

PREMIUM DRAFTING OPTIONS (Paper Application)

The purpose of this document is to provide a few common scenarios, not inclusive of all scenarios, to assist you with completing applications on which premiums are to be paid via bank draft.

General Points

- If available on the back (2nd page) of the application, complete the Preauthorization Check Plan fields found at the bottom of the page. If the application does not have this section available, complete the Bank Draft Authorization Form (9903).
- A copy of a void check or deposit slip should accompany the application any time that one is available. If one is not available, then we highly recommend that you also complete the Bank Account Verification section of Form 9903 and submit it along with the application. This helps to ensure the accuracy of the account information and reduces the occurrences of returned drafts.
- Bank draft frequency options are monthly, quarterly, semi-annual and annual.
- The initial draft cannot occur more than 30 days after the date the application was signed.
- Requested drafts on the 29th, 30th or 31st of the month are not allowed.

Common Bank Draft Scenarios

Scenario 1: A Specific Future Date for Premium Draft is desired:

- Check the box for *Draft 1st Prem on Req. Date* located in the Mode section on the front page of the application
- Insert desired draft date in the *Requested Policy Date* field on the front page of the application (this will be the date the 1st premium will be due)
- On the Bank Authorization insert the specified day for when first and recurring draft should be made in the *Requested Draft Day* field
- The first premium will be drafted on the Requested Policy Date and thereafter on the Requested Draft Day

Example: The client would like their first draft to occur March 15th and the 15th each month thereafter. The requested policy date would be 03/15/XXXX and the requested draft day would be the 15th.

Scenario 2: No Preference Regarding Timing of Premium Draft (Draft on Approval):

- Check the box for *Bank Draft* located in the Mode section on the front page of the application
- Leave the *Policy Date Request* field blank (policy date will be assigned based on date of issue)
- Leave the *Requested Draft Day* field blank when completing the Bank Draft Authorization (draft date will be based on date of issue)
- The first premium will be drafted on the date the policy is issued and subsequent drafts will occur on the same date each month thereafter

Example: The policy is issued April 10th; the premium will be drafted this day and reoccur on the 10th of each month thereafter.

Scenario 3: Drafting along with Social Security

In order to sync up the drafts to coincide with your clients' receipt of Social Security payments, select from one of the following options to be the Requested Draft Day* when you complete the bank draft authorization (based upon the Social Security funding calendar):

- **1S** – if received on the 1st of the month
- **3S** – if received on the 3rd of the month
- **2W** – if received on the 2nd Wednesday
- **3W** – if received on the 3rd Wednesday
- **4W** – if received on the 4th Wednesday

- Check the box for Bank Draft located in the Mode section on the front page of the application.
- The “**Policy Date Request**” field on the front of the application should be left blank as the actual Policy Date will be assigned by the Home Office once the application is received.

* **If using the back of the application** - write 1S, 3S, 2W, 3W, or 4W in the draft day field.

* **If using Bank Draft Authorization (9903)** - check “Yes” to the Social Security question and either (1) write in 1S or 3S in the draft date field or (2) check the box for 2nd, 3rd, or 4th Wednesday.

NOTE: If you enter a “**1**” for the 1st or “**3**” for the 3rd, the drafts will be made on the 1st or 3rd of each month following our standard bank draft procedures. Drafts using this option will not necessarily sync up with Social Security funding dates.

Example: Let’s say the 1st falls on a Saturday, the following shows the timing of drafts based upon the draft day you have entered:

- **1S** – We will draft for premiums on the Friday before. This matches the timing of the Social Security funding calendar.
- **1** – We will draft for premiums on the Monday after

The use of these special draft dates for Social Security has greatly reduced the number of return drafts for NSF.

Scenario 4: Immediate Draft via E-check

To bind coverage IMMEDIATELY, use the E-Check option. If this option is desired, check the box *E-check Immediate 1st Prem* in the CWA section on the front page of the application. You must then complete the E-Check section of Form 9903 in addition to the Bank Draft Authorization. This form must be submitted along with the application.

NOTE: Advise your client that their account will be drafted immediately upon receipt of the application. Then when the application is approved, the initial draft will be applied to pay the first premium (like having collected cash with the application). Future drafts will be based on the next premium due date and the requested draft day (if one is provided).

**Contact our New Business Department with any further questions at
(800) 736-7311 prompts 1, 1, 1.**