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		
Ņ	General Liability(1)	12/21/2005	Term Policy	Branch & People		\$1,000.00	\$1,000.00	B		
Total Premiums										

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

Trans [Select	ransactions Select All] [Deselect All]											
Select	Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance			
	Þ	12/21/2005	8966	GL-123456789	Term Policy	Term Policy	\$1,000.00 #	۹ \$250.00	\$750.00			
						This Page Total: All Pages Total:	\$1,000.00 \$1,000.00	\$250.00 \$250.00	\$750.00 \$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.

Tran [Sele	Transactions [Select All] [Deselect All]											
Selec	t De	etails	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance		
		>	12/21/2005	8966	GL-123456789	Term Policy	Term Policy	\$750.00 A	\$750.00	\$0.00		
							This Page Total: All Pages Total:	\$750.00 \$750.00	\$750.00 \$750.00	\$0.00 \$0.00		

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

Client N	ient Name: ABC Construction Commercial Account												
client bala	nce summary	transaction summ	ary list bill pl	ans									
Select View: Detail Assigned [Add Master Invoice] [/									[Add New I	nvoice]			
Select Cli	Select Client:				🕅 🖣 Showing I	Page 1 of 1 🕨 🕅				Search Filter:	[Show]		
Details	Effective Details Date Date Booked		Status	Туре	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount R	emove		
	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			
							list	: bill plans	transaction summary	client balance	summary		

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			
	📝 12/21/2005 ABC Constru		ABC Construction	8966	GL-123456789	\$900.00	\$0.00	\$900.00			
					This Page Total: All Pages Total:	\$900.00 \$900.00	\$0.00 \$0.00	\$900.00 \$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: Payee: Travelers Cleared: Bank Name: Bank of America Date Booked: 12/21/2005 Bank Account #: 1234567 GL Account: 07.001.0000.000.000.00.100000 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												
Disbursement Summa	Disbursement Summary Pay All Selected Print Post Abort Save Add Row											
						Search Filt	er: [Show]	*				
Agency Bill [Select All] [Deselect	t All]		_	_	_							
Select Details	Amount	Paid	Balance	=								
12, 12, 12, 12, 12, 12, 12, 12, 12, 12,	/21/2005 AB	3C Construction	8966	GL-123456789	\$900.00	\$900.00	\$0.00					
				This Page Total: All Pages Total:	\$900.00 \$900.00	\$900.00 \$900.00	\$0.00 \$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		\$1,000.00	(\$500.00)			
					Total	Premiums:	(\$500.00)			

Agency C	Agency Commissions [Add No									
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove			
	Premium	General Liability(1)	% of Premium	10	(\$500.00)	(\$50.00)	B			
	(\$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		
	>	12/22/2005	8979	ABC Construction	GL-123456789	(\$450.00)	\$0.00	(\$450.00)		
					This Page Total: All Pages Total:	(\$450.00) (\$450.00)	\$0.00 \$0.00	(\$450.00) (\$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: Entity Type: Name: Posted: Date Created: Created By; Date Processed: Receipt/Check#:	540 Carrier Travelers 12/22/2005 Susan McDo	nough	Disb A Income/ Vir	Receipt To oursements To djustments To Receivable To Payable To tual Receipt To Descriptio	tal: \$0.00 tal: \$0.00 tal: \$0.00 tal: \$0.00 tal: \$0.00 tal: (\$450.00) otal \$450.00 on: Return Pre	mium for ABC	Construction		
Reconciliation Summary	Pay A	ll Selected	Print	Post	Abort	Save	Add Row	Delive	ry -
	[Add Carrier Statement Transactions] Search								^
Agency Bill [Select All] [Desc	elect All]	_	_	_	_	_	_		
Select Details	Select Details Date Item ID		Name	Polic	y Number	Amount	Paid I	Balance	=
	12/22/2005 8979		ABC Construct	tion GL-1	23456789	(\$450.00)	(\$450.00)	\$0.00	
				Th Al	is Page Total: I Pages Total:	(\$450.00) (\$450.00)	(\$450.00) (\$450.00)	\$0.00 \$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:

ayments Received	ayments Received											
Payment ID: 689 Entity Type: Carrier												
Posted: Processed:		3rd	Name: Party Type:	Travelers								
Date Booked: 12 Date Greated: 12	2/22/2005	2005 Payment Type: 2005 Payment Amount:										
Date Created: 12/22/2005 Payment Amount: \$450.00 Created By: Susan McDonough Reference #: Ck#98765 Description: Return Premium												
Payment Summa	ary	Pay All Selected	Print		Post	Abort	Save	Add Ro	~			
Reconciliations [Add new]												
				Amo	unt							
Name	e Rec ID Description 540 Reconciliation Clearing Acct			\$450.00	\$0.00	12/22/200	е а К)5	emove				

