Dividend Option Descriptions

Overview

This page contains a table that describes the various Dividend options available to life policies at NLG. There are many dividend options, but not all options are available on all products. Some policies can have both a primary dividend option and a secondary dividend option.

The most common dividend options are Cash (CASH), Deposits (DEP), Applied (APP), and Additions (ADDS).

Details

The dividend option number appears on the PRMF screen and in a Home Office Status Report (HOSR). The dividend option type is also displayed on Mainframe screens. Click the buttons below to access descriptions of each dividend option and the rules for changing dividend options.

Number/Option	Description
1	

• CASH-# • Cash	The annual dividend is sent out in cash. The dividend check does not necessarily have to be paid to the owner or sent to the address or record. The policy owner can request another payee or a different address. The payee and address which the check is sent is coded on the ADAI screen. **Availability:** Available on all whole life, term and disability policies. **Changing To**: No restrictions. • ADDITIONAL STEP AFTER PRMF - Once the PRMF screen is processed you must also get an ADTI policy# overstrike the T to a "C" and TAB to the dividend trailer (Send To: "C" field) to: 2 2 - When the check is to be payable to policy owner and sent to address of record. NOTE: if the policy owner is ET AL do not set the dividend trailer to a 2. Instead create a new address trailer which contains the names of all the policy owners. If all the names and the address do not fit in the trailer, then use a B6N set up instead (using deposits (4) as the dividend option not cash). OR if the policy is owned by a Bank create a new address trailer containing the insured's name in the second address line (i.e. INSURED: (insured's full name). 3 or 4 - When you need the name and address which appears in those trailers or if you need to create a new payee or address. When creating a new address do not use punctuation and use the 3rd trailer first if possible. When there are no available trailers set up cash dividend option as a B6N set up using a deposit (4) dividend option. If we are using the 4th trailer for a cash dividend and TITLE needs the 4th trailer for a collateral assignee we will have to set up a B6N to handle the dividend check. When the check is to be sent to ANY Sentinel Fund Account the address should be exactly as follows: SENTINEL FUNDS FBO (acct #) (last name of insured) PO BOX 55929 BOSTON MA 02205-5929 5 - When the check is to be payable to the owner in address

	trailer 2 and the assignee that appears in address trailer 4. The address on the check will be the address from trailer 2.
	• DISABILITY POLICIES If the annual dividend is to be applied to a loan on another National Life policy then we would create an address trailer for the check to be payable to National Life FBO policy 1111111, Attn Cash Disb, Montpelier VT 05602.
	Changing From: No restrictions.
	ADDITIONAL STEP AFTER PRMF - Once the PRMF screen is processed, you must also go to the ADTI screen and delete the dividend trailer (Send To: "C" field) AND any address trailer that was created only for the dividend, no other "send to" trailer (AA, N, D or I) uses this address.

Number/Option	Description
4	The annual dividend is held at interest in the policy (like a savings account). The current interest rate paid on the accumulated dividend

• DEP • Deposits • Held at Interest	deposits is 5.0%. **Availability:** Available on whole life and term policies. **Changing To**: • NEED CERTIFIED SS#: You must verify that the client has a certified Social Security Number. This is found on the INDX system using the "MBRINQ" screen. If the client is not certified then send a W -9 to him. Once the client has a certified Social Security Number the option may be changed to 4. • NEED TO CHECK ADAI SCREEN TO SEE IF OWNER IS SUBJECT TO BACKUP WITHHOLDING - If the owner is subject to back up withholding AND a confirmation letter is being sent to the owner we need to note that he is subject to backup withholding. If no confirmation letter is being done then no notification is needed. **Changing From**: No restrictions. REMOVE B6N, IF APPLICABLE: From the PRMF screen check for B6N in the SPC BIL field. If there is a B6N then the card must be pulled from the B6N box and destroyed and go to the ADAI screen and delete the "B6N" in the SPC BIL field. Then process the change.

