

# Cancel a Policy



## Important Information:

1. The system does not permit same-day transactions when the policy status has changed (Cancellations, Reinstatements, New Business Submissions). The user will receive a message informing them the transaction cannot be completed at this time and to *"Please try again after 2 business days."* An Activity will be assigned to the user that attempted the change. Please allow **2 Full Business Days** before returning to the pending transaction and attempting to issue.
2. If cancellation is due to Divorce/Separation or Deceased Named Insured, see the [Life Events Job Aid](#) for additional guidelines.
3. Review the cancellation date. If the date is prior term, complete this step **FIRST: Prior Term Transactions.**

## Cancellation Options:

You must select one of the cancel options to complete the issuance of the cancellation.

Schedule Cancellation	Cancel Now
<ul style="list-style-type: none"> <li>• Can cancel using any effective date.</li> <li>• Changes can be made to the policy up until the scheduled cancellation effective date.</li> <li>• The agent can rescind (cancel the request) of the cancellation in the event the customer changes their mind.</li> <li>• The billing account is not cancelled until the actual effective date of the policy cancellation. If the customer is on automatic payment (EFT/RBC), suspend the draft to avoid a draft.</li> <li>• A refund will not initiate until the billing account is cancelled.</li> </ul>	<ul style="list-style-type: none"> <li>• Can cancel using any effective date.</li> <li>• No changes can be made to the policy, even if the policy cancellation effective date is in the future.</li> <li>• The billing account is immediately cancelled.</li> </ul>
<a href="#">Review Examples</a>	<a href="#">Review Examples</a>
<a href="#">Cancel a Policy</a>	<a href="#">Cancel a Policy</a>
<a href="#">Rescind a Cancelled Policy</a>	

## Future and Backdating Cancellation Dates:

Policy Cancellation	Number of Days Allowed	
	Backdate	Future Date
Auto	30*	Up to date covered by policy term
Property	365**	Up to date covered by policy term
Umbrella	30*	60
Dwelling Fire	365**	Up to date covered by policy term
Powersports	30*	Up to date covered by policy term

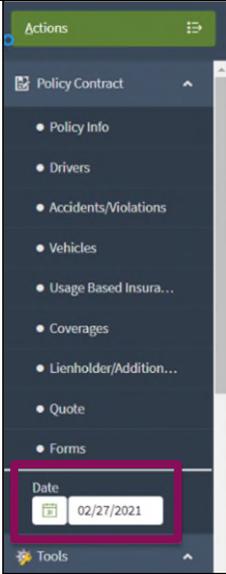
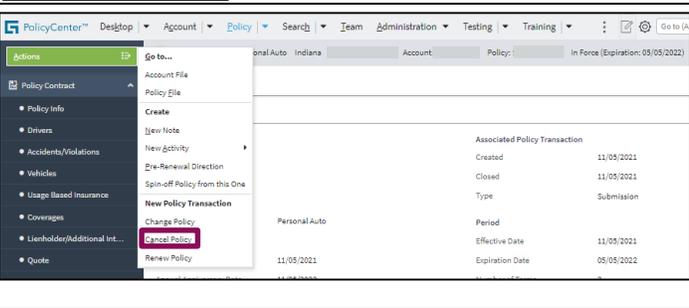
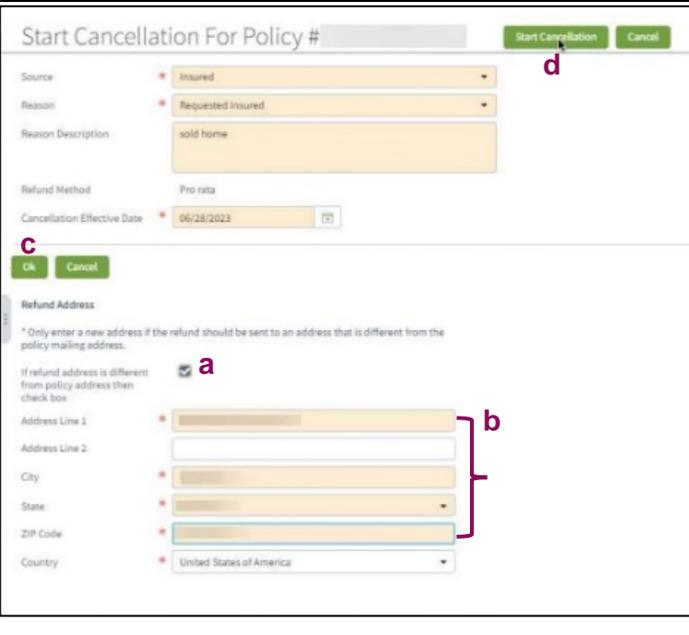
\* Processing will handle (via Activities) back dating beyond the number of days allowed for the agent. If over 6 months (181 days +), agent must obtain a written request of cancellation and one of the following: 1) Proof of sale; 2) Proof of other coverage. Processing will then update based on the date on the documentation provided in DocVault. If information received is not what is needed, an Activity will be sent to the agent informing what is needed. Cancellations backdated longer than one term go through Underwriting for approval.