• **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 Posted: Cleared: Date Booked: 12/22/2 Date Created: 12/22/2 Created By: Susan M	Entity Type: Payee: Bank Name: 005 Bank Account # GL Account: 005 Balance: lcDonough Disbursement Amount: Estimated Balance: Check #: Description:	Carrier AFCO Bank of America 1234567 07.001.0000.000.00.1000 \$252,712.43 \$0.00 \$252,712.43 Return Premium for ABC C	10 Trust Account		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	
Payment Advance Details Name B ABC Constr	e Advance ID Policy ruction 79	# Description	[Add New Paym Amour \$0.00	ent Advance] nt Remove	

- 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:

D	isbursements										
Г											
	Disbursement ID:	709			Entity Ty	pe:	Carrier				
	Posted:			Payee:							
	Cleared:			Bank Name:				America			
	Date Booked:	12/22	/2005	Bank Account #:							
	GL Account: 07.001.0000.000.000 Trust Account										
	Date Created: 12/22/2005 Balance: \$252,712.43										
	Created By: Susan McDonough Disbursement Amount: \$500.00										
				Estim	nated Balar	ice:	\$252,212	2.43			
					Check	#:					
					Descripti	on:	Return P	emium for ABC	Construction		
	Disbursement Summ	nary	Pay All Selec	ted	Print	1	Post	Abort	Save	Add Row	
'											
	Payment Advance [Add New Payment Advance]										
	Details	Nai	me A	dvance IC) Po	licy #	#	Description		Amount Remove	
	AB AB	C Con	struction	79	GL-	1234	56 Re	turn Premium to	AFCO	\$500.00	1

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: AE	sc c	onstruction								Commercia	I Accou
client ba	ance summa	ry	transaction summ	ary list bill pla	ans							
Select \	elect View: Detail Assigned View: [Add Master Invoice] [Add Master Invoice]										[Add New In	voice]
Select (lient:			~		K 🖣 Showing F	age 1 of 1 🕨				Search Filter:	[Show]
Effec Details Da		/e	Date Booked	Status	Туре	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount Re	emove
8	12/21/2	005	12/22/2005	Posted	Invoice	-	8979	GL-123456789	General Liability	Agency Bill	(\$500.00)	
										Invoice Balance:	(\$500.00)	
3	12/22/2	005	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:

Disbursement ID: 710 Posted: Cleared: Date Booked: 12/22/201 Date Created: 12/22/201 Created By: Susan Mc	Entity Ty Pay Bank Nau 05 Bank Accoun GL Accou 05 Balar Donough Disbursement Amo Estimated Balar Chod Descript Descript	pe: Client ee: ABC Const ne: Bank of An : #: 1234567 int: 07.001.000 int: \$0.00 int: \$0.00 int: \$252,212.4 #: on: Clean Up	ruction nerica 00.000.00.1000(43 43	AR B.	alance: (\$50 unt	00.00)	Quick Navigation Disbursement Header General Ledger Accounts Payable Invoices Payments Received Payment Advance Disbursement Posting
Disbursement Summary Pa	ay All Selected Print	Post	Abort	Save	Ad	ld Row	
Transactions [Select All] [Deselect All] Select Details Date	Invoice Policy Number Number	Bill Type I	Description	Balance	Credit Assigned	Revised Balance	
2 22/2005	8979 GL-123456789 Ca	ncellation		(\$500.00)	(\$500.00)	\$0.00	
2/22/2005	8982 Tei	m Policy		\$500.00	\$500.00	\$0.00	
		TI A	'his Page Total: All Pages Total:	\$0.00 \$0.00	\$0.00 \$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:

Premiu	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		\$1,000.00	\$1,000.00	B					
Total Premiums: \$1,000.00													

Agency C	gency Commissions [Add N									
Details	Type	Level/Line of Business	Rate Type	Rate	Basis	Due	Remove			
P	Premium	Commercial Property(1)	% of Premium	10	\$1,000.00	\$100.00	B			
	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:

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

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

ne	sure
Commercial Property(1)	~
Premium Finance	*
AFCO	*
ОК С	Cancel
	Commercial Property(1) Premium Finance AFCO OK

