
The Hartford's Total Account Billing System (TABS)

Overview

The Hartford's Total Account Billing System (TABS) was implemented in 1984. In response to changing business needs and improved computer automation, the TABS system has been reengineered to expand our billing capabilities, provide increased payment options as well as to take advantage of new technology. The focus of our redesign effort was on building a system that is flexible, easy to use and one which will allow us to respond quickly to our customers changing needs.

Currently in its final development stage, our improved TABS system provides increased billing capabilities to our Commercial Lines customers, while maintaining many of the features they enjoy today.

Major Features

Direct Billing

TABS is a direct billing system. It provides the producer with the opportunity and option of offering flexible payment plans to Commercial Lines customers and potential customers and assumes the responsibility of billing the insureds directly.

Recognizing the individual preferences of producers in this area, use of these direct bill payment plans will be strictly optional. While we encourage its use as a means to help reduce agency expenses, we will not mandate the use of direct bill. Producers will be able to choose the situations where the use of these direct billed payment plans is important to both customer and producer alike.

Open Eligibility

Although there are a few lines of business and types of policies which are not eligible for the billing system at this time, the remaining insureds can use the payment options available without restriction to premium size or class of risk.

Bill Plans

Each policy will be assigned the bill plan that meets the customer's needs, as requested by their agent. A billing account is established for each policy, and the account is billed on the same day each month according to the bill plan selected. Insureds will have the option of selecting their bill day or having it assigned by the company. The company will assign a bill day equal to the effective date of the first policy in the account. A request to change the bill day or the bill plan can be accommodated at any time during the policy period.

The following bill plans are available to our Commercial Lines customers:

BILL PLAN	DOWNPAYMENT AMOUNT	# OF INSTALLMENTS - INSTALLMENT %	BILLING DAYS	STATE ELIGIBILITY
Full Pay	100%	N/A	N/A	All
Two Pay	60%	1 - 40%	5 months after policy effective date on account bill day	All
Two Pay Equal	50%	50%	5 months after policy effective date on account bill day	All
Three Pay	40%	2 - 30%	3 and 7 months after policy effective date on account bill day	All
Three Pay Equal	33.4%	2-33.3%	3 and 7 months after policy effective date on account bill day	All
Four Pay	30%	2 - 25% 1 - 20%	2, 5 and 8 months after policy effective date on account bill day	All
Four Pay Equal	25%	3- 25%	2, 5 and 8 months after policy effective date on account bill day	All
Monthly Bill	25%	9 equal installments	9 consecutive months on account bill day	All
Monthly Bil Equal I	10%	9 equal installments	9 consecutive months on account bill day	All
Monthly Bill	24%	10 equal installments	10 consecutive months on account bill day	All
Monthly Bill	12%	11 equal installments	11 consecutive months on account bill day	All

The downpayment is billed with the initial invoice and due on or after the effective date of the policy. Any amount paid with the application will be applied to the downpayment amount and reflected on the downpayment bill.

**Multiple Policy
Account Billing**

If a customer has more than one Commercial Lines policy with The Hartford, they may elect to have them billed separately or together under one account. A monthly statement will be issued on the same day each month and will include any policy that has an installment amount due.

The policies are not required to have common effective dates or terms as long as they have a common payer.

**Payment
Options**

Our reengineered system will now offer our customers increased options in paying their premiums. Insureds may take advantage of any of the following payment options:

- Payment by check mailed to our remittance operation along with the return portion of their invoice
- Automatic electronic withdrawal from their bank account on the same day each month chosen by the insured
- On request electronic withdrawal by calling our billing unit prior to the due date of any insurance bill
- On request charge to their credit card by calling our billing unit prior to the due date of any insurance bill
- Automatic recurring charge or withdrawal from the insured's designated credit or debit card on the same day each month chosen by the insured

Service Fees

A service fee will be assessed each time an installment bill is issued unless the insured has selected the full pay bill plan. Service fees may be avoided by paying the account balance or prepaying several installments in advance of the bill day.

.See attached, Exhibit 1, for billing fee schedule for your state.

**Late Payment
Fee**

When the insured fails to pay the minimum amount due shown on the insurance bill, a late payment fee is assessed.

See attached, Exhibit 1, for billing fee schedule for your state.

Billing Cycle Each account will be reviewed for billing on the same day each month. If an installment is ready to bill, an invoice will be produced. If no installment is due, no invoice will be produced that month. In general, insureds will be given 20 days to pay the initial bill. If payment is not received, a past due notice will be issued on the next month's account bill day, giving another 15 days to pay. If still not paid seven days later, cancellation action will be initiated in accordance with all state law and regulations.

