

LAPSES

The grace period for life and disability policies is 31 days. The insured is fully covered during this time. There is an additional 31 day period given after the grace period ends for payment to be submitted, however, for disability policies there is NO coverage from the end of the grace period (31 days) until the date (up to 62 days) we receive the payment. For life policies there is full coverage as long as the insured was living at the time the payment was submitted (up to 62 days). The policy does not physically lapse until the 70th day after the paid to date when a lapse letter is generated and a Y 979 change pending is automatically placed in the policy record.

For DISABILITY policies any payments (check) received after the 62nd day is NOT cashed and the payment is declined. The DI Change Section will return the uncashed check directly to the policyowner unless complete reinstatement requirements have been submitted. For any policies that are included in a Group Billing the payment will be refunded to the group unless the group is paid by payroll deduction in which case the refund will go directly to the policyowner.

Before lapse letters are sent out on policies on a Group Billing an "okay to lapse" is required from us. This allows us to check our group records to be sure bills were sent properly and there are no other extenuating circumstances for the grace period to be extended. This procedure is NOT intended to extend the time allowed for payment to be submitted.

DISABILITY policies - An NF6 status is produced 5 days in advance of the lapse (65th day after the paid to date) date and forwarded to the appropriate Rep. (An NF6 status is NOT produced if there is a change pending in the policy ie. F BLM.) Therefore, when the NF6 is received:

1. The group folder should be pulled and correspondence checked (ie. was the group just established, bills mailed, Card 1 or Card 2, change pending, money in suspense, accounting done correctly, and bills mailed, has the agency stated the policy is being returned for a policy change) to be sure everything is in order.

2. Check to be sure that bills were sent to the client (PM80 Screen).

If there is a billing problem (ie. bills just sent or not sent and need to be ordered), proceed accordingly and be sure that an F BLM change pending is placed in each policy record (GB12 see sample) effective the date the bill was mailed out. This allows 30 days for the premium to be submitted.

3. Check to see if there is any money here. If there is money in suspense under 1 or all policies, place your change pending in ALL policies involved so lapse letters are not generated. Pay the due premiums accordingly.

4. Do you have a Card 1 or a Card 2 on the policy, if so the policy should not lapse.

5. Is there a change pending in the policy ie. F BLM which means bills have been recently sent. The policy should not lapse.

6. Take a look at the accounting to be sure everything looks okay.

7. If everything appears to be in order and there is no money in suspense, an omni (see sample) is sent to the appropriate agency to find out if money has been submitted. Allow a 2 day deadline for the agency to get back to you. This omni is not intended to give the agency additional time to collect money but only to find out if money has been sent. Obviously you can make occasional exceptions but this should not be the routine procedure.

8. If money is on the way, suspend ALL policies involved so lapse letters are not generated. This is done because the lapse procedure is automated and any applicable dividend accounting is processed automatically which must be manually reversed if the policy is not to lapse. This is VERY time consuming for the Reinstatement Section (see the attached February 27, 1989 memo regarding DI Group Billing Lapses).

If the policy(ies) are NOT to lapse (see the attached August 30, 1991 memo regarding the authorized signatures necessary.

This should be counted as 1 incoming and 1 to pending per policy.

If no omni is being sent as the policy should not lapse ie. no bills sent etc., correct accordingly and count out as 1 lapse.

At the time of LAPSE (70th day), before the lapse letter is mailed, the Reinstatement Unit will send over a confirmation "pink sheet" (see attached) to verify that the policy is to lapse. This is the only confirmation we receive on LIFE and VANTAGE policies. When this confirmation is received:

If you have not received a response from the agency for your DISABILITY policies and everything is in order, the policy should lapse. Name stamp and mark the appropriate spot on the sheet, make a copy for the group folder and forward it back to the Reinstatement Section.

Any requests from the field or if the Home Office has made an error should be referred to the DI Contract Change area to obtain approval to waive reinstatement requirements from a UNUM underwriter (see attached memo). If money is on the way, money is in suspense or there are extenuating circumstances (ie. the policy is being returned for a rewrite/redate) why the policy should NOT lapse, a written explanation outlining the reason along with your Manager's or Technical Advisor's initials must be sent to the DI Contract Change area. This is because the

Company is on the risk for FULL coverage should the insured become disabled or should a claim be submitted and there should be a satisfactory reason for the policy not to lapse.

LIFE Policies -

1. The group folder should be pulled and correspondence checked (ie. was the group just established, bills mailed, Card 1 or Card 2, change pending, money in suspense, accounting done correctly, and bills mailed, has the agency stated the policy is being returned for a policy change) to be sure everything is in order.

2. Check to be sure that bills were sent to the client (PM80 Screen).

If there is a billing problem (ie. bills just sent or not sent and need to be ordered), proceed accordingly and be sure that an F BLM change pending is placed in each policy record (GB12 see sample) effective the date the bill was mailed out. This allows 30 days for the premium to be submitted.

