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

<u>Note:</u> 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 <u>Completing Same-Day ACH Refunds</u> 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 in present in OnBase.

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

See the <u>New Refund Top Sheets</u> 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:
 - o 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.
 - o 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.
 - o 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.

<u>Tip:</u> If you are unsure how the funds were received, check for the batch number using the Lawson Accounting History tool. Refer to the <u>Batch Type Quick Reference Guide</u> 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 <u>EFT Transaction History</u> (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 <u>Inbound Write-Off Template</u> and a GL 40 journal entry.

Combine all documentation into <u>one file</u> 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.

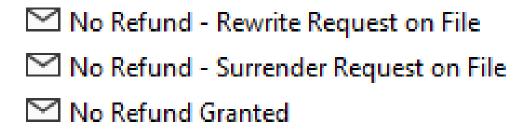
- 2/20 refund due to home office error
- 3/16 refund, no home office error
- No refund, payment returned by bank

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:



If the customer <u>does</u> qualify for a refund, use the following options:

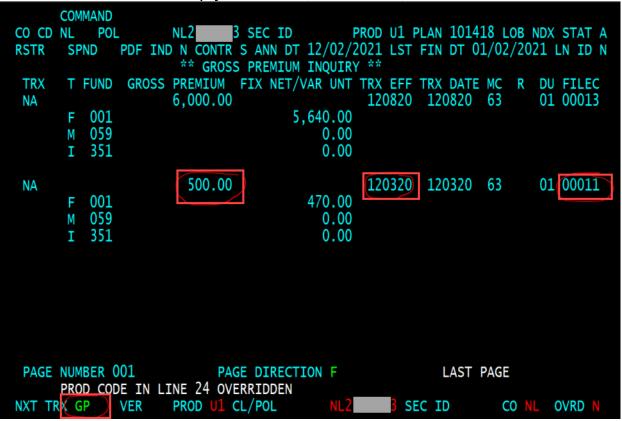
- Refund Granted Home Office Error
 Refund Over 10K
- Refund Request No Home Office Error

Step 6: Reverse the funds to suspense.

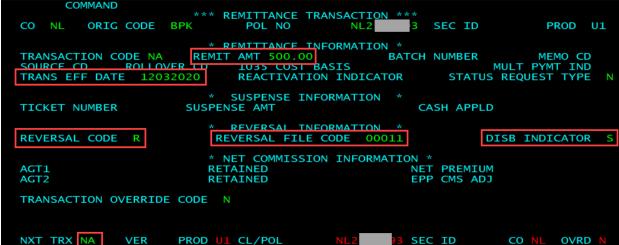
Click the tabs below to see instructions on how to reverse funds.

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.



- 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.
 - 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.
 - Press the F1 key to submit the transaction.



<u>Note:</u> 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.

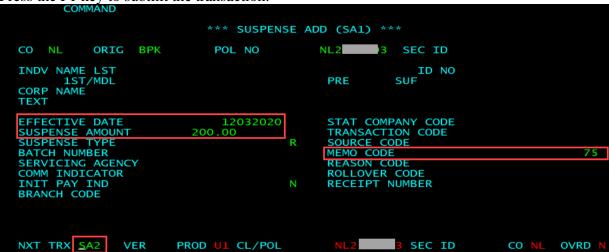
Click here for more instructions to refund a partial payment.

- 1. Use the NA1 screen to reverse the entire payment off the policy.
 - o In the Remit Amt field, type the amount from the GP screen.
 - o 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.
 - o In the Reversal File Code field, type the file code from the GP screen.
 - o In the Disb Indicator field, type C.
 - Press the F1 key to submit the transaction.



- 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
 - o In the Suspense Amount field, type the amount that WILL be refunded.
 - In the Memo Code field, type 75.

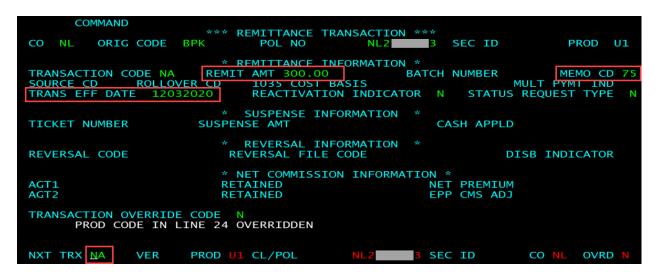
Press the F1 key to submit the transaction.