\*\* Property and Dwelling Fire cancellations are limited to backdating, over a rolling 12-month period, with PolicyCenter intervention. Anything past a 12-month window requires Underwriting approval before Processing will handle.

# Cancel a Policy

## Cancel a Policy

### Steps 1-3

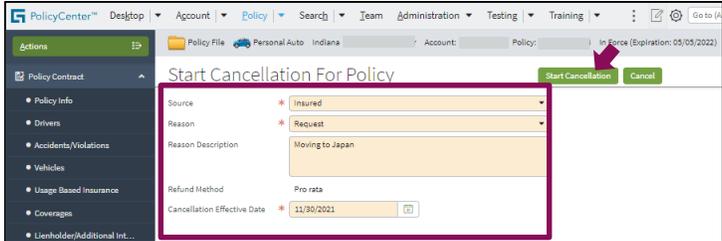
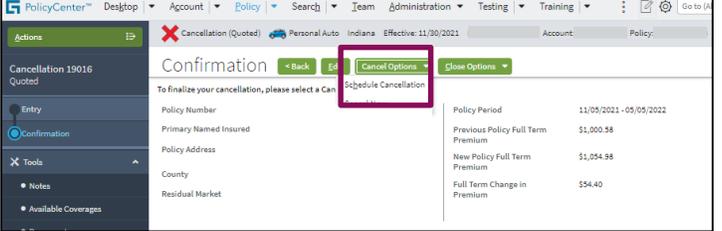
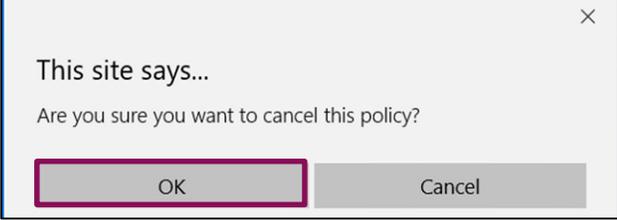
Action	Screen
<p>1. Navigate to the desired policy.</p> <ul style="list-style-type: none"> <li>Change the date field on the left-hand navigation bar (the 'As of' Date) to match the intended cancellation date to ensure PolicyCenter is set to the correct term for cancellation.</li> </ul>	
<p>2. Navigate to the desired policy:</p> <ul style="list-style-type: none"> <li>Select the 'Actions' button.</li> <li>Select 'Cancel Policy' from the dropdown menu.</li> </ul>	
<p>3. Verify mailing address. If a new refund address is used, please follow the steps, in order, below:</p> <ol style="list-style-type: none"> <li>Select the check box next to 'If refund address is different from policy address'.</li> <li>Enter the new refund address.</li> <li>Select the 'OK' button to capture the address. <ul style="list-style-type: none"> <li><b>IMPORTANT:</b> You must select the 'OK' button to capture the new refund address before selecting the 'Start Cancellation' button.</li> </ul> </li> <li>Then proceed with the policy cancellation by selecting on the 'Start Cancellation' button.</li> </ol>	



