

BILLING GUIDELINES

Direct

NEW APPLICATIONS

New applications should be completed in their entirety and submitted within 24 hours. Either the entire premium or a minimum payment equal to the first installment premium of the payment plan selected on the application should be sent in to the Home Office or processed with our agency sweep submission.

Electronic copies of the application are acceptable for binding coverage. FMH does ask that the agent retain the original signed application in file (paper or electronic) for a minimum of 7 years. The agent may send the original signed application to FMH for electronic filing.

Contact the Underwriting Department prior to submitting an application without payment. ***Accepting an application without a deposit premium is always subject to underwriter approval.***

MULTIPLE APPLICATIONS

When submitting multiple applications for consideration, please note the breakdown of the premium submitted to ensure the premium can be credited properly to each application.

MAILING OF NEW BUSINESS POLICIES

All New Business policies will be mailed directly to the insured. Copies will be sent to the agent and all additional insured's, loss payees or mortgagees, as applicable. If an agent wishes to have all policy information sent to their office, the agent has the option of writing the policy "In Care Of" the agency. Please consult with your legal representative or E & O carrier regarding any implications this may have for the agency.

RENEWAL POLICIES

Renewals will be issued and mailed along with the premium invoice, if applicable, directly to the Insured approximately 30 to 40 days prior to the inception date of the policy. A copy will be sent to the agent and any additional insured's, mortgagees or loss payees.

INSTALLMENT NOTICES

The following is established for installment notices:

1. Installment amounts and due dates are set when the policy is issued. See the chart on page 6 for the guidelines used and the approximate days when the installment notice will be due.
2. Every effort is made to process the next installment notice a minimum of 27 days before the due date.
3. Late payment of an installment notice could possibly shorten the due date of all future installment notices or may cause 2 months to be invoiced and due at the same time.
4. Insufficient or short payment of an installment notice may result in an installment not being completely satisfied. The unpaid amount of the installment is subject to a late payment/past due notice being sent unless fully satisfied. ***Refer to Late Payment/Past Due Payment section.***
5. Premium amount over the current requested installment(s) amount will be applied to the remaining installment(s) reducing the amount of that installment premium due.
6. Please contact underwriting for assistance with installment notices.

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The following is established for handling of late payment or past due payments:

1. A notice of nonpayment of premium will be mailed to the insured if the premium is not received within 4 days following the due date of the billing notice or the last coverage date whichever is later. A copy of the notice will go to the agent and any additional insured's, mortgagees, and loss payees.
2. Installment notices that are paid short may be subject to a late payment/past due notice being processed.
3. A \$10.00 late payment/past due processing premium will be added to the policy. The notice will specify an extended due date (grace period) and minimum premium amount that includes the late payment processing premium. If the premium or minimum amount due is received by the extended due date (grace period), the policy will remain in effect.
4. No Reinstatement notice will be sent to the insured or agent.

CANCELLATION – NONPAYMENT OF PREMIUM ON LATE PAYMENT/PAST DUE NOTICES

The following is established for handling nonpayment of premium on late payment/past due notices:

If payment is not received within 4 days following the extended due date (grace period) of the late payment notice, the policy will be cancelled (lapsed) for nonpayment of premium. A cancellation (lapse) notice will be sent to the insured with a copy to the agent and any additional insured's, mortgagees, and loss payees.

REINSTATEMENT OF A CANCELLED POLICY

The following is established for handling reinstatement of cancelled policies without a gap in coverage:

Reinstating the policy is always subject to underwriter approval.

1. If the insured contacts the agent about reinstatement of coverage after the policy has been cancelled (lapsed) for nonpayment of premium, contact the Home Office prior to rebinding.
2. When FMH receives a late payment of premium or minimum installment amount due, an underwriting review will be conducted. If the risk continues to be acceptable, a completed statement of no loss form and the premium payment including a \$15.00 reinstatement fee will be requested.
3. All coverage and restrictions will remain the same.
4. Once the policy has been reinstated a reinstatement notice along with a new declaration page will be sent to the insured with copies to the agent and any additional insured's, mortgagees or loss payees associated to the policy.

RE-WRITE OF A CANCELLED POLICY

The following is established for handling of a re-write of a cancelled policy with a gap in coverage:

Re-writing the policy is always subject to underwriter approval.

