

# Lesson 2 Handling Policy Transactions After Issuance

## 2.1 Prerequisites

For this exercise you will use two supported browsers:

- In the first browser (**Student browser**) go to the BillingCenter URL
  - Username: studentXX
  - Password: gw
- In the second browser (**SU browser**) go to the BillingCenter URL
  - Username: su
  - Password: gw
- Unless otherwise stated, instruction refer to the **Student browser**

## 2.2 Exercise: Explore policy change, cancellation, reinstatement, and renewal



### Activity

In this exercise, you visit the **Default Return Premium Plan**. Then you make a change to a policy to observe the influence of the return premium plan. You will also use debug testing commands to cancel, reinstate, and renew a policy.

1. Open the **Default Return Premium Plan** and answer the following questions:
  - According to the plan, when will the policy credits from a policy change charge be allocated?
  - When BillingCenter is allocating policy credits, what criteria are used to determine which items are eligible to receive credit allocation?
  - How are policy credits allocated for a cancellation?
  - How are policy credits allocated for a policy change?
2. Open the **Victory Auto Body Works XX account**.
3. Add a policy to the account with the following details:
  - Policy #: GL01-VICTORY-XX
  - Product: General Liability
  - Payment Plan: PP09

- **Charges: Premium for \$5,980**
4. **WAIT: The instructor will advance the clock by 1 day.**
  5. **There has been a reduction in premium for the GL01-VICTORY-XX policy.**
    - a) Before creating a policy change billing request, consider how BillingCenter will handle the change. Which invoice items will be "paid" by the policy credits and which (if any) will not be paid?
  6. **Go to the GL01-VICTORY-XX policy.**
    - a) Create the policy change for -\$200. (Be sure to enter a negative amount!)
  7. **Go to the account Invoices screen.**
    - a) **Was the policy change allocated the way you predicted?**
    - b) **Why wasn't any credit applied to the down payment item?**
  8. **WAIT: the instructor will make the first invoice billed.**
  9. **Make a direct bill payment for the full amount of the first invoice.**
  10. **WAIT: The instructor will advance the clock by a week.**
  11. **The policyholder has decided to cancel the policy. Take the following steps:**
    - a) In the **SU browser**, go to the **Policy Summary** for GL01-VICTORY-XX.
      - Notice the **Unbilled** amount. You will use the negative of this amount to cancel the policy.
    - b) In the **SU browser QuickJump** box enter the debug command to cancel a policy with a negative charge equal to the unbilled amount.
    - c) What is the policy's cancellation status?
    - d) How many invoices do you expect to see on the **Invoices** screen?  
In the **Student browser** and go to the **Invoices** screen to confirm your answer.
    - e) Why was the cancellation charge sliced into a down payment and installments?
    - f) Go to the payment plan (**PP09**) to confirm your answer.
  12. **The policy was cancelled by mistake. BillingCenter receives a request to reinstate the policy.**
    - a) In the **SU browser**, go to the **Policy Summary**.
    - b) In the **SU browser** in the **QuickJump** box, enter the debug command to reinstate the policy with a charge amount that is the same as the cancellation charge amount.
    - c) What indicators do you see on the **Policy Summary** that the policy has been reinstated?
    - d) Has a reinstatement fee been charged?
  13. **To complete the picture of non-issuance transactions, you can renew the policy.**
    - a) In the **Student browser**, go to the **Policy Summary**.
    - b) Open the **Renew Policy wizard**, which is available for testing renewal processing.
    - c) What fields are editable. Can you change the policy number? Can you change the payment plan?
    - d) Click **Next** without making any changes.
    - e) Add a **Premium** charge of **\$5,980** and click **Finish**.
    - f) What indicators do you see on the **Policy Summary** that this policy period is a renewal?

## 2.3 Solution



### Solution

In this exercise, you visit the **Default Return Premium Plan**. Then you make a change to a policy to observe the influence of the return premium plan. You will also use debug testing commands to cancel, reinstate, and renew a policy.