# Cancel a Policy

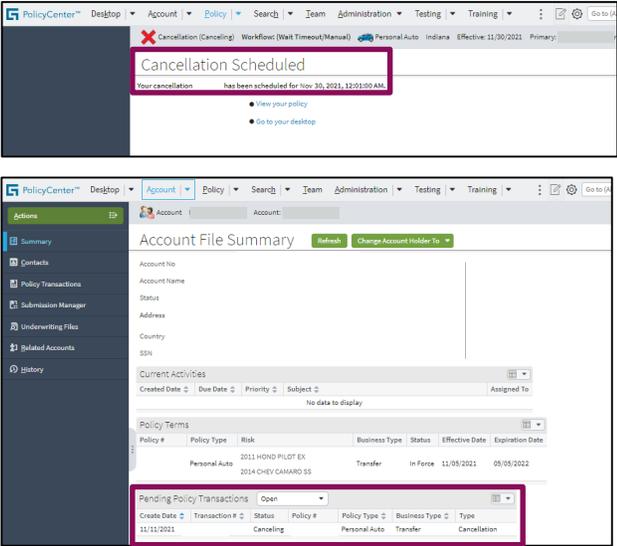
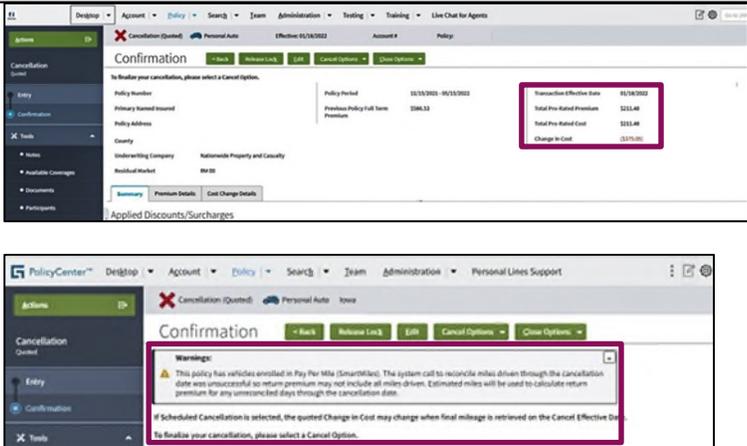
## Cancel a Policy (cont'd)

### Steps 4-6

Action	Screen								
<p>4. On the 'Start Cancellation for Policy #XXXX' screen:</p> <ul style="list-style-type: none"> <li>• Select 'Insured' from the 'Source' field drop-down list.</li> <li>• Select 'Transfer' from the 'Reason' field drop-down list.</li> <li>• Enter the desired cancellation date in the 'Cancellation Effective Date' field.               <ol style="list-style-type: none"> <li>1. If planning to schedule the cancellation, select a date sometime in the future.</li> <li>2. If planning to cancel the policy immediately, leave the field at the current date (default entry).</li> <li>3. Answer the question, "If there is any return premium on this policy, would you like to transfer the money to the new policy or refund?"                   <ul style="list-style-type: none"> <li>▪ If transfer is needed to new policy/account, include notes on the policy to indicate what policy or billing account the money should be applied to.</li> </ul> </li> </ol> <p><b>NOTE:</b> If "Transfer Credit" is selected, Processing will transfer the credit, which carries a 6-business day SLA.</p> </li> <li>• Click the 'Start Cancellation' button.</li> </ul>	 <p><b>Note:</b> This is one cancellation example. Other options may be selected based on your role and permissions.</p>								
<p>5. On the 'Confirmation' screen:</p> <p>Select the 'Cancel Options' button and select the desired cancellation method from the drop-down list.</p>	 <table border="1" data-bbox="1193 1312 1429 1438"> <tr> <td>Policy Period</td> <td>11/05/2021 - 05/05/2022</td> </tr> <tr> <td>Previous Policy Full Term Premium</td> <td>\$1,000.58</td> </tr> <tr> <td>New Policy Full Term Premium</td> <td>\$1,054.98</td> </tr> <tr> <td>Full Term Change in Premium</td> <td>\$54.40</td> </tr> </table>	Policy Period	11/05/2021 - 05/05/2022	Previous Policy Full Term Premium	\$1,000.58	New Policy Full Term Premium	\$1,054.98	Full Term Change in Premium	\$54.40
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<p>6. A confirmation message window displays:</p> <ul style="list-style-type: none"> <li>• Select the 'OK' button.</li> </ul> <p>The scheduled cancellation is bound.</p> <p>The policy will be cancelled on the 'Cancellation Effective Date' selected.</p>									