1. These will be treated as a new business policy. At the agent's request underwriting can assist in duplicating the coverage of a cancelled policy into quote status, making it accessible to the agent for updating and submission.
2. Renewal discounts, where applicable, will not be allowed on a re-written policy until the next renewal of the policy. Associated policy discounts are allowed.
3. A rewrite with a gap in coverage cannot be bound and must be approved by underwriting prior to submission.

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The following is established for policy changes:

1. The agent should forward a copy of all policy change requests to the Company within 24 hours. This can be done by regular mail, fax, e-mail or by live chat.
2. An amended declaration will be issued and mailed directly to the insured. A copy will also be sent to the agent and any additional insured's, mortgagees, and loss payees.

BILLING – PREMIUM CREDIT FOR POLICY CHANGES

The following is established for policy changes with premium credit:

1. **POLICY IS PAID IN FULL:**
The total credit for the policy will be refunded by check to the insured.
2. **BALANCE DUE REMAINS ON THE POLICY AND ALL INSTALLMENT NOTICES HAVE BEEN MAILED:**
The total credit will be applied to the unpaid installment notice fulfilling in full or partial depending on amount of credit. A new installment notice will **not** be sent to the insured.
3. **BALANCE DUE REMAINS ON POLICY AND ALL INSTALLMENT HAVE NOT BEEN MAILED:**
The total credit will be applied to the last unbilled or unpaid installment notice fulfilling in full or partial depending on amount of credit. Installment notices not billed will be sent as scheduled.
4. Applies to either installment notice or EFT policies.

BILLING - PREMIUM DUE FOR POLICY CHANGES

The following is established for policy changes:

1. **POLICY IS PAID IN FULL:**
The total premium due for the policy change will be billed immediately and will be due in 20 days or on the last coverage date, whichever is first.
2. **BALANCE DUE REMAINS ON THE POLICY AND ALL OF THE INSTALLMENT NOTICES HAVE BEEN MAILED:**
The total premium due for the policy change will be billed immediately and will be due in 20 days or on the last coverage date, whichever is first.
3. **BALANCE DUE REMAINS ON THE POLICY AND ONE OR MORE INSTALLMENT NOTICES ARE STILL SCHEDULED TO BE MAILED:**
The total premium due for the policy change will be divided by the number of remaining unbilled installments and billed through the normal installment procedure.
4. **EFT RULES THAT APPLY AFTER A POLICY CHANGE:**
See page 4 under EFT BILLING

NON-SUFFICIENT FUND CHECK RETURN (NSF) AND EFT RETURNS

The following is established for handling of all NSF return checks and EFT returns:

1. Checks or EFT drafts returned to Farmers Mutual Hail Insurance Company of Iowa (FMH) from their bank marked NSF will be held by our bank for one (1) week and then the bank will attempt a redeposit.
2. If the check or EFT draft is returned a 2nd time for NSF, the bank will return the check or EFT draft to FMH for handling.
3. A Certified cancellation for the non-sufficient fund check or EFT draft will be sent to the insured allowing the insured an additional 10 days to "make good" the payment.
4. A \$25.00 return check processing charge is added to the policy. The notice will specify an extended due date and minimum premium amount that included the return check or EFT draft processing charge. If the premium or minimum amount is received by the extended due date, the policy will remain in effect.
5. Refer to previous sections **Reinstatement of cancelled policy** or **Re-write of a cancelled policy** if payment is received after the due date of the certified cancellation notice.

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The Electronic Funds Transfer (EFT) billing option will allow FMH to debit monthly premium payments from the checking or savings account selected by the Insured. No Installment Processing Premium will apply to these transactions. Automobile policies written through an Automobile Insurance Plan or Joint Underwriting Association (assigned risk) are not eligible for this option.

NOTE: Every effort will be made to maintain the debit date. There may be some delays in completing the actual transaction when holidays, weekends or other special circumstances affect this transaction. The draft will be either on the due date or after, not prior to the due date.

NEW BUSINESS – EFT OPTION

The following has been established for new business EFT option:

When a new applicant selects the EFT billing option, each of the following must accompany the application:

1. The first payment equal to 20% of the full premium amount due for either a 12 month policy or a 6 month policy.
2. A signed and fully completed EFT Authorization Form, and
3. A voided check on the account to be debited monthly for a checking account or the bank routing and account number for a savings account.
4. The insured will get a notice with their new policy declaration that will inform them of the date for the first and subsequent debit transactions and the amount of the debits planned. The first debit transaction will be set for 1 month after the inception

THE INSURED WILL NOT RECEIVE ANOTHER NOTICE UNLESS MID-TERM CHANGES ON THE POLICY CAUSE FUTURE DEBIT AMOUNTS TO BE MODIFIED.

