

# Policy Billing - Rating Program

Last verified by Adam BalkLudwig on 11-09-2022

## Summary

Rating Programs, which are designed to generate Premium amounts according to whatever requirements the Client presents, also affect Insurance Billing. This topic covers those elements of the configuration of the Rating Program which pertain to Billing, whether it's Policy, Member or Agency Billing.

## Rating Program Client Considerations

One of the most important features of Underwriting is the Rating Program, and one of the critical parts of setting up a client will be modeling various formulas and algorithms around Rating premium using tools like Excel, but from a Policy Billing perspective, one of the important questions will be to determine how Commissions are handled, since some of these components are set up in the Rating Program.

**NOTE:** *at the time of this writing (March, 2022), Commission is configured in the Rating Program. In the future, updates may be made to Commissions.*

### **QUESTIONS TO ASK BEFORE BEGINNING**

- **Agency Billing.**
  - Will Agency Billing be used?
  - If so, when do you process statements?
  - How do you calculate commissions? (What basis?)
  - When to send out commissions?

## Setting up the Rating Program for Billing

When a Rating Program is created, the screen that first appears contains high-level components of the Rating Program, some of which should be considered and configured with respect to Billing:

- **Use Credits.** When this is selected, it allows the user to create negative transactions as credits, which would offset debits. This allows payments that would need to be sent out to the insured as credit to be generated. This is a default setting and is almost always left as selected.

Use Credits 

☐ When billing, reduced premiums and cancellations should be applied as credits.

- **Pending First.** This setting is not selected by default, and generally depends on client requirements. Selecting this would apply any credits to Pending invoices (invoices that have not yet been sent.) This is usually selected when the client would rather not have to process refunds, and would instead have the system automatically apply the credit to future invoices. One slight drawback might be that it could be considered a less-than-customer-friendly setting. If a client is very customer-service focused, this would probably not be selected.

Pending First

☐ When applying credits, prioritize crediting line items in pending installments first.

## BILLING CONFIGURATION

Aside from the two high-level settings above, the bulk of the setup activities for Billing under the Rating Program is located under "More" and "Billing and Commissions" as shown below.



Administration > Rating Programs > Demo Rating Program

Edit Rating Program Lock Rating Program More ▾

Description	Demo Rating Program
Template Rating Program	Rating Program 1
Effective Date	12/01/2021
Expiry Date	02/16/2022
Renewal Set	Rating Program 1

**Rating Program**

- Delete Rating Program
- Limits and Deductibles
- Copy Rating Program
- Non-Premium Bearing Fields
- Invoice Script
- Billing and Commissions**
- Email Communications
- Renewal Options
- Onset/Offset

The screen that appears allows Billing options to be configured for the Rating Program. Each choice is described below.

## Billing and Commissions

### Billing

**Disable Billing** ☐ If checked, no Insured Transactions will be generated upon binding of quotes or endorsements. The billing options below will be ignored.

**Billing Profile** ▼

**Auto Cancellation** ☐ Automate payment delinquency notification and policy cancellation. Detail options are in selected billing profile.

**Trigger Delinquency Only** ☐ On cancellation date, trigger the delinquency event but don't auto-cancel policy.

**Delinquency Exception Filter** All Policies [Edit Filters](#)

(i)

**Auto Invoice Insureds** ☐ Auto generate invoices for Insured Bills on their Transaction Date

**Auto Invoice Agencies** ☐ Auto generate agency invoices from submitted policy statements monthly or daily

**Day of Month** 1 ▼

**Agency Bill Due**  days after invoicing.

**Last Invoice Date**  📅

(i)

**Waive Installment Fees** ☐ If an installment is paid in full ahead of schedule, any installment fees should be waived from the invoice amount.

(i)

- **Disable Billing.** If the client does not wish to use billing in conjunction with the Rating Program, this can be turned off here, and no other configurations would apply. This does not affect the ability for the Rating Program to calculate Premium.
- **Billing Profile.** Any billing profiles that have been created can be selected here as shown below.

Billing Profile

Auto Cancellation

Trigger Delinquency

▼

Billing Profile 1

Main Billing Profile

- **Auto Cancellation.** If this is checked, then whatever Delinquency process was set up in the Billing Profile will be applied. If this is set up, then if payment has not been received by the Delinquency Cancellation date, the system will automatically process a cancellation for the policy. **NOTE:** *the client should be consulted regarding this feature. In many cases, particularly newer clients, might want to retain control of cancellation manually.*
- **Trigger Delinquency Only.** If this is checked the system will generate Delinquency events that can trigger Date Entry Events but will not auto cancel the policy.
- **Delinquency Exception Filter.** When specified, any policies matching the filter criteria will be excluded from the nightly automatic cancellation process.
- **Auto Invoice Members/Insureds.** For Member Billing, this directs the system to automatically set Pending invoices to "Invoiced" for Member Bills on the Transaction Date. If this is not selected, then Pending Invoices will have to be manually changed to "Invoiced". For this reason, it is increasingly common to select this for deployments.
  - For Agency Billing (this is set per Policy), the Member transactions are set to "Submitted" as they will be gathered up for the creation of the Agency Statement (described below.)
  - **Auto Invoice Filters.** Similar to auto-cancellation above, this choice can be filtered using a query.

