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 <u>XX</u> account.**

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

   o **Policy #: GL01-VICTORY-<u>XX</u>**

   o **Product: General Liability**

   o **Payment Plan: PP09**

   o **Charges: Premium for $5,980**

4. **<u>WAIT</u>: 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-<u>XX</u> 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-<u>XX</u> 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**.*

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.

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.
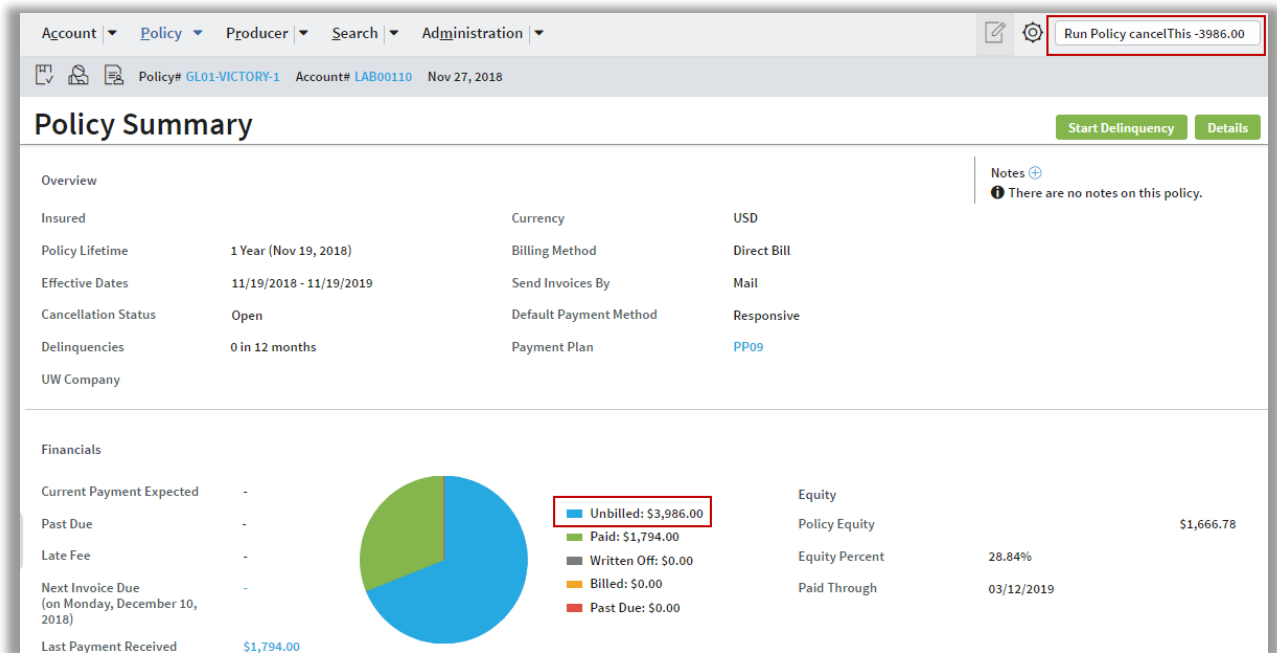
c) What is the policy's cancellation status? *Canceled (with today's date in parentheses)*

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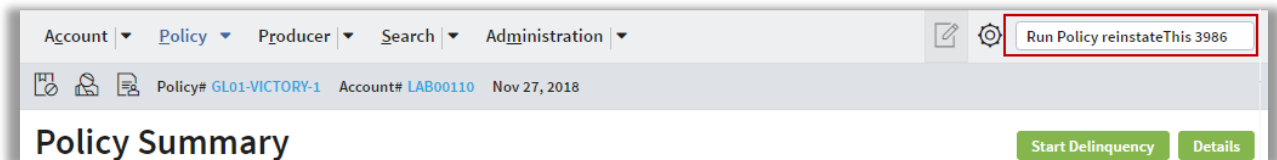
c) What indicators do you see on the **Policy Summary** that the policy has been reinstated?
An alert on top of the screen says "Policy GL01-VICTORY-XX has been reinstated" and the Cancellation Status is Open.

Policy# GL01-VICTORY-1   Account# LAB00110   Nov 27, 2018

Policy Summary

Information for the current page:
ⓘ Policy GL01-VICTORY reinstated

Overview

Insured		Currency	USD
Policy Lifetime	1 Year (Nov 19, 2018)	Billing Method	Direct Bill
Effective Dates	11/19/2018 - 11/19/2019	Send Invoices By	Mail
Cancellation Status	Open	Default Payment Method	Responsive
Delinquencies	0 in 12 months	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.

    a) In the **<u>Student browser</u>**, go to the **Policy Summary**.

    b) Open the **Renew Policy wizard**, which is available for testing renewal processing.
On the **Policy Summary**, select **Actions → Renew Policy**.

    c) Notice which fields are editable. Can you change the policy number? **No** Can you change the payment plan? **Yes**

    d) Click **Next** without making any changes.

    e) 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.*