

Cancel a Policy

Personal Lines | Job Aid



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">• Can cancel using any effective date.• Changes can be made to the policy up until the scheduled cancellation effective date.• The agent can rescind (cancel the request) of the cancellation in the event the customer changes their mind.• 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.• A refund will not initiate until the billing account is cancelled.	<ul style="list-style-type: none">• 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.
Review Examples	Review Examples
Cancel a Policy	Cancel a Policy
Rescind a Cancelled Policy	

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Future and Backdating Cancellation Dates:

Number of Days Allowed		
Policy Cancellation	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

Step 1

Action	Screen
<p>Navigate to the desired policy.</p> <ul style="list-style-type: none"> Change the date field on the left-hand navigation bar to match the intended cancellation date to ensure PolicyCenter is set to the correct term for cancellation. 	

Step 2

Action	Screen
<p>Navigate to the desired policy:</p> <ul style="list-style-type: none"> Select the "Actions" button. Select "Cancel Policy" from the dropdown menu. 	

Step 3

Action	Screen
<p>On the “Start Cancellation for Policy #XXXX” screen:</p> <ol style="list-style-type: none"> Select “Source” and “Reason” for the cancellation from the dropdown lists. Although not a required field, you can enter a “Reason Description” which may be helpful when re-visiting the policy at a future date. Enter the desired cancellation date in the “Cancellation Effective Date” field. <ol style="list-style-type: none"> If planning to schedule the cancellation, select a date sometime in the future. If planning to cancel the policy immediately, leave the field at the current date (default entry). 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"> 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. <p>NOTE: If “Transfer Credit” is selected, Processing will transfer the credit, which carries a 6-business day SLA.</p> Verify mailing address. If a new refund address is used, please follow the steps, in order, below: <ol style="list-style-type: none"> Select the check box next to “If refund address is different from policy address”. Enter the new refund address. Select the “OK” button to capture the address. <p>IMPORTANT: You must select the “OK” button to capture the new refund address before selecting the “Start Cancellation” button.</p> Then proceed with the policy cancellation by selecting on the “Start Cancellation” button. 	<p>Note: This is one cancellation example. Other options may be selected based on your role and permissions.</p>

Step 4

Action	Screen
<p>On the “Confirmation” screen:</p> <ul style="list-style-type: none"> Select the “Cancel Options” button and select the desired cancellation method from the drop-down list. <p>A confirmation message window displays:</p> <ul style="list-style-type: none"> Select the “OK” button. <p>The scheduled cancellation is bound.</p> <p>The policy will be cancelled on the “Cancellation Effective Date” selected.</p>	

Step 5

Action	Screen
<p>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>	

Step 6

Action	Screen
<p>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>The screenshot shows the 'Confirmation' screen for a Homeowner policy in Indiana. A red box highlights the 'Transaction Effective Date' (01/26/2023) and a table of charges: Total Pre-Rated Premium (\$1.18), Taxes & Surcharges (\$3.99), Total Pre-Rated Cost (\$54.17), and Change in Cost (\$1,911.81).</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>The screenshot shows the 'Confirmation' screen with a red box highlighting a warning message: "Warning: This policy has vehicle enrolled in Pay Per Mile (SmartMiles). The system will recalculate miles shown through the cancellation and was essential to ensure premium may not include all miles shown. Estimated miles will be used to calculate return premium for any uncompleted days through the cancellation date." Below the warning, it states: "If Scheduled Cancellation is selected, the quoted Change in Cost may change when final mileage is reported on the Cancel Effective Date. To Review your cancellation, please select a Cancellation Option."</p>
<p>If this message is received, you may contact the Service Center to review and determine if an override is needed.</p>	<p>The screenshot shows the 'Confirmation' screen with policy details: Homeowner, Indiana, Effective: 07/28/2023, Customer Name, Account # XXXXXXXX, Policy: XXXXXXXX. The 'Period' is 07/13/2023 - 07/13/2024.</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>	

