

Chapter 10

Premium Finance & Additional Interest

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Premium Finance Definition

A policyholder contracts with a lender to pay the insurance premium. In return the policyholder agrees to repay the lender for the cost of the premium plus interest and fees, typically in installments.

The finance company will send the full amount financed to the agency or to the billing carrier depending on the contract the agency has with the premium finance company and applicable state law.

Premium Finance Procedures

There are four procedures outlined in this chapter. The first two procedures apply when the premium finance company deals directly with the agency:

- Agency Receives Finance Company Check or Draft
- Billing Carrier Return Premium Sent to Agency

The last two procedures apply when the premium finance company deals directly with the billing carrier:

- Finance Check is Sent Directly to the Billing Carrier
- Billing Carrier Return Premium Sent to Finance Company

These workflows assume the user knows how to invoice a client and enter disbursements, payments received and reconciliations in Nexsure. For detailed instructions on invoicing refer to Chapter 18 of the *Nexsure CRM Training Manual*. For detailed instructions on disbursements, payments received and reconciliations refer to Chapter 9, “Client-Accounts Receivable” and Chapter 11, “Handling Carrier Statements” in this manual.

Note: DO NOT post to any of the mandatory general ledger accounts unless directed by XDimensional Technologies' Nexsure workflows. This can cause books to be out of balance as these accounts are used by Nexsure for automatic postings. For a list of mandatory general ledger accounts, see "Mandatory General Ledger Accounts" in Chapter 4, "General Ledger Setup" in this manual.

Agency Receives Finance Company Check or Draft

This workflow also applies to an agency that has bank draft authority to draw funds from a premium finance company's bank.

The following conditions will be used for this workflow example:

- The agency invoices the full agency bill premium of \$1000.00. The agency retains the commission (10% of the premium = \$100.00).
- The client agrees to pay the agency the down payment of \$250.00 (typically ¼ of the premium).
- The finance company will send \$750.00 to the agency.
- The agency will pay the billing carrier the net of \$900.00.

Step 1. Post an agency bill Invoice on the client for the full premium, \$1000.00, 10% agency commission:

Premiums								[Add New Premium]
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
	General Liability(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	\$1,000.00	
Total Premiums:							\$1,000.00	

Agency Commissions							[Add New Agency Commission]
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove
	Premium	General Liability(1)	% of Premium	10	\$1,000.00	\$100.00	
Total Agency Commissions:						\$100.00	

Step 2. Enter a Payment Received for the Client's Down Payment of 250.00:

- Click the **Quick Navigation > Invoices** link on the **Payments Received** tab and allocate the money to the \$1000.00 premium:

Transactions									
[Select All] [Deselect All]									
Select	Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
<input checked="" type="checkbox"/>		12/21/2005	8966	GL-123456789	Term Policy	Term Policy	\$1,000.00	A \$250.00	\$750.00
This Page Total:							\$1,000.00	\$250.00	\$750.00
All Pages Total:							\$1,000.00	\$250.00	\$750.00

Note the balance on the invoice is now \$750.00.

- **Post** and print the Proof of Payment.

Step 3. Enter a Payment Received for the premium finance check or bank draft for \$750.00:

- Click the **Quick Navigation > Invoices** link on the **payments received** tab and allocate the money to the remaining \$750.00.

Transactions									
[Select All] [Deselect All]									
Select	Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
<input checked="" type="checkbox"/>		12/21/2005	8966	GL-123456789	Term Policy	Term Policy	\$750.00 A	\$750.00	\$0.00
This Page Total:							\$750.00	\$750.00	\$0.00
All Pages Total:							\$750.00	\$750.00	\$0.00

Note the invoice has a zero balance. The client’s transaction summary will display in **Select View > Detail Assigned** as follows:

Client Name: ABC Construction										
client balance summary										Commercial Account
transaction summary										list bill plans
Select View:	Detail Assigned									
Select Client:										
Showing Page 1 of 1										
Details	Effective Date	Date Booked	Status	Type	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount Remove
	12/21/2005	12/21/2005	Posted	Invoice	-	8966	GL-123456789	General Liability	Agency Bill	\$1,000.00 --
--	12/21/2005	12/21/2005	-	Payment	681	-	GL-123456789	-	Agency Bill	(\$250.00) --
--	12/21/2005	12/21/2005	-	Payment	682	-	GL-123456789	-	Agency Bill	(\$750.00) --
Invoice Balance:										\$0.00
Account Balance:										\$0.00

Note the **Detail Assigned** view displays the original invoice with both payments allocated for a zero invoice balance.

Step 4. Enter a Disbursement to pay the carrier the net premium of \$900.00:

Note: Carrier reconciliations may be entered in Nexsure before or after paying a carrier statement. Reconciliation may be prudent if there are many invoices on a statement that need to be verified and potentially adjusted.

This step will combine reconciliation and disbursement in one process.