3. Check to see if there is any money here. If there is money in suspense under 1 or all policies, place your change pending in ALL policies involved so lapse letters are not generated. Pay the due premiums accordingly.

4. Do you have a Card 1 or a Card 2 on the policy, if so the policy should not lapse.

5. Is there a change pending in the policy ie. F BLM which means bills have been recently sent. The policy should not lapse.

6. Take a look at the accounting to be sure everything looks okay.

7. If everything appears to be in order and there is no money in suspense, an omni (see sample) is sent to the appropriate agency to find out if money has been submitted. Allow a 2 day deadline for the agency to get back to you. This omni is not intended to give the agency additional time to collect money but only to find out if money has been sent. Obviously you can make occasional exceptions but this should not be the routine procedure. Place the case in pending and if there is no response to your omni, remove from pending and okay to lapse. Make a copy of the pink sheet for the group folder.

8. If you have money, money is received within the grace period or because of extenuating circumstances ie. no bills sent, policy being returned for a rewrite/redate etc. your "pink sheet" should be sent back to reinstatements stating the policy should not lapse as mentioned above. Don't forget that you need your Team Leader's or Technical Advisor's initials on the sheet before sending it back to reinstatements. This is because the Company is on the risk for full coverage should a claim be submitted and there should be a satisfactory reason for the policy not to lapse. The appropriate rep in Reinsatements will change the Y 979 lapse

change pending to your change pending so the policy can be paid. Again, make a copy of the "pink sheet" for the group folder. Pay the due premium/s and remove your change pending the next day. Be sure to order any billings if necessary.

VANTAGE Policies

1ST LETTER - Vantage policies are a flexible premium product and as such are handled differently than traditional Life and Disability policies. When the policy goes into a P (pending lapse) status a letter (1st letter) is sent to the client requesting the minimum amount necessary to keep the policy in force. Therefore, when you receive a request to OKAY the 1st letter to be sent you would:

1. Check all the information regarding billing etc. as you would for life and disability policies.
2. If everything appears to be in order, then "OKAY" the letter to go on the "pink sheet".
3. No omni is necessary to the agency at this time.

LAPSE - When the policy lapses it goes into a status L (lapse) and you will receive the okay to lapse as you do with life and disability policies which is processed in the same manner.

1. The group folder should be pulled and correspondence checked (ie. was the group just established, bills mailed, Card 1 or Card 2, change pending, money in suspense, accounting done correctly, and bills mailed, has the agency stated the policy is being returned for a policy change) to be sure everything is in order.

2. Check to be sure that bills were sent to the client (PM80 Screen).

If there is a billing problem (ie. bills just sent or not sent and need to be ordered).

3. Check the SI screen to see if there is any money here. Pay the due premiums accordingly if there is.

4. Do you have a Card 1 or a Card 2 on the policy, if so the policy should not lapse.

5. Take a look at the accounting on the FLOW screen to be sure everything looks okay.

7. If everything appears to be in order and there is no money in suspense, an omni (see sample) is sent to the appropriate agency to find out if money has been submitted. Allow a 2 day deadline for the agency to get back to you. This omni is not intended to give the agency additional time to collect money but only to find out if money has been sent. Obviously you can make occasional exceptions but this should not be the routine procedure. Place the case in pending and if there is no response to your omni, remove from pending and okay to lapse. Make a copy of the pink sheet for the group folder.

8. If you have money, money is received within the grace period or because of extenuating circumstances ie. no bills sent, policy being returned for a rewrite/redate etc. your "pink sheet" should be sent back to reinstatements stating the policy should not lapse as mentioned above. Don' forget that you need your Team Leader's or Technical Advisor's initials on the sheet before sending it back to reinstatements. This is because the Company is on the risk for full coverage should a claim be submitted and there should be a satisfactory reason for the policy not to lapse. Again, make a copy of the "pink sheet" for the group folder. Pay the due premium/s and be sure to reactivate the policy on your NA transaction if the policy is status L. Be sure to order any billings if necessary.

SAMPLE OMNI

MSKZ
TO:
FROM:
MESSAGE: RETRIEVED FROM B124
RE: GROUP #
POLICIES

SEND OMNIBRONS

COPY REQUESTED:
LOCATION:
WHOCODE:

THIS IS TO NOTIFY YOU THAT THE ABOVE POLICIES HAVE LAPSED. IF PAYMENT WAS RECEIVED IN YOUR OFFICE PRIOR TO THE 62ND DAY AND HAS BEEN FORWARDED TO THE HOME OFFICE, PLEASE ADVISE US IMMEDIATELY TO PREVENT THE MAILING OF THE LAPSE LETTERS.

ANY PAYMENTS COLLECTED AFTER THE 62ND DAY MUST BE COORDINATED WITH THE REINSTATEMENT SECTION AS WE CAN NOT EXTEND THE GRACE PERIOD.

IF YOU SHOULD HAVE ANY QUESTIONS PERTAINING TO THIS INFORMATION, PLEASE LET ME KNOW.

