Decreasing Face Amounts

Overview

This document instructs T&CC staff how to decrease policy face amounts in the Vantage-One system.

Procedure

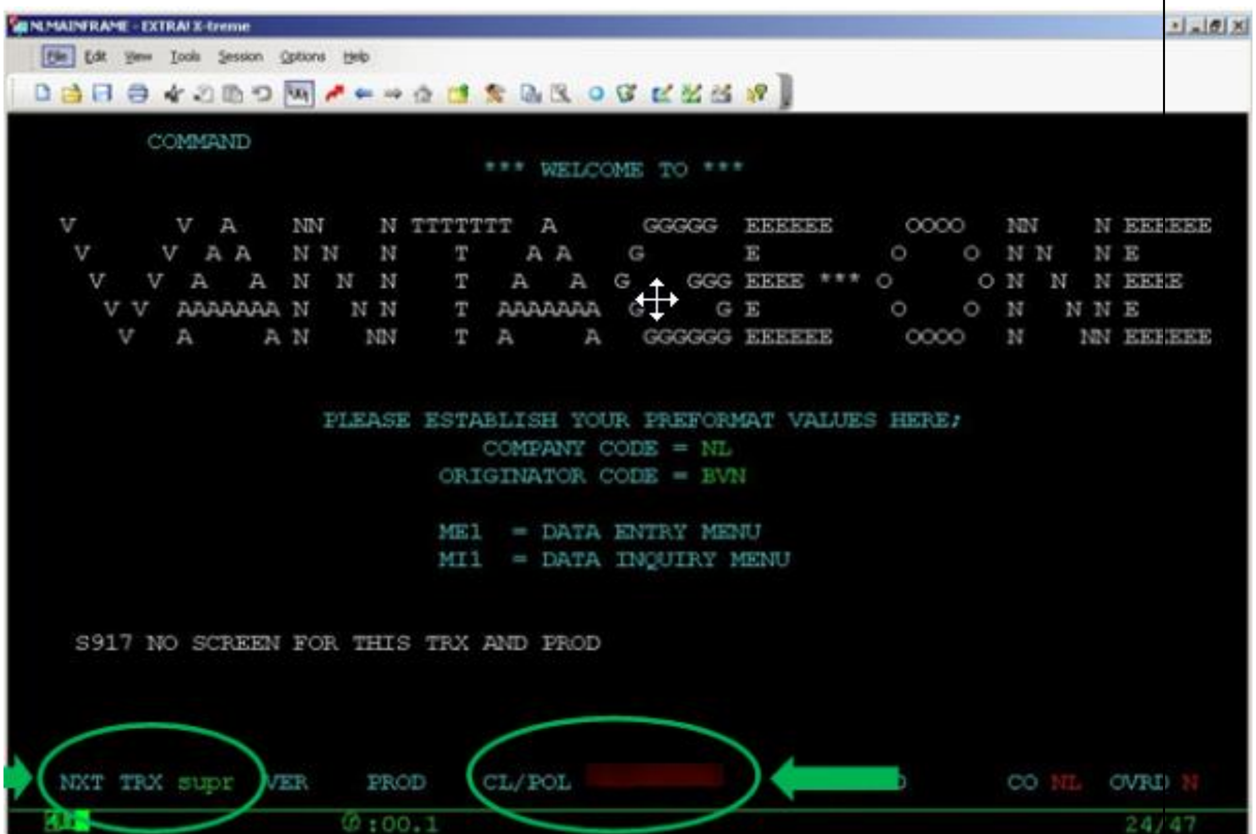
Screening Paperwork and Policy

Note: Forms have various iterations based on the state in which the business takes place. Ensure that the forms submitted are a match for the appropriate state.

Step	Action
1	Ask: Have all required forms been submitted? 1. Ensure we have received a 1441 — Policy Change Application. Because decreases do not have to be underwritten, we will accept a signed letter from the owner requesting a decrease in place of the 1441. This letter must include the policy number and the owner's signature. 2. ***If the paperwork is NIGO,*** then notify the agent or the owner (based on who submitted the request) that an accurate and thoroughly completed form (or letter) must be submitted.

<table>
<tr>
<td>2</td>
<td>
Ask: Is the policy active and does the decrease meet NLG requirements?

1. Go to Vantage.
2. In the NXT TRX field, enter SUPR.
3. In the CL/POL field, type in the policy number referenced in the paperwork, then hit Enter on your keyboard. The SUPR screen displays.
4. Check the INS NAME and POLICY NUM fields:
    1. Does the name match the paperwork?
    2. Is this the policy number and insured you were expecting based on the paperwork?
5. Check the STAT field: Confirm that the input is "A" for an active policy.
6. Check the EFFDT field: Ensure that the change will be taking place after the policy's first anniversary. Decreases are not allowed in the first policy year.