- Click the **Quick Navigation > Invoices** link on the **disbursements** tab to select the net to be paid to the carrier. Use the filter to search for the specific invoice. Nexsure will display the unpaid items as follows:

Agency Bill									
[Select All] [Deselect All]									
Select	Details	Date	Name	Invoice	Policy Number	Amount	Paid	Balance	
<input type="checkbox"/>		12/21/2005	ABC Construction	8966	GL-123456789	\$900.00	\$0.00	\$900.00	
						This Page Total:	\$900.00	\$0.00	\$900.00
						All Pages Total:	\$900.00	\$0.00	\$900.00

- Click the **Select** check box for the item to be paid, \$900.00.
- Click the **Pay All Selected** link on the navigation toolbar. Nexsure will update the Disbursement tab header and the item as follows:

Disbursements

Disbursement ID: 700	Entity Type: Carrier
Posted: <input type="checkbox"/>	Payee: Travelers
Cleared: <input type="checkbox"/>	Bank Name: Bank of America
Date Booked: 12/21/2005	Bank Account #: 1234567
	GL Account: 07.001.0000.000.00.100000 Trust Account
Date Created: 12/21/2005	Balance: \$253,762.43
Created By: Susan McDonough	Disbursement Amount: \$900.00
	Estimated Balance: \$252,862.43
	Check #:
	Description: Net for ABC Construction

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Search Filter: [Show]

Agency Bill									
[Select All] [Deselect All]									
Select	Details	Date	Name	Invoice	Policy Number	Amount	Paid	Balance	
<input checked="" type="checkbox"/>		12/21/2005	ABC Construction	8966	GL-123456789	\$900.00	\$900.00	\$0.00	
						This Page Total:	\$900.00	\$900.00	\$0.00
						All Pages Total:	\$900.00	\$900.00	\$0.00

Note the Disbursement amount of \$900 is reflected in the header; the invoice has a zero balance.

- **Post** the disbursement and **print** the check.

Billing Carrier Return Premium Sent to Agency

This workflow will demonstrate how to handle a check received from the billing carrier for a return premium. This could be the result of a cancellation, an unearned audit or endorsement. This workflow will also demonstrate how to issue a check to pay the premium finance company their portion of the return premium.

The following conditions will be used for this workflow example:

- The agency invoices the full agency bill return premium of \$-500.00. The agency deducts the commission (10% of the premium = \$-50.00). The net owed from the billing carrier is \$-450.00.
- The billing carrier will send a check to the agency for the net of the returned premium, \$450.00. The agency will apply the check against the carrier payable created from the invoice.
- The full return premium, \$500.00, will be returned to the premium finance company. The premium finance company will return what is due to the client after satisfying the finance agreement.

Step 1. Post an agency bill Invoice on the client for the full return premium, \$500.00, 10% agency commission:

Premiums [Add New Premium]								
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
	General Liability(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	(\$500.00)	
Total Premiums:							(\$500.00)	

Agency Commissions [Add New Agency Commission]							
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove
	Premium	General Liability(1)	% of Premium	10	(\$500.00)	(\$50.00)	
Total Agency Commissions:						(\$50.00)	

Note the parenthesis around the amount due; this designates a negative amount.

Step 2. Reconcile the net amount received from the billing carrier, \$450.00:

- Click the **Quick Navigation > Transactions** link on the **Reconciliation** tab to select the return premium. Use the filter to search for the specific invoice. Nexsure will display the unpaid invoice as follows:

Agency Bill								
[Select All] [Deselect All]								
Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
<input type="checkbox"/>		12/22/2005	8979	ABC Construction	GL-123456789	(\$450.00)	\$0.00	(\$450.00)
This Page Total:						(\$450.00)	\$0.00	(\$450.00)
All Pages Total:						(\$450.00)	\$0.00	(\$450.00)

- Click the **Select** check box for the item paid by the billing carrier, \$450.00;
- Click the **Pay All Selected** link on the navigation toolbar. Nexsure will update the header and the item as follows:

Reconciliation

Reconciliation ID: 540 Receipt Total: \$0.00
 Entity Type: Carrier Disbursements Total: \$0.00
 Name: Travelers Adjustments Total: \$0.00
 Posted: Income/Receivable Total: \$0.00
 Payable Total: (\$450.00)
 Date Created: 12/22/2005 Virtual Receipt Total: \$450.00
 Created By: Susan McDonough
 Date Processed:
 Receipt/Check#: Description: Return Premium for ABC Construction

Reconciliation Summary Pay All Selected Print Post Abort Save Add Row Delivery

[Add Carrier Statement Transactions] Search Filter: [Show]

Agency Bill
 [Select All] [Deselect All]

Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
<input checked="" type="checkbox"/>		12/22/2005	8979	ABC Construction	GL-123456789	(\$450.00)	(\$450.00)	\$0.00
This Page Total:						(\$450.00)	(\$450.00)	\$0.00
All Pages Total:						(\$450.00)	(\$450.00)	\$0.00

Note the Virtual Receipt Total of \$450.00 is reflected in the header and the invoice has a zero balance.

- **Post** the reconciliation and **Print** the remittance advice for the agency's records.

