

Evaluating Refund Requests

Overview

This procedure details how to evaluate a refund request to determine if and when it can be issued, as well as the procedure to issue the refund through the Suspense Management System (SMS).

Disability Policies

Note: ACH refunds on disability policies are not able to be processed through SMS. Refund checks can be sent through SMS, but ACH refunds must be processed manually. Refer to [Completing Same-Day ACH Refunds](#) for guidance.

Refund Reminders

- Refunds should be completed **prior to 2:00 PM EST** each day.
- Same-day refunds should be used for escalated situations **ONLY** and require the approval of a team lead or above. The cutoff time for same-day refunds is **2:45 PM EST**. Be sure to message or call the Ops Act teammate to advise of the urgency of the refund.
- If multiple months' premiums are being refunded, include all payments into **one check or ACH** (rather than multiple.)
- Any external-facing communication must be **grammatically and factually correct**.

Procedure

Procedure at a Glance

To see this procedure in detail, click the steps above.

Step	Action
1	Determine if the customer qualifies for a refund.
2	Determine the date that the refund can be released.
3	Determine how the refund will be issued and upload all documentation to OnBase.
4	Annotate the workflow item.
5	Respond to the refund request.
6	Reverse the fund to suspense.
7	Check for a return (again!)

8	Issue the refund from SMS.
9	Verify all documentation is present in OnBase.

Step 1: Determine if the customer qualifies for a refund.

See the [New Refund Top Sheets](#) to determine whether or not the customer will be issued a refund.

- If the customer does not qualify for a refund, skip to Step 4.
- If the customer does qualify for a refund, proceed to Step 2.

Step 2: Determine the date that the refund can be released.

1. If the payment was caused by a home office error or an agent error:
 - The refund can be issued five business days after the date the funds were received.
 - This can typically be determined as one calendar week after the funds were received but be sure to factor in holidays.
2. If the payment was not caused by a home office or agent error:
 - The refund can be issued ten business days after the date the funds were received.
 - This can typically be determined as two calendar weeks after the funds were received but be sure to factor in holidays.
3. For escalations only, or if a bank statement is received showing a positive balance after the payment, the refund can be issued immediately.

Step 3: Determine how the refund will be issued and upload all documentation to OnBase.

1. All refunds should be issued through SMS except for same-day escalated refunds.

2. Refunds are sent in the same way the funds were received.
 - If the funds were received via EFT (V batch), web portal payment (P batch), PPD (V batch), or Contact Center phone payment (Q batch), they will be refunded via ACH.
 - If the funds were received via personal check (numerical batch), lockbox item (W or Y batch), or IVR phone payment (X batch), they will be refunded via ACH.
 - If the funds were received via wire (T batch), CER (Z batch), or special batch types (K, S, or U batch), they will be refunded via check, unless explicitly requested otherwise by the customer.

Tip: If you are unsure how the funds were received, check for the batch number using the Lawson Accounting History tool. Refer to the [Batch Type Quick Reference Guide](#) for details on each batch type and where backups are stored.

Required Document Checklist:

- Request for Refund.
- Proof of incoming payment method (as determined by the batch type).
- Copy of the [EFT Transaction History](#) (if required for the batch types V, P, or Q).
- All communication with the agent and/or customer.
- If home office error, document what error was made.
- If waiving more than \$10, complete the [Inbound Write-Off Template](#) and a GL 40 journal entry.

Combine all documentation into one file and upload into Application File General > Billing > Refund Docs.

Step 4: Annotate the workflow item.

Place a note in the body of the workflow item stating if the refund will be granted or not, the reason, and the date of your next action.

See examples below.




- 2/20 refund due to home office error
- 3/16 refund, no home office error
- No refund, payment returned by bank

Step 5: Respond to Refund Request




Respond to the refund request using the appropriate canned email provided in the shared folder stored here:

Billing & Disbursements > Accounting > Billing Emails > **Refund Emails**

If the customer does not qualify for a refund, use the following options:

-  No Refund - Rewrite Request on File
-  No Refund - Surrender Request on File
-  No Refund Granted

If the customer does qualify for a refund, use the following options:

-  Refund Granted - Home Office Error
-  Refund Over 10K
-  Refund Request - No Home Office Error

Step 6: Reverse the funds to suspense.

Click the tabs below to see instructions on how to reverse funds.

