

## ***Agent Billing Quick Tips***

### **Equity Concept**

Merchants Insurance Group's billing system is equity based. An equity based system determines the date the policy is paid through using a pro rata calculation (i.e., equity date). The pro rata calculation determines how much premium should be charged for each day of coverage based on the policy length. Each payment made by the insured purchases a certain number of days of coverage for the policy term. For example, if a policy were issued with a total premium of \$365 for a year of coverage, each \$1 that the insured paid into the policy would earn them one day worth of coverage.

Equity on a policy and a corresponding equity date will be recalculated each time there is a premium and/or payment transaction on the policy. Timely payments are important as late payments have a negative effect on equity and accordingly the equity date.

### **Payment Options**

Merchants provides the ability to make a payment by:

- Mail
- Phone
- Online
- Smart Device App, "Merchants Mobile"

Merchants offers the following payment types:

- Check/Money Order
- eCheck
- EFT (Electronic Funds Transfer)
- Credit Card
- MIGPay<sub>sm</sub> – Workers' Compensation only

For further information on any payment option, please see the individual "Frequently Asked Questions" on our website, in the "Information Center" portion of the agents' "Billing Inquiry" page.

## Payment Plans

Plan	Deposit	Installments (Premium Billed)	Commercial Lines (All States)	Personal Lines <sup>+</sup> (All States)
<b>Full (One)</b>	100%	<ul style="list-style-type: none"> <li>• 100% payment at the beginning of the policy</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> <li>• Short-term policies— 1-3 months duration</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> </ul>
<b>Two</b>	60%	<ul style="list-style-type: none"> <li>• Initial payment of 60%</li> <li>• 40% balance due 60 days later</li> </ul>	<ul style="list-style-type: none"> <li>• MAP<sup>®</sup> Contractors</li> <li>• Short-term policies— 4-6 months duration</li> </ul>	<ul style="list-style-type: none"> <li>• 6 month private passenger auto</li> </ul>
<b>Three</b>	40%	<ul style="list-style-type: none"> <li>• Initial payment of 40%</li> <li>• Second payment of 30% due 90 days later</li> <li>• Final payment of 30% due 90 days after that</li> </ul>	<ul style="list-style-type: none"> <li>• Short-term policies— 7-11 months duration</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Quarterly</b>	25%	<ul style="list-style-type: none"> <li>• Initial payment of 25% percent</li> <li>• Additional 25% every three months thereafter</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> </ul>
<b>Ten</b>	20%	<ul style="list-style-type: none"> <li>• Initial payment of 20%</li> <li>• Remaining premium divided into nine equal installments</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy<sup>+++</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> </ul>
<b>Twelve</b>	8.37%	<ul style="list-style-type: none"> <li>• New Business - Initial payment of 8.37%</li> <li>• Remaining premium divided into eleven equal installments of 8.33%</li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> <li>• EFT only<sup>++</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Any policy</li> <li>• EFT only<sup>++</sup></li> </ul>
<b>MIGPay<sub>sm</sub></b>	0%	<ul style="list-style-type: none"> <li>• MIGPay<sub>sm</sub> is Merchants Insurance Group's pay-as-you-go billing and payment program for Workers' Compensation policies.</li> <li>• This billing and payment option is provided through a third party.</li> </ul>	<ul style="list-style-type: none"> <li>• Workers' Comp only</li> <li>• Premium must be greater than \$2,500</li> <li>• No short-term policies</li> <li>• No certificate only policies in MI, NY</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

<sup>+</sup> Personal Lines Auto policies enrolled in full pay will receive an 8% discount. Personal Lines auto policies enrolled in EFT receive a 2% discount.

<sup>++</sup> EFT, or Electronic Funds Transfer, is an automatic recurring payment program where Merchants Insurance Group will deduct the premium directly from the checking or savings account of the designated financial institution.

<sup>+++</sup> Not offered for monoline MAP<sup>®</sup> Contractors policies with premium less than \$750.

## **Insurance Bills**

Merchants provides the following insurance bills for Commercial and Personal Lines:

Insurance Bill	This is provided for each installment. The insured is expected to remit payment to Merchants prior to the due date.
EFT Statement	This is provided for each installment. The insured's financial institution account is debited for payment on the noted due date.
Cancellation Invoice	This is provided in those instances where policy equity has been depleted.
Past Due Return Payment	This is provided in those instances where a payment has been returned from a financial institution.
Unpaid Prior Balance	This is provided in those instances where a policy expires with a balance due.
Collection Notice	This is provided in those instances where an insured fails to pay a balance due on an expired or cancelled policy and the account is referred to collections.
Premium Audit Notice	This is provided for commercial lines policies subject to audit, in those instances where the policy has had an audit completed and there is a balance due.