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 Pre Details	mium Fee		ne sure
Level/LOB: Fee Code: Service Provi	Her:	Commercial Property(1)	
Description: Commission	Type:	Premium Finance AFCO No Commission	
Taxable:		⊖Yes ⊙No	
Revenue			
Rate Type:	Flat V		
Kate: Entitu Tune:	Carrier V		
Entity:	Travelers 🗸		
GL Account:			
Note: Enter a appropriate r	GL account # manually or le nandatory GL account at invo	- ave blank to allow system ice level.	to default
		ОК	Cancel

- 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:

F	ees									[Add I	<u>New Fee</u>]
D	etails	Туре	Level/Line of Business	Description	Commission Type	Taxable	Rate Type	Rate	Basis	Due	Remove
	w	Fee	Commercial Property (1)	Premium Finance AFCO	No Commission		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 N	ame: ABC C	onstruction								Commercia	I Accou
underwritir	g policy info	assignment	attachments	actions qualifi	cation history	transactions	claims summ	nary of insurance			
Select Vie	Select View: Invoice Summary 🔽 [Add Master Invoice] [Add									[Add New Ir	voice]
Select Cli	ent:		*		🕅 🖣 Showing P	age 1 of 1 🕨 🕅				Search Filter:	[Show]
Details	Effective Date	Date Booked	Status	Туре	Transaction Id	Invoice ID Master Invoice ID	Policy Number	Description	Bill Method	Amount Re	emove
>	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:

T r a [Se	ransactions Select All] [Deselect All]											
Sel	ectDe	etails	; Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance		
	 Image: A set of the set of the	>	12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00 A	\$250.00	\$750.00		
		>	12/21/2005	8976	PR-123456	Term Policy	Premium Finance AFCO	(\$750.00)	\$0.00	(\$750.00)		
							This Page Total: All Pages Total:	\$250.00 \$250.00	\$250.00 \$250.00	\$0.00 \$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 con on the first item to zero out the balance. Nexsure will display the Payment Details pop-up window:

Payment Details				ne sure
Invoice Date:	12/21/2005	Invoice Amount:	\$1,000.00	
Created By:	Susan McDonough	Invoice Balance:	\$750.00	
Details Date	Description			Amount
12/21/20	05 Term Policy			\$250.00
				Close

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		ne sure
Date:	12/21/2005	
Balance:	1000.00	
Amount:	1000.00	Balance: 0.00
Description:	Term Policy	
		OK Cancel

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:



Tran [Sele	sactio t All] [Deselect All]	-	-	-	_	-	-	
Selec	t Detail:	s Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
	Þ	12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00	\$1,000.00	\$0.00
	Þ	12/21/2005	8976	PR-123456	Term Policy	Premium Finance AFCO	(\$750.00)	\$0.00	(\$750.00)
						This Page Total All Pages Total	\$250.00 \$250.00	\$1,000.00 \$1,000.00	(\$750.00) (\$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				ne sure
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	ne sure
Date:	12/21/2005
Balance:	(750.00)
Amount:	-750 Balance: 0.00
Description:	Premium Finance AFCO
	OK Cancel

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:

Trans [Select	action All] [D	ns eselect All]	_		-		-	-	
Select	Details	Date	Installment#	Policy Number	Bill Type	Description	Balance	Credit Assigned	Revised Balance
	>	12/21/2005	8972	PR-123456	Term Policy	Term Policy	\$1,000.00	\$1,000.00	\$0.00
	Þ	12/21/2005	8976	PR-123456	Term Policy	Premium Finance AFCO	(\$750.00)	(\$750.00)	\$0.00
						This Page Total: All Pages Total:	\$250.00 \$250.00	\$250.00 \$250.00	\$0.00 \$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:



Ageno [Select	: y Bill All] [Des	elect All]	_		_	-		
Select	Details	Date	Name	Invoice	Policy Number	Amount	Paid	Balance
		12/21/2005	ABC Construction	8972	PR-123456	\$900.00	\$0.00	\$900.00
	>	12/21/2005	ABC Construction	8976	PR-123456	(\$750.00)	\$0.00	(\$750.00)
					This Page Total: All Pages Total:	\$150.00 \$150.00	\$0.00 \$0.00	\$150.00 \$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:

ment ID:	706		En	tity Type:	Carrier				
Posted:			Payee:	Traveler:	5				
Cleared:			Bar	nk Name:	Bank of	America			
Date Booked: 12/21/2005 Bank Account #:			1234567						
GL Account:					07.001.0	0000.000.00.10	10000 Trust Ad	count	
Date Created: 12/21/2005 Balan					\$252,86	2.43			
Created By: Susan McDonough Disbursement Amou					\$150.00				
Estimated Balance					\$252,71	2.43			
			De	scription:	Net Pmt	to Travelers fo	r ABC Constru	ction	
				· ·					
nent Sum	mary Pay	All Selected	Prin	ıt	Post	Abort	Save	1	Add Row
								Search Filt	er: [Show]
	_	_	_	_	_	_	_	_	
y Dill All] [Desi	elect All]		_	_	_			_	
Details	Date	Nam	e	Invoice	Polic	y Number	Amount	Paid	Balance
>	12/21/2005	ABC Const	ruction	8972	PR	123456	\$900.00	\$900.00	\$0.00
>	12/21/2005	ABC Const	ruction	8976	PR	123456	(\$750.00)	(\$750.00)	\$0.00
					Thi All	s Page Total: Pages Total:	\$150.00 \$150.00	\$150.00 \$150.00	\$0.00 \$0.00
	nent ID: Posted: Cleared: Booked: Created: ated By: nent Sum Nent Sum Petails Details	nent ID: 706 Posted: Cleared: Booked: 12/21/2005 Created: 12/21/2005 ated By: Susan McDo Pent Summary Pay Bill JI] [Deselect All] Details Date 2 12/21/2005 12/21/2005	nent ID: 706 Posted: Cleared: Cleared: Booked: 12/21/2005 Created: 12/21/2005 ated By: Susan McDonough Disb Nent Summary Pay All Selected II] Details Date Nam 2 12/21/2005 ABC Const	nent ID: 706 En Posted: Cleared: Cleared: Deared: 12/21/2005 Bank A Gl Created: 12/21/2005 ated By: Susan McDonough Disbursement Estimated De tent Summary Pay All Selected Prin B 12/21/2005 ABC Construction 12/21/2005 ABC Construction	nent ID: 706 Entity Type: Posted: Payee: Cleared: Bank Name: Booked: 12/21/2005 Bank Account #: GL Account: Created: 12/21/2005 Balance: ated By: Susan McDonough Disbursement Amount: Estimated Balance: Check #: Description: Pent Summary Pay All Selected Print II] [Deselect All] Details Date Name Invoice 2/21/2005 ABC Construction 8972 2/21/2005 ABC Construction 8976	nent ID: 706 Entity Type: Carrier Posted: Posted: Posted: Payee: Traveler: Cleared: Booked: 12/21/2005 Bank Account #: 1234567 GL Account: 07.001.0 Created: 12/21/2005 Balance: \$252,863 ated By: Susan McDonough Disbursement Amount: \$150.00 Estimated Balance: \$252,71: Check #: Description: Net Pmt Pent Summary Pay All Selected Print Post Post Post	nent ID: 706 Entity Type: Carrier Posted: Posted: Posted: Bank Name: Bank of America Bank	nent ID: 706 Entity Type: Carrier Posted: Posted: Posted: Posted: Payee: Travelers Cleared: Bank Name: Bank of America Booked: 12/21/2005 Bank Account #: 1234567 GL Account: O7.001.0000.00.00.100000 Trust Ac Created: 12/21/2005 Balance: \$252,862.43 ated By: Susan McDonough Disbursement Amount: Susan McDonough Disbursement Amount: Description: Net Pmt to Travelers for ABC Constru Nemt Summary Pay All Selected Print Post Abort Save Postails Date Name Invoice Policy Number Amount 22/21/2005 ABC Construction 8972 PR-123456 \$900.00 22/21/2005 ABC Construction 8976 PR-123456 (\$750.00) This Page Total: \$150.00 All Pages Total: \$150.00	nent ID: 706 Entity Type: Carrier Posted: Payee: Travelers Cleared: Bank Name: Bank of America Booked: 12/21/2005 Bank Account #: 1234567 GL Account: 07.001.0000.00.00.0000 Trust Account Created: 12/21/2005 Balance: \$252,862.43 ated By: Susan McDonough Disbursement Amount: \$150.00 Estimated Balance: \$252,712.43 Check #: Description: Net Pmt to Travelers for ABC Construction Pent Summary Pay All Selected Print Post Abort Save // Net Pmt to Travelers for ABC Construction Pent Summary Pay All Selected Print Post Abort Save // UI [Desselect All] Details Date Name Invoice Policy Number Amount Paid Paid 12/21/2005 ABC Construction 8972 PR-123456 \$900.00 \$12/21/2005 ABC Construction 8976 PR-123456 (\$750.00) This Page Total: \$150.00 \$150.00 \$150.00