Step 3. Enter a Receive Payment to record check from the billing carrier for the net return premium of \$450.00:

- Click the **Quick Navigation > Reconciliation** link on the **Payments Received** tab; Click the **[Add new]** link and select the reconciliation created in Step 2 above. Nexsure will display the reconciliation selected as follows:

Payments Received

Payment ID: 689 Entity Type: Carrier
 Posted: Name: Travelers
 Processed: 3rd Party Type:
 Date Booked: 12/22/2005 Payment Type: Check
 Date Created: 12/22/2005 Payment Amount: \$450.00
 Created By: Susan McDonough
 Reference #: CK#98765
 Description: Return Premium

Payment Summary Pay All Selected Print Post Abort Save Add Row

Reconciliations [Add new]

Details	Name	Rec ID	Description	Amount		Date Created	Remove
				Debit	Credit		
--		540	Reconciliation Clearing Acct	\$450.00	\$0.00	12/22/2005	

- **Post** the Payment Received and exit.

Step 4. Enter a Disbursement to pay the premium finance company the full return premium of \$500.00:

This step requires that the Premium Finance Company be entered as a Carrier Entity. For detailed instructions on entering a carrier refer to **Chapter 5 - Entity Setup** in the Accounting Training Manual.

The client has a \$-500.00 balance resulting from the return premium invoice. The Payment Advance feature in Disbursements will allow a check to be issued payable to the premium finance company (set up as a carrier entity) and will create an invoice for \$500.00 on the client’s account; bringing the client balance to zero.

- Click the **disbursements** tab and select the appropriate bank account.
- Click [\[Add New Disbursement\]](#).
- Select **Carrier** from the **Entity Type** drop-down and search for the premium finance company.
- Fill out the header and the input fields.
- Click the **Quick Navigation > Payment Advance** link on the **Disbursements** tab.
- Click the [\[Add New Payment Advance\]](#) link to search and select the client. The Nexsure disbursement will be displayed as follows:

Disbursements

Disbursement ID: 709	Entity Type: Carrier
Posted: <input type="checkbox"/>	Payee: AFCO
Cleared: <input type="checkbox"/>	Bank Name: Bank of America
Date Booked: 12/22/2005	Bank Account #: 1234567
	GL Account: 07.001.0000.000.00.100000 Trust Account
Date Created: 12/22/2005	Balance: \$252,712.43
Created By: Susan McDonough	Disbursement Amount: \$0.00
	Estimated Balance: \$252,712.43
	Check #:
	Description: Return Premium for ABC Construction

Quick Navigation

- Disbursement Header
- General Ledger
- Accounts Payable
- Reconciliation
- Invoices
- Payment Advance**
- Disbursement Posting

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Payment Advance [\[Add New Payment Advance \]](#)

Details	Name	Advance ID	Policy #	Description	Amount	Remove
	ABC Construction	79			\$0.00	

- Click the **Details** icon to the left of the client’s name and enter the amount of the return to the premium finance company, \$500.00, along with the policy number and a description.
- Click the **OK** button to accept. Nexsure will update the header and the item as follows:

Disbursements

Disbursement ID: 709	Entity Type: Carrier
Posted: <input type="checkbox"/>	Payee: AFCO
Cleared: <input type="checkbox"/>	Bank Name: Bank of America
Date Booked: 12/22/2005	Bank Account #: 1234567
	GL Account: 07.001.0000.000.00.100000 Trust Account
Date Created: 12/22/2005	Balance: \$252,712.43
Created By: Susan McDonough	Disbursement Amount: \$500.00
	Estimated Balance: \$252,212.43
	Check #:
	Description: Return Premium for ABC Construction

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Payment Advance [Add New Payment Advance]

Details	Name	Advance ID	Policy #	Description	Amount	Remove
	ABC Construction	79	GL-123456	Return Premium to AFCO	\$500.00	

Note the Disbursement Amount of \$500.00 is reflected in the header.

- **Post** the disbursement and **Print** the check.

Step 5. Enter a Zero Disbursement to clean up the client’s accounts receivable.

The client’s balance is zero but the individual items have balances as shown in the **Detail Assigned** view from the client’s **transaction summary** tab below:

Client Name: ABC Construction Commercial Account

client balance summary **transaction summary** list bill plans

Select View: Detail Assigned [Add Master Invoice] [Add New Invoice]

Select Client: Showing Page 1 of 1 Search Filter: [Show]

Details	Effective Date	Date Booked	Status	Type	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount	Remove
	12/21/2005	12/22/2005	Posted	Invoice	-	8979	GL-123456789	General Liability	Agency Bill	(\$500.00)	--
Invoice Balance:										(\$500.00)	
	12/22/2005	12/22/2005	Posted	Invoice	-	8982	-	-	Agency Bill	\$500.00	--
Invoice Balance:										\$500.00	

Even though the client has a zero balance, these items will remain on the aged receivable report until each invoice has a zero balance. For detailed instructions on clearing up the receivable, see “Client Reconciliation to Clean Up Client Accounts Receivable” in Chapter 9, “Client - Account Receivable” in this manual. The steps that follow use a zero disbursement to clean up the receivable.