- 3. Use the NA1 screen to repay the funds that will NOT be refunded back onto the policy.
 - o In the Remit Amt field, type the amount that will NOT be refunded.
 - o 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.

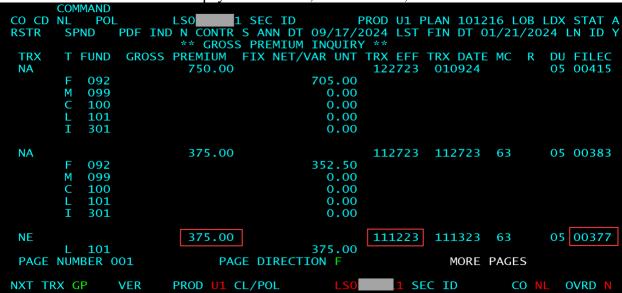
In this example, \$500 was reversed off the policy, then \$200 that will be refunded was moved into suspense.

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



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.



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

Press the F1 key to submit the transaction. *** LOAN REMITTANCE TRANSACTION (NE) *** CO CODE NL ORIG CODE BPK POL NO SEC ID PROD U1 REMITTANCE INFORMATION *** TRANSACTION CODE REMITTANCE AMOUNT 375.00 ΝE STATUS REQUEST TYPE TRANS EFFECTIVE DATE 11122023 CASH APPLIED SUSPENSE AMOUNT SOURCE CODE MEMO CODE TICKET NUMBER REACTIVATION INDICATOR FUND ALLOCATION OVERRIDE REVERSAL FILE CODE PREF LOAN REMITTANCE 00377 DISBURSEMENT INDICATOR *** FUND OVERRIDE INFORMATION *** **FUND ALLOCATION** FUND ALLOCATION FUND ALLOCATION **FUND ALLOCATION** NO. PERCENT NO. PERCENT PERCENT NO. PERCENT

CO NL

1 SEC ID

OVRD N

PROD U1 CL/POL

Click here for instructions to reverse funds off Trad policies

If you're reversing a premium:

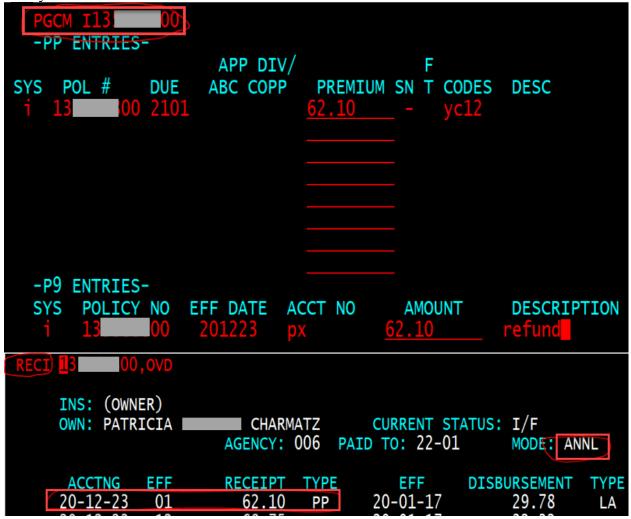
NXT TRX NE

• Use the PGAM screen to reverse the funds to suspense.

VER

- Pull needed info from the RECI screen.
- Be sure you reverse the correct number of months.

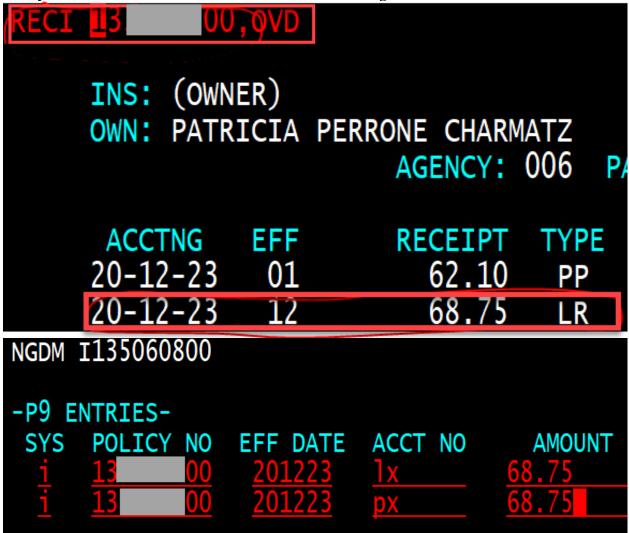
• Give your PX transaction the same effective date that the funds were received.