Number/Option	Description
2	

• APP
• Applied
	The annual dividend is applied to the balance due. This may include premium and outstanding loan interest as described below:
	
	Policies with a Loan
	
	• If the premium mode is <u>annual</u>, the dividend will be applied to the annual premium and loan interest. If extra dividend remains, it is held at interest in the policy (as deposits).
	• If the premium mode is <u>not annual</u>, the dividend will be applied to the modal premium. If extra dividend remains, it will be applied to the loan interest. If extra dividend still remains after paying one modal premium and loan interest, then the dividend will be applied to each modal premium thereafter until it is used up.
	
	Policies without a Loan
	
	• If the premium mode is <u>annual</u>, the dividend will be applied to the annual premium. If extra dividend remains, any balance above $5.00 will be sent in cash to the policyowner or the address specified by the dividend "send to" trailer.
	   o Click here for more information on the "send to" trailer.
	
	   Access the **ADTI** screen in Mainframe. Locate the **SEND TO:** trailer on the right side. Locate the **D** column which refers to the dividend instructions.
	
	   EX: If the trailer shows "**3**" under the "**D**" column, find the **Name/Address #3** field and send the balance of the dividend to that party.

- If the premium mode is <u>not annual</u>, the dividend will be applied to the modal premium. If extra dividend remains, then the dividend will be applied to each modal premium thereafter until it is used up.

Note: If the premium mode is not annual and the dividend is greater than the annual premium, the system will pre-emptively send a status notify to Cash Disb so the premium mode will get changed to annual *prior to the anniversary.* This is beneficial to the customer because the cost of annual premium is less than the total cost of modal premium.

Default: Deposits - If the policy becomes Paid-Up, the dividend option will automatically change to deposits on the anniversary billing date.

Availability:

- Available on all whole life and term policies UNLESS the policy is on group billing or Check-O-Matic/COM/EFT.
- **Not available if policy is on EFT.**
- Available on Disability policies issued prior to 1982.

   Changing To:
- LIFE POLICIES VERIFY NOT ON GROUP OR COM: Using PRMF,CD screen, verify that the IRS LST field is blank. When this field is not blank then the policy can not have an applied dividend option, since it is on some type of group billing or COM. When the field is blank then the policy can be changed to applied.
- DISABILITY POLICIES ISSUED AFTER 1982: DIV OPT 2 is not available on Disability policies issued after 1982. The system will give you an online error if you attempt to make this change on an ineligible policy. For these policies use DIV OPT 3 explained below. For policies issued prior to 1983 the policy can be changed to applied.

Changing From: No restrictions.

REMOVE B6N, IF APPLICABLE: From the PRMF screen check for B6N in the SPC BIL field. If there is a B6N then the card must be pulled from the B6N box and destroyed and go to the ADAI screen and delete the "B6N" in the SPC BIL field. Then process the change.

Number/Option	Description
9 • APP-I • Applied to Interest	The annual dividend is applied to the billed loan interest, which MUST be due on the anniversary. If extra dividend remains, it will be applied to the loan principle. If the loan interest is not due on the anniversary, the dividend will reduce the loan principle. **Default:** Deposits - When the loan and interest have been completely repaid by some of the dividend, the balance goes to Deposits and the option is changed to Deposits. **Availability:** • Available on whole life policies which have loans outstanding AND the policy cannot be on the finance billing schedule (check FINI screen). **Changing To**: Interest Due Date must be Anniversary and not on Finance. Verify that the interest due date is equal to the anniversary date and the policy is not on finance billing. No further restrictions. **Changing From**: No restrictions.

Number/Option	Description
8	

• APP-L • Applied to Loan	The annual dividend is used to reduce the loan principle. **Default:** Deposits - When the loan has been completely repaid by some of the dividend, the balance goes to Deposits and the option is changed to Deposits. **Availability:** • This option is available on whole life policies which have an outstanding loan. **Changing To**: • Policy Must have a Loan Currently: An online error will be given if the policy does not have a loan. • Term Rider: If the policy has a term rider the term rider dividend field must be 1, 2, or 4. It cannot be 8. **Changing From**: No restrictions.

Number/Option	Description
3	The annual dividend is used to purchase additional insurance. This option increases the policy cash value AND increases the death benefit

Number/Option	Description

• ADDS
• Additions
• Paid-Up Additions
	of the policy. The cash value of the dividend is used to buy a face amount of insurance based on the age, sex and plan of policy. This is not a dollar-for-dollar purchase of death benefit. The cash value of the adds will be different from the death benefit of the adds.
	