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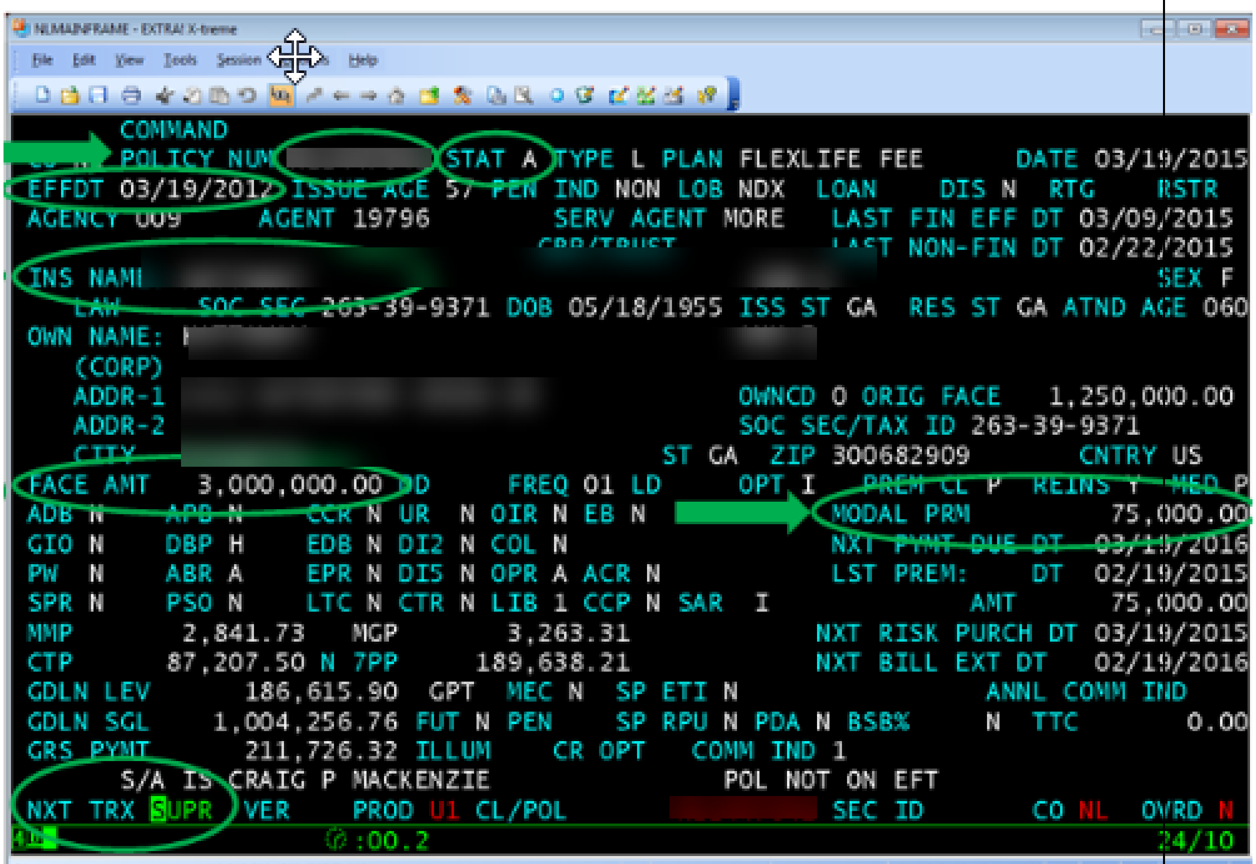
3	Determine the decrease amount, which is *the difference between the amount of coverage they're asking for and the amount of coverage they currently have.* This is found in the **FACE AMT** field. 1. To calculate the decrease amount, first subtract the amount of coverage they're asking for from the current coverage amount. For example, a policy's current face amount is $3,000,000.00. The request is to reduce the face amount to $2,250,000.00. The difference is a decrease of $750,000.00. To calculate the decrease units, divide this decrease amount by 1000, which equals 750.00 decrease units. 2. Make a note of the decrease units and the new total of the face amount. You'll need it later in the process. When processing the change, you'll process it for the decrease amount, not the amount of the new face value.

4

Ask: Does the amount of the decrease meet NLG requirements?

1. Ensure that the request is no more than a 25% reduction of the face amount. If the policy has been in force for eight years, then it may be reduced by as much as 50%.
2. Ensure that the reduction request does not result in a face value that's less than the product's face amount minimum. Face decreases are not permitted if the resulting value is less than that product's face minimum. To find out what the product minimums are:
    1. Go to OnBase and open up the **Data Section** document type and, on page one, the minimum product face amount will be listed. Refer to the job aid titled [Find Face Amount Minimums.]()
    2. Check the **MODAL PRM** field, which indicates the amount of premium they're currently paying.

       If the request includes a change of premium, then after the decrease is processed, ensure that the requested premium change is logical and doesn't risk a policy lapse.



