

Processing Dividend Payment Requests

Overview

This page explains how to process a dividend request.

Requirements

- To ensure smooth dividend processing, we must have a signed 1462 dividend form or letter from the policy owner(s) and collateral assignee(s), when applicable.
- We may accept an email from Customer Relations for individually owned policies.
- Accept a note written on the bill of an individually owned policy if it is addressed to the owner and not the payee. This is true even if the owner didn't sign under their note.

Procedure

Procedure at a Glance

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

| Step | Action |
|------|------------------------------------|
| 1 | Determine Dividend Effective Date |
| 2 | Confirm Owner of the policy |
| 3 | Review the Signature Code |
| 4 | Check for Waiver |
| 5 | Verify Type of Dividends Available |
| 6 | Check Amount Available |
| 7 | Check Dividend Option |
| 8 | Send to Taxes |
| 9 | Check if the Request is a Delay |
| 10 | Process Dividend Payment |

Step 1: Determine Dividend Effective Date

From a blank screen, use the policy number to access the RQTI screen in Mainframe. Follow the instructions below to access the right screen.

- If the dividend is used to pay the premium or interest due on itself then pull up the RQTI screen as of the due date but not beyond the current paid to date. EXCEPT when dividends are being used to pay a pro-rata premium that is due more than a month away then pull up a screen as of current. The dividends will be surrendered as of a current date and not the paid to date.
- If the dividend is applied to the premium or interest due on another policy, then pull up the RQTI screen as of the workflow date but not beyond its paid to date.
For Uniflex and Paragon policies process the MA payment effective the workflow date.

Tip: When dividends are being used to pay the first-year premiums on a newly issued policy, you must contact New Business and provide the amount used, and the policy numbers involved. We may require replacement papers on these types of transactions.

- If the dividends are being used to reduce the loan on itself or another policy, then use the workflow date but not beyond its paid to date.
Always process the loan repayment using the same effective date that you are releasing dividends.
- If the dividend request is to use dividends to pay a premium or interest on an Automatic Premium Loan (APL) policy, then use authorization to surrender dividends as of current to do a current loan repayment for the premium/interest amount.
- If dividend adds are being used, always pull a gain screen as of the effective date you are using. If the amount surrendered does not exceed the basis, you may process it. If there is going to be a gain, notify the agency if it was sent in by the agency or call the client if you have a phone number.

Step 2: Confirm Owner of the policy

Based on the type of owner on the policy, check the requirements below for that ownership.

Note: When you need to write for further or proper authorization, be sure to check the next four steps (signature code, waiver, type, and amount of dividends) to see if further requirements are needed.

| Ownership Type | Action |
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| Individual | <ul style="list-style-type: none"> • If you have 1462 for policies owned by a person or persons (not Trustee(s), Co, Inc, PA, etc.), we require the signatures of all the owners to process the dividend payment request. • NLG accepts a note with the owner's billing address. If the note is not signed, the billing address must be that of the owner and not the payee. Email from Customer • Relations is also acceptable but must be individually owned. |
| Company | <p>These include a corporation, company, partnership, professional association, etc.</p> <ul style="list-style-type: none"> • If a company owns the policy, we must have a dividend form (1462) or letter signed by an authorized officer of the company. • If the person signing the form does not include their title (president, treasurer, etc.), assume they are an authorized officer unless there is evidence that they are not. • If you have a question, refer to the additional document attached regarding "Signatures of Forms." |
| Trustee | <ul style="list-style-type: none"> • If a trustee or trustees own the policy, we must have a dividend form or letter signed by all the trustee(s). • They must include the word "trustee" after their name or as part of the typed signature line. If not, please see the attached document, "Signatures of Forms." |
| <i>Et al</i> | If the ownership has <i>Et al</i> , go to CLNT system and verify the full ownership of the policy. In most cases, the letter or form must be signed by all the owners. |

| Scenario | Action |
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| Wrong Person Signed or Requested Form | <p>For instances where the wrong person signed or requested the dividend payment, if the request was sent in by</p> <ul style="list-style-type: none"> • Agency: send an email to the agency describing your requirements. Place note on case NIGO and re-index under document type "Billing." • Third party: send a letter to the policy owner, place note on case NIGO and re-index under document type "Billing." • Policyowner: Send a letter to the policy owner that includes a 1462 form. Place a note on the case NIGO and re-index to document type "1462" or "Billing." |
| Request from Power of Attorney | <p>Refer the case to Title to see if it is okay to release the dividends. Mark the case to "Title." Once returned by Title, proceed according to their instructions. Re-Index Accordingly.</p> |
| Dividend Payment applied to policy owned by other than owner of the policy | <p>If the request is to apply the dividends to a policy owned by someone other than the policy owner, then we must have two authorized officers' signatures on the form or letter other than the policyowner.</p> |

