able to electronically notify Premium Accounting to hold or transfer the most current listed potential refund

You should review the listing for possible reinstatements, invalid cancellations, pending endorsements, policy re-writes, recent address changes, etc., and immediately notify your billing analyst of any discrepancies.

Continued on next page

Billing Reports, Continued**Letters to Policyholders**

If we send one of the following letters to your policyholder, we will send you a copy for your records.

- Partial Payment Letter
- Too Late Letter
- Returned Check Letter

Letter Descriptions	
This letter...	is issued when...
Partial Payment	not enough premium has been paid to reinstate a pending cancellation.
Too Late	payment is received after the cancellation effective date.
Returned Payment	the policyholder's payment is returned by the bank.

Collecting Payments

Description This section contains Safety's guidelines and procedures for collecting premium payments at your office.

Guidelines The following guidelines apply for payments received at your agency:

Note: Safety Insurance is not responsible for payments received by its agents. Agents may be charged for any losses that result from failure to comply with Safety's premium collection and payment notification guidelines.



In all of the following cases, you must have the payment in your possession before reporting it to Safety.

Payments on renewal prebills, reminder prebills, and installment bills. You may report these payments anytime before and for up to 10 days after the payment due date. Although the payment will not be credited to the account until we receive it, we will prevent a reminder/warning bill or cancellation notice from being issued. Use Safety's PowerDesk to report your receipt of these payments.

Payments on policies with pending cancellations. You may report these payments prior to the cancellation effective date. Although the payment will not be credited to the account until we receive it, we will stop the pending cancellation immediately. Use Safety's PowerDesk to report your receipt of these payments.

Although we provide this payment notification feature to you, we do prefer if policyholders pay Safety directly by using the return envelopes enclosed with their bills. Please remind your policyholders to allow ample time for the Postal Service to make delivery.

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Collecting Payments, Continued

Processing Payments

Process premium payments as follows:

1. Record the payment using Power Desk.
2. Complete the Direct Bill Single-Payment or Multi-Payment Transmittal form – even if you are only submitting one payment to Safety.
 - a. The Direct Bill Single-Payment and Multi-Payment Transmittal forms are available in the *Agent Forms* section of the AVC.



Always double-check policy numbers and calculations prior to submitting transmittal forms. We reserve the right to return transmittal forms that contain errors.



Forward payments to Safety on the same day you receive them. Do not hold payments under any circumstances.

3. Staple all checks to the front of the transmittal form and staple all supporting documents to the back.
4. Mail the form and check(s) to Safety in the green-bordered Billing Department envelope. When policyholders pay with cash, list the payment in the “producer” column and issue an agency check for the total of that column. Always double-check your calculations.



Never send cash through the mail.

5. Keep a copy of the transmittal form for your records.
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Lockbox Payments

Mail checks that are accompanied by our payment stub to our lockbox at:

Safety Insurance
P.O. Box 4324
Woburn, MA 01888-4324

Do not enclose more than one customer's payment in the same envelope.

Payments not accompanied by payment stubs

Mail payments that are not accompanied by our payment stub to:

Safety Insurance
P.O. Box 55089
Boston, MA 02205-5089

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* Effective 7/1/2007 New Business and Renewals

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Re-rates

If insurance rates have not been set by the end of the year, renewal policies are issued using the rates from the prior year. When the rates are set for the new year, affected policies are re-rated and billing is adjusted accordingly.

Book Transfers

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Billing Reports

Description This section describes the types of lists, letters, and other documents that Safety provides to help you review your policyholders' billing activity.

eView Each day, Safety updates eView to show the following Direct Bill activity:

- A. Notices of Cancellation
- B. Notices of Reinstatement
- C. Delinquent Payment Letters (Too Late)
- D. Incomplete Payments Letters (Too Little)

Physical copies of these notices and letters are sent to the agency to include in the policyholder's file.

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Billing Reports,

Letters to Policyholders

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- Too Late Letter
- Returned Check Letter

Letter Descriptions	
This letter...	is issued when...
Partial Payment	not enough premium has been paid to reinstate a pending cancellation.
Too Late	payment is received after the cancellation effective date.
Returned Payment	the policyholder's payment is returned by the bank.

Refund Listings

Before Safety issues refund checks, you will receive a Potential Refund Listing of policies that are candidates for refunds. You should review the listing for possible reinstatements, invalid cancellations, pending endorsements, policy re-writes, recent address changes, etc., and immediately notify your billing analyst of any discrepancies. The list includes policy numbers, names, refund amount, and the reason for the refund.

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Payments on policies with pending cancellations. You may report these payments prior to the cancellation effective date. Although the payment will not be credited to the account until we receive it, we will stop the pending cancellation immediately. Use Safety's InsureAnswer to report your receipt of these payments.

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Collecting Payments,

Processing Payments

Process premium payments as follows:

1. Record the payment using InsureAnswer Power Desk.
2. Complete the Direct Bill Multi-Payment Transmittal form – even if you are only submitting one payment to Safety.



Always double-check policy numbers and calculations prior to submitting transmittal forms. We reserve the right to return transmittal forms that contain errors.



Forward payments to Safety on the same day you receive them. Do not hold payments under any circumstances.

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