- Add a disbursement for the client and click the **Quick Navigation > Invoices** link.
- Select both invoices and click the **Pay All Selected** link on the navigation toolbar. Nexsure will display the invoices on the disbursement as follows:

Disbursements

Disbursement ID: 710	Entity Type: Client	AR Balance: (\$500.00)
Posted: <input type="checkbox"/>	Payee: ABC Construction	
Cleared: <input type="checkbox"/>	Bank Name: Bank of America	
Date Booked: 12/22/2005	Bank Account #: 1234567	
	GL Account: 07.001.0000.000.00.100000 Trust Account	
Date Created: 12/22/2005	Balance: \$252,212.43	
Created By: Susan McDonough	Disbursement Amount: \$0.00	
	Estimated Balance: \$252,212.43	
	Check #:	
	Description: Clean Up	

Quick Navigation

- Disbursement Header
- General Ledger
- Accounts Payable
- Invoices**
- Payments Received
- Payment Advance
- Disbursement Posting

Disbursement Summary
Pay All Selected
Print
Post
Abort
Save
Add Row

Transactions									
[Select All] [Deselect All]									
Select	Details	Date	Invoice Number	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
<input checked="" type="checkbox"/>		12/22/2005	8979	GL-123456789	Cancellation		(\$500.00)	(\$500.00)	\$0.00
<input checked="" type="checkbox"/>		12/22/2005	8982		Term Policy		\$500.00	\$500.00	\$0.00
This Page Total:							\$0.00	\$0.00	\$0.00
All Pages Total:							\$0.00	\$0.00	\$0.00

Note the header indicates zero in the Disbursement amount and both invoices reflect zero for the revised balance.

- **Post** and exit the disbursement.

Finance Check is Sent Directly to the Billing Carrier

The following conditions will be used for this workflow example:

- The agency invoices the full agency bill premium of \$1000.00. The agency retains the commission (10% of the premium = \$100.00). The net owed to the billing carrier from the agency is \$150.00 (net \$900.00 minus \$750 paid to the carrier from the finance company)
- The client agrees to pay the agency the down payment of \$250.00 (typically ¼ of the premium).
- The finance company will send \$750.00 direct to the billing carrier.
- The agency will pay the billing carrier \$150.00.

For this workflow a fee will need to be set up labeled Premium Finance with no commission, no taxes, flat rate type and the service provider will be set to the Carrier. For detailed instructions on how to set up a fee see “Adding a Fee” in Chapter 3, “Invoicing Setup” in the manual.

Step 1. Post an agency bill Invoice on the client for the full premium, \$1000.00, 10% agency commission:

Premiums								[Add New Premium]
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
	Commercial Property(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	\$1,000.00	
Total Premiums:							\$1,000.00	

Agency Commissions							[Add New Agency Commission]
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove
	Premium	Commercial Property(1)	% of Premium	10	\$1,000.00	\$100.00	
Total Agency Commissions:						\$100.00	

Step 2. Post an agency bill Invoice on the client for \$-750.00, no commission.

The purpose of this invoice is to record the \$750.00 the premium finance company sent direct to the billing carrier for the amount financed. This reduces the client’s receivable and the amount due to the carrier.

- Click the **Details** icon on the **Premium** section and enter zero in the amount. Nexsure will display the premium due as \$0.00:

Premiums								[Add New Premium]
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
	Commercial Property(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	\$0.00	
Total Premiums:							\$0.00	

- Scroll down to the down to the **Fees** section and click **[Add New Fee]** to the right of the Fees section.

Add Non Premium Fee nexsure

Level/LOB:

Fee Code:

Service Provider:

- Select the **Level/LOB** (Line of Business), the **Fee Code** and the **Service Provider**. Click the **OK** button to continue to the Fee Details pop-up window:

Add Non Premium Fee Details



Level/LOB: **Commercial Property(1)**

Fee Code:

Service Provider: **AFCO**

Description:

Commission Type:

Taxable: Yes No

Revenue

Rate Type:

Rate:

Entity Type:

Entity:

GL Account: ...

Note: Enter a GL account # manually or leave blank to allow system to default appropriate mandatory GL account at invoice level.

- Enter the rate as -750.00. Make sure to enter the minus sign in front of the number to designate a negative number.
- Click the **OK** button to accept the fee. The Fees section will display as follows:

Fees [Add New Fee]										
Details	Type	Level/Line of Business	Description	Commission Type	Taxable	Rate Type	Rate	Basis	Due	Remove
	Fee	Commercial Property (1)	Premium Finance AFCO	No Commission	<input type="checkbox"/>	Flat	-750	\$0.00	(\$750.00)	
Total Fees:									(\$750.00)	

Note the amount due is in parentheses, denoting a negative number.