	Availability:
	
	    • Available on whole life policies only, no matter the age of the insured.
	    • Not available on Term policies.
	    • Only available on Term riders if the base dividend is Adds or DPP.
	
	Changing To: No restrictions.
	
	Changing From: WHEN TERM RIDER IS A 3 this option must be deleted and changed to 1, 2, or 4. Otherwise No restrictions.
	
	REMOVE B6N, IF APPLICABLE: From the PRMF screen check for B6N in the SPC BIL field. If there is a B6N then the card must be pulled from the B6N box and destroyed and go to the ADAI screen and delete the "B6N" in the SPC BIL field. Then process the change.

Number/Option	Description
4V	

• D-VAN
• Premium Payment by Deposits
• Internal Funding by Deposits
	The annual dividend is held at interest in the policy and then the annual premium is paid by withdrawing dividend deposits.
	
	Availability:
	
	• Available ONLY on whole life policies which are on an annual premium mode.
	• Policy cannot have DTO with this option.
	
	Changing To:
	
	• MUST BE ANNUAL ON ANNIVERSARY:
	   o When on the PRMF screen verify that the premium mode is annual - "PREM FRQ: A" and the "PAID TO" is equal to the "ISSUED" month and year. If these are true then add the secondary option of "V" but DO NOT USE AN EFFECTIVE DATE.
	   o When the "PREM FRQ" is not annual but the PAID TO is equal to the "ISSUED" month and year then change the premium frequency to annual "A" using PRMF Ipolicy#,CF. On the next day change the option to 4Y.
	   o When the "PREM FRQ" is not annual and the PAID TO does not equal the ISSUED month and year then use a PGLM Ipolicy# screen to pay a pro-rata premium to the next anniversary using dividend deposits (DX). On the same day change the premium frequency to annual "A" using PRMF Ipolicy#,CF. On the next day change the option to 4Y. No restrictions.
	• REMOVE B6N, IF APPLICABLE: From the PRMF screen check for B6N in the SPC BIL field. If there is a B6N then the card must be pulled from the B6N box and destroyed and go to the ADA! screen and delete the "B6N" in the SPC BIL field. Then process the change.
	• NOTE WARNING FOR BILLED ADDS RIDER: This billing method is not available on policies that have a billed adds rider. If adding 4V to a policy that has a billed adds rider you will receive an on line message if the policy has a billed adds rider. Do not add 4V to the policy until Contract Change has removed the billed adds rider.
	
	Changing From: No restrictions.
	
	REMOVE B6N, IF APPLICABLE: From the PRMF screen check for B6N in the SPC BIL field. If there is a B6N then the card must be pulled

	from the B6N box and destroyed and go to the ADA! screen and delete the "B6N" in the SPC BIL field. Then process the change.
Number/Option	**Description**
3V	The annual dividend is used to purchase additional insurance and then the annual premium is paid by surrendering dividend additions.

- A-VAN - Premium Payment by Additions - Internal Funding by Additions	**Availability:** - Available ONLY on whole life policies which are on an annual premium mode and do not have a billed adds rider. - Policy can not have DTO with this option. **Changing To**: - MUST BE ANNUAL ON ANNIVERSARY: When on the PRMF screen verify that the premium mode is annual - "PREM FRQ: A" and the "PAID TO" is equal to the "ISSUED" month and year. If these are true then add the secondary option of "V" but DO NOT USE AN EFFECTIVE DATE. When the "PREM FRQ" is not annual but the PAID TO is equal to the "ISSUED" month and year then change the premium frequency to annual "A" using PRMF Ipolicy#,CF. On the next day process the option change to 3Y. When the "PREM FRQ" is not annual and the PAID TO does not equal the ISSUED month and year then use a PGLM Ipolicy# screen to pay a pro-rata premium using Adds value (AX) to the next anniversary. On the same day change the premium frequency to annual "A" using PRMF Ipolicy#,CF. On the next day process the option change to 3Y. Do not change the frequency if the policy is on a group billing since all policies on that group would have to be annual or this policy will have to be removed from the group. - NOTE BILLED ADDS RIDER WARNING: This billing method is not available on policies with a billed adds rider. If adding 3V to a policy that has a billed adds rider you will receive an on line. Do not add until Contract Change has removed the billed adds rider. Contract Change can not remove the billed adds rider unless we have a signed statement from the owner that it can be removed. **Changing From**: No restriction.