<table>
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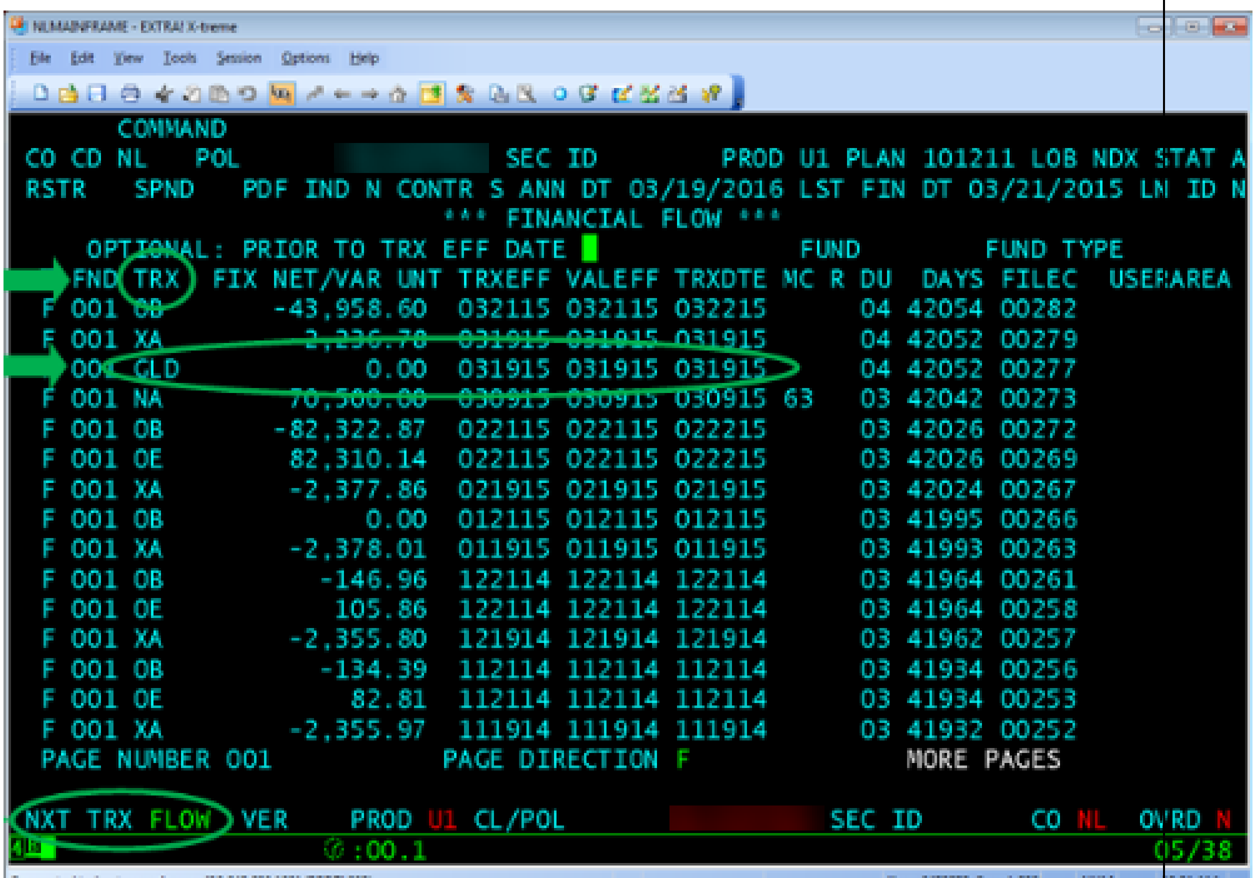
Confirm that the face amount has not been decreased within the last 12 months. Only one decrease can be processed per year.

1. In the **NXT TRX** field of the **SUPR** screen, input **FLOW**, then hit **Enter** on your keyboard. The **FINANCIAL FLOW** screen displays.
2. Review this screen to determine if a decrease has been processed within the last year. The **TRX** column along the left-hand side of the screen lists the policy's transaction history.
3. Use **F8** to scroll down. Look for a **GLD** transaction within the past year.
4. In the **NXT TRX** field input **GLD**, then hit **Enter** on your keyboard.

In this example, a GLD transaction was processed on 03/19/15, meaning no other decrease is permitted on this policy for one year, until 03/19/16.



</td>
</tr>
<tr>
<td>6</td>
<td>Once you’ve completed the screening process, and you’re confident that everything is in good order, record the case in Case Tracking and hold the policy until the next processing date, which is the monthiversary.</td>
</tr>
<tr>
<td>7</td>
<td>Send an email informing the agent when the change will be processed, if the request came from the agent.</td>
</tr>
</table>

Processing Changes

Throughout this step of the overall process, it is essential that you take before and after screenshots to record your changes in real time.