A MINIMUM OF 10 DAYS NOTICE IS REQUIRED FOR ANY BANK ACCOUNT INFORMATION TO BE CHANGED

RENEWAL - EFT OPTION

Renewal offers will be mailed 30 to 40 days prior to the inception date of renewal coverage. The insured will receive detail of the dates and amounts of the first and future EFT debit transaction amounts with the initial renewal offer billing.

If the insured elects to switch to the EFT billing option at renewal, *FMH must have payment in the amount of the minimum premium shown on the renewal billing notice by the due date, a fully completed and signed EFT Authorization Form and a voided check on the account (or complete routing and account number information on a savings account) to be debited monthly.*

After the EFT has been in place for a policy period, the first monthly debit transaction of the renewal term will be 1/12th of the annual premium, or 1/6th of the semi-annual premium, plus any Processing Premium. It may also include any balance due from late mid-term changes in the prior term.

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PREMIUM DUE FOR POLICY CHANGES - EFT OPTION

The following is established for policy changes:

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1. **POLICY PAID IN FULL:**
 - a. The total premium due for the policy change will be due immediately and drafted from the insured account in 14 days.
 - b. A notice outlining the date and amount will be mailed to the insured.
2. **BALANCE DUE REMAINS ON THE POLICY AND ONE OR MORE INSTALLMENT NOTICES ARE STILL SCHEDULED TO BE DRAFTED:**
 - a. The total premium due for the policy change will be divided by the number of remaining unbilled installments and billed through the normal installment procedure.
 - b. A notice outlining these dates and amounts will be mailed to the insured. The debit transaction date will continue to follow the inception date + (x) month pattern.

TERMINATION OF EFT OPTION

The EFT authorization will remain in effect until Farmers Mutual Hail Insurance Company of Iowa or the bank receives a written notice to revoke it. Confirmation of the insured's signed request to terminate the EFT option without further indication to Farmers Mutual Hail Insurance Company of Iowa of a replacement option will be considered as the insured's signed request to terminate all coverage under the affected policy.

A minimum of 10 business days is needed to complete any EFT option change-including a change to a different bank or any bank account information or terminating the EFT option.

AGENCY SWEEP AUTHORIZATION

The following is established for agency sweep authorization:

1. A signed and fully completed Agency Sweep EFT Authorization Form submitted
2. A voided check on the account to be debited
3. Agency account will be debited 3 to 5 days after the sweep information has been submitted.

AGENCY SWEEP PROCESS

The following is established for the agency sweep process:

1. Access company web site at property.fmh.com
2. Click on Agency Resource Center Link for Agency Sweep
3. Complete the online form for the policy that payment is being applied to
4. Submit to Company
5. Confirmation is emailed immediately to the agent to document details of the transmission
6. A monthly recap of all sweep payments is emailed to the agency the end of each month

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INSTALLMENT OPTIONS			
Twelve (12) Month Policies			
MONTHLY EFT	FULL PAY	TWO PAY	FOUR PAY
(a) 20% of total premium due at Inception (b)* Balance divided By 11 due at each monthly inception date	(a) 100 % Due at Inception	(a) 50% Due at inception (b)* 50% Due in 5 months	(a) 25% Due at inception (b)* 25% Due in 3 months (c)* 25% Due in 6 months (d)* 25% Due in 9 months
*Subject to Installment Premium – See Table below An invoice will be mailed approximately 27 days prior to the next due date on the two pay and the four pay installments plans			

INSTALLMENT OPTIONS		
Six (6) Month Policies		
MONTHLY EFT	FULL PAY	TWO PAY
(a) 20% of the total premium due at Inception (b)* Balance divided by 5-due on each Monthly inception date	(a) 100 % Due at Inception	(a) 50% Due at inception (b)* 50% Due in 80 days
*Subject to Installment Premium – See Table below *An invoice will be mailed approximately 27 days prior to the next installment due date.		

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OTHER CHARGES THAT MAY APPLY	
Insufficient Fund/Return Checks	25.00
Reinstatement	15.00
Installment Processing	6.00
EFT Installment Processing	No Charge Applies
Late Payment/Past Due	10.00
Minimum Annual Policy Premium Property and/or Liability Lines	100.00

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