**1. Open the Default Return Premium Plan and answer the following questions:**

**Administration → Business Settings → Return Premium Plans → Default Return Premium Plan**

- a) According to the plan, when will the policy credits from a policy change charge be allocated?  
*On receipt of the policy change billing request (note: in the absence of a Policy Change return premium handling scheme, BillingCenter uses the Other return premium handling scheme).*
- b) When BillingCenter is allocating policy credits, what criteria are used to determine which items are eligible to receive credit allocation?  
*The **Eligible Items** field is set to Same Payer, Policy Period, and Charge Pattern. This means that BillingCenter will select positive invoice items with the same payer, on the same policy period, and with the same charge pattern as the credit.*
- c) How are policy credits allocated for a cancellation?  
*Last to First, which means the eligible unpaid positive items with the most recent placement dates will receive credit allocation first.*
- d) How are policy credits allocated for a policy change?  
*Proportionally, which means the credit will be allocated proportionally among the eligible invoice items.*

**2. Open the Victory Auto Body Works XX account.**

**3. Add a policy to the account with the following details:**

- **Policy #:** GL01-VICTORY-XX
- **Product:** General Liability
- **Payment Plan:** PP09
- **Charges:** Premium for \$5,980

**4. WAIT: The instructor will advance the clock by 1 day. See Appendix for instructions.**

**5. There has been a reduction in premium for the GL01-VICTORY-XX policy.**

- a) Before creating a policy change billing request, consider how BillingCenter will handle the change. Which invoice items will be "paid" by the policy credits and which (if any) will not be paid?  
*The down payment item will not be paid because its placement date is earlier than the policy credit items being allocated. Note: This behavior is described in the notes for the Credit Allocation Methods slide. ?*

**6. Go to the GL01-VICTORY-XX policy.**

- a) Create the policy change for -\$200. (Be sure to enter a negative amount!)  
*From the **Policy** tab, select **Actions** → **Change Policy**.*

Click **Next** to go to Step 2. Enter the charge as shown below. Then click **Finish**.

**Policy Change Wizard - Step 2 of 2**

[Return to Policy Summary](#)

Cancel		Back	Finish	Add	Remove	Columns
<input type="checkbox"/>	Type*	Charge Group	Payer	Invoice Stream	Amount*	
<input type="checkbox"/>	Premium				\$ -200.00	
						Total (\$200.00)

7. Go to the account Invoices screen.
  - a) Was the policy change allocated the way you predicted?
  - b) Why wasn't any credit applied to the down payment item? The placement date of the down payment item is earlier than the placement date of the policy change charge.
8. WAIT: The instructor will make the first invoice billed. See *Appendix for instructions*.
9. Make a direct bill payment for the full amount of the first invoice.  
*Select Actions → New Payment → New Direct Bill Payment. Select the GL01-VICTORY-XX unapplied fund. Enter the amount of the payment. Click Execute.*

**Direct Bill Payment**

[Return to Payments](#)

Account		Payment Details		This Payment																																																		
Selected Account #	LAB00110	Payment Instrument	<input type="button" value="Cash"/> <input type="button" value="New"/>	Available	\$1,794.00																																																	
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Payment																																																						
Received Date	11/27/2018																																																					
Amount	<input type="text" value="\$ 1,794.00"/>																																																					
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10. WAIT: the instructor will advance the clock by a week. See *Appendix*.
11. The policyholder has decided to cancel the policy. Take the following steps:
  - a) In the **SU browser**, go to the **Policy Summary** for GL01-VICTORY-XX.
    - Notice the **Unbilled** amount. You will use the negative of this amount to cancel the policy.

- b) In the **SU browser** QuickJump box enter the debug command to cancel a policy with a negative charge equal to the unbilled amount.

The screenshot shows the Policy Summary screen for Policy GL01-VICTORY-1. The top navigation bar includes Account, Policy, Producer, Search, Administration, and a toolbar with icons for edit, settings, and run policy. The status bar shows Policy# GL01-VICTORY-1, Account# LAB00110, and Nov 27, 2018. The main area has tabs for Overview and Notes (no notes). The Overview section contains policy details like Insured, Policy Lifetime (1 Year), Effective Dates (11/19/2018 - 11/19/2019), Cancellation Status (Open), Delinquencies (0 in 12 months), Currency (USD), Billing Method (Direct Bill), Send Invoices By (Mail), Default Payment Method (Responsive), and Payment Plan (PP09). The Financials section shows current payment expected (\$-), past due (\$-), late fee (\$-), next invoice due (Monday, December 10, 2018), and last payment received (\$1,794.00). A pie chart visualizes the financial status: Unbilled (\$3,986.00) in blue, Paid (\$1,794.00) in green, Written Off (\$0.00) in grey, Billed (\$0.00) in orange, and Past Due (\$0.00) in red. To the right, there are columns for Equity (Policy Equity \$1,666.78), Equity Percent (28.84%), and Paid Through (03/12/2019).

