



Recommending a Strategy

Ideas for Today and Tomorrow for Premium Finance

Boston, MA

October 2011

How Did We Get Here?

- Premium Finance topics come up every year during the Round Table Discussions and as topics for the Benchmarking Committee. Because Premium Finance is such an important topic for ICE members, in September 2010, an ICE Premium Finance Charter was developed and approved by the ICE board.
- In October 2010, a multi carrier ICE team was created (Appendix A)
- The project started with monthly discussions in which carrier ideas and solutions resulted in recommendations for best practices.
- The ICE team agreed that participation including the premium finance companies would be critical to the overall success of the team project.
- ICE hosted a meeting including NPFA members in August 2011 to discuss the carrier best practices recommendations. (Appendix B)

Vision Statement

- To engage ICE members and premium finance companies in a collaborative project to share information on procedures, common interests and challenges
- To increase carrier knowledge of premium finance industry practices while building win/win solutions.
- Partner with the National Premium Finance Association (NPFA) with a goal of developing a strategic plan for improving workflows, standardizing processes and capturing efficiencies on transactions between premium finance companies and P&C carriers.

Goals and Objectives

- To identify, discuss and document major challenges that are common to insurance carriers and premium finance companies
- To identify, discuss and document opportunities for business standardization between insurance carriers and premium finance companies
- To develop mutually beneficial solutions by leveraging talent, experience and ideas from insurance carriers and premium finance companies
- For agreed on processes, ICE and NPFA will endorse the processes and share the benefits of incorporating them to their respective members. We recognize each company will make their own decision regarding implementation of the recommended best practices

PFC requests for written confirmation of interest in a policy

- Recommendation for Best Practice
 - Carrier:
 - Develop an acknowledgement form letter that provides at a minimum acknowledgement of the PFC interest in the policy, confirmation of the policy number, policy period, estimated premium, and concession to the assignment of the unearned premium to the PFC
 - PFC:
 - Agree with the carrier recommendation



Using cancellation date provided by the premium finance company

- Recommendation for Best Practice
 - Carrier:
 - The cancellation date provided by the PFC should be used with the exception of any state requirements or policy language that may require additional notification time by the carrier.
 - PFC:
 - Agree with carrier recommendation. The carrier should also notify the PFC if there is a delay in cancellation from the date provided.



Communicating the correct remittance address for financed policies

- Recommendation for Best Practice
 - Carrier:
 - Publish information for carrier contacts and addresses on-line via the ICE website
 - Create a generic mailbox for incoming requests from the PFC for centralization and operational efficiency.
 - PFC:
 - Agree with carrier.



Processing PFC cancellation requests

- Recommendation for Best Practice
 - Carrier:
 - Carriers should contact the PFC prior to processing the cancellation to verify if the account has been paid and if a reinstatement request has been issued. If the account is still in arrears, process the cancellation accordingly.
 - Impact to operational efficiencies
 - PFC:
 - Agree with carrier recommendation.



Back dated cancellation requests due to misrouted mail or late receipt

- Recommendation for Best Practice
 - Carrier:
 - Carriers should honor the cancellation date provided from the PFC.
 - PFC:
 - Agree with carrier recommendation.



Refund of unearned premium due to the PFC within a specific time frame

- Recommendation for Best Practice
 - Carrier:
 - If the policy is direct billed, release the unearned premium promptly to the PFC. If the policy is agency bill, the agent will take the cancellation credit and release the unearned premium to the PFC.
 - PFC:
 - Return unearned premium to the PFC regardless of form of billing from the carrier; state law often requires unearned premium to returned directly to the finance company.



Agents who remit financed funds on an installment basis versus sending the full amount

- Recommendation for Best Practice
 - Carrier:
 - Any financed policy should have the premium paid in full once the PFC releases the check for the balance of premium owed. Carriers should have an escalation process for addressing situations in which a financed policy is being paid on installments.
 - PFC:
 - Agree with carrier recommendation - adding that the carrier advise the PFC of any such occurrence or trend with an agent.



ICE & PFC contact information online via ICE website demo

- The ICE web site will offer both Carrier and PFC contact information to facilitate obtaining the correct contact information including: contact names, phone numbers, e-mail addresses and mailing address.

ICE & PFC contact information on-line via ICE website

Carrier Next Steps:

- ICE Members can submit the following information to Lisa Asbury at Lisa@theicesite.com
- Information should include:
 - Parent company name and affiliated underwriting company name for every commercial policy you issue
 - Your main PFC contact name, e-mail address, phone number
 - Consider setting up a generic email address i.e. pf@carrier.com
 - ICE members will use existing membership company number and password to access
 - If possible, place information in an excel spreadsheet
- PFC Next Steps:
 - PFA Members can submit the following information to Mike Pappas at mpappas@afco.com
 - Information should include:
 - PFC Name(s)
 - Your main contact name, e-mail address, phone number
 - Consider setting up a generic email address i.e. pf@carrier.com
 - Mike Pappas will assign a PFC user name and password to each company

Next Steps

- NPFA November Meeting
 - Eryn Van Loon and Mike Pappas will rollout the recommendation for best practices to the NPFA members
- ICE Premium Finance Team will continue to meet to bring closure to other open topics
- Send your contact information to Lisa to be published on the web site

Appendix A - ICE Team

- Ken Godfrey, ICE
- David Rose, ICE
- Tom Yodzis, CNA
- Tony Malta, The Hartford
- Brenda Burke, The Hartford
- Todd Smith, The Hartford
- Al Mohr, Chubb
- Chris Grimaldi, Admiral Insurance Company
- Michael Kronander, Travelers
- Kimberly Lane, Travelers
- Carol Umansky, Travelers
- Roxanne Dudley, Travelers
- Sharyn Milsky, Markel

Appendix B – NPFA Team

- Brian Appelt, NPFA
- Karen Sanchez, Flatiron Capital
- Shawn Bradia, Imperial/Premium Financing Specialists
- Ted Koeth, Imperial/Premium Financing Specialists
- Nancy Kagan, AFCO
- Mike Pappas, AFCO
- Mark Lucas, First Insurance Funding Corp
- Eryn Van Loon, First Insurance Funding Corp
- Kelton Farris, Premium Assignment Corp