Number/Option	Description
3P	The annual dividend is used to purchase additional insurance. AND once the policy's anniver year has reached or passed the Start Year found on the APVI screen, then part of the premiu

- A-PV - Partial Premium Payments by Additions - Level Outlay	paid by the surrender of additions, with the balance paid in cash. The billed amount, duration start year are shown on the APVI screen. **Note:** The Level Outlay amount is the annual amount. If the premium mode is on semi this amount is divided by 2, or if the premium mode is quarterly this amount is divided by 4, or if premium mode is monthly or COM this amount is divided by 12. **Availability:** - Available on whole life policies, but not on Endowment contracts. - Available on all premium modes, however, if the policy has a billed adds rider, then the premium mode on the base policy AND the billed adds rider MUST be annual or CO - Not available on policies with a billed loan repayment. - If the policy has a term rider, then the term rider dividend **cannot** be APP (applied). I this option is selected, the policy cannot be off anniversary cycle (the billing date must align with the anniversary date). **Note:** If the policy currently has a Flex dividend option, that can be changed to Flex-Level Outlay (FLX1PV or FLX2PV). **Changing To**: USE APVC SCREEN: This billing method can only be processed using the APVC screen. This screen was built just for level outlay. There are four fields available to in information. **New Dividend Option** - This is a one-character field which represents the primary op on the policy. Here you would insert the primary option that already exists "3" for Ad Level Outlay or "B" for Flex1 Level Outlay or "A" for Flex2 Level Outlay. The syste will automatically set the secondary option to a "P" when the screen is entered. NOTE When you are canceling Flex Level Outlay and changing the option to Adds Level Ou you first must change the option to Adds using the PRMF and then on the next day us the APVI to change to Adds Level Outlay (3P).NOTE: When changing from AV or B to AP or BP this is a two day process. First remove the "V" then on the second day ac Level Outlay. **Annual Outlay** -This field represents the amount that the client wants to submit in ca Do not use cents or decimals. You must insert the amount to be paid ANNUALLY. Examples: When the client wants to pay $100.00 a month (special monthly or monthl then insert 1200 (12 x 100) into this field, or $50.00 a quarter insert 200 (50 x 4), or $ semi-annually insert 400 (200 x 2). **Start Year** - This field represents the policy year to start using dividend additions to part of the premium. This is the only dividend option we offer that can be effective or future anniversary whether it be 5, 10, or 20 years from now. Any dividend that earns prior to the start year will earn according to the primary option (3 earns Adds, B and earn Flex and Adds) and the full premium will be billed.The system will not allow yo insert a start year if that policy anniversary year has already past, therefore, you will r to order a status and correct the start year and send it to Contract Change to be have a field change. NOTE: We do allow newly issued policies to have Level Outlay added

issue (for premiums due within the first year). This is done by doing a current change using the issue year in the Start Year field.

- **Num Durations in Effect -** This is a three-digit field that represents the number of ye that the policy is to be on Level Outlay. If this field is left blank then the option will remain on the policy until the cease year.

  <u>Note:</u> Online Warning message - ANNL ADDS RIDER, NOT ANNL BASE POLIC Level Outlay is available on policies with a billed adds rider as long as the billed adds rider premium and base premium are both COM or Annual. If they are both the same mode and you get an on line error "ANNL ADDS RIDER, NOT ANNL BASE POLI then you will need to do a change order to add an "A" Billing Code (BC field on the f top right corner of the status) to the Annual Adds rider Trailer. NOTE: When the star year is greater than 2000 you will receive an on line warning message "ANNUAL OUTLAY NOT VALIDATED - START YEAR > 1999". Just ignore message.

Changing From: No restrictions.