• ACCOUNT BILL	BILL ISSUED	DUE DATE
First Month	Downpayment or Installment 1 st Notice	20 Days
Second Month (no payment rec'd)	Past Due Notice	15 Days
7 days Post Past Due Notice (no payment rec'd)	Cancellation Notice	State Specified Days
Effective Date of Cancellation Notice (no payment rec'd)	Policy Cancels	N/A

Endorsement Processing Depending on the payment option chosen by the insured endorsements will either be handled on an earned basis or spread evenly over remaining installments. The following chart details how endorsements will be billed:

Payment Method	Additional Premium Endorsement	Return Premium Endorsement
Non-EFT Customers	<p>If The effective/expiration date of the change are the same as the policy term being endorsed (full term endorsement)</p> <p>Then.... The endorsement schedule will be based on the same number and %'s as the bill plan selected by the customer</p> <p>The bypassed or "earned" endorsement installment amounts will be billed on the next account bill day and the remainder billed with any future installments for the policy term being endorsed.</p> <p>If no installments remain the endorsement will be billed in full on the next account bill day.</p>	<p>If The effective/expiration date of the change are the same as the policy term being endorsed (full term endorsement)</p> <p>Then.... The endorsement schedule will be based on the same number and %'s as the Bill plan selected by the customer</p> <p>The bypassed portion of the endorsement will immediately be credited to any balances currently due within the account. The remainder of the credit will be used to reduce any future installment amounts on the policy term being endorsed.</p> <p>If the account balance is a credit, the amount will immediately be refunded to the insured.</p>

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Payment Method	Additional Premium Endorsement	Return Premium Endorsement
<p>Non-EFT Customers Continued</p>	<p>If The effective/expiration of the change falls within the policy term being endorsed (short or mid term endorsement)</p> <p>Then.... The bypassed or "earned" endorsement installment amounts will be billed on the next account bill day and the remainder spread equally over any future installments for the policy term being endorsed.</p> <p>If no installments remain the endorsement will be billed in full on the next account bill day.</p>	<p>If The effective/expiration of the change falls within the policy term being endorsed (short or mid term endorsement)</p> <p>Then.... The bypassed portion of the endorsement will immediately be credited to any balances currently due within the account. The remainder of the credit will be spread equally to reduce any future installments for the policy term being endorsed.</p> <p>If the account balance is a credit, the amount will immediately be refunded to the insured.</p>
<p>EFT Customers</p>	<p>The endorsement will be spread equally over any future withdrawals for the policy term being endorsed.</p> <p>If no withdrawals remain, an additional draw notice will be issued to the insured on the next account bill day.</p>	<p>The endorsement will be spread equally to reduce any future withdrawals for the policy term being endorsed.</p> <p>If the account balance is a credit, the amount will immediately be refunded to the insured.</p>

Payment Reconciliation Payments will be applied to accounts in a uniform and consistent order with the emphasis on preventing policies from canceling. The order in which payments will be applied to balances is:

1. Minimum premium amount due on policies where a direct notice of cancellation is outstanding
2. Past due amounts on any canceled or expired policy terms
3. Past due amounts on all active policy terms
4. Past due fees
5. Current due amounts on canceled or expired policy terms
6. Current due amounts on all active policy terms
7. Current due fees
8. Future installment amounts

Refunds Overpayments and premium credits will be refunded to the insured when the **entire account** has a credit balance. If one policy term develops a credit, that credit amount will be applied to any outstanding balances on other policy terms first. If no balances exist on those other policy terms, the credit will be disbursed to the insured.

Agent's Billing Status List TABS will automatically produce a "billing status list" whenever there is past due activity on an insured's account. This advance notification will allow agents an opportunity to contact insureds before policies are canceled for non-payment or unpaid earned premium amounts are referred to our collection department.

In addition, agents are notified when an item appearing on the list has been paid.

Commission Payments Payment of the full annual commission on a policy is made to the agent once the insured has paid the downpayment bill.

Our agents may elect to have their commission paid in one of four ways:

1. Monthly disbursement mailed on the first day of each of month for the previous month's commission items
2. Monthly Electronic Funds Transfer to their bank account on the first day of each month for the previous month's commission items
3. Applied to their Hartford Agency Bill Account, if any, on the last day of each month for that month's commission items

Regardless of the commission payment option selected, the agent will receive a monthly commission statement providing them with the detailed commission items paid during the month.

TABS Invoice

In addition to re-engineering our billing system, we are also introducing a new invoice. A copy of the new invoice is attached as Exhibit 2.

The front of this invoice contains both an upper portion providing a summary of the bill being issued, including the current balance and the minimum due, individual customer service telephone numbers for billing questions, coverage questions, and claims reporting, and a lower remittance tear-off stub to be included with the payment.

The back of the invoice displays the detailed transaction descriptions of all activity since the last bill as well as an explanation of terms.