Click here for instructions to reverse premium payments off Vantage policies

1. Use the GP screen to locate the payment amount, effective date, and file code.

```

COMMAND
CO CD NL POL NL2 3 SEC ID PROD U1 PLAN 101418 LOB NDX STAT A
RSTR SPND PDF IND N CONTR S ANN DT 12/02/2021 LST FIN DT 01/02/2021 LN ID N
** GROSS PREMIUM INQUIRY **
TRX T FUND GROSS PREMIUM FIX NET/VAR UNT TRX EFF TRX DATE MC R DU FILEC
NA F 001 6,000.00 5,640.00 120820 120820 63 01 00013
M 059 0.00
I 351 0.00

NA F 001 500.00 470.00 120320 120320 63 01 00011
M 059 0.00
I 351 0.00

PAGE NUMBER 001 PAGE DIRECTION F LAST PAGE
PROD CODE IN LINE 24 OVERRIDDEN
NXT TRX GP VER PROD U1 CL/POL NL2 3 SEC ID CO NL OVRD N

```

2. Use the NA1 screen to reverse the payment and move the funds into suspense.
 - o In the Remit Amt field, type the amount from the GP screen.
 - o In the Trans Eff Date field, type the effective date from the GP screen, formatted MMDDYYYY.
 - o In the Reversal Code field, type R.
 - o In the Reversal File Code field, type the file code from the GP screen.
 - o In the Disb Indicator field, type S.
 - o Press the F1 key to submit the transaction.

```

COMMAND
*** REMITTANCE TRANSACTION ***
CO NL ORIG CODE BPK POL NO NL2 3 SEC ID PROD U1
* REMITTANCE INFORMATION *
TRANSACTION CODE NA REMIT AMT 500.00 BATCH NUMBER MEMO CD
SOURCE CD ROLLOVER CD 1035 COST BASIS MULT PYMT IND
TRANS EFF DATE 12032020 REACTIVATION INDICATOR STATUS REQUEST TYPE N
* SUSPENSE INFORMATION *
TICKET NUMBER SUSPENSE AMT CASH APPLD
* REVERSAL INFORMATION *
REVERSAL CODE R REVERSAL FILE CODE 00011 DISB INDICATOR S
* NET COMMISSION INFORMATION *
AGT1 RETAINED NET PREMIUM
AGT2 RETAINED EPP CMS ADJ
TRANSACTION OVERRIDE CODE N
NXT TRX NA VER PROD U1 CL/POL NL2 3 SEC ID CO NL OVRD N

```

Note: The above reversal directly into suspense can be used only if refunding the full payment. If only a portion of the payment will be refunded, the Disb Indicator field must be C instead of S.

After processing the NA transaction to reverse the full amount of the payment, use the SA1 screen to put the amount that WILL be refunded into suspense. Then use the NA1 screen to repay the amount that will NOT be refunded back onto the policy.

[Click here for more instructions to refund a partial payment.](#)

1. Use the NA1 screen to reverse the entire payment off the policy.
 - In the Remit Amt field, type the amount from the GP screen.
 - In the Memo CD field, type 75.
 - In the Trans Eff Date field, type the effective date from the GP screen, formatted MMDDYYYY.
 - In the Reversal Code field, type R.
 - In the Reversal File Code field, type the file code from the GP screen.
 - In the Disb Indicator field, type C.
 - Press the F1 key to submit the transaction.

The screenshot displays the NA1 screen with various fields and sections. Red boxes highlight specific input fields: TRANSACTION CODE NA, REMIT AMT 500.00, MEMO CD 75, TRANS EFF DATE 12032020, REVERSAL CODE R, REVERSAL FILE CODE 00011, and DISB INDICATOR C. The screen is divided into sections: COMMAND, REMITTANCE TRANSACTION, REMITTANCE INFORMATION, SUSPENSE INFORMATION, REVERSAL INFORMATION, and NET COMMISSION INFORMATION. The bottom status bar shows NXT TRX NA, VER, PROD U1, CL/POL, NL2 3, SEC ID, CO NL, and OVRD N.

COMMAND		*** REMITTANCE TRANSACTION ***		POL NO		NL2 3		SEC ID		PROD U1	
CO	NL	ORIG CODE	BPK	REMIT AMT 500.00		BATCH NUMBER		MEMO CD 75			
TRANSACTION CODE NA		SOURCE CD		ROLLOVER CD		1035 COST BASIS		MULT PYMT IND		STATUS REQUEST TYPE N	
TRANS EFF DATE 12032020		REACTIVATION INDICATOR		SUSPENSE AMT		CASH APPLD					
TICKET NUMBER		REVERSAL CODE R		REVERSAL FILE CODE 00011		DISB INDICATOR C					
ACT1		ACT2		NET COMMISSION INFORMATION		NET PREMIUM		EPP CMS ADJ			
TRANSACTION OVERRIDE CODE N											
NXT TRX NA		VER		PROD U1		CL/POL		NL2 3		SEC ID	
CO NL		OVRD N									

2. Use the SA1 screen to move the funds that will be refunded into suspense.
 - Use the SA1 screen to move the funds that will be refunded into suspense.
 - In the Effective Date field, use an effective date that matches the date the funds were received
 - In the Suspense Amount field, type the amount that WILL be refunded.
 - In the Memo Code field, type 75.

