



Direct Bill - “THE PRIME WAY”

Frequently Asked Questions:

About the Direct Bill Initiative

1. What is the Direct Bill initiative?

Direct Bill means that all invoices for insurance premiums will be sent directly to the insured by Prime Insurance Company, and payments (premium, downpayment, collateral, etc.) will be made directly to Prime Insurance. Most of the current binding procedures will remain unchanged. Prime will continue to require premium payment before an account can be bound. Prime will not provide any installment billing or accept payments on an installment basis. Such payment arrangements will only be available through premium financing.

2. What changes are taking effect on January 1, 2025?

- **Direct Billing to Insureds:** Insureds will remit payments directly to Prime Insurance. Producers will no longer collect premiums but will receive copies of invoices showing their commission amounts.
- **E&S Tax Filing:** XINSURANCE will handle all filing and payment of E&S taxes.
- **Producer Agreement Requirement:** All wholesale and retail producers must sign the new Producer Agreement to continue doing business with Prime/XINSURANCE.
- **Existing Policies:** Existing policies will not transition to Direct Bill until their renewal.

3. What payment methods will be accepted under Direct Bill?

- Credit card
- ACH transfer
- Wire transfer
- Premium Finance Agreement, including:
 - **Greenlight Premium Financing**
 - **Outside Premium Finance Companies**

4. At what point is the payment link sent to the client?

The payment link is sent to the client (insured) once all required documents to bind coverage are completed and any subjectivities have been satisfied. The process for sending the payment link remains unchanged.

5. How are collateral payments handled?

The process for collateral payments remains the same. These payments will be processed through the payment link provided to the client.

“Rush” Binds

6. What is a “Rush” bind?

For the purpose of this communication, a **“Rush” bind** is defined as a request to bind coverage with all required documents, signatures, and subjectivities submitted to Policy Services, with an effective date requested in less than **72 hours**.

7. What financial requirements must be met to bind a “Rush” request?

One of the following must be received by Prime Insurance:

- Wire transfer confirmation.
- Bank confirmation of an initiated wire transfer.
- Credit card authorization with sufficient available funds.

8. How will “Rush” requests be minimized?

Producers should:

- Educate clients on payment timelines and binding requirements.
- Explain state filing requirements to reduce last-minute requests.
- Communicate the importance of direct payments for down payments.



Premium Financing

9. How does this impact policies financed through Premium Finance companies?

- **Direct Down Payments:** Down payments must be made directly to Prime Insurance, not the finance company.
- **Endorsements:** Endorsements will follow the same process as before, provided the Premium Finance company agrees.
- **Communication with Finance Companies:** Wholesalers and retail agents are responsible for communicating these changes to finance companies. Prime will notify finance companies upon receipt of down payments.

10. Will Premium Finance companies still finance policies if they are not collecting the down payment?

Yes, Prime believes they will, as this process is similar to other carriers. Communication with finance companies by wholesalers and retail agents will help facilitate this transition.

11. What is the status of Greenlight Premium Financing?

Greenlight Premium Financing remains an option, and adjustments are being made to improve its terms:

- **Installment Payments:** Greenlight will continue to offer up to nine installments.
- **Down Payments:** Flexibility in down payment requirements will be reviewed on a case-by-case basis.

12. Can producers or clients still use outside Premium Finance companies?

Yes, clients may continue to use outside Premium Finance companies. The relationships between these companies and retail agents will remain the same. It is the responsibility of wholesalers and retail agents to communicate changes, including the direct down payment requirement. Prime will also provide additional resources on the website to assist with this transition.

13. What are Prime's requirements regarding earned premium and down payments for Premium Finance companies?

Producers must ensure that Premium Finance companies understand Prime's earned premium requirements:

- If a Premium Finance company allows for a **down payment that is less than the earned premium**, the finance company assumes the risk for the gap between the down payment and the earned premium.
- Clear communication of these requirements will help avoid potential issues and ensure a smooth financing process.

Producer Agreements

14. Why is a new Producer Agreement required?

The Producer Agreement ensures compliance with the new Direct Bill and E&S tax filing processes. It includes key terms such as ACH payment options and commission structures.

15. When will the new Producer Agreement be sent?

The new Producer Agreements will be emailed starting Monday, December 9th, and we anticipate completing the process within two weeks.

16. What is the deadline to return the Producer Agreement?

The signed Producer Agreement must be returned by **December 15, 2024**, to avoid disruptions in placing business with Prime/XINSURANCE.

17. What happens if the Producer Agreement is not returned by the deadline?

Failure to meet the deadline may result in a disruption of your ability to place business with Prime/XINSURANCE. While we will accept Producer Agreements submitted after the deadline, please note that policies effective Jan.1, 2025 and later cannot be bound without a signed Producer Agreement.



Tax Filing and Administrative Changes

18. Will XINSURANCE handle all E&S tax filing and payment?

Yes, XINSURANCE is set up to file and pay surplus lines taxes in all 50 states. Producers will work under XINSURANCE's broker license, and we will manage this responsibility seamlessly.

Next Steps and Support

19. What should producers do to prepare for the transition?

- **Complete the Producer Agreement:** Return the signed agreement by December 15, 2024.
- **Notify Clients:** Inform insureds that they will receive invoices directly from Prime and must remit payments accordingly.
- **Adjust Internal Processes:** Ensure internal systems and workflows are updated to align with the Direct Bill process.

20. Where can producers find more information or support?

For questions or concerns:

- Contact the Producer Services Team at producerservices@primeis.com or (800) 421-8328.
- Visit www.primeis.com for updates and resources related to the Direct Bill transition.

Key Points to Remember

- The Direct Bill process takes effect for policies effective January 1, 2025.
- Complete the Producer Agreement by December 15, 2024.
- All payments must be made directly to Prime Insurance by insureds.
- XINSURANCE will handle all E&S tax filing and payments.

For additional information:

- Producer FAQ's to go: <https://www.primeis.com/about/frequently-asked-questions/>

You can also reach out to the Producer Services Team. We are here to ensure a smooth transition! Thank you for your continued support.