Step	Action

1

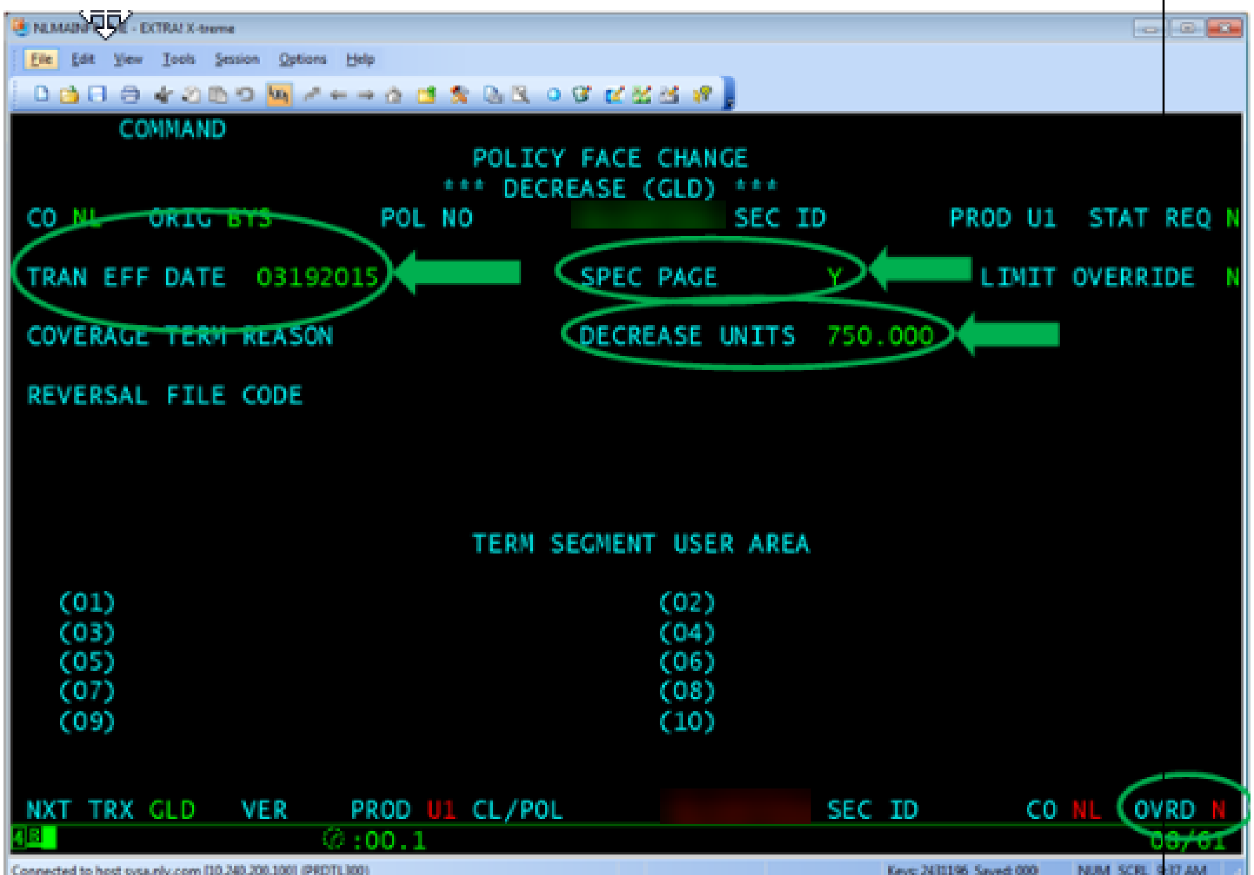
Observe the **GLD** screen which displays the Policy Face Change Decrease:

1. In the **TRAN EFF DATE** field: input the effective date of the change, which will always be the monthiversary.
2. Check the **SPEC PAGE** field, which defaults to "**Y**", meaning the data pages will be generated automatically. You will receive them the day after you make the change, to send as confirmation to the submitter.
3. In the **DECREASE UNITS** field, input the amount (in units) of the decrease, which you previously calculated.
4. Hit **F1** to submit your changes.