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| No form or signed letter | <p>When there is no dividend form or signed letter, and we receive a request from the</p> <ul style="list-style-type: none"> • Agency: complete an email to the agent or agency letting them know that we will require a dividend form before processing a dividend payment. • Owner: send a letter with 1462 to the owner explaining that we require an authorized officer to sign the form prior to processing authorized officer to sign the form prior to processing the dividend payment and to forward any additional cash if needed. • Customer Relation Rep: Contact the rep again to ask for the required requirements. Place a note on the correspondence "NIGO" and re-index the case to document type "1462" or "Billing." |
| No form | Follow the same procedure as above for No Form on Company owned policies. |
| No form or tittle missing | Follow the same instructions as above for a trustee-owned policy with a Missing Title, or if it is a company-owned policy, follow the same instructions for a company-owned policy with a Missing Title. |

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| Form not signed by all Owners (Et al) | <p>For these instances where all the owners do not sign the form, send the case to Title to see if we can accept the request as signed. Mark the case to Title.</p> <p>If the signature is not accepted and if we receive a request from the,</p> <ul style="list-style-type: none"> • Agency: send an Email to the agency stating requirements, place a note on the case "NIGO," and re-index to document type "Billing." • Owner: send a Word letter with the 1462 form to the owner and ask that they have all owner(s) sign and return it for processing. Place a note on the case NIGO and re-index to "1462" or "Billing." |
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Step 3: Review the Signature Code

Review the signature section of the application to confirm who requested the dividend payment.

| If request is from | Action |
|--------------------|---|
| Owner | Proceed with the dividend request |
| Danger or Minor | Refer case to Title for review. |
| Assignee | The signature of the assignee (including their title when assigned to a company and notarized) is required for all dividend payment requests. |

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| No Signature | <p>When the request is not signed by the collateral assignee, and we receive the request from</p> <ul style="list-style-type: none"> • Agency: Email the agency, place a note on the case NIGO and re-index to document type "Billing." • Owner: Send a letter with completed 1462 stating the dividend form must be signed by the assignee. Complete and include a dividend form. Place a note on the case NIGO and re-index to "1462" or "Billing." |
| Title Missing | <p>See instructions under check ownership for Company owned or Trustee owned policies.</p> <p>Note: If further or proper authorization is required, check the waiver, type and amount of dividends to see the requirements needed.</p> |

Step 4: Check for Waiver

FOR LIFE POLICIES: The word "WAIVER" will appear in the bottom half of the RQTI screen under the benefit section.

When the policy is on waiver and there is no DANGER on record ok to proceed as normal.

Step5: Verify Type of Dividends Available

The only dividends that are available for making payments are Adds (with many restrictions), Deposits, and Deposit Interest.

Most policies do not have both Adds and Deposits. However, if one does and the owner did not indicate the type of dividends wanted then take the Deposits first. If more value was requested then take from adds.

Step 6: Confirm Available Amount

The dividend request must contain a desired amount or note where to apply the dividend (for example, premium payment or complete loan repayment). We can only process for an amount more than the requested amount after getting the additional proper requirements from the owner.

Not enough Dividends: If there is not enough value to process the premium or interest payment requested, ask for additional funds. Suppose we received the request from

- **Agency:** Request the additional money via email.
- **Owner:** send a letter. Place the case in a pending status and use a follow-up date of two weeks from the date of your letter.

If there is no response and there is a remaining balance, the balance can be paid using the automatic premium loan (APL). The case should then be re-indexed to document type '1462' or 'Billing.'

Deposits: The maximum deposit value available is the value shown in the Deposits field PLUS the value shown in the Dep Int field.