Click here to view an example of level outlay with cash in suspense to pay premium, loan interest, and loan repayment

This policy anniversary is 2/8. Cash of $700 was received on 1/25, to pay the billed loan interest and the annual premium. The policy dividend option is A-PV (level outlay).

1. We must wait until 1 day after the anniversary date to apply the money.
2. Use an FGLM screen.
3. In the P4 entries, the premium and loan interest must be paid first. They will have the same effective date as the anniversary date.
4. Any remaining money after the premium and loan interest are paid should be applied loan repayment. Loan repayment will have the effective date of the date the money w received.
5. In the P9 entries, the cash in suspense effective date should match the suspense effect date shown in SMS or on RNVI screen. Use the PX account and use a negative sign t remove the money from suspense.
6. Below the cash suspense line, add a second line for the level outlay portion. Use an A transaction effective the anniversary date for whatever amount is shown on the bill; n negative sign. Type 'leveloutlay' in the description field.
7. Press ENTER to submit the transaction.

See below examples of RQTI screen to find important fields and FGLM screen to apply money.

- **Premium shown in yellow**
- **Loan interest shown in blue**
- **Cash in suspense shown in green**
- **Dividend transaction shown in red**

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RQTI 225305000,OVD                                              DD
INS: MARGARET H MORRIS        STATUS: I/F  PAID TO: 24-02
OWN: MARGARET H MORRIS        ISSUED: 995-02-08  AGE: 13  MEC:    LAST ACTIO
     217 BAYS END CT          FEMALE BORN 981-08-09 NON-FORE AT  CHG: 24-01-
     CHAPIN  SC                                  DIV OPT: A-PV   ACT: 24-01-
                              INT LAST     287.45  BILLED        DIV: 23-02-
SSN:              ZIP: 29036  INT NEXT     287.44  DUE  25-02-08 PL:  23-04-
                              23  DIVD     101.80               SIG: OWNER
AGY: 081 NOT TO: OWN SVC: BARRY A TEAGUE CLU CHFC    CASH VALUES ON    24-02-
                                         AGENT   COM  WITH PREM PD TO  24-02-
     BENEFITS  LD     AMOUNT       CS 21408-21 N POLICY          6268.0
PACE         NS      50000   465.50 82 26955-02  TOTAL ADDS      2680.7
VAR LN/DIR REC                                   DTO
  ADDITIONS          12384         82            DEPOSITS
                     ANNL PREM   465.50          DEP INT
                                                 LNS AT  5.6V       5132.9
                                                 LN INT             287.4
                                                 SUSP (C)           700.0
                     FREQ: ANNUAL               REFUND GROSS
             CURR CAP:  0.0 PLAN 101604000 GR      PRO-RAT-DV
                        BILL ANV 02-08    NT       TERM DIV         680.5
                                          UN          TOTAL        4908.81
ABR:    MED: N DATES: YYMMDD EXCPT BILL ANV'S MMDD 1411HA2690  BPK012624162946
-NOT ON EFT-SURR REQUIRES CALC OF TAXABLE GAIN
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```
FGDM I225305000
-P4 ENTRIES-
SYS  POL #     DUE DT  F  PREMIUM  SGN  LN INT  APP DIV  LN REPAY  DESC
i   2253050    240208     465.50        287.45
i   2253050    240125     n            n                 123.55




-P9 ENTRIES-                                                  LOAN
  SYS  POLICY NO  EFF DATE  ACCT NO     AMOUNT    DESCRIPTION  MODE
  i   2253050     240208    px         700.00-
  i   2253050     240208    ax         176.50     leveloutlay