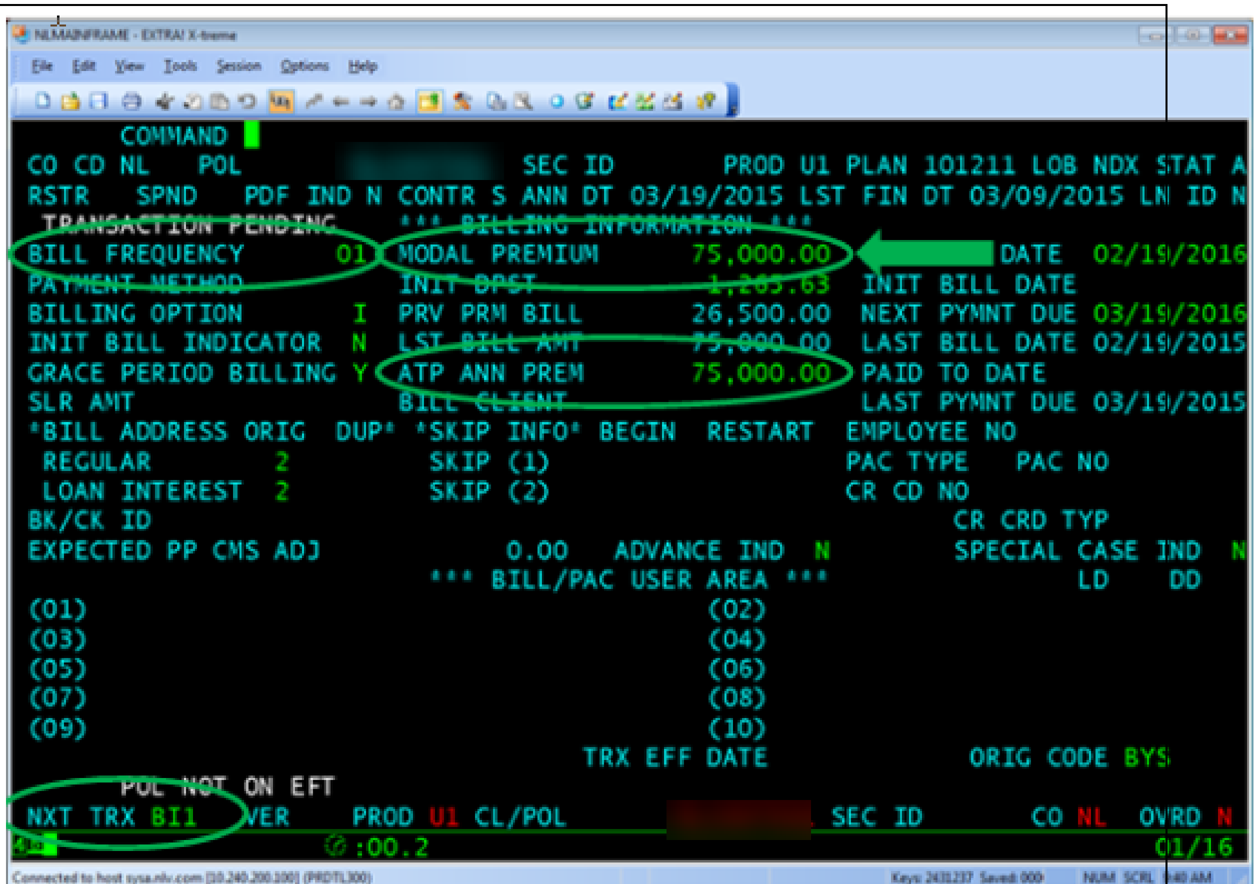
   If you receive warnings or errors after submitting the change, override these warnings by inputting "Y" into the OVRD field.

   If you receive a Rider error, which might cause a two-day process, in the SPEC PAGE field input "N".