ADDS - The value shown in the TOTAL ADDS field is the cash value of adds on the policy but is not necessarily available to take in cash. See the following steps to determine what adds, if any, are available.

Step 7: Check Dividend Option

See the table below for dividend options.

| Option | Meaning |
|------------|---|
| DPP | The adds are only available if the dividend option is changed to "adds." The only way you can change the dividend option to adds without a request to do so is if the policy is no longer buying Dividend Term Insurance (DTO). If there is no value in the DTO field, it is okay to change the option to add using the PRMF screen. Then, the next day, continue with the dividend surrender. For these cases only you do not confirm the canceling of the DPP option. If you have a case that has the option of DPP and you have Dividend Term Insurance, see your Team Leader. |
| EPP | The adds are only available if the dividend option is changed to "adds." The only way you can change the dividend option to adds without a request to do so is if the policy has dividend adds value and, therefore, no longer buying just Deferred Adds. If there is adds value, change the option to adds using the PRMF screen. Then, the next day, continue with the dividend surrender. For these cases only, you do not need to confirm the canceling of the EPP option. |

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| FLEX | <p>primary option: With this dividend option, adds are only available if</p> <ul style="list-style-type: none"> the Flex Term Rider is a SUPER or XXX rider* the dividends are being used to pay the premium on itself, not on another policy. The rider type is found on the DFII screen. A Flex policy can be either OLD, NEW, SUP, or XXx. <p>If the above criteria are not met, then the surrender of adds will cancel the Flex dividend option. If the box to cancel the Flex dividend option is not checked and the request comes in from</p> <ul style="list-style-type: none"> Agency: Notify the agency that there are no dividends available unless the Flex Option is canceled. Owner: Send Office Vision letter CSCPFLEXSURRCV with a dividend form. Place a note on the case NIGO and re-index to document type "1462" or "Billing." |
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Check for Outstanding Loan

No Outstanding Loan: All the adds are available.

Outstanding Loans: A policy's loan value is based on the guaranteed policy value and the adds value. When the policy has a loan and the outstanding loan balance exceeds the policy value, some adds are borrowed against—"pledged."

Loan Outstanding is less than the guaranteed policy value: All the adds are available.

Loan Outstanding is more than guaranteed policy value: Bring up an AQTI screen. The maximum loan value available shown on this screen is also (approximately) the maximum adds available on the policy (providing the amount in the TOTAL ADDS field was at least this amount).

Exception: All adds that show up on the RQTI screen are available when they are being used to repay the loan balance.

Step 8: Send to Taxes

A. MEC = M for any MEC

Surrendering Adds for any other reason than paying the premium only.

- If the gain screen has a Y, report the lesser of the gain on surrender or the Adds released. Include the taxable gain in your letter and notify taxes to log onto Taxport.
- If the "Data Complete field is "N," then refer the case to Taxes for a gain calculation.

Surrendering Deposits for any payment except paying the premium on itself - paying the premium on itself will have no taxable event - must be checked to see if there is a taxable event.

If the "Data Complete" field is "N," refer the case to the tax area to calculate the taxable event.

Step 9: Check if the Request is a Delay

Premium and Interest payments can only be processed the day after the anniversary date. When paying a pro-rata premium that is more than one month away, the dividends are surrendered effective the workflow date.

If the due date is in the future, place the case in pending and add a follow-up date on the record. Once the pending date has arrived, process accordingly.

Note: Only hold a case in delay for up to one to two months when submitted by the agency. If the paid-to-date is more than two months away and the request came in from the agency, then place a notification in the system and re-index either to document type "1462" or, if you do not have a form, to document type "Billing."

Step 10: Process Dividend Payment

1. Determine a payment screen to use. The payment screen depends on the type of payment you are making. Below is a list of screens and the payment type to apply them.

