

## **Household Discount Implementation and Rate Update FAQs**

### **For DUE DATE states**

#### **What happens if I have an existing policyholder whose rates are set to increase next month?**

Answer: After the policy's 12-month guarantee period the premium increase will be applied beginning with the policyholder's next premium due date following the announced date for the rate increase. For example, in a state that requires a 30 day notification, if the policy was effective May 1, 2014 and it is on quarterly direct bill mode; the announced rate increase takes effect September 1, 2015, the next due date is November 1, 2015, and the rate increase would go into effect.

If the premium mode were set to Monthly EFT, and the announced rate increase takes effect August 1, 2015, the next due date would be September 1, 2015, and the rate increase would go into effect.

#### **What happens if I have an existing policyholder whose rates are set to decrease next month?**

Answer: The policy's 12-month guarantee period does not apply to rate decreases. Any premium decrease will be applied beginning with the policyholder's next premium due date following the announced date for the rate decrease. For example in a state that requires a 30-day notification, if the policy was effective May 1, 2014, and it is on a quarterly direct bill mode; the announced rate decrease takes effect June 1, 2015, the next due date is August 1, 2015, and the rate decrease would go into effect.

If the premium mode were set to Monthly EFT, and the announced rate decrease takes effect June 1, 2015, the next due date would be July 1, 2015, and the rate decrease would go into effect.

#### **How will rate increases/decreases affect new applicants?**

Answer: Once the rate update is announced, current rates can be locked by submitting application(s) signed/dated before the effective date of the rate increase and received by our administrative office no later than 5 business days after the effective date of the change.

Note: For rate decreases, the application must be signed and dated on or after the effective date of the rate decrease.

#### **When will the Household Discount (HHD) and Rate Updates be available for New Sales?**

Answer: The rate updates are announced per the state notification guidelines. The updated marketing materials will be available prior to the effective date for the rate updates. Use the new applications and outlines of coverage as they will include the HHD language. Please be aware, outdated materials will not be accepted 30 days after the date of the update announcement.

Note: HHD is not available in all states; please refer to state availability listing for details.

#### **Will existing policyholders be advised of the Household Discount (HHD)?**

Answer: Yes, existing policyholders will be sent a notification letter along with an Endorsement stating the addition of the HHD language to their policy. This will not automatically qualify the policyholders for the HHD, but only adds the language to the policy.

#### **So, if existing policyholders qualify for the Household Discount (HHD), how do they take advantage of the discount?**

Answer: Existing policyholders that meet the criteria can apply for HHD in their state. Please have policyholders contact Customer Care at **1-888-220-0466** for the appropriate HHD form. The discount will be applied on the next premium due date **after receipt and processing** in our administrative office.

### **Other Questions:**

#### **Could the Household Discount and/or rate changes have an impact on agent commissions?**

Answer: Yes, for policyholders that are in their 1st year, a Rate DECREASE and/or the addition of the HHD **will** reduce the commissionable premium on a going forward basis. For future years, a rate DECREASE and/or the addition of the HHD **may** have impact on the commissionable premium.