5. Hit **F1** again, and ensure that the transaction has been accepted.

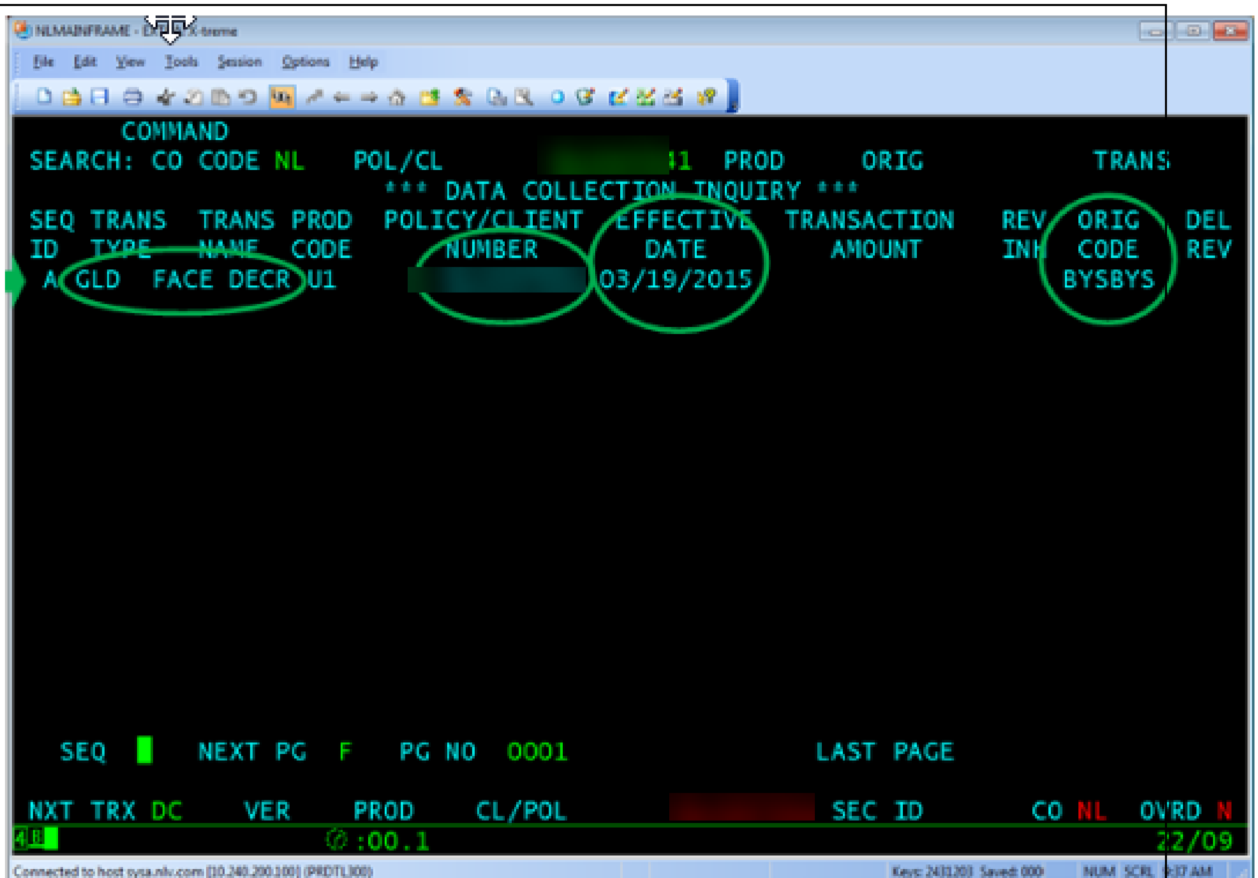


2	Ask: Is a premium change being requested?
	
	To determine if a change of premium is being requested, see Part B, question 6b on the 1441.
	
	• **If no**, a premium change is ***not*** being requested. In the **NXT TRX** field of the screen you're on, enter **DC** skip directly to the **Data Collection** screen.
	• **If yes**, proceed to the **BI1** screen to make the change. In the **NXT TRX** field of the screen you're on, enter **BI1**. to go to the **Billing Information** screen.
	
	Billing Information Screen Steps
	
	1. In the **MODAL PREM** field, input the updated premium, based on the application submitted.
	2. In the **ATP ANN PREM** field, input the updated annual premium, based on the modal premium multiplied by the bill frequency.
	    1. To do this, refer to the **BILL FREQUENCY** field:
	        ▪ **01** = premium paid once annually
	        ▪ **02** = premium paid semi-annually
	        ▪ **04** = premium paid quarterly
	        ▪ **12** = premium paid monthly
	    2. To submit the changes, hit **F4**, then in the **NXT TRX** field, enter **DC** to continue to the **Data Collection** screen.



Data Collection Screen Steps

1. On this screen, verify that your changes were processed.
2. Check the SEQ ID list to find your change. In this case, you can confirm that:
   - the face was decreased (**FACE DECR**)
   - it's the correct policy number
   - the effective date is the date you processed the change
   - your **WHO** code appears in the **ORIG CODE** list

<table>
<tr><td></td><td>
</td></tr>
<tr><td>3</td><td>Record the case in Case Tracking and keep it up to date.</td></tr>
</table>

Mailing Documents/Record Retention

Ste p	Action

<table>
<tr>
<td>1</td>
<td>Complete a Policy Transmittal form, which is stored on your H drive. This form is for sending the data pages to the agent.

1. Complete the following fields:
    o From: Your work area and name
    o Date: Current date
    o To: The submitting agent
    o Re: Policy owner and number
2. Select After Issue Change and input a description of the change you made (Reduction).
3. From the Note list, select the items you'll be mailing to the agent: Updated Data Pages.
4. In the Remarks section, describe the change you made, including the effective date and the new planned premium, if applicable.</td>
</tr>
</table>

National Life Group®

Policy Transmittal

From: Elizabeth Bard
Team Leader
Contract Change

Date: March 20, 2015

To: Craig P Mackenzie
Attn: Craig P Mackenzie

Agent: Craig P Mackenzie

Re: Name: [redacted]

Policy # [redacted]

[ ] Approved* for Delivery
[ ] Partial Conversion of Policy
[ ] Replacement 1st year from Policy #:
[ ] Rewrite

[x] After Issue Change: Reduction
[ ] Exchange of existing policy (ies)
[ ] Cash Canceled – Not Taken
[ ] Other:

Requirements to be Signed on Delivery:

[ ] ABR Disclosure form 8083
[ ] Amendment Form 8018
[ ] Modified Endowment Letter
[ ] Settlement Request (Retain copy)
[ ] Control Agreement (Retain Copy)
[ ] Exclusion Rider
[ ] Policy Change Application 1441

Note:

[ ] Delivery must be made by:
[ ] Amendment to Application
**Call this to the attention of applicant*
[ ] Letter
[x] Updated Data Pages
[ ] Check enclosed for:
[ ] Payment Form 2012: $

Remarks:

Reduced face amount from $3,000,000 to $2,250,000 effective 03/19/2015 as requested. Please find enclosed updated data pages that reflect the face amount reduction.

Thank you.

2	If you're sending data pages to the client, then send a **confirmation letter** directly to the client. It is a canned letter that resides on your desktop.
	
	1. Using the letter template, complete the following:
	    o The current **date**
	    o The client's **name** and **address**
	    o The **Policy Number** and **Insured's name**
	2. In the body of the letter, describe the change you made, including the effective date, and the new monthly premium, if applicable. Remember to address the letter to your client.
	3. Include your name, work area, and contact information in the signature.
	4. At the bottom, include the agency and the agent's name.

National Life Group®

Life Insurance Company of the Southwest™

March 31, 2015

#BWNCDPH
[redacted]

Re: Policy Number [redacted]
Insured: Monette Campos

Dear Ms. Campos:

As requested, we have changed the Death Benefit Option on the above referenced policy from Option B (Increasing) to Option A (Level) effective March 6, 2015.

Enclosed are updated Data Section Pages and a copy of the Policy Change Application reflecting this change. We suggest that you keep these with your policy, should any future questions arise.

