

Chargeback-Prevention Checklist

For life and final expense agents paid on advance. Use it on every sale to protect your commissions and your clients.

How chargebacks work: On advance, the carrier pays part of your first-year commission before it collects the premium. If the policy lapses, is cancelled or is returned during the chargeback period (often about the first 6 to 12 months), the carrier takes back the unearned part. Unpaid balances can be reported to agent-debt services such as Vector One. Check each carrier's contract for its exact terms.

1. Before the application

- ☐ Confirm the premium fits the client's monthly budget, not just today's emotion
- ☐ Ask about every existing policy; follow your state's replacement rules
- ☐ Get complete, honest health and medication answers
- ☐ Run the prescription and health check that fits the carrier you pick
- ☐ Explain day-one, graded and guaranteed-issue options clearly

2. Banking and draft date

- ☐ Verify routing and account numbers from a check or bank app
- ☐ Confirm the account is active and is the one income lands in
- ☐ Match the draft date to the client's payday or Social Security date
- ☐ Avoid draft dates right before income arrives
- ☐ Write down the first draft date and give it to the client

3. At the close

- ☐ Review the benefit, premium and draft date one more time
- ☐ Tell the client to expect a carrier call or mail
- ☐ Leave your contact info and explain the free-look period honestly
- ☐ Involve the beneficiary or family when the client wants that

4. First 30 days

- ☐ Welcome call within 48 hours
- ☐ Confirm the policy was issued as applied
- ☐ Confirm the policy or e-delivery was received
- ☐ Watch for the first draft and confirm it cleared
- ☐ If a draft fails, call the client the same day and fix it

5. Months 2 to 12

- ☐ Check carrier pending, lapse and NSF reports every week
- ☐ Check-in calls at 30, 60 and 90 days, then quarterly
- ☐ Send birthday and holiday cards; they keep you top of mind
- ☐ Help clients who change banks update their draft right away
- ☐ Try to save the policy before it lapses: lower the face amount, change the draft date or reinstate

6. Protect yourself

- ☐ Keep a log of every sale: draft date, premium and status
- ☐ Know each carrier's advance rate and chargeback period
- ☐ Set aside part of every advance until the chargeback period ends
- ☐ Never write a policy the client can't afford
- ☐ Pay any debit balance promptly so it isn't reported