- **Post** and exit to the transaction summary list. Nexsure will display the client transactions follows:

Client Name: ABC Construction Commercial Account

underwriting | policy info | assignment | attachments | actions | qualification | history | **transactions** | claims | summary of insurance

Select View: Invoice Summary [Add Master Invoice] [Add New Invoice]

Select Client: [Search Filter: Show]

Showing Page 1 of 1

Details	Effective Date	Date Booked	Status	Type	Transaction Id	Invoice ID Master Invoice ID	Policy Number	Description	Bill Method	Amount	Remove
	12/21/2005	12/21/2005	Posted	Invoice	-	8972	PR-123456	Commercial Property	Agency Bill	\$1,000.00	--
	12/21/2005	12/21/2005	Posted	Invoice	-	8976	PR-123456	Commercial Property	Agency Bill	(\$750.00)	--
Total:										\$250.00	

The client's balance is now \$250.00.

Step 3. Enter a Payment Received for the Client's Down Payment of \$250.00:

- Click the **Quick Navigation > Invoices** link on the **Payments Received** tab. If system defaults are set to allocate automatically, the payment may be allocated as displayed below:

Transactions

[Select All] [Deselect All]

Select	Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
<input checked="" type="checkbox"/>		12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00 A	\$250.00	\$750.00
<input type="checkbox"/>		12/21/2005	8976	PR-123456	Term Policy Premium Finance	AFCO (\$750.00)		\$0.00	(\$750.00)
This Page Total:							\$250.00	\$250.00	\$0.00
All Pages Total:							\$250.00	\$250.00	\$0.00

Note the balance on the first invoice is now \$750.00. The balance on the second invoice is -\$750.00. These two invoices together net a zero balance for the client but they will continue to appear on the aged receivable report because they each have a balance. The instructions below will bring both invoices to zero.

- Click the **Details** icon on the first item to zero out the balance. Nexsure will display the **Payment Details** pop-up window:

Payment Details


Invoice Date: 12/21/2005

Created By: Susan McDonough

Invoice Amount: \$1,000.00

Invoice Balance: \$750.00

Details	Date	Description	Amount
	12/21/2005	Term Policy	\$250.00

- 
 Click the **Details** icon to display the Payment details (if no **Details** icon exists click the [\[Add New\]](#) link). Enter 1000.00 into the amount field as displayed:

Payment


Date: 12/21/2005

Balance: 1000.00

Amount: Balance: 0.00

Description:

Note the balance is now zero.

- 
 Click the **OK** button on the Payment pop-up window;
- 
 Click the **Close** button to exit the **Payment Details** pop-up window. Nexsure will display the transactions as follows:

Transactions									
[Select All] [Deselect All]									
Select Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance	
<input checked="" type="checkbox"/>	12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00	\$1,000.00	\$0.00	
<input type="checkbox"/>	12/21/2005	8976	PR-123456	Term Policy	Premium Finance AFCO	(\$750.00)	\$0.00	(\$750.00)	
This Page Total:						\$250.00	\$1,000.00	(\$750.00)	
All Pages Total:						\$250.00	\$1,000.00	(\$750.00)	

Note the first item now displays a zero balance.

- Click the **Details**  icon on the second item for \$-750.00. Nexsure will display the **Payment Details** pop-up window:

Payment Details nexsure

Invoice Date: 12/21/2005 Invoice Amount: (\$750.00)

Created By: Susan McDonough Invoice Balance: (\$750.00)

[Add New]

Details	Date	Description	Amount

[Close]

- Click the **[Add New]** link and enter -750.00 into the amount field on the **Payment Details** pop-up window:

Payment nexsure

Date: 12/21/2005

Balance: (750.00)

Amount: Balance: 0.00

Description:

Note the balance is now zero.

- Click the **OK** button on the **Payment** pop-up window;
- Click the **Close** button to exit the Payment Details pop-up window. Nexsure will display the transactions as follows:

Transactions									
[Select All] [Deselect All]									
Select Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance	
<input checked="" type="checkbox"/>		12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00	\$1,000.00	\$0.00
<input checked="" type="checkbox"/>		12/21/2005	8976	PR-123456	Term Policy	Premium Finance AFCO	(\$750.00)	(\$750.00)	\$0.00
This Page Total:						\$250.00	\$250.00	\$0.00	
All Pages Total:						\$250.00	\$250.00	\$0.00	

Now both items display a revised balance of zero.

- **Post** the entry and exit the Payment Received.

Step 4. Enter a Disbursement to pay the carrier the net premium of \$150.00:

Note: Carrier reconciliations may be entered in Nexsure before or after paying a carrier statement. Reconciliation may be prudent if there are many invoices on a statement that need to be verified and potentially adjusted.

This step will combine reconciliation and disbursement in one process.