- c) What is the policy's cancellation status? **Canceled** (with today's date in parentheses)
- d) How many invoices do you expect to see on the **Invoices** screen? Two—the first is billed, the second is the "future" invoice that invoice items from all planned invoices were moved to. Switch to the **Student browser** and go to the **Invoices** screen to confirm your answer.
- e) Why was the cancellation charge sliced into a down payment and installments?  
*The charge slicer used the payment plan to slice the charge. The payment plan does not have an override for Cancellation billing instructions.*
- f) Go to the payment plan (**PP09**) to confirm your answer.

## 12. The policy was cancelled by mistake. BillingCenter receives a request to reinstate the policy.

- a) In the **SU browser** Go to the **Policy Summary**.
- b) In the **SU browser** in the **QuickJump** box, enter the debug command to reinstate the policy with a charge amount that is the same as the cancellation charge amount.

The screenshot shows the Policy Summary screen for Policy GL01-VICTORY-1. The top navigation bar and status bar are identical to the previous screenshot. The main area has tabs for Overview and Notes (no notes). An alert message at the top states "Policy GL01-VICTORY-XX has been reinstated". The Overview section contains the same policy details as before. The Financials section shows current payment expected (\$-), past due (\$-), late fee (\$-), next invoice due (Monday, December 10, 2018), and last payment received (\$1,794.00). The pie chart and equity information remain the same.

- c) What indicators do you see on the **Policy Summary** that the policy has been reinstated?  
*An alert on top of the screen says "Policy GL01-VICTORY-XX has been reinstated" and the Cancellation Status is Open.*

The screenshot shows the Policy Summary page for Policy# GL01-VICTORY-1. At the top, it displays the policy number, account number (LAB00110), and date (Nov 27, 2018). Below the header, a message box says "Information for the current page:" followed by "Policy GL01-VICTORY reinstated". The main content area is titled "Policy Summary" and contains sections for Overview, Insured, and various policy settings. A red box highlights the "Cancellation Status" field, which is set to "Open".

Insured	Currency	USD
Policy Lifetime	Billing Method	Direct Bill
Effective Dates	Send Invoices By	Mail
<b>Cancellation Status</b>	Default Payment Method	Responsive
Delinquencies	Payment Plan	PP09
UW Company		

d) Has a reinstatement fee been charged? **Yes**.

**13. To complete the picture of non-issuance transactions, you can renew the policy.**

- In the **Student browser**, go to the **Policy Summary**.
- Open the **Renew Policy wizard**, which is available for testing renewal processing.  
On the **Policy Summary**, select **Actions → Renew Policy**.
- Notice which fields are editable. Can you change the policy number? **No** Can you change the payment plan? **Yes**
- Click **Next** without making any changes.
- Add a **Premium** charge of **\$5,980** and click **Finish**.

What indicators do you see on the **Policy Summary** that this policy period is a renewal?

*There is a "2:" in front of the policy period entry in the drop-down list, the **Policy Lifetime** specifies "2 Years", and the start date in the **Effective Dates** field is one year in the future.*

The screenshot shows the Policy Summary page for Policy# GL01-VICTORY-2. The "Actions" dropdown menu is open, showing the selected date range "2/11/19/2019-11/19/2020". The main content area is titled "Policy Summary" and contains sections for Overview, Insured, and various policy settings. A red box highlights the "Policy Lifetime" field, which is now "2 Years (Nov 19, 2018)".

Insured	Currency	USD
Policy Lifetime	Billing Method	Direct Bill
Effective Dates	Send Invoices By	Mail
<b>Cancellation Status</b>	Default Payment Method	Responsive
Delinquencies	Payment Plan	PP09
UW Company		