# Cancel a Policy

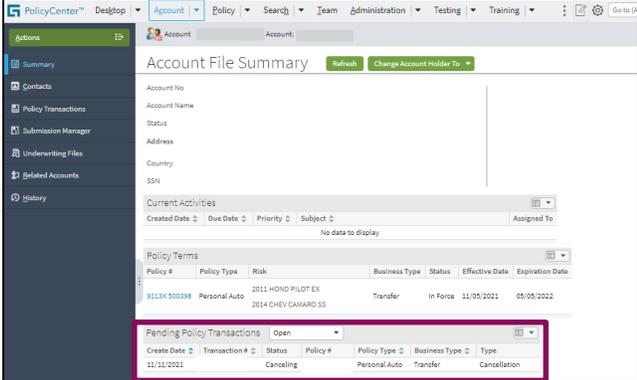
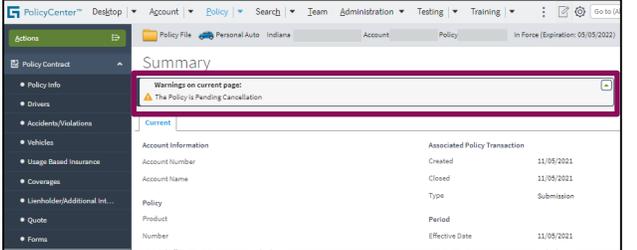
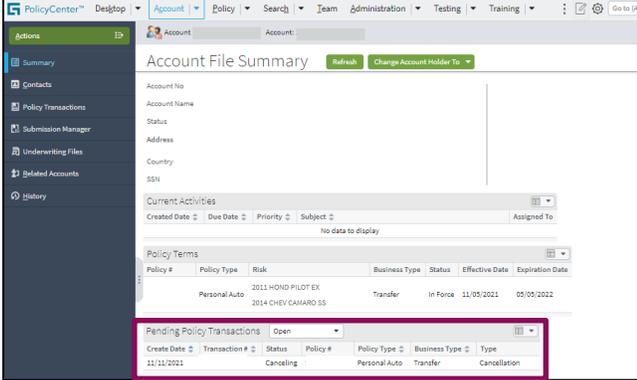
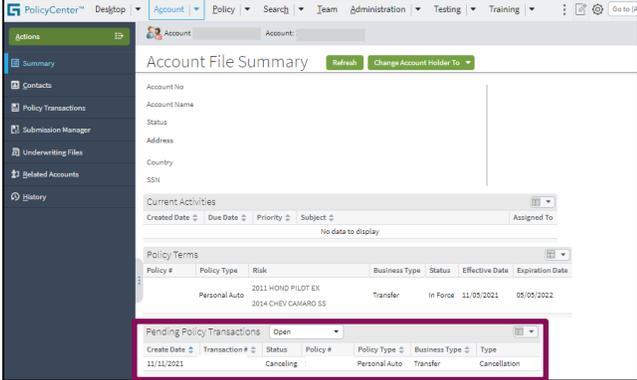
Cancel a Policy (cont'd)															
Step 7															
Action	Screen														
<p>7. The 'Cancellation Scheduled' screen displays: <i>"Your cancellation (#XXXX) has been scheduled for XXXXX."</i></p> <p>Until the scheduled cancellation effective date, the pending cancellation transaction can be found on the 'Summary' tab, under the 'Pending Policy Transactions'.</p>	 <p>The top screenshot shows a 'Cancellation Scheduled' message: "Your cancellation has been scheduled for Nov 30, 2021, 12:01:00 AM." Below it are links for "View your policy" and "Go to your desktop".</p> <p>The bottom screenshot shows the 'Account File Summary' page. A table titled 'Pending Policy Transactions' is highlighted with a red box. The table contains the following data:</p> <table border="1"> <thead> <tr> <th>Create Date</th> <th>Transaction #</th> <th>Status</th> <th>Policy #</th> <th>Policy Type</th> <th>Business Type</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>11/11/2021</td> <td></td> <td>Canceling</td> <td></td> <td>Personal Auto</td> <td>Transfer</td> <td>Cancellation</td> </tr> </tbody> </table>	Create Date	Transaction #	Status	Policy #	Policy Type	Business Type	Type	11/11/2021		Canceling		Personal Auto	Transfer	Cancellation
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11/11/2021		Canceling		Personal Auto	Transfer	Cancellation									
Step 8															
Action	Screen														
<p>8. During the transaction, you will be able to see the amount of premium that will be sent off to billing if "Cancel Option - Cancel Now" is selected.</p> <p>If a vehicle on the policy is enrolled in SmartMiles and the transaction does not complete, the cancellation will be based off estimated miles rather than actual miles.</p> <p>If this message is received, you may contact the Service Center to review and determine if an override is needed.</p> <p>If the cancellation is scheduled in the future, on the cancellation date, a SmartMiles Monthly Mileage Update will be initiated and applied.</p>	 <p>The top screenshot shows the 'Confirmation' screen with a summary table. A red box highlights the 'Transaction Effective Date' and 'Change in Cost'.</p> <table border="1"> <thead> <tr> <th>Transaction Effective Date</th> <th>Change in Cost</th> </tr> </thead> <tbody> <tr> <td>01/18/2022</td> <td>(\$375.00)</td> </tr> </tbody> </table> <p>The bottom screenshot shows a 'Warning' message: "This policy has vehicles enrolled in Pay Per Mile (SmartMiles). The system call to retrieve miles driven through the cancellation date was unsuccessful so return premium may not include all miles driven. Estimated miles will be used to calculate return premium for any uncancelled days through the cancellation date." Below the warning is a note: "If Scheduled Cancellation is selected, the quoted Change in Cost may change when final mileage is retrieved on the Cancel Effective Date. To finalize your cancellation, please select a Cancel Option."</p>	Transaction Effective Date	Change in Cost	01/18/2022	(\$375.00)										
Transaction Effective Date	Change in Cost														
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# Cancel a Policy

