DELTA ACCOUNTING AND PREMIUM FINANCE FAQ SHEET FOR NEW AGENTS

What does Pay by Invoice mean?

Underwriting will email you a copy of your binder request and the policy invoice at time of binding. Payment terms are found on the bottom of the invoice. Typically you are allowed 30 days from invoice date to pay, but if it is a brokerage invoice, the terms may be less than 30 days. Please examine each invoice carefully in order to pay within the stated number of days and to avoid cancellation of your policy.

The agent is allowed to deduct his commission prior to remitting payment.

How do I make payment to Delta?

Delta accepts checks from Agents and on-line ACH payments. Manual checks should be mailed to the Delta lockbox address: Delta General Agency Corporation

PO Box 301524
Dallas, TX 75303-1524

Or, for quicker application of payments to your account 24/7, you can pay on-line with an electronic check (ACH). An ACH authorization form must be signed and returned to Delta to set-up this convenient payment option.

For security purposes, Delta does not process checks in our office or accept payment information transmitted through email.

Can I pay with my Insured Check?

No, Delta does not accept insured checks because we are a wholesale broker and our contract to transact business is with our retail agents. The retail agents are responsible for collection from their insured and then writing a check made payable to Delta General from their agency account.

Will I get a refund when my policy cancels?

Yes, if you pay your invoices according to the stated payment terms, Delta will process a refund check as soon as the cancellation endorsement has been prepared by underwriting. If the policy is financed, then the refund may be returned to the finance company. If the agent is direct funded by the finance company, then the refund will go to the agent.
When will I receive a refund?

Policy cancellations are to be processed within 60 days of the effective date of the cancellation. As soon as underwriting has processed the cancellation endorsement, refunds will be prepared by accounting within three business days.

Do all personal lines policies cancel flat?

No, only if the policy was written through a standard admitted company will the policy cancel flat. If the personal lines policy is written through a non-admitted company such as Scottsdale Insurance or Lloyds London, there is a 25% minimum earned premium. Only if proof of duplicate coverage exists will a non-admitted company consider a flat cancellation. Policy terms should be read carefully and explained to the insured upon binding.

What is the difference between Direct Bill and Agency Pay by Invoice?

Direct Bill is mainly used with Personal Lines policies. The insured makes payment directly to the Insurance Company and the Company pays commission to Delta General on a monthly basis. Delta General then issues commission checks to their agents based on what Delta has been paid by the Company. Direct Bill commission checks are mailed out around the 20th of each month.

The agent nets his commission out of the agency bill business he writes prior to making payment to Delta.

What if my insured did not pay me or gave me an NSF check?

An agent should not bind coverage without first securing payment from the insured. However, the agent is still responsible for paying Delta if the insured did not pay the agent or gives the agent an NSF check. The agent should not wait until his invoice becomes due to notify Delta. The agent should contact Delta to request cancellation for nonpayment by insured as soon as he determines that the insured check is NSF or money can’t be collected at time of binding.

Am I required to pay for an audit?

If an audit can’t be collected from the insured, then the agent must notify Delta so that Delta can arrange with the Company to take the audit back as Direct Collect. If the audit is returned by the agent, then the agent loses its commission on the audit if it is later collected by the Company.
If I use a Premium Finance Company who do I pay?

Normally, a premium finance company will not finance minimum earned premium. This is typically what is required as a down payment. The down payment is payable by the agent to Delta General. The agent is allowed to deduct his commission from the down payment.

The insured is responsible for paying the premium finance company. They will receive a schedule of installment payments and these should be paid directly by the insured to the finance company.

Should I pay Delta for the financed portion of the policy or should the Finance Company?

Delta prefers that the funding for financed policies come directly to them from the finance company.

Do Endorsements Automatically Get Added to a Finance Agreement?

No, additional premium endorsements do not automatically get added to a signed finance agreement. It is up to the insured or his agent to notify the finance company that they wish to add the endorsement to the finance note. There may be certain restrictions imposed by the finance company which will prevent the endorsement being added to the note. Such restrictions could include; if the insured is behind in his finance installments, or the endorsement is requested after the midterm of the policy.

Who is Responsible for Paying the Endorsement on a Financed Policy?

If the insured does not add the endorsement to the finance agreement, then the agent is responsible for collecting the money from the insured and paying Delta for the endorsement.

What happens when a financed policy cancels or has a return premium endorsement?

If a financed policy cancels and Delta received the funding from the finance company, then Delta returns the cancellation credit to the finance company at gross. This means the agent is then responsible to pay Delta for the unearned commission that is due from the policy. This is also true for return premium endorsements.

If the financed policy cancels and Delta received funding from the agent, then Delta sends the refund to the agent. It is then the Agents responsibility to settle up with the Finance Company on any money that is owed. This is also true for return premium endorsements.
If a financed policy cancels and there are unpaid endorsements on the policy, then Delta applies the return premium from the cancellation to the unpaid endorsement prior to remitting payment to the finance company. The reason is that the finance company represents the insured with power of attorney. So if the insured did not make payment on the endorsement, then the finance company is not eligible for any return. The finance company assumes the credit risk for the insured non-payment.

**How do I Set-Up a Finance Agreement with Delta Finance?**

The underwriters send out a Delta Finance agreement with each policy quote. If the insured wants to finance with Delta Finance, then the agent should return the agreement signed by the insured directly to Delta Finance. The fax number is 713-570-2800. The email address to attach the signed agreement is deltaginance@deltains.com