Rescind a Cancellation (only available for scheduled cancellations)

Step 1

Action	Screen														
<p>A “Pending Policy Transactions” grid displays at the Account level to indicate a scheduled cancellation.</p>	<p>The screenshot shows the 'Account File Summary' screen. A red box highlights the 'Pending Policy Transactions' table:</p> <table border="1"> <thead> <tr> <th>Create Date</th> <th>Transaction #</th> <th>Status</th> <th>Policy #</th> <th>Product</th> <th>Business Type</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>07/28/2023</td> <td>XXXXXXXX</td> <td>Cancelling</td> <td>XXXXXXXX</td> <td>Personal Property</td> <td>New Business</td> <td>Cancellation</td> </tr> </tbody> </table>	Create Date	Transaction #	Status	Policy #	Product	Business Type	Type	07/28/2023	XXXXXXXX	Cancelling	XXXXXXXX	Personal Property	New Business	Cancellation
Create Date	Transaction #	Status	Policy #	Product	Business Type	Type									
07/28/2023	XXXXXXXX	Cancelling	XXXXXXXX	Personal Property	New Business	Cancellation									
<p>Navigate to the desired policy in “Canceling” status by selecting the Policy # link.</p>															

Step 2

Action	Screen
<p>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' screen for a Policy File. A red box highlights a warning message: "Warnings on current page: This Policy is Pending Cancellation". Below the warning, account information is displayed: Account Number 4953584405, Account Name Agatha Fletcher, Effective Date 04/26/2024, and Create Date 04/26/2024.</p>

Step 3

Action	Screen
<p>From the “Summary” screen:</p> <ul style="list-style-type: none"> Select the “Actions” button. Select “Rescind Cancellation > Request (Date).” 	

Step 4

Action	Screen
<p>On the Confirmation screen:</p> <ul style="list-style-type: none"> Select the “Close Options” button. Select “Rescind Cancellation” from the drop-down list. 	

Step 5

Action	Screen
<p>On the “Rescind Cancellation” screen:</p> <ul style="list-style-type: none"> Enter the desired information into the “Reason Description” field. Select the “OK” button. 	

Step 6

Action	Screen
<p>The “Cancellation Rescinded” screen displays: <i>“Your cancellation (#XXXXXX) has been rescinded.”</i></p>	

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.

Prior Term Transactions

Step 1

Action	Screen
<p>On the “Summary” screen:</p> <ul style="list-style-type: none"> Update the “Date” field to the appropriate date. <p>NOTE: 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>The screenshot shows the PolicyCenter Summary screen for a Personal Auto policy. The 'Date' field in the left-hand navigation menu is highlighted with a red box, indicating it is the field to be updated.</p>

Step 2

Action	Screen
<p>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>NOTE: Underwriting approval may be required if backdating rules are triggered.</p>	<p>The screenshot shows the PolicyCenter Summary screen with the 'Date' field updated to 09/25/2021. The 'Associated Policy Transaction' table shows the policy is now in its second term, with the 'Created' date of 09/25/2021.</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 the 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 the “PL-Manage Automatic Payments” Job Aid 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.

Step 1

Action	Screen
Obtain the premium amount for the cancellation transaction from the “Summary”/ “Completed Policy Transactions” screen in PolicyCenter.	

Step 2

Action	Screen
Obtain the unpaid balance from “Account history” in Agent Center.	

Step 3

Action	Screen
<p>The Unpaid Balance – Premium (or Pro-Rated Change in Cost) = Collection or Refund</p> <p>NOTE: 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. For example: \$500 - \$1,000 = -\$500 Refund</p> <p>If the result is positive, advise the customer of the estimated final bill. For example: \$1,000 - \$500 = \$500 Final Bill</p>

Step 4

Action	Screen
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>Example:</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>

Step 5

Action	Screen
Review final refund/collection with named insured.	See the “PL-Refunds” Job Aid.