- Click the **Quick Navigation > Invoices** link on the **Disbursement** tab to select the net to be paid to the carrier. Use the filter to search for the specific invoices. Nexsure will display the unpaid invoices as follows:

Agency Bill								
[Select All] [Deselect All]								
Select	Details	Date	Name	Invoice	Policy Number	Amount	Paid	Balance
<input type="checkbox"/>		12/21/2005	ABC Construction	8972	PR-123456	\$900.00	\$0.00	\$900.00
<input type="checkbox"/>		12/21/2005	ABC Construction	8976	PR-123456	(\$750.00)	\$0.00	(\$750.00)
This Page Total:						\$150.00	\$0.00	\$150.00
All Pages Total:						\$150.00	\$0.00	\$150.00

- Click the **Select** check box for both items; \$900.00 and (\$750.00);
- Click the **Pay All Selected** link on the navigation toolbar. Nexsure will update the header and the invoices as follows:

Disbursements

Disbursement ID: 706	Entity Type: Carrier
Posted: <input type="checkbox"/>	Payee: Travelers
Cleared: <input type="checkbox"/>	Bank Name: Bank of America
Date Booked: 12/21/2005	Bank Account #: 1234567
	GL Account: 07.001.0000.000.00.100000 Trust Account
Date Created: 12/21/2005	Balance: \$252,862.43
Created By: Susan McDonough	Disbursement Amount: \$150.00
	Estimated Balance: \$252,712.43
	Check #:
	Description: Net Pmt to Travelers for ABC Construction

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Search Filter: [\[Show\]](#)

Agency Bill								
[Select All] [Deselect All]								
Select	Details	Date	Name	Invoice	Policy Number	Amount	Paid	Balance
<input checked="" type="checkbox"/>		12/21/2005	ABC Construction	8972	PR-123456	\$900.00	\$900.00	\$0.00
<input checked="" type="checkbox"/>		12/21/2005	ABC Construction	8976	PR-123456	(\$750.00)	(\$750.00)	\$0.00
This Page Total:						\$150.00	\$150.00	\$0.00
All Pages Total:						\$150.00	\$150.00	\$0.00

Note the Disbursement amount of \$150.00 is reflected in the header and both invoices have a zero balance.

- **Post** the disbursement and **Print** the check.

Billing Carrier Return Premium Sent to Finance Company

This workflow will demonstrate how to process a return premium which the billing carrier has sent directly to the premium finance company. This could be the result of a cancellation or an unearned audit or endorsement. This workflow will also demonstrate how to issue a check to pay the remaining balance to the premium finance company.

The following conditions will be used for this workflow example:

- The agency invoices the full agency bill return premium of \$-500.00. The agency deducts the commission (10% of the premium = \$-50.00). The net owed from the billing carrier is \$-450.00.
- The billing carrier will send a check to the premium finance company for the net of the returned premium, \$450.00.
- The agency will send a check to the premium finance company for the remaining \$50.00. The premium finance company will return what is due to the client after satisfying the finance agreement.

For this workflow a fee will need to be set up labeled Premium Finance with no commission, no taxes, flat rate type and the service provider will be set to the Carrier. For detailed instructions on how to set up a fee refer to **Chapter 3 - Invoicing Setup** in the **Nexsure Accounting Training Manual**.

Step 1. Post an agency bill invoice on the client for the full return premium, \$-500.00, 10% agency commission:

Premiums [Add New Premium]								
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
	Commercial Property(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	(\$500.00)	
Total Premiums:							(\$500.00)	

Agency Commissions [Add New Agency Commission]							
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove
	Premium	Commercial Property(1)	% of Premium	10	(\$500.00)	(\$50.00)	
Total Agency Commissions:						(\$50.00)	

Note the amount due is in parenthesis, denoting a negative number.

Step 2. Post an agency bill invoice on the client for \$450.00, no commission.

The purpose of this invoice is to record the \$450.00 the billing carrier sent directly to the premium finance company. This will increase the client’s receivable so the client will only have a \$-50.00 balance. This also reduces the amount due from the carrier to zero.

- Click the **Details**  icon on the **Premiums** section and enter zero in the amount. Nexsure will display the premium due as \$0.00:

Premiums								[Add New Premium]	
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove	
	Commercial Property(1)	12/21/2005	Term Policy	Branch & People	<input type="checkbox"/>	\$1,000.00	\$0.00		
Total Premiums:							\$0.00		

- Scroll down to the **Fees** section;
- Click [\[Add New Fee\]](#) to the right of the Fees section. Nexsure will display the **Add Non Premium Fee selection** pop-up window:

Add Non Premium Fee nexsure

Level/LOB: ▼

Fee Code: ▼

Service Provider: ▼

- Select the **Level/LOB** (Line of Business), **Fee Code** and **Service Provider**.
- Click the **OK** button to continue to the **Fee Details** pop-up window.

Add Non Premium Fee Details

Level/LOB: **Commercial Property(1)**

Fee Code: **Premium Finance**

Service Provider: **AFCO**

Description:

Commission Type:

Taxable: Yes No



Revenue

Rate Type:

Rate:

Entity Type:

Entity:

GL Account: ...

Note: Enter a GL account # manually or leave blank to allow system to default appropriate mandatory GL account at invoice level.