THANKS.

PRIORITY: _ (U)RGENT (N)ORMAL

0096HB2913 BEG05139215072500

ENTER F1=HELP F3=SEND F24=ACTIONS\PROMPT CLEAR=EXIT

GB12 SCREEN

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*** GROUP LEVEL EDIT ***
GROUP ==> 0002371          STATUS: ACTIVE          EFFECTIVE: PRE-GBIL

NAME: HARDMAN GUESS FROST
ADDR: & CUMMINGS P C
      2120 16TH AVE S
      BIRMINGHAM AL
      ZIP: 35205

-- CHANGE PENDING --
CODE WHO EFFECTIVE
f    bim

O ELIGIBLE EMPLOYEES

----- POLICIES -----
INSUR  DISAB  VANTAGE  UNUM  OTHER  TOTAL
  0      6      0      0      0      6

----- AGENCIES INVOLVED -----
FIRST SECOND OTHER TOTAL
  001      N      1

----- BILLING -----
ANNIV  FREQ  DAY  LEAD  TYPE
NOV    S    01   30    G

----- LOAN -----
REPAYMENT INTEREST
  N        N

----- CONTRIBUTIONS --
EMPLOYER  EMPLOYEE
  N        N

----- LAST BILL -----
MONTH  PREMIUM  APPLIED DIV
MAY    1,813.76  18.88

ANNUALIZED
COMMISSIONS
  N

----- DISABILITY -----
DISCOUNT PERCENT INDIV
  Y        0.0      4

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NOTE:

04B1HB1946 BEM04089213010000
 PF3 RETURNS PREVIOUS MENU; PF4 RETURNS PRIMARY OPTION MENU

*This transaction will place the charge
 pending in all policies associated
 with this group.*

SAMPLE NFNF6 STATUS

DISABILITY STATUS

NATIONAL LIFE INSURANCE COMPANY
MONTPELIER, VERMONT 05604

IN POLICY NO. SUP	ASST	DATE	TIME	DATE	TIME	DATE	TIME	DATE	TIME
D 1938 733	011988052800	B25	NFNF6E	920402	2	PREMS. PD TO	LAST ACCT'NG	92-01	91-09-11

1	INSURED'S NAME	INS	C	S. S. NUMBER
2	OWNER'S NAME	C	S. S. NUMBER	
3	NAME AND ADDRESS	C	S. S. NUMBER	
4	NAME AND ADDRESS	C	S. S. NUMBER	

WHEELER RICHARD F
RICHARD F WHEELER
2044 EWING
EVANSTON IL

60201
60605

RESIDENCE 16/000

TOTAL PREMIUMS INCLUDING ADI'S	ANN	SEMI	QUART	SP MC
217240	110792	56482	18465	

FORM	BENEFITS	AMOUNT	DATE
33	BENEF 061DAY T65 NS	6000/MO	1835.40
84	RESIDUAL		312.00
	ANNUAL FEE		25.00
	TOTAL		2172.40

DISABILITY INSURANCE	
NON-CANCELLABLE	
DISABILITY INCOME	
AAA*	

QUOTATION DURATION	6	7
BASIC POLICY DIV. %	7.500	7.500
PREMIUM DUE	92/01/28	FOR 6 MOS
APPL DIVIDEND	1107.92	
NET DUE	1037.72	

A S A NOISF CONT. CODES	10000	10000
G 1925821	10000	10000
N 24343002	10000	10000

F1	POLICY NO. SUP	ASST	DATE	TIME	DATE	TIME	DATE	TIME	DATE	TIME
F2	INSURED'S NAME	INS	C	S. S. NUMBER						
F3	OWNER'S NAME	C	S. S. NUMBER							
F4	NAME AND ADDRESS	C	S. S. NUMBER							

01938733 988052818413 06186530M05 800018000561007 6001

024343ROBERT E SALIBA

028805092019 1079 10911 11079206920 1249 10911 M100 36 46 91

050450 1 0 11 07500 10377240

BENEFIT EXTENSIONS	1ST DAY ACCIDENT	PARTIAL OR RESIDUAL	COL-BASIC	COL-LIFETIME ACC.	COL-RESIDUAL	COL-LIFETIME SICK	CHD EX OR SPEC LOSS	COL-SPECIFIC LOSS
1	1	1	1	1	1	1	1	1

CLAIM NUMBER	NEW	RENEW	CHNG	PREM	CHNG	PREM	CHNG	PREM	CHNG
9013N	1	1	1	1	1	1	1	1	1

OWN OCCUPATION	OWN OCC	RES OWN OCC	COL OWN OCC
1	1	1	1

TERM	DATE	PREM	AMOUNT	DATE
1	1	1	1	1

1ST	2ND	3RD	4TH	5TH	6TH	7TH	8TH	9TH	10TH	11TH	12TH
1925821	1925821	1925821	1925821	1925821	1925821	1925821	1925821	1925821	1925821	1925821	1925821