- Press the F1 key to submit the transaction.

```

COMMAND
*** SUSPENSE ADD (SA1) ***
CO  NL  ORIG  BPK  POL NO  NL2  3  SEC ID
INDV NAME LST          ID NO
1ST/MDL          PRE  SUF
CORP NAME
TEXT
EFFECTIVE DATE      12032020
SUSPENSE AMOUNT     200.00
SUSPENSE TYPE
BATCH NUMBER
SERVICING AGENCY
COMM INDICATOR
INIT PAY IND        N
BRANCH CODE
STAT COMPANY CODE
TRANSACTION CODE
SOURCE CODE
MEMO CODE           75
REASON CODE
ROLLOVER CODE
RECEIPT NUMBER
NXT TRX SA2  VER  PROD U1 CL/POL  NL2  3  SEC ID  CO NL  OVRD N

```

3. Use the NA1 screen to repay the funds that will NOT be refunded back onto the policy.
 - In the Remit Amt field, type the amount that will NOT be refunded.
 - In the Memo CD field, type 75.
 - In the Trans Eff Date field, type the effective date from the GP screen, formatted MMDDYYYY.
 - Press the F1 key to submit the transaction.

In this example, \$500 was reversed off the policy, then \$200 that will be refunded was moved into suspense.

The remaining \$300 that will not be refunded needs to be paid back onto the policy.

```

COMMAND
*** REMITTANCE TRANSACTION ***
CO  NL  ORIG CODE  BPK  POL NO  NL2  3  SEC ID  PROD  U1
* REMITTANCE INFORMATION *
TRANSACTION CODE NA  REMIT AMT 300.00  BATCH NUMBER  MEMO CD 75
SOURCE CD  ROLLOVER CD  1035 COST BASIS  MULT PYMT IND
TRANS EFF DATE 12032020  REACTIVATION INDICATOR N  STATUS REQUEST TYPE N
* SUSPENSE INFORMATION *
TICKET NUMBER  SUSPENSE AMT  CASH APPLD
* REVERSAL INFORMATION *
REVERSAL CODE  REVERSAL FILE CODE  DISB INDICATOR
* NET COMMISSION INFORMATION *
ACT1  RETAINED  NET PREMIUM
ACT2  RETAINED  EPP CMS ADJ
TRANSACTION OVERRIDE CODE N
PROD CODE IN LINE 24 OVERRIDDEN
NXT TRX NA  VER  PROD U1 CL/POL  NL2  3  SEC ID  CO NL  OVRD N

```

Click [here](#) for instructions to reverse loan repayments off Vantage policies

1. Use the GP screen to locate the payment amount, effective date, and file code.

COMMAND														
CO	CD	NL	POL	LSO	1	SEC	ID	PROD	U1	PLAN	101216	LOB	LDX	STAT
RSTR	SPND	PDF	IND	N	CONTR	S	ANN	DT	09/17/2024	LST	FIN	DT	01/21/2024	LN
** GROSS PREMIUM INQUIRY **														
TRX	T	FUND	GROSS	PREMIUM	FIX	NET/VAR	UNT	TRX	EFF	TRX	DATE	MC	R	DU
NA				750.00				122723		010924				05 00415
	F	092					705.00							
	M	099					0.00							
	C	100					0.00							
	L	101					0.00							
	I	301					0.00							
NA				375.00				112723		112723		63		05 00383
	F	092					352.50							
	M	099					0.00							
	C	100					0.00							
	L	101					0.00							
	I	301					0.00							
NE				375.00				111223		111323		63		05 00377
	L	101					375.00							
PAGE NUMBER 001 PAGE DIRECTION F MORE PAGES														
NXT	TRX	GP	VER	PROD	U1	CL/POL	LSO	1	SEC	ID	CO	NL	OVRD	N

2. Use the NE screen to reverse the payment and move the funds into suspense.
 - In the Remittance Amount field, type the amount from the GP screen.
 - In the Trans Effective Date field, type the effective date from the GP screen, formatted MMDDYYYY.
 - In the Reversal File Code field, type the file code from the GP screen.
 - In the Disbursement Indicator field, type S.

