

PAYROLL: GROUP AUTOMOBILE AND
HOMEOWNER/RENTER INSURANCE

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PAYROLL: GROUP AUTOMOBILE AND
HOMEOWNER/RENTER INSURANCE

I. INTRODUCTION

The procedures in this chapter will govern the deduction of premiums for group automobile and homeowner/renter insurance from employees' salaries.

Group automobile insurance has been available to employees since January 1, 1970 and the homeowner/renter insurance has been available since April 1, 1984. Under the University's group plan, each employee electing coverage signs a contract with the insurer, A+ Auto and Home Insurance Plus (A+). (A+ was formerly known as Cal Casualty). The contract may start at any time; the duration is one year. If an employee separates from the University, he or she may continue coverage with A+ at the University's group rate for the unexpired period of the contract.

II. PROCEDURES

A. APPLICATION FOR INSURANCE

<u>Responsibility</u>	<u>Function</u>
1) Personnel Office	Furnish employees, including all new employees, with a no-obligation rate request card for automobile and/or homeowner/renter insurance.
*2) Employee Interested in Insurance	Send card to A+.
*3) A+	Furnish employee with quotation and application form.
4) Employee Desiring Coverage	Send application form to the local accounting office.

<u>Responsibility</u>	<u>Function</u>
*5) Accounting Office	Verify eligibility of employee (same requirements as for health insurance). If employee is eligible, retain the portion of the form authorizing payroll deductions and forward the remainder of the form to A+.
*6) A+	Send insurance contract to employee. Add employee to the monthly deduction notification submitted to the University data processing centers.

B. CALCULATION OF DEDUCTIONS

Monthly payroll deductions are calculated by dividing the balance of the premium due by the number of pay periods remaining in the policy year for each employee. Normally, this will result in twelve equal installments being taken. However, if deductions are begun a month late, for example, the premium will be paid in eleven equal installments. If the premium changes during the year because of changes in the policy, such as the addition of drivers or cars, the monthly deduction is adjusted so that equal installments are taken for the balance of the policy year.

C. ESTABLISHMENT OF PAYROLL DEDUCTIONS

Deductions are not entered on the University's employee *data base. Each month, A+ calculates employee deductions and sends new deduction information to the data processing centers for direct input to the payroll computation.

The accounting office will not make adjustments to deductions, except in cases in which an incorrect employee number has been entered on the application form of a new enrollee and a deduction is therefore taken from the wrong employee. In this case, the accounting office should make a correction by either of the following ways:

II. PROCEDURES (Cont.)

C. ESTABLISHMENT OF PAYROLL DEDUCTIONS (Cont.)

- *1. Advise A+ to correct the employee number on its permanent records and to transfer the deduction from the wrong employee number to the correct employee number. Refund the deduction to the "wrong" employee, using a miscellaneous adjustment deduction code and account number. The following month, take an extra deduction from the "right" employee using the same miscellaneous adjustment deduction code and account number. This will clear the debit in the miscellaneous adjustment account.

OR

- *2. Advise A+ to correct the employee number on its permanent records but to hold the incorrect deduction in suspense and not credit it to any employee's account. Since the "right" employee had no deduction taken the first month, A+ will recalculate his or her premium and spread it over the remaining months in the contract year. Refund the deduction to the "wrong" employee, using A+ deduction codes and account number; this will result in a negative item on the following month's remittance to A+ and will clear the deduction being held in suspense.

Since A+ prepares the data processing deduction information fairly early in the month, it should be notified by telephone as soon as any errors in employee numbers are discovered so that the next month's deductions will be correct. It is suggested that any employee whose deduction was not taken be notified of the error and asked which method of correction he or she prefers.

*D. CANCELLATION OF PAYROLL DEDUCTIONS

In the event an employee cannot have his/her premium deduction cancelled through A+, the employee may complete an Auto/Homeowner/Renter Insurance Cancellation/Reinstatement form to stop the deduction. The form is available in the accounting office. This

form is only to be used after an employee has followed the normal procedures for cancelling a deduction and the carrier has taken no action.

Upon resolution of the problem between the employee and A+, a deduction may be reinstated using the same form. A+ will recalculate the monthly premium amount as appropriate for the remainder of the policy year.

In either instance, the accounting office must notify the carrier of the action being taken by sending a copy of the form to A+.

E. SEPARATION OR LEAVE

* A+ will not be specifically notified by accounting offices of separations or of leaves without pay. If an employee misses one premium deduction, A+ will recalculate the premium for the remainder of the policy year and schedule a deduction in the new amount. If an employee misses two months of premium deductions, A+ will assume the employee has separated and contact the employee directly to collect the remaining premiums.

To avoid any misunderstanding about whether or not an employee has separated, employees who are going on leave without pay should make arrangements regarding their premium payments during the period of their absence directly with A+.

F. CHANGES OF EMPLOYEE NUMBER AND INTERCAMPUS TRANSFERS

If the employee number for a covered individual changes, the accounting office must notify A+ at once so that the payroll deduction list it prepares for the data processing center can be adjusted. Accounting offices should therefore review all actions that result in employee number changes--such as name changes, intercampus transfers, and corrections of employee number assignments.

* In the case of intercampus transfers of covered employees, the accounting office of the employee's old campus will forward the deduction authorization card to

II. PROCEDURES (Cont.)

F. CHANGES OF EMPLOYEE NUMBER AND INTERCAMPUS TRANSFERS
(Cont.)

the new campus. The new campus' accounting office will notify A+ of the transfer, provide it with the names of both campuses, and advise it of both the old and the new employee numbers.

G. REMITTANCE TO CARRIER

* Accounting offices remit payroll deductions to A+ monthly; the remittance is accompanied by the monthly standard deduction report.

H. COST REIMBURSEMENT FROM CARRIER

A+ is obligated to reimburse the University for the costs of administering the automobile/home-owner/renter insurance program. The determination of these costs is described in Accounting Manual chapter [P-196-23](#), Payroll: Deduction-Cost Reimbursement.

I. ACCOUNTING CODES

Liability account number: 115286
Payroll deduction code: 55

III. REFERENCES

Accounting Manual chapter:

[P-196-23](#) Payroll: Deduction-Cost Reimbursement.

Historical note: Original Accounting Manual chapter published 11/2/70. Revisions: 7/1/80, 6/15/85, 12/30/00; and 2/28/09; analyst John Barrett.