As always, we are pleased to help you adjust your coverage to meet your changing financial needs. If we can offer any additional assistance or information in the future, please do not hesitate to let us know.

Sincerely,

Elizabeth Bard, ACS, ALMI
Team Leader, Contract Change
P: 800-732-8939 | F: 802-229-3131 | ebard@nationallifegroup.com

Enclosure

c: 3IP Premier Financial Alliance
Agent: Gerard C Cadiz

3	**Complete a Request to Ship Form**, which is stored on your desktop. This form is for sending to the agent. 1. Check the box in the **Package Information** section that pertains to the applicable shipment; you'll be sending it to the agent. 2. In the **Contact Name** field, enter the name of the submitting agent, and complete the subsequent fields by entering the agent's telephone number and address. 3. In the **Requested by** field, enter your name, and complete the subsequent fields by entering your mail drop and the date of the request 4. In the **Description** field, enter "policy." 5. In the **Accounting Unit** field, enter "8168210**"**, which is the cost center accounting number for Contract Change. 6. In the **Delivery Criteria** field, enter the latest date that you want it delivered to the agent.

Request to Ship

Note: Please supply any and all information under Comments that will assist the Courier with the delivery of this package.

Package Information: Please check one of these boxes that pertains to this shipment.

☑ Agency/Agent 4HH ☐ Client/Other 81778

Contact Name: Bryan Miranda

Company Name: Telephone No.: *(Required)* 310-441-9393

Address 1:

Address 2:

Zip Code: 90405 State: CA City: Santa Monica

Requested by: Doug White Mail Drop: M305 Date of Request: 3/6/2015

Description of material being shipped: policy

Amount of Insurance: *(Only if over $100.00 in value)*

$

Charge To: *(Check one)*

☑ Accounting U ☐ Recipient ☐ 3rd Party: ☐ Personal

Delivery Criteria:

(Default: If no date is provided below, the package will be shipped via 3 day express service.)

Package must arrive on or before this date: 03/11/2015

Saturday Delivery

(NOTE: If package must be delivered on Saturday, there is an extra fee of $12.50. Not all areas have Saturday delivery.)

☐ Required

Shipping Label Here
(Mailroom Use Only)