- Enter the rate as **\$450.00**;
- Click the **OK** button to accept the fee. The **Fees** section will display as follows:

Fees [Add New Fee]										
Details	Type	Level/Line of Business	Description	Commission Type	Taxable	Rate Type	Rate	Basis	Due	Remove
	Fee	Commercial Property (1)	Premium Finance AFCO	No Commission	<input type="checkbox"/>	Flat	450	\$0.00	\$450.00	
Total Fees:									\$450.00	

- **Post** and exit to the transaction summary list. Nexsure will display the transactions on the client as follows:

Client Name: ABC Construction Commercial Acco

underwriting | policy info | assignment | attachments | actions | qualification | history | **transactions** | claims | summary of insurance

Select View: Invoice Summary [Add Master Invoice] [Add New Invoice]
 Select Client: [Select Client] Showing Page 1 of 1 Search Filter: [Show]

Details	Effective Date	Date Booked	Status	Type	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount	Remove
	12/21/2005	12/26/2005	Posted	Invoice	-	8984	PR-123456	Commercial Property	Agency Bill	(\$500.00)	--
	12/21/2005	12/26/2005	Posted	Invoice	-	8985	PR-123456	Commercial Property	Agency Bill	\$450.00	--

- The client’s balance is \$-50.00, which will be cleared in the next step with a disbursement to the premium finance company.

Step 3. Enter a disbursement to pay the premium finance company the remaining return premium balance \$-50.00.

This step requires that the Premium Finance Company be entered as a Carrier Entity. For detailed instructions on entering a carrier refer to Chapter 5, “Entity Setup” in this manual.

The client has a \$-50.00 balance resulting from the return premium invoice \$-500.00 and the payment from the carrier to the premium finance company invoiced for \$450.00. The Payment Advance feature in Disbursements allows a check to be issued payable to the premium finance company (set up as a carrier entity) and will create an invoice for \$50.00 on the client’s account; bringing the client balance to zero.

Click the **disbursements** tab and select the appropriate bank account. Click **[Add New Disbursement]**; select **Carrier** as the entity and search for the premium finance company. Fill out the header and the input fields as displayed below:

Disbursements

Disbursement ID: 711	Entity Type: Carrier	Quick Navigation Disbursement Header General Ledger Accounts Payable Reconciliation Invoices Payment Advance Disbursement Posting
Posted: <input type="checkbox"/>	Payee: Premium Finance	
Cleared: <input type="checkbox"/>	Bank Name: Bank of America	
Date Booked:	Bank Account #: 1234567	
	GL Account: 07.001.0000.000.00.100000 Trust Account	
Date Created: 12/26/2005	Balance: \$252,212.43	
Created By: Susan McDonough	Disbursement Amount: \$0.00	
	Estimated Balance: \$252,212.43	
	Check #:	
	Description:	

Payee: Premium Finance
 2525 Forest Ln
 Dallas, TX 75201

* Date Booked: 12/26/2005

Disbursement Method: Check

Check #:

Nexsure Tip
 Leave the Check # field blank to allow the system to assign the next available check # at the time of printing or enter a check # manually.

Description: (50 Char. Max) Return premium balance for ABC Construction

Internal Note: (250 Char. Max)

- Click the **Quick Navigation > Payment Advance** link;
- Click the **[Add New Payment Advance]** link to search and select the client. The Nexsure disbursement will be displayed as follows:

Disbursements

Disbursement ID: 711 Posted: <input type="checkbox"/> Cleared: <input type="checkbox"/> Date Booked: 12/26/2005 Date Created: 12/26/2005 Created By: Susan McDonough	Entity Type: Carrier Payee: Premium Finance Bank Name: Bank of America Bank Account #: 1234567 GL Account: 07.001.0000.000.00.100000 Trust Account Balance: \$252,212.43 Disbursement Amount: \$0.00 Estimated Balance: \$252,212.43 Check #: Description: Return premium balance for ABC Construction
---	---

Quick Navigation
 Disbursement Header
 General Ledger
 Accounts Payable
 Reconciliation
 Invoices
Payment Advance
 Disbursement Posting

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Payment Advance [Add New Payment Advance]

Details	Name	Advance ID	Policy #	Description	Amount	Remove
	ABC Construction	81			\$0.00	

- Click the **Details** icon to the left of the client's name and enter the amount of the return to the premium finance company, \$50.00, along with the policy number and a description.
- Click the **OK** button to accept. Nexsure will update the header and the item as follows:

Disbursements

Disbursement ID: 711 Posted: <input type="checkbox"/> Cleared: <input type="checkbox"/> Date Booked: 12/26/2005 Date Created: 12/26/2005 Created By: Susan McDonough	Entity Type: Carrier Payee: Premium Finance Bank Name: Bank of America Bank Account #: 1234567 GL Account: 07.001.0000.000.00.100000 Trust Account Balance: \$252,212.43 Disbursement Amount: \$50.00 Estimated Balance: \$252,162.43 Check #: Description: Return premium balance for ABC Construction
---	--

Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row
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Payment Advance [Add New Payment Advance]

Details	Name	Advance ID	Policy #	Description	Amount	Remove
	ABC Construction	81	PR-123456	Return Premium to AFCO	\$50.00	

Note the Disbursement Amount of \$50.00 is displayed in the header.