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:

Premiu	ms						[Add New I	Premium]
Details	Level/Line of Business	Effective Date	Description	Commission Type	Taxable	Premium	Due	Remove
P	Commercial Property(1)	12/21/2005	Term Policy	Branch & People		\$1,000.00	(\$500.00)	B
Total Premiums: (\$500.00)								

Agency Co	Agency Commissions [Add New							
Details	Туре	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 Premiur								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		\$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	ne	sure
Level/LOB:	Commercial Property(1)	~
Fee Code:	Premium Finance	*
Service Provider:	AFCO	*
	ОК	Cancel

- 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 Pre Details	mium Fee	I	ne sure
Level/LOB: Fee Code: Service Provid	der:	Commercial Property(1) Premium Finance AFCO	
Description: Commission Taxable:	Туре:	Premium Finance AFCO No Commission 💉 Ores 💿 No	
Revenue			
Rate Type:	Flat 💌		
Rate:	450.00		
Entity Type:	Carrier V		
Entity: GL Account:			
Note: Enter a	GL account # manually or le	ave blank to allow system to	default
appropriate r	nandatory GL account at invo	bice level.	
		ОК	Cancel

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

Fees									[Add N	Vew Fee]
Details	Туре	Level/Line of Business	Description	Commission Type	Taxable	Rate Type	Rate	Basis	Due	Remove
P	Fee	Commercial Property (1)	Premium Finance AFCO	No Commission		Flat	450	\$0.00	\$450.00	Ē.
							Total	Fees:	\$450.00	

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

Client N underwritin	ame: ABC C	onstruction assignment	attachments	actions qualific	ation history	transactions	claims sum	mary of insurance		Commercial	Ассон
Select Vi	ew: Invoid	e Summary	*					[Add	Master Invoice]	[Add New Inv	oice]
Select Cl	ient:		*		🕅 🖣 Showing P	age 1 of 1 🕨 🕅				Search Filter: [Show]
Details	Effective Date	Date Booked	Status	Туре	Transaction Id	InvoiceID Master Invoice ID	Policy Number	Description	Bill Method	Amount Rei	nove
a comp											
	12/21/2005	12/26/2005	Posted	Invoice	-	8984	PR-123456	Commercial Property	Agency Bill	(\$500.00)	

• 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 Posted: Cleared: Date Booked: Date Created: 12/26 Created By: Susar	Disbursement ID: 711 Entity Type: Carrier Posted: Payee: Premium Finance Cleared: Bank Name: Bank of America Date Booked: Bank Account #: 1234567 GL Account: 07.001.0000.00.00.00.00000 Trust Account Date Created: 12/26/2005 Balance: Created By: Susan McDonough Disbursement Amount: \$0.00 Estimated Balance: \$252,212.43 Check #: Description:							
Disbursement Summary	Pay All Selected	Print	Post	Abort	Save	Add Row		
	Payee	: Premium Fi 2525 Fores Dallas, TX I	inance t Ln 75201		* ind	icates required field	^	
	* Date Booked Disbursemen Method Check #	: 12/26/200 Check	05	✓				
	Descriptio (50 Char. Max	Nexsure Ti Leave the available of Return p	p Check # field heck # at the premium be	d blank to allow th a time of printing alance for Al	e system to as or enter a chec 3C Construc	ssign the next ck # manually.		
	Internal Not (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:

Posted: Cleared: Date Booked: Date Created: Created By:	711 12/26/2005 12/26/2005 Susan McDonough I	Entity Typ Paye Bank Nam Bank Accour GL Accour Balanc Disbursement Amour Estimated Balanc Check	e: Carrier e: Premium e: Bank of ; #: 1234567 ht: 07.001.0 e: \$252,212 ht: \$0.00 e: \$252,212 #:	Finance America 000.000.00.1000 2.43 2.43	00 Trust Accour	t	Disbursement Header General Ledger Accounts Payable Reconciliation Invoices Payment Advance Disbursement Posting
Disbursement Sumn	ary Pay All Select	Descriptio ed Print	n: Return p Post	remium balance f Abort	or ABC Constru-	tion Add Row]
Roumont Aduance					[Add New	Payment Advance]	-

- 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:

