



EFT Implementation Guide

Industry

OPTins
Updated March 2018

NAIC

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Thank you for your interest in implementing OPTins. This guide contains information in implementing ACH Debit or ACH Credit payment methods.

If you have questions regarding getting setup with OPTins or how the two payment methods work, please contact:

OPTins Marketing and Implementation

Ph: 816-783-8787

Email: optinsmktg@naic.org

How ACH Credit Works

Step 2: Determine Cash Accounting Procedures

Objective:

Correctly account for cash flows from entity bank accounts and develop the journal entries to entity-specific general ledger accounts. Ensure that the process meets security, authority and auditing standards.

Techniques:

Generally this step is performed by the firm's Treasury Department. Sometimes this step is combined with Step 3. There are several techniques available. Although not complete, this list could provide the starting point for how your entity will implement ACH Debit.

A. Read ACH transmission from the bank.

Since the NAIC uses standard banking transactions, companies may be able to leverage banking processes already in place. Most banks can provide a copy of ACH transactions affecting the entity's account. Many standard accounting packages are able to read ACH format files.

B. Read CTX Addenda records and 820 details. (if applicable)

The transmission will include the CTX records and, if your bank provides detailed ACH transactions, the entity can request the CTX addenda records to be included as well. The CTX addenda records act as an "envelope" to ANSI x.12 EDI 820 records affecting the entity's account. The OPTins tracking number, individual entity name, NAIC group code and company code, FEIN, Filing Period and state are included on 820 transactions.

Some standard accounting packages are able to read CTX Addenda records, including the EDI 820 records. The 820 records provide detailed information about individual transactions – who, why and how much. Included in the data are transaction identifiers that allow you to tie the information back to the OPTins application.

If your firm does not currently have the ability to decode EDI 820 transactions, your system will require a technical change or you will need a new system. This may be a moderately difficult task, since there are several records within the 820 record set and they are compressed within the CTX addenda record.

C. Use OPTins EFT Report to reconcile transactions with current banking documents.

Transactions appear on your bank statement. The date and descriptive information should make it possible for the entity to reconcile. Amounts should be verified by using the OPTins EFT Report. See Appendix 2 for an example of an EFT Report.

Step 3: Execute Implementation Documentation

Objective:

By definition, e-commerce is the movement of money in electronic format rather than by paper. For standard OPTins Licensees, the NAIC is automatically granted authority to access

entity accounts when the terms of the OPTins Use Agreement is accepted. The only documentation required are Exhibits A and B and the OPTins Registration Form. Once these documents are submitted, testing can begin.

For questions about the contents of the Use Agreement, please contact:

OPTins Marketing Team
816-783-8787
optinsmktg@naic.org

Process:

Complete the Exhibits and the OPTins Registration Form only and e-mail or fax to the following address and to the attention of any of the four contacts in this guide:

OPTins Marketing Team
816-783-8787
optinsmktg@naic.org

Implementing ACH Credit

Although there are only five steps to implement ACH Credit, it generally takes two or three functional areas within an entity's organization to complete the process. Those responsible for administering the firm's bank accounts, generally the Treasury department, must be able to account for cash flows. The Accounts Payable area must be able to account for the detailed charges. The premium tax area must be able to confirm information about the filing and that the proper fees were paid. The technical area must make whatever changes, if any, necessary to implement the re-designed business functions and take advantage of the new technology. Finally, the entire set up must be tested to ensure that it meets business needs.

Step 1: Request Information

Objective:

The NAIC will provide all documents and any additional information as needed in order for the entity to make their decisions.

Process:

For additional questions, please contact:
OPTins Marketing Team
816-783-8787
optinsmktg@naic.org

Step 2: Determine Cash Accounting Procedures

Objective:

Correctly account for cash flows from entity bank accounts and develop the journal entries to entity-specific general ledger accounts. Ensure that the process meets security, authority and auditing standards.

Techniques:

Generally this step is performed by the firm's Treasury Department. There are several techniques available. Although not complete, this list could provide the starting point for how your entity will implement ACH Credit.

A. Read ACH transmission from the bank.

Need information here

B. Use OPTins EFT Report to reconcile transactions with current banking documents.

Transactions appear on your bank statement. The date and descriptive information should make it possible for the entity to reconcile. Amounts should be verified by using the OPTins EFT Report. See Appendix 2 for an example of an EFT Report.

Step 3: Execute Implementation Documentation

Objective:

By definition, e-commerce is the movement of money in electronic format rather than by paper. The only documentation required are Exhibits B and the OPTins Registration Form. Once these documents are submitted, testing can begin.

Process:

Complete the Exhibit and the OPTins Registration Form only and e-mail or fax to the following address and to the attention of any of the four contacts in this guide:

optinsmTd [(o25.0C d)9 (to) mRcE d)h3%-,•+ ^ ` ' 3r¥F) x@ (

Following pages include:

**Appendix 1: Example forms to be completed and returned to NAIC.
Please refer to www.optins.org fo**

Differences between ACH Debit and ACH Credit are listed below.

	ACH Debit	ACH Credit
Cost to Entity	No additional processing fees apply	Taxpayer pays all processing fees at their bank
Responsibility for Test Transaction	No test is needed	Entity is responsible
Responsibility for Confirming Test Transaction	No test is needed	OPTins is responsible
Payment Transfer Request Deadlines	On the same business day as the due date	Varies - taxpayer must check with their bank for required deadlines. Full processing of the payment could take 2-5 business days.
Reliability	More reliable payment method because the banking information is stored within the application. The potential for data entry errors that would prevent the transaction from taking place is minimized because the information is entered and fully	



SAMPLE PAPERWORK

AUTHORIZATION FOR ELECTRONIC
DEBIT AND CREDIT ENTRIES

The National Association of Insurance Commissioners ("NAIC") authorized to initiate debit entries and to initiate, if necessary, credit entries and adjustments for the correction of any debit entries in error from or to the account indicated below

_____ (COMPANY) at the financial institution indicated below:

Name of Financial Institution: _____

Address of Financial Institution: _____

Routing & Trans No.: SAMPLE PAPERWORK _____

Account No.: _____

Account Name (if applicable): _____

The C



EFT ENROLLMENT FORM

SAMPLE PAPERWORK

Company Name

Treasury/Cash Management/Bank Account Manager Contact **(Please list your internal financial contact –not the bank contact)**

Name

Phone

Fax

Email

Accounting/Accounts Payable Contact

Name

Phone

Fax

Email



Appendix 2

Report Menu

A screenshot of a web browser window titled "OPTins - Windows Internet Explorer". The main content area displays "OPTins EFT Report" and a prompt: "Please choose the parameters for your report." Below this, there are several form fields and checkboxes. The "End Date (inclusive):" field is empty. The "Include:" section has four options: "ACH Debit Payments (Processed)" (checked), "ACH Credit Payments (Processed)" (checked), "Non-reconciled ACH Credit Payments" (checked), and "Scheduled Filings (In queue for processing)" (unchecked).

OPTins EFT Report

Please choose the parameters for your report.

(inclusive):

End Date (inclusive):

Include:

- ACH Debit Payments (Processed)
- ACH Credit Payments (Processed)
- Non-reconciled ACH Credit Payments
- Scheduled Filings (In queue for processing)



EFT Report