- **Post** the disbursement and **print** the check.

Step 4. Enter a Zero Disbursement to clean up the client's accounts receivable:

The client's balance is zero but the individual items have balances as shown in the **Detail Assigned** view from the client's transaction summary tab below:

Client Name: ABC Construction Commercial Acco

client balance summary **transaction summary** list bill plans

Select View: Detail Assigned [Add Master Invoice] [Add New Invoice]

Select Client: Showing Page 1 of 1 Search Filter: [Show]

Details	Effective Date	Date Booked	Status	Type	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount	Remove
	12/21/2005	12/26/2005	Posted	Invoice	-	8984	PR-123456	Commercial Property	Agency Bill	(\$500.00)	--
										Invoice Balance:	(\$500.00)
	12/21/2005	12/26/2005	Posted	Invoice	-	8985	PR-123456	Commercial Property	Agency Bill	\$450.00	--
										Invoice Balance:	\$450.00
	12/26/2005	12/26/2005	Posted	Invoice	-	8986	-	-	Agency Bill	\$50.00	--
										Invoice Balance:	\$50.00

Even though the client has a zero balance, these items will remain on the aged receivable report until each invoice has a zero balance. For detailed instructions on clearing up the receivable, see "Client Reconciliation to Clean Up Client Accounts Receivable" in Chapter 9, "Client - Account Receivable" in this manual. The steps that follow use a zero disbursement to clean up the receivable.

- Add a disbursement for the client entity and click the **Quick Navigation > Invoices** link;
- Select all three invoices and click the **Pay All Selected** link on the navigation toolbar. Nexsure will display the invoices on the disbursement as follows:

Disbursements

Disbursement ID: 712	Entity Type: Client	AR Balance: (\$550.00)
Posted: <input type="checkbox"/>	Payee: ABC Construction	
Cleared: <input type="checkbox"/>	Bank Name: Bank of America	
Date Booked: 12/26/2005	Bank Account #: 1234567	
	GL Account: 07.001.0000.000.00.100000 Trust Account	
Date Created: 12/26/2005	Balance: \$252,162.43	
Created By: Susan McDonough	Disbursement Amount: \$0.00	
	Estimated Balance: \$252,162.43	
	Check #:	
	Description: Clean Up	

Quick Navigation

- Disbursement Header
- General Ledger
- Accounts Payable
- Invoices**
- Payments Received
- Payment Advance
- Disbursement Posting

Disbursement Summary Pay All Selected Print Post Abort Save Add Row

Transactions									
[Select All] [Deselect All]									
Select	Details	Date	Invoice Number	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
<input checked="" type="checkbox"/>		12/26/2005	8984	PR-123456	Term Policy		(\$500.00)	(\$500.00)	\$0.00
<input checked="" type="checkbox"/>		12/26/2005	8986		Term Policy		\$50.00	\$50.00	\$0.00
<input checked="" type="checkbox"/>		12/26/2005	8985	PR-123456	Term Policy		\$450.00	\$450.00	\$0.00
This Page Total:							\$0.00	\$0.00	\$0.00
All Pages Total:							\$0.00	\$0.00	\$0.00

Note the header reflects zero in the Disbursement amount and all invoices reflect zero for the revised balance.

- **Post** and exit the disbursement.

Step 5. Reconcile the carrier statement with a net result of zero.

The items reconciled in this step will result in a net of zero. Therefore no payment is necessary.

- Click the **Quick Navigation > Transactions** link on the **Reconciliation** tab to select the return premium and carrier payment to the premium finance company. Use the filter to search for specific items. Nexsure will display the unpaid item as follows:

Agency Bill								
[Select All] [Deselect All]								
Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
<input type="checkbox"/>		12/21/2005	8984	ABC Construction	PR-123456	(\$450.00)	\$0.00	(\$450.00)
<input type="checkbox"/>		12/21/2005	8985	ABC Construction	PR-123456	\$450.00	\$0.00	\$450.00
This Page Total:						\$0.00	\$0.00	\$0.00
All Pages Total:						\$0.00	\$0.00	\$0.00

- Click the **Select** check box for both items along with any additional items included on the carrier’s statement. Click the **Pay All Selected** link on the navigation toolbar. Nexsure will update the items as follows:

Agency Bill								
[Select All] [Deselect All]								
Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
<input checked="" type="checkbox"/>		12/21/2005	8984	ABC Construction	PR-123456	(\$450.00)	(\$450.00)	\$0.00
<input checked="" type="checkbox"/>		12/21/2005	8985	ABC Construction	PR-123456	\$450.00	\$450.00	\$0.00
This Page Total:						\$0.00	\$0.00	\$0.00
All Pages Total:						\$0.00	\$0.00	\$0.00

Note the invoices reflect a zero balance.

- **Post** the reconciliation and **Print** the remittance advice for the agency’s records.

Additional Interest Definition

An Additional Interest is any entity that has a financial or legal interest in a client’s property or business. This may be a mortgagee, lien holder, loss payee or a certificate holder.