## Rescind a Cancellation (only available for scheduled cancellations)

### Steps 1-4

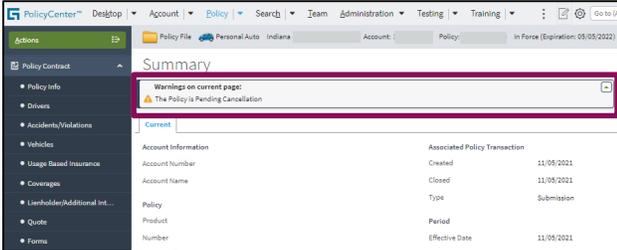
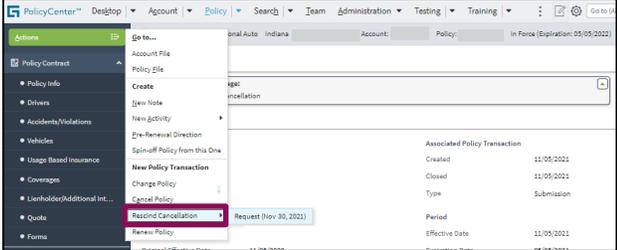
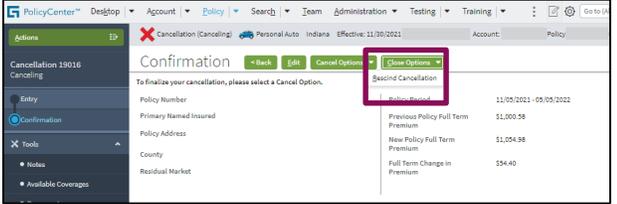
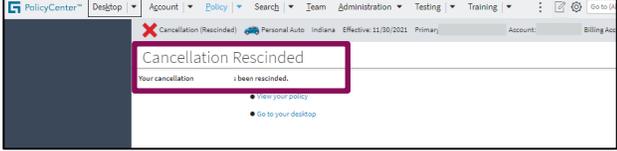
Action	Screen														
<p>1. A Pending Policy Transactions grid displays at the Account level to indicate a scheduled cancellation.</p> <p>Navigate to the desired policy in 'Canceling' status by selecting the Policy # link.</p>	 <p>The screenshot shows the 'Account File Summary' page. At the bottom, there is a 'Pending Policy Transactions' table with the following data:</p> <table border="1"> <thead> <tr> <th>Create Date</th> <th>Transaction #</th> <th>Status</th> <th>Policy #</th> <th>Policy Type</th> <th>Business Type</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>11/11/2021</td> <td></td> <td>Canceling</td> <td></td> <td>Personal Auto</td> <td>Transfer</td> <td>Cancellation</td> </tr> </tbody> </table>	Create Date	Transaction #	Status	Policy #	Policy Type	Business Type	Type	11/11/2021		Canceling		Personal Auto	Transfer	Cancellation
Create Date	Transaction #	Status	Policy #	Policy Type	Business Type	Type									
11/11/2021		Canceling		Personal Auto	Transfer	Cancellation									
<p>2. A warning message, "The Policy is Pending Cancellation" displays on the 'Summary' screen, to alert the user the policy is pending cancellation.</p>	 <p>The screenshot shows the 'Summary' page with a warning message at the top: "Warnings on current page: The Policy is Pending Cancellation". Below the warning, there is a table with the following data:</p> <table border="1"> <thead> <tr> <th>Account Information</th> <th>Associated Policy Transaction</th> </tr> </thead> <tbody> <tr> <td>Account Number</td> <td>Created</td> </tr> <tr> <td>Account Name</td> <td>Closed</td> </tr> <tr> <td>Policy</td> <td>Type</td> </tr> <tr> <td>Product</td> <td>Period</td> </tr> <tr> <td>Number</td> <td>Effective Date</td> </tr> </tbody> </table>	Account Information	Associated Policy Transaction	Account Number	Created	Account Name	Closed	Policy	Type	Product	Period	Number	Effective Date		
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11/11/2021		Canceling		Personal Auto	Transfer	Cancellation									