                                        0857HB3896   BBE01262416051
```

Number/Option	Description
5	The annual dividend is used to purchase dividend term insurance. Any remaining balance is used as indicated by the secondary dividend option.

• DTO • Dividend Term Option • Dividend Term Insurance	A secondary option must always be elected. The face amount of term insurance purchased is equal to the guaranteed cash value on the next policy anniversary (i.e. 1995 dividend will buy a face of term equal to the guaranteed cash value on the 1996 anniversary). If the dividend is not enough to purchase the face amount equal to the cash value on the next anniversary, deposits are surrendered to help purchase that face amount. If that is still not enough, then it will just purchase as much face amount as it can. **Availability:** Whole life policies only. **Changing To**: NEVER ADD ONLY RESTORE - Can never add DTO to a policy. Any such request should be sent to Contract Change. DTO (5) must always be in the first dividend option field. When the policy has DTO then the second dividend option field must carry a secondary option of 1, 2, 3, 4, 8 or 9. **Changing From**: • NEED REQUEST TO CANCEL DTO: In order to cancel DTO a 1462 or signed statement must be received from the client directly stating that DTO is to be cancelled. The 1462 form has a box "Cancel DTO" which must be checked. If the box is not checked then only change the secondary option, ex from "53" to "59". **Exception:** When we receive a check and a 1462 requesting to change the dividend option to applied and the entire dividend is needed to pay the current premiums, we can cancel DTO without the client indicating this on the form. First, we will notify the agency by omni advising them that the change will cancel the DTO option and give them 5 working days to respond, if there is no response process the change. A copy of the omni is to be placed in the application file. • EVERY CASE WHERE DTO is cancelled the policy owner must be sent Office Vision letter CSCPCANDTO advising them that the DTO was canceled and giving them 15 days to change their mind.
Number/Option	**Description**
7	The annual dividend is used to purchase DTO and Paid-Up Additions according to a predetermined death benefit ("Term Amount" field found

• OYT/A • One Year Term with Adds	on a status). **Availability:** Available on whole life policies which have been converted to an Early Vanishing Premium policy (EVP). **Changing To**: NEVER - Can never add OYT to a policy. Any such request should be sent to Contract Change. **Changing From**: • NEED REQUEST TO CANCEL DTO: In order to cancel OYT a 1462 or signed statement must be received from the client directly stating the OYT or DTO is to be cancelled. The 1462 form has a box "Cancel DTO" which must be checked. • EVERY CASE WHERE OYT is cancelled the policyowner must be sent an Office Vision letter CSCPCANDTO advising them that the DTO was canceled and giving them 15 days to change their mind.

Number/Option	Description
A	The annual dividend is used to purchase a specified face amount of dividend term insurance until the insured reaches age 80. Any balance is used to

	purchase Paid Up Additions. If the dividend is not enough to purchase this term face amount, then the client is billed for the insufficiency. At attained age 80, the Rider will change to the decreasing term option for an amount equal to the age 80 death benefit. This helps to minimize the effect of high term insurance costs at older ages. **Availability:** Whole life policies only at issue or through a Contract Change. **Changing To**: Can only be added to a policy by Contract Change. **Changing From**: • Need request to cancel Flex: In order to cancel FLEX a 1462 or signed statement must be received from the client directly stating the FLEX is to be cancelled. The 1462 form has a box "Cancel FLEX Term" which must be checked. • Every case where Flex is cancelled, the policyowner must be sent a letter advising them that the FLEX was canceled and giving them 15 days to change their mind. **Note:** A fatal error: "NY FLEX TERM, DIVIDEND OPT eRG INVALID" will appear when triing to cancel Flex on a policy that was issued in New York. The dividend option must be changed manually by change order and the premium payment for the NY Flex rider must be removed. To remove the NY Flex premium using the "#" sign cross of in the Extended Benefit section the NY Flex premium line. When changing the option from FLEX to Adds and there is a rider dividend option, you have to change the base option to "3" and delete the rider option using the space bar then enter. The file maintenance will not change the rider option, only the base option.
• FLX2 • Flex 2 • Level Flex	

Number/Option	Description
B	