- Press the F1 key to submit the transaction.

COMMAND		*** LOAN REMITTANCE TRANSACTION (NE) ***		PROD U1	
CO	CODE NL	ORIG CODE	BPK	POL NO	LS0 1 SEC ID
TRANSACTION CODE		*** REMITTANCE		INFORMATION ***	
STATUS REQUEST TYPE		NE		REMITTANCE AMOUNT 375.00	
SOURCE CODE		N		TRANS EFFECTIVE DATE 11122023	
MEMO CODE				CASH APPLIED	
REACTIVATION INDICATOR		N		SUSPENSE AMOUNT	
FUND ALLOCATION OVERRIDE		N		TICKET NUMBER	
DISBURSEMENT INDICATOR		S		REVERSAL FILE CODE 00377	
				PREF LOAN REMITTANCE	
*** FUND OVERRIDE		INFORMATION ***			
FUND ALLOCATION	FUND ALLOCATION	FUND ALLOCATION	FUND ALLOCATION	FUND ALLOCATION	FUND ALLOCATION
NO. PERCENT	NO. PERCENT	NO. PERCENT	NO. PERCENT	NO. PERCENT	NO. PERCENT
NXT TRX NE		VER		PROD U1 CL/POL	
				LS0 1 SEC ID	
				CO NL OVRD N	

[Click here for instructions to reverse funds off Trad policies](#)

If you're reversing a premium:

- Use the PGAM screen to reverse the funds to suspense.
- Pull needed info from the RECI screen.
- Be sure you reverse the correct number of months.

- Give your PX transaction the same effective date that the funds were received.

PGCM I13 00

-PP ENTRIES-

SYS	POL #	DUE	APP DIV/ ABC COPP	PREMIUM	SN	T	F CODES	DESC
i	13 00	2101		62.10	-		yc12	

-P9 ENTRIES-

SYS	POLICY NO	EFF DATE	ACCT NO	AMOUNT	DESCRIPTION
i	13 00	201223	px	62.10	refund

RECI I13 00, OVD

INS: (OWNER)
OWN: PATRICIA CHARMATZ
AGENCY: 006
CURRENT STATUS: I/F
PAID TO: 22-01
MODE: ANNL

ACCTNG	EFF	RECEIPT	TYPE	EFF	DISBURSEMENT	TYPE
20-12-23	01	62.10	PP	20-01-17	29.78	LA

If you're reversing a loan repayment:

- Use the NGLM screen
- Use the RECI screen to get the necessary information
- Give your LX transaction the same effective date as the original LY transaction

- Give your PX transaction the same effective date as the original LY transaction

RECI 13 00, QVD

INS: (OWNER)
 OWN: PATRICIA PERRONE CHARMATZ
 AGENCY: 006 PA

ACCTNG	EFF	RECEIPT	TYPE
20-12-23	01	62.10	PP
20-12-23	12	68.75	LR

NGDM I135060800

-P9 ENTRIES-

SYS	POLICY NO	EFF DATE	ACCT NO	AMOUNT
i	13 00	201223	1x	68.75
i	13 00	201223	px	68.75

Step 7: Check for a return (again!)

On the date you determined the refund will be issued, check OnBase for a return on the funds before proceeding any further.

- If there is a return, add another note to the body of the workflow item (as in the first bullet point of Step Four) that reads "Returned payment, no refund" and re-index the item to Billing
- If there is not a return, proceed to Step Eight.

Step 8: Issue the refund from SMS.

1. On the date you determined the refund will be issued, select the item in suspense management system (SMS).
 - Double check for a return in OnBase
 - Double check the amount in suspense
 - Click the **Suspense Refund** button

Ticket Details:

Ticket#	Suspense Status	Amount	Effective Date	Batch#	Transaction Code/Money Type	Rollover Code	Memo Code	Originator Code	Reject Reason	Note
65485	REFUND INITIATED	\$3,671.56	05/01/2023	5938	NA		63	TEF	R002	05/15 REFUND

Policy Loan:
Loan Balance : **1**

Tefra Details:
Guideline Single Premium: \$18,078.74
Accumulated Guideline Level : \$11,980.78
Tefra Guideline Accumulated : \$18,078.74
Guideline Level Premium : \$1,711.54

Email Option
▼

2

2. From the **Refund** drop-down menu, select either ACH or check.
 - Choose **ACH** for a payment that came in via V, Q, or P batches, or if the customer has specifically requested it. Verify the bank information matches the account the payment came from. Then click **Submit**.
 - Choose **ACH** for a payment that came in via personal check from numerical, W, Y, or X batch. Verify the bank information matches the account the payment came from. Then click **Submit**.
 - Choose **Check** for a payment that came in via K, S, T, U, or Z batch.
 - Choose **Check** for a payment that came in via non-personal check, such as check from corporation or business.

