Dear Agent:

We are happy to announce a new payment option for your policyholder: Monthly Billing with Electronic Funds Transfer (EFT).

What is Electronic Funds Transfer (EFT)?

EFT is a ***monthly*** payment option the policyholder now has available by requesting to have their premium paid thru an automatic withdrawal from their checking or savings account. This is done by the policyholder consenting and signing an "Agreement for Monthly Recurring Electronic Funds Transfer" (copy attached). If it is a new application, the Quoting System will have an option to select the Monthly EFT Option. This form can be found on the American Mutual Website under "Forms".

How much premium is needed to setup for EFT:

In order to have enough time to get the policyholder set up in the IMT Apps system we require the policyholder to pay two months premium up front. To determine the monthly premium take the annual premium and divide by 12 and then add a $1 monthly service charge. This will be their monthly EFT amount once it is set up and then take this amount times 2 to figure the 2 months premium due. The 2 months premium can be paid by check, credit card, or one time ACH payment through our system.

When will the policyholder's premium be withdrawn from their account:

American Mutual Insurance will be doing a "withdrawal draft" on the 1st, 8th, 15th and 22nd of each month. Since we will initially only have four withdrawal dates, please use the following schedule to determine the timing of the EFT withdrawal. (See example on next page)

- Policies with due dates between the 1st and 3rd will have their withdrawal on the 15th of the previous month.
- Policies with due dates between the 4th and 11th will have their withdrawal on the 22nd of the previous month
- Policies with due dates between the 12th and 18th will have their withdrawal on the 1st of the current month.
- Policies with due dates between the 19th and 25th will have their withdrawal on the 8th of the current month.
- Policies with due dates between the 26th and the 31st will have their withdrawal on the 15th of the current month.

Example: You write a new policy with an effective date of September 15th and they want monthly EFT. You collect two months premium which will cover the September 15th and October 15th premiums due. For the November 15th premium it will come out on November 1st according to the above schedule and we will be sending a notice to them 10 days prior to let them know the withdrawal is coming out the 1st.

What happens after the policyholder is set up on EFT:

Once the policyholder is set up on EFT, the same monthly amount will be taken out of their account unless there is an amendment made to their policy. If the amendment increases or decreases the current amount, the system will divide the amount out over the remaining billing months remaining in the policy period. An EFT billing notice will be generated for the policyholder stating the new premium due. We will not send an EFT notice if the monthly amount stays the same.

What if the policyholder's EFT comes back with a NSF (Non Sufficient Funds):

We will notify the policyholder upon receiving notice from the bank that the policyholder's premium was NSF. The policyholder will incur a $20.00 NSF charge on top of the current premium due. If the policyholder pays the NSF premium due plus the $20.00 additional fee (by check, cash or Credit Card) before the due date, there will be no additional late charges and we will leave them on monthly EFT. We will allow the policyholder to have only two NSF's; after that they will be switched to Direct Quarterly Billing.

What if the policyholder wants to cancel their EFT withdrawal:

A policyholder can cancel their EFT thru a change from the agent. However, if the policyholder's monthly premium is already in the "Draw Processed" stage, the draw cannot be stopped and will run its course. We will then change the policyholder to Direct Bill (please state if they want quarterly, semi-annual or annual).

If you have any questions, please feel free to contact us.

Thank you.