Signature Required: *(Check box if signature is required.)*

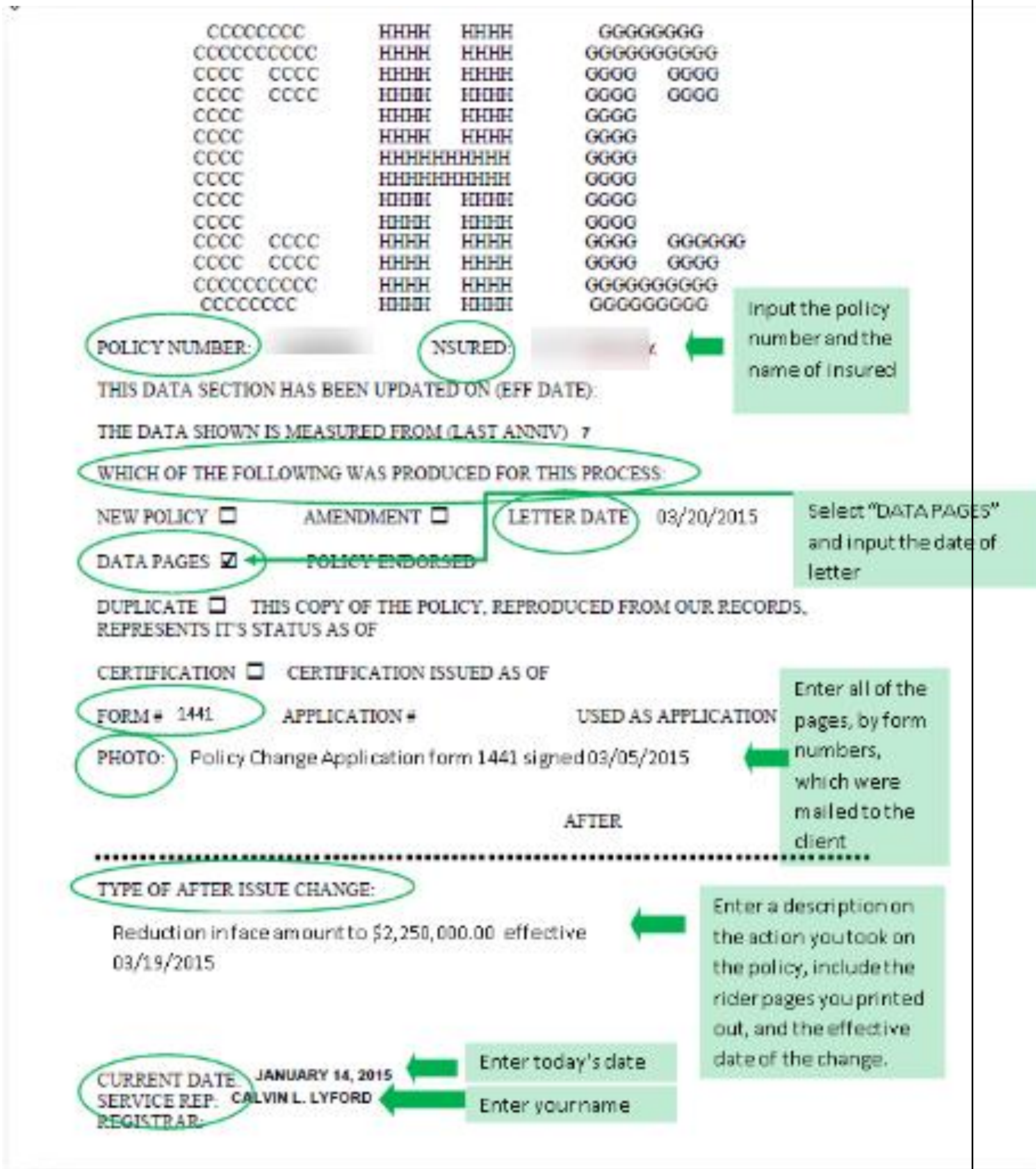
☐ Signature Required

Packed by:

Comments:

5422(04/13) Copy to Supply/Mailroom - NB15 Internal Use Only Cat. No. 40915

4	Separate the data pages from the policy packet.
	
	The day after processing the decrease, you will receive the output (referred to as the policy packet), which includes two copies of the data pages and one copy of the policy pages. You will send one copy of the data pages to the record in OnBase, and the other copy is sent back to the submitter (agent or client) along with the rest of the paperwork.
	
	1. Send only the following to the agent:
	    o Data pages
	    o Form 1441 or letter
	    o Policy Transmittal form
	    o Request to ship form
	2. Send only the following to the client:
	    o Data pages
	    o Form 1441 or the letter of application
	    o Confirmation letter
	3. Send all the above-mentioned required paperwork to the submitter, to confirm that the change(s) was made to the policy.

5	Complete a **Change Sheet**, indicating that an after-issue change was made. We do this to keep a record of the change, which is useful to internal partners and Audit. 

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 CCCCCCCC      HHHH   HHHH      GGGGGGGG
CCCCCCCCCC     HHHH   HHHH     GGGGGGGGGG
CCCC   CCCC    HHHH   HHHH     GGGG   GGGG
CCCC   CCCC    HHHH   HHHH     GGGG   GGGG
CCCC           HHHH   HHHH     GGGG
CCCC           HHHH   HHHH     GGGG
CCCC           HHHHHHHHHH      GGGG
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CCCC           HHHH   HHHH     GGGG
CCCC           HHHH   HHHH     GGGG
CCCC   CCCC    HHHH   HHHH     GGGG   GGGGGG
CCCC   CCCC    HHHH   HHHH     GGGG   GGGG
CCCCCCCCCC     HHHH   HHHH     GGGGGGGGGG
 CCCCCCCC      HHHH   HHHH      GGGGGGGGG
```

POLICY NUMBER: NSURED:

Input the policy number and the name of insured

THIS DATA SECTION HAS BEEN UPDATED ON (EFF DATE):

THE DATA SHOWN IS MEASURED FROM (LAST ANNIV) 7

WHICH OF THE FOLLOWING WAS PRODUCED FOR THIS PROCESS:

NEW POLICY ☐ AMENDMENT ☐ LETTER DATE 03/20/2015

Select "DATA PAGES" and input the date of letter

DATA PAGES ☑ POLICY ENDORSED

DUPLICATE ☐ THIS COPY OF THE POLICY, REPRODUCED FROM OUR RECORDS, REPRESENTS IT'S STATUS AS OF

CERTIFICATION ☐ CERTIFICATION ISSUED AS OF

FORM # 1441 APPLICATION # USED AS APPLICATION

PHOTO: Policy Change Application form 1441 signed 03/05/2015

Enter all of the pages, by form numbers, which were mailed to the client

AFTER

TYPE OF AFTER ISSUE CHANGE:

Reduction in face amount to $2,250,000.00 effective 03/19/2015

Enter a description on the action you took on the policy, include the rider pages you printed out, and the effective date of the change.

CURRENT DATE: JANUARY 14, 2015 — Enter today's date

SERVICE REP: CALVIN L. LYFORD — Enter your name

REGISTRAR:

6	Send a copy of the confirmation letter to OnBase by using Hyland Print. 1. Use Hyland Print to send the documents to OnBase. 2. Select **AGY – Contract Change Corr Copy** as the document type.
7	Send a copy of the Change Sheet and data pages to OnBase by using Hyland Print. 1. Scan these documents at the copy machine. 2. E-mail them to yourself. 3. Use Hyland Print to send the documents to OnBase. 4. Select **Contract Change** as the **document type**.

Related Resources

- Flowchart for Quoting and Decreasing Face Amounts
- Running In-Force Illustrations for Decreases
- Finding a Product's Face Amount Minimum

Article Details

Last Reviewed	Unk	**Intended Audience**	T&CC Staff
Reviewed by	Unk	**Business Block**	Title and Contract Change

REFORMATTED

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