Suspense Refund

Policy Number 13 00	Ticket Number 00001	Policy Owner Name DOROTHY G	Group Name
Amount \$ 533.94	Effective Date 03/20/2023		
Refund Select Select Check ACH Clearing			
		Submit	Go to Home

- From the **Check Stub Correspondence** drop-down menu, choose **Refund Request**.
- From the Mail Code drop-down menu, choose **Mail Direct**.
- Ensure that the **payee** on the check you are issuing matches the payor that the funds came from, **even if it is not the owner of the policy**.
 - If typing payee name or address into SMS, do NOT include any punctuation or special characters.

Payee Owner	Mail Code Mail Direct	Check Amount 533.94	Check Stub Correspondence Refund Request
Notes As requested, attached is a refund check in the amount of \$ 533.94 , which represents the payment received Select Date . If you should have any questions, please call 1-800-732-8939.			
Payee Name & Address DOROTHY G 100 DR # 224			

Note: For refunds on policies that have multiple owners, select **Other** from the **Check Stub Correspondence** drop-down menu. The check must be made payable to all owners.

Refer to the Client Index system in Mainframe to locate the names of the owners - they will be designated with an **O** in the system.

Payee Other ▼	Mail Code Mail Direct ▼	Check Amount 533.94	Check Stub Correspondence Refund Request ▼
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Notes

As requested, attached is a refund check in the amount of \$ 533.94 , which represents the payment received Select Date .

If you should have any questions, please call 1-800-732-8939.

Payee Name <input type="text"/>	Address Line 1 <input type="text"/>	Address Line 2 <input type="text"/>
Address Line 3 <input type="text"/>	Address Line 4 <input type="text"/>	

Note: For refunds of 1035 payments, select **Free Form Letter** from the **Check Stub Correspondence** drop-down menu. Copy & paste the below template into the **Free Form** field in LSP.

Attached is a refund check in the amount of \$XX.XX representing a refund of the payment received MM/DD/YYYY. Payment was your check #XXXXX dated MM/DD/YYYY for your policy #XXXXXX; FBO – FIRSTNAME LASTNAME.

Payee Other ▼	Mail Code Mail Direct ▼	Check Amount 533.94	Check Stub Correspondence Free Form Field ▼
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Notes

Attached is a refund check in the amount of \$533.94 representing a refund of the payment received 04/10/2023. Payment was your check #01234 dated 03/30/2023 for your po

Payee Name <input type="text"/>	Address Line 1 <input type="text"/>	Address Line 2 <input type="text"/>
Address Line 3 <input type="text"/>	Address Line 4 <input type="text"/>	

Step 9: Confirm All Documents in OnBase

Double-check to confirm all necessary documentation is present in OnBase.

1. All supporting documentation as determined by the batch type in which the funds were received
 - Copy of the [EFT Transaction History](#) (P, Q, V batch)
 - Lockbox documentation (W, Y batch)
 - One line or highlighted report from CER Report (Z batch)
 - IVR Payments – based on system limitations, refund via check or contact Treasury for assistance. (X batch)
 - Refer to the [Batch Type Quick Reference Guide](#) for details on each batch type and where backups are stored.

2. Attach a general note to the OnBase WF item to specify the number of months of premium being refunded. This will help to prevent any duplicates or overpayments.
3. All communication with the agent and/or customer.
4. If waiving more than \$10, complete the [Inbound Write-Off Template](#) and a GL 40 journal entry.
5. If refunding due to home office error, include documentation of the error made.

Related Resources

- For more guidance determining how the funds were received & how they should be refunded, see [Batch Type Quick Reference Guide](#).
- For more guidance determining if a customer qualifies for a refund, see [New Refund Top Sheets](#).
- For more guidance regarding waiving balances due or bank overdraft fees, see [Waiving Premiums and Fees](#).
- If necessary, follow the procedure for [Voiding and Re-issuing Refund Checks](#).
- For guidance issuing a same-day refund, see [Same-Day ACH Refunds](#). Same-day refunds are for escalated situations ONLY and require the approval of a team lead or above.

Article Details

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