# Cancel a Policy

## Rescind a Cancellation (only available for scheduled cancellations) – (cont'd)

### Steps 5-8

Action	Screen
<p>5. A warning message, <i>“The Policy is Pending Cancellation”</i> displays on the ‘Summary’ screen, to alert the user the policy is pending cancellation.</p>	
<p>6. From the Summary screen:</p> <ul style="list-style-type: none"> <li>Select the ‘Actions’ button.</li> <li>Select ‘Rescind Cancellation &gt; Request (Nov 30, 2021)’.</li> </ul>	
<p>7. On the Confirmation screen:</p> <ul style="list-style-type: none"> <li>Select the ‘Close Options’ button.</li> <li>Select ‘Rescind Cancellation’ from the drop-down list.</li> </ul>	
<p>8. On the Rescind Cancellation screen:</p> <ul style="list-style-type: none"> <li>Enter the desired information into the Reason Description field.</li> <li>Select the OK button.</li> </ul>	
<p>9. The ‘Cancellation Rescinded’ screen displays: <i>“Your cancellation (#XXXX) has been rescinded.”</i></p>	



# Cancel a Policy

## Examples of Cancel Now

PolicyCenter immediately sends the cancellation transaction downstream. A balance due letter or refund is immediately sent to the customer:

- Can cancel using any effective date.
- No changes can be made to the policy, even if the policy cancellation effective date is in the future.
- The billing account is immediately cancelled.

Example	Detail
Vehicle totaled/destroyed	
Duplicate policy	Policy being canceled back to inception date; includes if customer changed mind and doesn't want the policy
State Transfer	New policy already written
Interim State Transfer	New policy already written
Miscellaneous reasons	Effective date is past or the current date
New business correction	
Requested forced pro-rata	Effective date is past or the current date
Requested by insured	Effective date is past or the current date; new policy already written with documentation
Transfer	New policy already written and in force
Transfer to other line	New policy already written
Other	Effective date is past or the current date

## Examples of Schedule Cancellation

PolicyCenter holds the transaction until the effective date, then sends it downstream. A balance due letter or refund will NOT be sent to the customer until the cancellation effective date:

- Can cancel using any effective date.
- Changes can be made to the policy up until the scheduled date of cancellation.
- The agent can rescind (cancel the request) of the cancellation in the event the member changes their mind.
- The billing account is not cancelled until the actual effective date of the policy cancellation.

Example	Detail
Company non-renew	Even if Underwriting rescinds the cancellation, Schedule Cancellation avoids a balance-due letter being sent to a policyholder whose policy will eventually be cancelled.
State Transfer	New policy being set up with a future effective date.
Interim State Transfer	New policy being set up with a future effective date.
Miscellaneous reasons	Policyholder has not obtained insurance with another company.
Reject	Even if Underwriting rescinds the cancellation, Schedule Cancellation avoids a balance-due letter being sent to a policyholder whose policy will eventually be cancelled.
Cancellation request by other than the Insured	Effective date is in the future.
Requested forced pro-rate	Effective date is in the future.
Requested by insured	Effective date is in the future; agent trying to retain.
Transfer	New policy being set up with a future effective date.
Transfer to other line	New policy being set up with a future effective date.
Other	Effective date is in the future.

