

Underwriting and Policy Issue

Policy Premium

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Collection of the First Premium

Initial premium must be paid at one of the two following times ONLY:

1. At the time the application is written for a policy plan that allows it*: Initial premium may be paid with the application if a Disability Insurance Conditional Receipt (DICR) is completed; or
2. On delivery of a c.o.d. policy: (see c.o.d. Delivery Requirements in the [Policy Effective Date](#) section).

In either case, initial premium payment must conform to the acceptable payment forms detailed below and in the General Rules for Premium.

- A conditional receipt may not be issued unless sufficient premium is paid with the application.
- A minimum of one monthly premium is required in all states except California.
- In California, one modal premium is required. For example, if the applicant has selected a quarterly mode on the application, then one quarter's premium is required; if semi-annual is selected, then one semi-annual premium is required.

If the minimum premium (as specified on the DICR) cannot be collected at the time the application is completed, the application must be submitted on a c.o.d. basis and no DICR may be used. Any premium received that does not meet minimum requirements will be returned to the policyowner and the application is processed as c.o.d.

- Premium may not be collected between the date of the application and the date the policy is delivered. Premium may only be collected when the application is taken or at policy delivery.
- A producer cannot advance his or her own funds as payment for the insurance premium on behalf of the applicant.
- A producer shall not use a trust account for business with The Standard, and premiums may not be paid through such an account.

General Rules for Premium

- Premiums are due and payable in advance. All premiums are to be paid by check, money order or electronic debit (subject to The Standard's minimum list bill premium or EFT requirements). Use form [1804-IDI](#) to authorize one-time and/or recurring electronic debit.
- Premium may not be paid by traveler's checks, money market checks or credit card "Cash Transfer" checks.
- All premium checks must be made payable to *Standard Insurance Company*. Checks must not be made payable to a producer, nor may the payee line be left blank. The producer shall not hold a check, waiting for an underwriting decision. Post-dated checks are not acceptable. Promissory notes are not acceptable as payment of any premium.

1. Applications for The Business Equity Protector (disability buy-out) must be c.o.d. No premium may be collected and the DICR does not apply to this plan of insurance.

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Premium Modes

Electronic Funds Transfer (EFT)

EFT is The Standard’s preferred premium payment mode. This is the only monthly payment option (except list bill).

- With the EFT payment mode, premiums are paid as they become due, monthly, quarterly, semi-annually, or annually, by means of funds automatically drawn on a selected bank checking account.
- Authorization Form [1804-IDI](#) is required to pay by EFT with either a voided check or completed account number and bank routing number. Deposit slips, traveler’s checks, money market checks, and credit card “Cash Transfer” checks are not acceptable. The authorization form is required before the policy can be put in force.
- The first premium payment on an EFT case must be by check, money order, or by completing the “One-Time Debit Authorization” portion of form [1804-IDI](#).
- The applicant may request a deduction date other than the policy effective date by indicating the requested deduction date on the EFT authorization form. Deduction dates of the 1st through the 28th are available. The 29th, 30th or 31st are not available.
- A policy must be paid current before placing it on EFT. (See “Paying Policy Current” on the next page.)

Direct Billed Premiums

We send direct premium billings by U.S. Postal Service to the policyowner 21 days prior to the due date. This premium mode is available quarterly, semi-annually or annually. It is **not** available on a monthly mode.

Irregular premiums are not available. Billing dates after the 28th of the month are not available.

List Bill (Direct Billed Monthly² only)

A group of three or more policies may be paid on a list bill. List bills are direct billed one month ahead of the due date.

- Request for List Billing, [Form 4421](#), is required before Premium & Billing can set up a list bill.
- Minimum number of policies 3.
- Minimum premium per billing \$100.00.
- All policies must have the same billing address and a specific request is necessary to change the billing address.

Premium Mode Factors

In addition to monthly EFT or list bill, premium payment by one of three other payment frequencies are available:

Annual (Direct billed or EFT) Annual premiums are paid from the issue date/anniversary for 12 months ahead.

Semi-Annual (Direct billed or EFT) Semi-annual premium pays from the issue date/anniversary for the 6 months ahead, and again from that date to the next anniversary.

Quarterly (Direct billed or EFT) Quarterly premiums are paid every 3 months from the issue date/anniversary. Direct quarterly is the default mode for applications that do not specify another mode.

Premium for other than annual mode is calculated as follows.

The total amount due over a policy year varies by the mode selected. Each fractional premium shown below is a percentage of the annual premium.

Premium Mode Factors	
Semi-Annual	.516
Quarterly	.265
Special Monthly (EFT and List Bill only)	.0875

2. Guarantee Issue plans allows other list bill frequencies.

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Changing Premium Modes

A policyowner may request a change to the policy's billing mode at any time by any of the following methods (see below for changing to EFT):

- Form 2240 "[Policy Change Request](#)"; or
- Written request on your bill or in a separate letter; or
- Verbal request (verification of policyowner's identity is required).

Changing to EFT

Changing to EFT requires a completed EFT authorization form ([1804-IDI](#)) including the account number and bank routing number completed on the form (or by attaching a voided check).

See the Electronic Funds Transfer section on the previous page.

Keeping Policy on Anniversary

Whatever the billing mode is selected, the billing must fall on the policy's anniversary. This triggers a number of crucial events and notifications.

EXAMPLES: Notices of FPO Option Availability, Increase in Premiums. If a policy is paid beyond its anniversary, these events will not be triggered.

Monthly EFT and List Bill are automatically on anniversary. When changing to any other billing mode, the policyowner may be required to submit additional premium to keep their policy billing on anniversary.

EXAMPLE: When a policyowner changes from monthly EFT to a quarterly mode, the new billing cycle must fall on anniversary. If the quarterly billing is off anniversary by one or two months, a member of the Premium & Billing team calculates the number of irregular monthly premiums needed to pay the policy to the next quarterly anniversary date. A letter is sent to the policyowner along with a manual bill for the amount needed to get the policy on anniversary.

Paying a Policy Current

When a policy is paid behind, the policyowner must submit the correct amount to pay the policy current. The amount depends on the billing mode the policy is on (or the mode to which the policyowner wishes to change).

The policyowner may accomplish this by either:

- Authorizing a one-time debit using form [1804-IDI](#) for the amount required;
- Sending a check for the amount required.