



Late Payment, Lapse, and Final Notice Email Notification Guidelines July 2008

Authors:

NAILBA Technology Committee

Problem Statement and Goal of the Project:

Today the generally accepted practice of notification to the BGA and the writing agent regarding lapse and late payments is to send paper copies of the notices, if the BGA and the writing agent receive any communication at all. Our BGA members have expressed the need for added communications that help them provide a higher level of customer service to the agent and to the client.

Lapse, late payment, or final payment policy notices can mean a simple error or other misunderstanding in payment processing. At times these errors go undetected by the client and fall through the tracks. Proper and timely communications to the BGA and the agent can assist the client in remedying the situation thus avoiding even more significant complications to the problem.

One BGA expressed his concern, *"It only takes one policy service slip up to ruin a relationship with a broker which may have taken years to develop. Automatic, electronic notifications of policyholder events like lapses, changes in beneficiary or ownership, are needed to meet our customers' expectations."*

As a workaround, it's been reported that BGAs receiving copies of the paper lapse and late pay notices are forwarding those notices to the agent. However, many companies do not send copies of these notices to the BGA. So, as an additional workaround, one BGA is reporting that they have set up a data base of large cases that they use to call the carriers and verify that every payment has been received.

The technology committee has been given the charge to simplify this procedure. The goal of this project includes creating a simple process using common forms of efficient and reliable communication. Industry guidelines are created to ensure commonality and further ease of use and maintainability.

The implementation of these simple guidelines will relieve a large administrative burden for the BGA as well as considerable out of pocket expense.

Not only will this result in a higher level of customer service for the BGA, this will allow the BGA to offer that higher level of customer service to their agent and ultimately to the client. It is truly a win-win for everyone.

Progress to Date:

At the time of this writing, one carrier has these guidelines in place. Three carriers have this as an active project with several other top carriers now giving this project serious consideration. We expect other carriers to follow as most BGAs recognize this as a significant problem. We also have contacted the major marketing groups and have their support for the project.

Recommended Solution

The recommended solution is designed around a uniform email notification procedure. The guidelines are designed to work in concert with the existing client notification process.

Recommended Email Notification Procedure

- The BGA and the agent should be able to sign up for the email notification service using a self service process or another appropriate electable “opt in” process.
- The email notifications should go directly to the BGA and to the agent.
- The email notifications should be HIPPA, GLB compliant – Sending the email notification using the carrier’s existing email system is preferred.
- A BGA daily summary function that includes all notices for the day can be provided as an option. If using this function the preference is to push it out as an email as well.
- The timing of the notices should coincide with the existing process of notifying the client. We have found that carriers have varying time frames for these notices depending on the carrier and the type of product.
- The email notifications should contain the following information
 - Notice Identification (Late Payment Notice, Final Premium Notice, Lapse Notice, etc.)
 - Insured Name
 - Insured Phone Number
 - Policy Number
 - Policy Effective Date
 - Premium Due Date
 - Lapse Date
 - Premium Due Date
 - Billing Frequency
 - Policy Owner
 - Hierarchy – Showing the BGA and the agent.

Sample Notice:

ABC Life Insurance Company

WARNING- Final Premium Notice

XYZ Agency, Inc.

We have notified the payor that the policy listed below has lapsed and no longer provides valuable coverage. To avoid reinstatement requirements, payment must be received in the home office by **January 22,2008**.

Insured Name	XXXXXXXXXX
Insured Phone Number	XXX-XX-XXXX
Policy Number	XXXXX5757
Policy Effective Date	12/03/2006
Premium Due Date	12/03/2007
Premium Due	\$167.70
Billing Frequency	Quarterly
Policy Owner	XXXXXXXXXX

Hierarchy

XYZ Agency, Inc.
John Doe Agent

The policy information provided is intended and solely made available for the purpose of servicing ABC Life Insurance Company business only. You are not authorized to release or share this information with any other person and/or entity in connection with this policy or to use this information in any way that is inconsistent with the terms and conditions of the ABC Life Insurance Company Privacy Policy.

++++PLEASE DO NOT REPLY TO THIS E-MAIL++++

Proposed Work Flow Guidelines

- 1) Carrier sends out the Lapse and Late Payment Notices via US mail to Client
- 2) Carrier sends email notifications to the BGA
- 3) Carrier sends email notification to the Agent
- 4) Optional - Carrier may also send data feed notification to the BGA through their Agency Management System
- 5) BGA files/follows up with Agent
- 6) Agent follows up with the Client
- 7) Client sends in payment/adjusts policy.