• FLX1 • Flex 1 • Decreasing Flex	The annual dividend is used to purchase a combination face amount of Dividend Term insurance and Paid Up Additions, the sum of which equals a specified amount ("Term Amount" found on HOSR). If the dividend is not enough to purchase this term face amount, then the client is billed for the insufficiency. **Availability:** Whole life policies only at issue or through a Contract Change. **Changing To**: Can only be added to a policy by Contract Change. **Changing From**: • Need request to cancel Flex: In order to cancel FLEX a 1462 or signed statement must be received from the client directly stating the FLEX is to be cancelled. The 1462 form has a box "Cancel FLEX Term" which must be checked. • Every case where Flex is cancelled the policyowner must be sent a letter advising them that the FLEX was canceled and giving them 15 days to change their mind. <u>Note:</u> **A** fatal error: "NY FLEX TERM, DIVIDEND OPT CHG INVALID" will appear when trying to cancel Flex on a policy that was issued in New York. The dividend option must be changed manually by change order and the premium payment for the NY Flex rider must be removed. To remove the NY Flex premium using the "#" sign cross of in the Extended Benefit section the NY Flex premium line. When changing the option from FLEX to Adds and there is a rider dividend option and the you have to change the base option to "3" and delete the rider option using the space bar then enter. The file maintenance will not change the rider option only the base option.

Number/Option	Description
AP/BP	The annual dividend earns the same as stated above for the primary option A or B. As long as the policy's anniversary year is past the level outlay start

• (AP) FLX2PV • Flex 2 Level Outlay	year, then for every premium due, adds are surrendered to pay a portion of the premium, with the balance paid in cash. **Availability:** On whole life policies which have the Flex dividend option AND an illustration supports the Level Outlay until the policy matures or for the Level Outlay Duration requested. **Changing To**: See 3P.
• (BP) FLX1PV • Flex 1 Level Outlay	**Changing From**: The secondary option (Level Outlay) can be cancelled at any time using the PRMF screen. To do this over strike the P in AP or BP with the space bar. This will cancel the Level Outlay and automatically delete the Level Outlay fields.

Number/Option	Description
AV/BV • (AV) FLX2VN • Flex 2 Premium Payment by Additions • (BV) FLX1VN • Flex 1 Premium Payment by Additions	The annual dividend earns the same as stated above for the primary option A or B and then the annual premium is paid by surrendering dividend additions. **Availability:** On whole life policies which have the Flex dividend option AND an illustration supports all premium payments by additions until the policy matures. **Changing To**: See 3Y. **Changing From**: The secondary option (V) can be cancelled at any time using the PRMF screen. To do this over strike the V in AV or BV with the space bar. This will cancel the billing method. To also cancel the Flex Option (primary option) see **Changing From** (A FLX2) and (B FLXl) above.

Number/Option	Description
6	The annual dividend is used to purchase deferred paid-up additions (they are deferred until a specified date). The deferral date is found on the

• D-ADD/D-APP
• Economic Protection Plan (EPP)
	mid-left side of the RQTI screen: EPP Policy (01). The two-digit number represents the deferral anniversary year. Once the stated amount of deferred additions has earned, the dividends will earn according to the secondary option (i.e. 63=purchase additions, 62=applied to premium).
	
	Note: The point at which Deferred Additions are no longer being purchased has historically been much earlier than the deferral date.
	
	On the deferral date the Base face amount of the policy is reduced and the deferred adds which were purchased are converted to Paid Up additions. The primary dividend option will automatically change to the secondary option.
	
	Availability: This type of policy is no longer available. You will find this dividend only on EPP whole life policies.
	
	Note: When this option is cancelled before the stated amount of deferred adds are purchased then the death benefit will be reduced on the deferral date.
	
	Changing To: Not available.
	
	Changing From: NEED REQUEST TO CANCEL EPP
	
	    In order to cancel EPP a 1462 or signed statement must be received from the owner directly stating that EPP is to be cancelled. The 1462 from has a box "Cancel Deferred Additions Option" which must be checked. Be sure to delete both the primary and secondary options since EPP is 63 or 62.
	
	    If no indication is made and the request came from the policy owner then send Office Vision letter CSCPEPPOPT with a 1462 form to the policy owner to sign. If the request came in from the agency return the 1462 form to the agency with a statement that we can not change the option unless the owner states that the EPP option is to be cancelled.
	