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



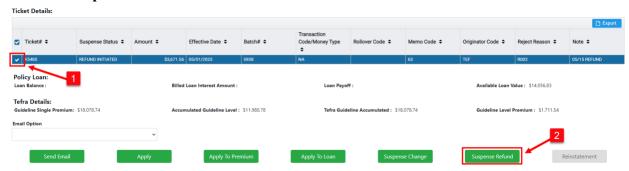
Step 7: Check for a return (again!)

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.

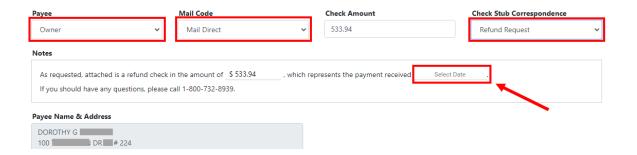
- 1. On the date you determined the refund will be issued, select the item in suspense management system (SMS).
 - o Double check for a return in OnBase
 - Double check the amount in suspense
 - Click the Suspense Refund button



- 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.
 - o Choose **Check** for a payment that came in via K, S, T, U, or Z batch.
 - o Choose **Check** for a payment that came in via <u>non-personal</u> check, such as check from corporation or business.

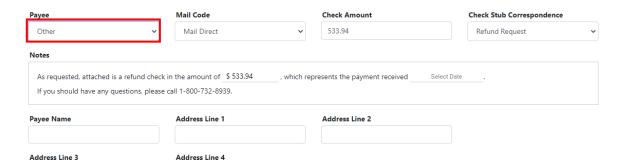
Suspense Refund Policy Number Policy Owner Name Group Name **Ticket Number** DOROTHY G 13 00 00001 Effective Date Amount \$ 533.94 03/20/2023 Refund Select Select ACH

- 3. From the Check Stub Correspondence drop-down menu, choose Refund Request.
- 4. From the Mail Code drop-down menu, choose **Mail Direct**.
- 5. 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**.
 - o If typing payee name or address into SMS, do <u>NOT</u> include any punctuation or special characters.



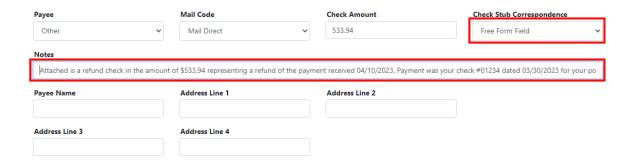
<u>Note:</u> For refunds on policies that have multiple owners, select **Other** from the **Check Stub Correspondence** drop-down menu. The check must be made payable to <u>all</u> owners.

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.



<u>Note:</u> 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 <u>\$XX.XX</u> representing a refund of the payment received <u>MM/DD/YYYY</u>. Payment was your check <u>#XXXX</u> dated <u>MM/DD/YYYY</u> for your policy <u>#XXXXXX</u>; FBO – <u>FIRSTNAME LASTNAME</u>.



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
 - o Copy of the EFT Transaction History (P, Q, V batch)
 - Lockbox documentation (W, Y batch)
 - o One line or highlighted report from CER Report (Z batch)
 - o IVR Payments based on system limitations, refund via check or contact Treasury for assistance. (X batch)
 - Refer to the <u>Batch Type Quick Reference Guide</u> 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 <u>Inbound Write-Off Template</u> 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 <u>Waiving</u> <u>Premiums and Fees</u>.
- If necessary, follow the procedure for Voiding and Re-issuing Refund Checks.
- For guidance issuing a same-day refund, see <u>Same-Day ACH Refunds</u>. Same-day refunds are for escalated situations ONLY and require the approval of a team lead or above.

Article Details

Last Reviewed	9/30/2024	Intended Audience	Billing
Approved by	Page LeBlanc Kirstyn Rinker	Department	Payment Center

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