



How to handle Chargebacks/Carrier Debt

As in any sales position, and no matter what you are selling, you will have returns/cancellations. In our business we call those “chargebacks”, and our industry average is roughly 20%. Chargebacks will occur when a client cancels or the policy lapses due to non-payment prior to the first 9 months, but the carrier has already paid you the full 9-month commission advancement.

Carriers will NOT go directly into your bank account and withdraw the debt owed, instead they will issue you a negative carrier balance that you can simply work off by writing another policy with that specific carrier. If a period of time passes by (Typically a few weeks) and a debt remains, simply call the carrier directly (Speak to the commission team) and they will tell you exactly when the debt has to be taken care of by, by writing another policy and or making a payment.

Carriers are flexible and willing to work with you as long as you communicate with them. If the debt remains in place for over a month, most carriers will let you setup a payment plan that is very fair, and some carriers will even allow you to put in place a commission/debt split for a large debt owed over a period of time to assist you. (Pending FFL and Carrier approval)

If a debt is left unresolved, it will roll up to your upline/manager, which means they will have to pay for your debt out of pocket and or it will be deducted from their commissions.

When a roll up debt occurs, the following steps will be taken by our office:

- ✓ You will be reported to Vector-One which means no insurance carrier no matter what type of insurance it is (Health, Life, P&C, etc), will allow you to get contracted
 - ✓ You will lose your carrier contracting
 - ✓ You are at risk of losing your FFL contracting and state license

- ✓ The debt will be placed on your credit report as a collection, and a collection agency will be assigned to your debt
 - ✓ You could be served and taken to small claims court
- ✓ It could negatively impact your resident filing status (Green card, ITIN, Visa) if you are not a U.S. citizen

Chargebacks are a part of our business. All you have to do is continue to write business and communicate with your FFL Manager and the carriers directly. If you have any questions, please contact your FFL Manager/VP directly and don't forget that we are here to help.