## **Assessed Fees**

<b>Fee</b>	<b>Description</b>	<b>Amount</b>	<b>When is the fee billed?</b>
<b>Installment Fee</b>	<ul style="list-style-type: none"> <li>Assessed and listed on each insurance bill that has at least one non-EFT policy listed</li> <li>If all policies listed on the insurance bill are enrolled in EFT, no installment fee will be charged.</li> <li>A single/full pay plan is not assessed an installment fee.</li> </ul>	<ul style="list-style-type: none"> <li>\$7—Commercial Lines</li> <li>\$5—Personal Lines</li> </ul>	<ul style="list-style-type: none"> <li>On each insurance bill when at least one non-EFT policy is listed</li> </ul>
<b>EFT Fee</b>	<ul style="list-style-type: none"> <li>Assessed and listed on each insurance bill that has at least one EFT policy</li> <li>There is only one, \$1 EFT fee regardless of the number of EFT policies listed on the insurance bill.</li> <li>If all policies listed in the insurance bill are enrolled in EFT, no installment fee will be charged.</li> </ul>	<ul style="list-style-type: none"> <li>All Lines of Business &amp; States— \$1</li> </ul>	<ul style="list-style-type: none"> <li>On each insurance bill when at least one EFT policy is listed</li> </ul>
<b>Late Fee</b>	<ul style="list-style-type: none"> <li>Assessed and listed on each insurance bill when a cancellation notice for non-payment is generated and sent to the insured</li> <li>If the insured pays the amount due on the cancellation notice the late fee will be billed on the next insurance bill.</li> </ul>	<ul style="list-style-type: none"> <li>NJ—\$0</li> <li>VT— \$10</li> <li>All Other States—\$20</li> </ul>	<ul style="list-style-type: none"> <li>On the first insurance bill following the insured's payment of a pending cancellation amount</li> </ul>
<b>Return Item Fee</b>	<ul style="list-style-type: none"> <li>Assessed and listed on the insurance bill when the payment made on an insurance bill is returned from the financial institution</li> <li>A return item fee will be assessed to the policy or account at that time.</li> <li>For return items, a past due insurance bill will be generated, adding the return item fee along with the amount due for immediate payment.</li> </ul>	<ul style="list-style-type: none"> <li>NJ— \$8</li> <li>All Other States—\$25</li> </ul>	<ul style="list-style-type: none"> <li>On the past due insurance bill generated when the return item is posted</li> </ul>

## **Additional Information**

**New Business:** Personal and Commercial Lines new business is automatically placed on account bill. *Please note:* New business requires a deposit.

**Payment Plan Changes:** Payment plans are selected when new business is issued or at renewal. If a change in payment plan is desired, Merchants can make the requested payment plan change on the current term up to 5 months into the policy, if the account is current. If a payment plan change is requested after 5 months, Merchants will make the change at the next renewal. Payment plan changes can be requested by calling our billing number, 1-800-462-8182.

**Endorsements:** Additional or return premiums resulting from endorsements will be divided among the remaining payment installments. Additional premium resulting from endorsements processed after the last installment bill has been produced will be billed at the next billing cycle. Endorsements will be billed over the remaining installments, and if there are no installments, they will be billed in full.

**Audits:** Additional audit premium will bill in full on the premium audit notice. If the policy is on an account bill, the additional premium will not be included in the account bill for that account.

**Financed Policies:** Policies with financed premium must be placed on agency bill.

**Billing Inquiries:** Call Merchants Insurance Group at 1-800-462-8182.

**Integrated Voice Response:** Merchants Insurance Group is pleased to offer our insureds and agents access to billing information via our automated Integrated Voice Response System. The system uses the 10-digit policy or account number to access payment information accurately and efficiently. You can access payment due dates, premium and payment information, and the system also allows our customers to make a payment over the telephone.

**Hours to Speak to a Merchants' Billing Customer Service Representative:** Monday - Thursday, 8:00 a.m. - 5:00 p.m., and Friday, 8:00 a.m. - 4:00 p.m. Eastern Time. Any payments made after 8 p.m., on weekends and holidays, will be credited the next business day.

**Payments for all states should be sent to the address listed below:**

Merchants Insurance Group  
P.O. Box 4031  
Buffalo, New York 14240-4031

***Our Billing Inquiry System is available 24 hours a day, 7 days a week!***