	    Exception: Once the stated amount of deferred additions has earned, the dividends will earn according to the secondary option. When this happens then the option may be changed without requesting a new form from the client stating to cancel the EPP Option. For these cases only, you do not confirm the cancelling of the EPP option

Number/Option	Description
0	The annual dividend is used to purchase a combination of Dividend Term Insurance (DTO) and Paid-Up Additions until the deferral date. At this time, the dividends will only purchase Paid-Up Additions. The advantage of this policy is the payment of a minimum premium, which, combined with annual dividends, maintains the level of life insurance coverage.
• DPP • Dividend Protection Plan (DPP)	**Availability:** This type of policy is no longer available. This dividend is only available on DPP's whole-life policies, and once canceled, it cannot be reinstated. **Changing To**: Not available. **Changing From**: Need Requests to Cancel DPP In order to cancel DPP, a 1462 or signed statement from the owner directly stating that DPP is to be canceled must be received. The 1462 has a box, "Cancel DPP Plan," which must be checked. If no indication is made and a request comes from the policy owner, send an Office Vision letter CSCPDPPOPT with a 1462 form for the policy owner to sign. When the request comes in from the agency, return the 1462 form to the agency with a statement that we can only change the option if the owner states that the DPP option is to be canceled. **Exception**: If the DPP Term face value is not being purchased by the dividend (found on the RQTI screen), then the option may be changed without requesting a new form from the client stating to cancel the DPP Option. Since the dividend is only earning adds at this time, you do not confirm the requested at issue. Canceling of the DPP option.

Number/Option	Description
• 4, 2 • 4V	

• B6N SET UPS	This option is a means of accommodating some common options that policyowners want but the system cannot handle. A list of these such options follows "MOST COMMON B6N SET-UPS".
	
	Note: The dividend option depends on how the dividend is to be used. The B6N option can be identified by a B6N in the SPC BIL field on the ADAI or PRMF screen.
	
	Availability: Available on whole life policies.
	
	Changing To: THIS OPTION IS NO LONGER PERMITTED FOR NEW SET-UPS. SOME POLICIES STILL EXIST WITH THIS OPTION AND WILL CONTINUE TO BE SERVICED, BUT NO NEW CHANGES ARE PERMITTED.
	
	This set up should be discouraged since it is a manual set up but for those commonly requested options as indicated in the "MOST COMMON B6N SET-UPS" write up we will accommodate the owner. VALIDIATE B6N: We do not want to have B6N set ups where the dividends will not cover the entire amount due. Any B6N set up that is used to make a payment on the premium or interest should only be allowed when the dividends cover the ENTIRE amount due once the dividends no longer cover the amount due the B6N should be removed.
	
	    • SEPARATE LOAN INT BILL: When the loan interest needs to be separately from the premium on the ADA! screen insert the owners address in trailer 3 and put a 3 in the SEND TO "I" field. This will separate the premium and interest bills when they are due on the same date.
	    • GROUP CASES: B6N is not available on group cases where the dividend is to pay the premium. Remove from group in these cases.
	    • SETTING UP B6N:
	        ○ Go into the B6N cardfile in your Program Manager on your PC.
	        ○ Select the "Add Record" button.
	        ○ Enter: Policy Number, Last Name, Anniversary Month (or if the B6N pertains to a premium due date use this due date and not the anniversary), Anniversary Day, Instructions (including what the option is and what is to be done with the dividends), Card Creater (is you), Date Completed (date card is created), Agency.
	        ○ Press the "Save Record" button and then "Exit" button.
	        ○ Add the B6N special handling code using the ADTI screen unless the policy is on group.
	        ○ GROUP CASES: Add notify: DATE = two weeks before the anniversary, FREQ = 001, WHO = group processors who

	code, REASON = b6nan. The person handling the group function will get this notify and place the b6n in the special handling trailer. Once the anniversary goes by the group person will remove the B6N special handling trailer. When the B6N notify is in the record the billing for this policy will print separate from the group bill which is a big problem for the group processor. Also add a note to the B6N card noting that policy is on group therefore the B6N is not in the special handling trailer. o Change dividend option to the appropriate option which works for the B6N set up. **Changing From**: Using the ADAI screen delete the SPC BIL field (B6N) and then delete the B6N card from the B6N card file. If the B6N card file states that the policy is on group billing, you will also need to delete the notify (B6NAN) in the policy and notify the group processor that this has been done.

Related Resources

- *TBD*

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