[Click here to the Types of Payment Screens And when to use it](#)

| Screen | When to use |
|----------|--|
| RMPI, P2 | Use this screen when paying only the premium, and there is no interest due from deposits. |
| FRLM | Use this screen when paying one or more billed payments. Billed payments include any payment due on the paid to date, premium, and/or interest less any applied dividend. See the example Below. |
| FGLM | Use this screen when paying only premium or only interest when both are due, changing the premium mode, and paying a new modal premium. See the Sample Below. |

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| PGLM | Paying pro-rata premiums (unscheduled premiums). Never use this screen if you can make the payment from the FRLM or FGLM screen. |
| NGLM | Processing loan repayments using deposits or a specific amount of adds or paying premiums on Vantage policies. When surrendering all adds to process a loan repayment, use the ASF system. Unless the policy has a Modal Billed ADDS Rider that hasn't completely been paid for (Amount in premium control) or if your Effective Date is the Anniversary Date. For these cases, process the loan repayment using the NGLM screen with accounts AX and L Y for the amount of adds shown on the RQTI screen. Remember, if the policy paid to date is in the future, use the workflow entry date as your effective date. See the Sample Below. |
| ASF | ASF accounting must be done when you are using all adds value to reduce the loan, except the two instances noted above. Go to special instructions for surrendering adds to repay loans. |

Note: bring up the screen using the policy that the dividends are to come from as well as the policy that the dividends will be applied to if different. (example FRLM 1234567,1234568) Except when the policy you are applying to is a Vantage policy.

- Once you have selected the appropriate screen, complete the screen specific entries. Click the buttons below to access screen-specific instructions for the payment screen you selected.

RMPI

- Verify that the Net due is just the premium due and no interest.
- Change the "P" in RMPI to a "C"
- Press Enter to process. **Only use this screen if you are paying from Deposits.**

The next three screens that are used for a premium or interest payment have 2 sections. The top half of the screen is for the premium payment which is a P4 or PP entry and the bottom half is where you enter where the funds are coming from which are P9 entries.

FRLM

FRLM Specific: Top half of the screen:

Sys = I; Pol# = (policy#);

Paid To = (yymmdd - Current Paid to Date);

No of Pmts = 0 1 (unless paying more than one billed premium amount then use 02, 03 ...);

NLMAINFRAME - EXTRA! X-treme

File Edit View Tools Session Options Help

PRDM I233458600

-P4 ENTRIES-

| SYS | POLICY NO | PAID TO | NO OF PMTS | DESCRIPTION |
|-----|-----------|---------|------------|-------------|
| i | 2334586 | 140418 | 01 | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

-P9 ENTRIES-

| SYS | POLICY NO | EFF DATE | ACCT NO | AMOUNT | DESCRIPTION | LOAN MODE |
|-----|-----------|----------|---------|---------|-------------|-----------|
| i | 2334586 | 140418 | ax | 1170.50 | | |
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FGLM

FGLM Specific: Top half of the screen:

Sys = I;

Pol# = (policy#);

Due Dt = (yymmdd - Current Paid to Date);

F = Only use this if changing the billing mode. "A" for annual, "S" for semi, "Q" for quarterly, "M" for monthly;

Premium = insert "Y" if paying premium or "N" if not paying premium;

Sgn = leave blank

Ln Int = insert "Y" if paying interest or leave blank if you are not using the rest of the columns, if you have values for the "app div" or "In repay" columns then insert "N";

App Div = amount of applied dividend if any being used to assist in payment or leave blank if you are not using the "In repay" column, if you are using the "In repay" column then insert "N";

Ln Repay = amount of loan repayment being made if any. If not leave blank.

PGLM

PGLM Specific:

Sys = I;

Pol# = (policy#);

Due = (yymmdd - Current Paid to Date);

App Div = amount of applied dividend if any being used to assist in payment else leave blank;

Premium = insert the amount of premium being paid (note this screen will accept any amount given so be careful to calculate the correct amount due);

SN = leave blank when paying a premium;

CODES = YC## (## represents the number of months you are paying).

NGLM/P9 entries

NGLM Specific/P9 entries:

Sys = I;

Pol# = (policy#);

EffDate = (yymmdd - Current PaAcct No = DX for Deposits, AX for Adds, PX if using money in suspense, 0002874 if applying money to a Vantage policy, and LY when processing a loan repayment.

Amount = Amount of money being used from the account noted in the previous column.

NOTE: If processing a surrender of adds to repay the loan and the ax/ly transaction will not work due to some or all of the adds being pledged go to the special notes on surrendering adds to repay a loan.

Related Resources

- *TBD*

Article Details

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