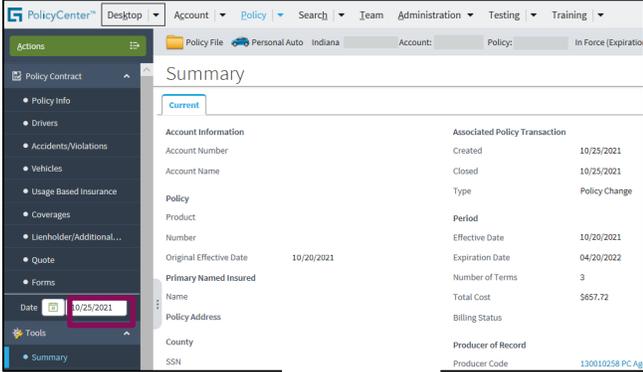
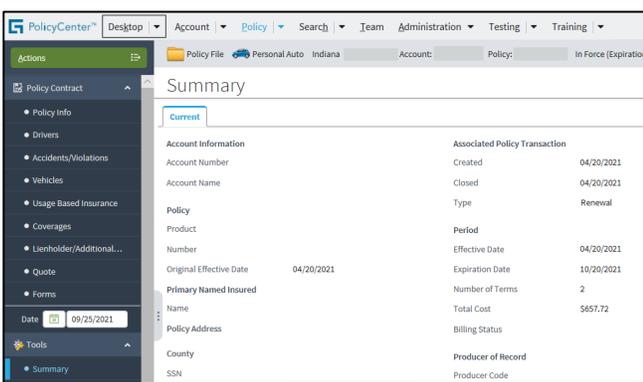


# Cancel a Policy

## Prior Term Transactions

### Steps 1-2

To complete a transaction effective the prior term, you **MUST** update the **Date** field on the policy. The purpose of the **Date** field is to view the policy as it was on that specific date.

Action	Screen
<p>1. On the 'Summary' screen:</p> <ul style="list-style-type: none"> <li>Update the 'Date' field to the appropriate date.</li> </ul> <p><b>NOTE:</b> The 'Date' field is used to view the policy as it was on the date it was entered. This policy is in its third term.</p>	
<p>2. After changing the date, any updates made to the policy will be effective in the previous term.</p> <p>In this example, the 'Date' field has been updated to 09/25/2021, which is in the second term of the policy.</p> <p>You may now complete all prior term transactions, such as a Cancellations or Policy Changes, as you would in current term.</p> <p><b>NOTE:</b> Underwriting approval may be required if backdating rules are triggered.</p>	

## Addendum

### Billing Impact When a Policy Cancellation is Processed by the Agent

The equity date can be viewed on the billing details timeline and on policy details screen prior to cancellation being processed. Once processed, the equity date is no longer available.

Cancellations will be displayed real time when the "Cancel Now" option was selected except for cross-term cancellation (impacts current and prior terms, current and future terms, or 2 prior terms) transactions. If scheduling future dated cancellation, check payment method for REFT or RBC and offer to suspend next payment. See "Suspend EFT" in Billing Key Features for handling procedures.

Inform customer of the refund or final bill amount due on account summary screen, under the "Policy Information" section in Agent Center.

If "Schedule Cancellation", "Cross-term cancellations" (impacts current and prior terms, current and future terms, or 2 prior terms) or "Quotes", use the manual calculation to provide a rough **estimate** (not available for North Carolina policies when short-rated). This estimate may alter once the cancellation is fully processed.

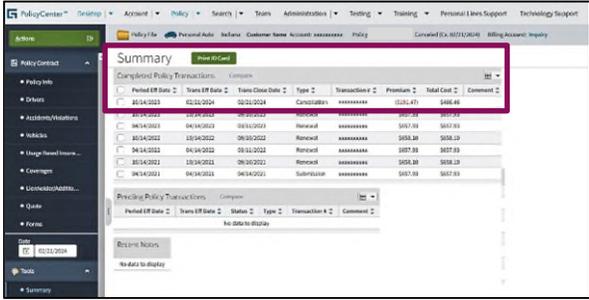
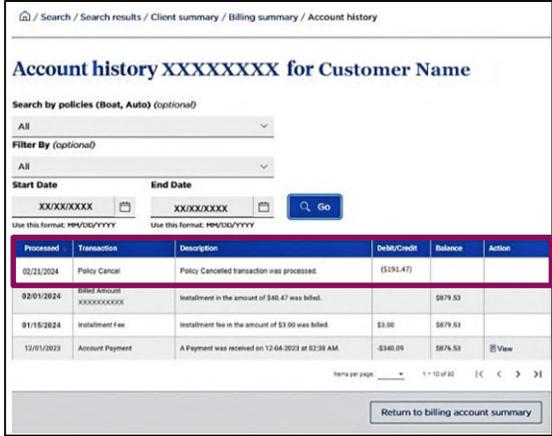