Dichurcomont ID	711		Er		Carrier			
Disbursement 10.			E1	Daugar	Dremium	Finance		
Cleared:			Ba	nk Name:	Bank of 4	merica		
Date Booked	12/26	/2005	Bank (Account #:	1234567	anenea		
Date booked.		, 2000	G	L Account:	07.001.0	000.000.00.1000	000 Trust Acco	unt
Created By:	Susar	1 McDonough	Disbursemen Estimated	t Amount: d Balance: Check #: escription:	\$50.00 \$252,162 Return pr	:.43 emium balance	for ABC Const	ruction
		مامع قال عمام	cted Prin	nt	Post	Abort	Save	Add Row
)isbursement Sun	nmary	Fuy nil sele						

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 bala	nce summary	transaction summ	ary list bill pla	ins							
Select Vie	ew: Detai	il Assigned	*					[Ad	d Master Invoice]	[Add New Ir	nvoice
Select Cli	ient:		*		🛛 🖣 Showing I	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 R	emove
Þ	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:

hisbursement ID: Posted: Cleared: Date Booked Date Created: Created By:	712 12/26/200 12/26/200 Susan McD	5 5 onough Dis	Entity Bank I Bank Acco GL Ac Ba sbursement An Estimated Ba Ch Descr	y Type: Clie Payee: AB(Name: Bar bunt #: 123 ccount: 123 ccount: 07. alance: \$25 mount: \$0. alance: \$25 meck #: ription: Cle	ent C Construction nk of America 34567 001.0000.000.00.00.1000 52,162.43 00 52,162.43 ean Up	AR E	Balance: (\$5 ount	50.00)	Quick Navigation Disbursement Header General Ledger Accounts Payable Invoices Payments Received Payment Advance Disbursement Posting
sbursement Sun	nmary Pa	y All Selected	Print	Pos	t Abort	Save	A	dd Row	
sbursement Sun Iransactions [Select All] [Des Select Detais	elect All]	y All Selected Invoice Number	Print Policy Number	Bill Type	t Abort Description	Save	Credit Assigned	dd Row Revised Balance	
sbursement Sun Transactions [Select All] [Des Select Details [V] [2]	elect All] Date 12/26/2005	All Selected Invoice Number 8984 Pf	Policy Number R-123456 Te	Bill Type	it Abort Description	Save Balance (\$500.00)	Credit Assigned (\$500.00)	dd Row Revised Balance \$0.00	
sbursement Sun Iransactions Select All] [Des Select Details V P V P	elect All] Date 12/26/2005 12/26/2005	All Selected Invoice Number 8984 Pf 8986	Policy Number R-123456 Te Te	Bill Type erm Policy erm Policy	t Abort Description	Save Balance (\$50.00) \$50.00	Credit Assigned (\$50.00) \$50.00	dd Row Revised Balance \$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:

Ageno [Select /	: y Bill All] [Des	elect All]	_	_		_	-	
Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
		12/21/2005	8984	ABC Construction	PR-123456	(\$450.00)	\$0.00	(\$450.00)
	>	12/21/2005	8985	ABC Construction	PR-123456	\$450.00	\$0.00	\$450.00
					This Page Total: All Pages Total:	\$0.00 \$0.00	\$0.00 \$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:

Ageno [Select	: y Bill All] [Des	select All]	_	_	_	_	_	
Select	Details	Date	Item ID	Name	Policy Number	Amount	Paid	Balance
		12/21/2005	8984	ABC Construction	PR-123456	(\$450.00)	(\$450.00)	\$0.00
	>	12/21/2005	8985	ABC Construction	PR-123456	\$450.00	\$450.00	\$0.00
					This Page Total: All Pages Total:	\$0.00 \$0.00	\$0.00 \$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.

Additional Interest Procedures

The procedures in handling Additional Interests in Nexsure are identical to the procedures for Premium Finance Companies outlined in this document.

These procedures should be used when an additional interest is responsible for paying part or all of a client's insurance premium. Most of the time this will be handled as direct bill and these workflows will not apply. Use these procedures for agency bill invoices where the additional interest will be sending a check to the agency or the billing carrier. A common situation in which this may occur is when the insurance premium is paid by the mortgagee holding the loan on a home.

Notes



Notes Regarding Premium Finance & Additional Interest in Nexsure

The **Bill To** information on an invoice may be changed to a Premium Finance company or an Additional Interest but the receivable will still be held in the client's account receivable general ledger account.

Disbursements and Receive Payments can be made through these entities but they are not linked to a receivable account.

For more information regarding receivables refer to the Chapter 9, "Client-Accounts Receivable" in this manual.

Notes