**NOTE:** By default, the Origami system will not automatically generate another invoice when one is in a Pending state and overdue. The system allows the manual creation of an invoice under these conditions, but not automatically. (The main reason is that there is a high likelihood that the policy will cancel.) This should be discussed with the client, and if they maintain that they wish to create invoices when there is a Pending invoice overdue, then a Data Entry Event will need to be created that notifies them so they are aware of the situation and can act accordingly.

- **Auto Invoice Brokers/Agencies.** For Agency Billing (that is, when the Policy has been set to "Use Agency Billing"), this directs the system to automatically generate an Agency Statement on the Day of the Month set below.
  - When this is selected, on the appointed day of the month below, the system will collect all of the Policies under that Broker which have "User Agency Billing = Yes", and gather up the Member Transactions under those policies that are in a "Submitted" status, adds up all of those Member transactions, and sets the Total Amount on the invoice to the Broker.
- **Day of Month.** This is the day of the month to generate the Agency Statement. There are two additional choices besides 1-31:
  - "Last" - this is the last day of the month. (either 28, 29, 30 or 31, depending on the month)
  - "Every Day of the Month" - this is not typically done with Agency Billing, but some clients have requested it, so it is possible to generate an Agency Statement daily for all transactions

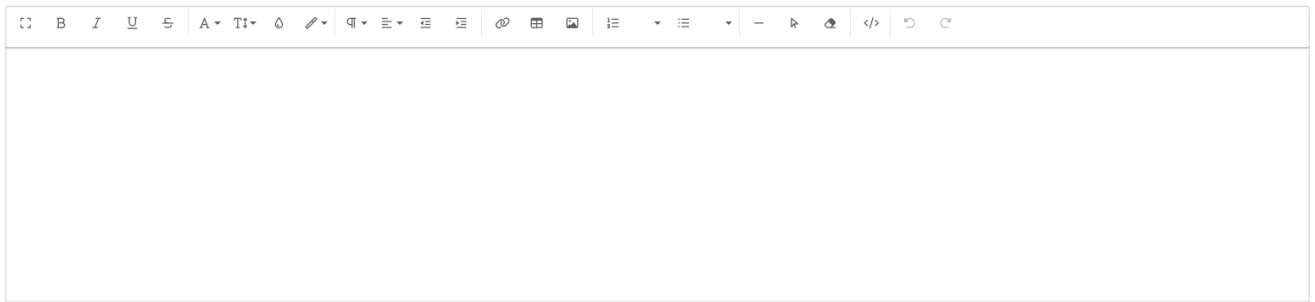
that meet the criteria mentioned above. Only use this option if requested by the client - it is a non-standard option for non-agency billing and should not be used as a first option.

- **Agency Bill Due.** This is how many days after the invoice date the Agency has to pay their statement before it becomes overdue.
- **Last Invoice Date.** This is mainly used on a Common Renewal Date. This is the last date that we can create a standard invoice. This is rarely used.
- **Waive Installment Fees.** This is the decision to waive any installment fees that might be calculated in the Rating Program if the installment is paid ahead of schedule. This is becoming more and more common, as clients are generally trying to become more customer-service oriented. This is an incentive to pay ahead of the due date.

#### Online Payment Options

Allow Saving Online ☐ Allow user to save payment information for future payments.  
Payments

Custom Recurring  
Message ⓘ

A rich text editor toolbar with various icons for text formatting (bold, italic, underline, strikethrough, font color, text color, background color, bulleted list, numbered list, link, unlink, insert table, insert image, insert video, insert audio, insert code) and a large empty text area below it for composing a custom recurring message.

Account Group Code ⓘ

- **Online Payment Options.** There are two choices here:
  - **Allow Saving Online Payments.** This allows the system, when Online Payments are configured, to save the payment token information for future online payments.
  - **Custom Recurring Message.** This is a template to communicate messages on a recurring basis for online payments.

## COMMISSION PROFILE AND RATING PROGRAM SETTINGS

Please see the [Policy Billing - Commission Setup card](#) for detailed instructions on setting up Commission.

## Premium Line Items

It's important to understand that even if all of the steps above are undertaken to set up Billing at the Rating Program level, the Rating Program will not generate invoice line items from Proposals until "Premium Line Items" are configured. Premium Line Items, when configured at the Rating Program level, are what is responsible for the generation of Policy Transactions at the Proposal/Policy Level.

Before setting these up talk with your client and their Accounting department (if they have one) about how detailed the Line Items need to be to go to their General Ledger and what Categories they need them broken into. We can always roll up or aggregate the Line Items before sending to 3rd party systems, but it's harder to break them out.