# Cancel a Policy

## Addendum (cont'd)

### Billing Impact When a Policy Cancellation is Processed by the Agent

#### Steps 1-5

Action																															
<p>1. Obtain the premium amount for the cancellation transaction from the “Summary”/ “Completed Policy Transactions” screen in PolicyCenter.</p>	 <p>The screenshot shows the PolicyCenter interface with the 'Summary' screen selected. A table titled 'Completed Policy Transactions' is visible, with columns for Policy ID, Start Date, End Date, Status, Transaction ID, Premium, and Total Cost. A red box highlights a row for a cancelled policy.</p>																														
<p>2. Obtain the unpaid balance from “Account history” in Agent Center.</p>	 <p>The screenshot shows the 'Account history' screen for a customer. It includes search filters for policies, a table of transactions, and a 'Return to billing account summary' button. A red box highlights a transaction for a policy cancellation.</p> <table border="1" data-bbox="771 945 1323 1081"> <thead> <tr> <th>Processed</th> <th>Transaction</th> <th>Description</th> <th>Debit/Credit</th> <th>Balance</th> <th>Action</th> </tr> </thead> <tbody> <tr> <td>02/21/2024</td> <td>Policy Cancel</td> <td>Policy Cancelled transaction was processed.</td> <td>(\$193.47)</td> <td></td> <td></td> </tr> <tr> <td>02/01/2024</td> <td>Billed Amount</td> <td>Installation in the amount of \$48.47 was billed.</td> <td></td> <td>\$879.93</td> <td></td> </tr> <tr> <td>01/15/2024</td> <td>Installation Fee</td> <td>Installation fee in the amount of \$3.00 was billed.</td> <td>\$3.00</td> <td>\$879.93</td> <td></td> </tr> <tr> <td>12/01/2023</td> <td>Account Payment</td> <td>A Payment was received on 12/04/2023 at 02:39 AM.</td> <td>\$340.09</td> <td>\$876.93</td> <td>View</td> </tr> </tbody> </table>	Processed	Transaction	Description	Debit/Credit	Balance	Action	02/21/2024	Policy Cancel	Policy Cancelled transaction was processed.	(\$193.47)			02/01/2024	Billed Amount	Installation in the amount of \$48.47 was billed.		\$879.93		01/15/2024	Installation Fee	Installation fee in the amount of \$3.00 was billed.	\$3.00	\$879.93		12/01/2023	Account Payment	A Payment was received on 12/04/2023 at 02:39 AM.	\$340.09	\$876.93	View
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12/01/2023	Account Payment	A Payment was received on 12/04/2023 at 02:39 AM.	\$340.09	\$876.93	View																										
<p>3. The <b>Unpaid Balance – Premium (or Pro-Rated Change in Cost) = Collection or Refund</b></p> <p><b>Note:</b> If calculating for a cross term calculation, obtain the premium amount for each individual term and add the sums together.</p>	<p>If the result is negative, advise the customer of the estimated refund.  <b>For example:</b> \$500 - \$1,000 = <b>-\$500 Refund</b></p> <p>If the result is positive, advise the customer of the estimated final bill.  <b>For example:</b> \$1,000 - \$500 = <b>\$500 Final Bill</b></p>																														
<p>4. If the renewal premium has posted and the policy is being cancelled in the current term, be sure to subtract the renewal premium from the unpaid balance.</p>	<p><b>Example:</b></p> <p>Renewal amount posted in Agent Center: \$1,234.50          Unpaid balance: \$1,678.90</p> <p>Change in cost from PolicyCenter: \$500          (\$1,678.90 - \$1,234.50) - \$500 = \$55.60</p>																														
<p>5. Review final refund/collection with named insured.</p>	<p>See “Refunds” in Billing Key Features</p>																														

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