The steps below cover this important process.

1. This first step is to go to the Code Tables section under Admin and select the Premium Categories table.

**Administration >**  
**Code Tables**

**Search**

premium Categories

**Standard Code Tables**

**Premium Categories**

2. Here you will see several default categories. You should add any needed by your clients GL including Premium, which is not added by default.

Administration > Code Tables > Premium Categories <span>New Premium Category</span>						
Code	Description	Major Coverage	Line Item Type	Payment Priority	Exclude From Commission	Is Inactive
TAX	State Tax		Tax	1	Yes	
FEE	Carrier Fees		Fee	2		
INSFEE	Installment Fee		Fee		Yes	✖

3. Adding a new Category you need to enter: **Code**: The ID for the Category, **Description**: What is seen on the Invoice Line Item as it's Category. Option Fields are **Major Coverage**: This will restrict

this Category to only that Major Coverage. Not used often, **Line Item Type**: This is used to group Categories together for reporting, **Payment Priority**: This is used to determine which Categories get paid first when the system allocates payments. Usually Fees and Taxes are paid first, **Excluded From Commission**: This lets the system know if any Premium Line Item that uses this Category is not included in the Commission calculation, **Is Inactive**: This will turn off this Category as an option in the Rating program.

**New Premium Category**

<b>Code *</b>	<input style="width: 90%;" type="text"/>
<b>Description *</b>	<input style="width: 90%;" type="text"/>
<b>Major Coverage</b>	<input style="width: 90%;" type="text"/>
<b>Line Item Type</b>	<input style="width: 90%;" type="text"/>
<b>Payment Priority</b>	<input style="width: 90%;" type="text"/>
<b>Exclude From Commission</b>	<input style="width: 90%;" type="text"/>
<b>Is Inactive</b>	<input style="width: 90%;" type="text"/>

4. At the Rating Program click "More" and choose "Premium Line Items" as shown below.

Administration > Rating Programs >
Edit Rating Program
Lock Rating Program
More ▾

**Main Rating Program**

Description	Main Rating Program
Template Rating Program	Rating Program 1
Applicable Coverages	Auto Liability (AL), Employers Liability-Bodily Injury By Accident (EMPLACC), General Liability (GL),

**Rating Program Constants**  
 Below, you can create constants for this rating program and retrieve the values using the function getConstant("Name").

**Rating Program**  
 Delete Rating Program  
 Limits and Deductibles  
 Copy Rating Program  
 Non-Premium Bearing Fields  
 Invoice Script  
 Billing and Commissions  
 Email Communications  
 Renewal Options  
 Onset/Offset  
 Recalculate Premium Changes  
**Premium Line Items**  
 Bind Data Updaters

2. Click "New Line Item"

3. Below is an example, followed by an explanation for each choice.

## Premium

Description *	Premium
Coverage	Auto Liability ▼
Premium Category	PREMIUM ▼
Sequence *	1
Source *	Policy - Bill Amount ▼
Exclude From Premium ⓘ	No ▼
Installment Type *	Pay in First/Next Installment ▼
Credit Type	Credit Similar Line Items ▼

- **Description.** This is mainly for display.
- **Coverage.** This can be left blank if no specific coverage applies, and the line item would remain at the Policy level. Or it can be chosen.
- **Premium Category.** This is a **Code Table** (Admin, Code Tables), and it should be discussed with your client to determine what types of line items should appear on invoices. This is especially true if you are integrating with a third-party General Ledger accounting system and they are accounting by Coverage. If this is the case, then these are the questions to ask:
  - Is there a specific code in the GL for the various categories and coverage. In that case, a code for each must be created.
  - Description should be descriptive, such as "Auto Liability Premium"
  - Line Item Type. This is also a Code Table, and can be configured as needed.
  - Payment Priority - which is paid first. The lower the number, the higher the priority.
  - Exclude from Commission. Usually fees, taxes and surcharges are not commissionable , but this needs to be discussed the with Client.
- **Sequence.** This is the order in which the line items are ordered. Often Premium is shown first, since it's the larger number. But it's up to the client.



- **Source.** This maps to the field. This means that the amount will be calculated based on the entity and field chosen. To find the correct value here, start typing. For instance, use "Policy - Premium" for premium that is from the policy. Use something like "AL - Premium" (auto liability coverage level) for a Coverage specific field.
- **Exclude From Premium.** Determine whether or not this line item should be excluded from Premium.
- **Installment Type.** This can be spread across installments or paid at the next billing. This should be used for Tax since they are usually collected up front.
- **Credit Type.** This is whether to credit all types or similar types of line items.

Once Payment Line Items are configured, Policy Transactions will now be generated on Proposals using the Rating Program.

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Use the below table to give the Guru Admin team any additional detail to help navigate your card appropriately.

Collection	Draft/Admin
Board	Policy Billing
Section	
Topic Subject Matter Expert(s)	Adam BlakLudwig
Additional Comments	