Nonpayment Follow-Up Process

Respond to a nonpayment or cancellation notice quickly, give the client real options, and never promise coverage the carrier hasn't confirmed.

WHO USES IT	CSR, Account Manager
LINES	Not line-specific
VERSION	1.0 | Last reviewed November 19, 2026
MAINTAINED BY	AgencyPacket
ONLINE	https://agencypacket.com/resources/nonpayment-follow-up-process

BEFORE YOU USE THIS
Review this against your agency's current processes, carrier guidelines, and E&O requirements before you put it into practice. Insurance rules vary by state, and some requirements are set at the local level, so confirm the licensing, disclosure, filing, and recordkeeping rules that apply where you operate. This resource is general guidance, not legal, compliance, or insurance advice. See our Terms at https://agencypacket.com/terms. Cancellation notice periods and reinstatement rules are set by state law and your carrier.

Purpose

A nonpayment notice has a clock on it. The client may not know about the missed payment, or may know and be unable to pay. Either way, the agency's job is to get them the facts quickly, tell them what the carrier requires, and record it.

Do not promise reinstatement, continued coverage, or a specific cancellation date unless the carrier has confirmed it in writing.

When to use it

Use it when the carrier sends a notice of cancellation for nonpayment, a past-due notice, an NSF payment notice, or a lapse notice.

Process owner

The assigned CSR or account manager owns follow-up until the policy is paid, canceled, or reinstated. The manager is notified of commercial or large accounts.

Before you begin: required information

- Carrier notice with date, amount due, and cancellation date
- Policy number and billing method (direct bill, agency bill, premium finance)
- Payment history and any pending payment
- Client contact information and preferences
- Carrier rules for payment, reinstatement, and grace periods

Procedure

Notice receipt and verification

- [ ] Log the date the notice reached your agency and the date on the notice.
- [ ] Assign one person.
- [ ] Open the policy and billing account. Confirm the notice is for the right policy.
- [ ] Check whether payment is already in transit or was returned. Check whether the client uses autopay, a financed plan, or agency billing.

Notice timing

- [ ] Write down the amount due, the due date, and the cancellation effective date shown on the notice.
- [ ] Note that carrier and state rules set notice periods. Do not guess. Confirm with the carrier if the date looks wrong.
- [ ] Calculate the days left. Plan outreach for the same day.

Customer outreach

- [ ] Contact the client the same day. Use phone first, then email or text if they have agreed to it.
- [ ] Say what the notice says in plain words: how much is due, by when, and what happens if it is not paid.
- [ ] Record each attempt with date, time, and method.
- [ ] If you cannot reach them, send a written notice and try again the next business day.
- [ ] Check for another contact: spouse, business partner, or other authorized person on file.

Payment options and carrier requirements

- [ ] Tell the client how they can pay: carrier portal, phone, agency, or online.
- [ ] Check whether the carrier requires certified funds or a specific payment method after a returned payment.
- [ ] Find out whether the carrier accepts a payment after the due date, and under what conditions.
- [ ] If the client cannot pay, tell them how to cancel properly and how to arrange replacement coverage.

> **NOTE**
> Do not tell the client the policy will stay in force just because they say they are paying. Wait for carrier confirmation.

Cancellation or lapse status

- [ ] After payment, confirm with the carrier that the cancellation was rescinded or the notice was cleared.
- [ ] Get written confirmation when possible.
- [ ] If the policy canceled, record the effective date and time.
- [ ] Tell lenders and lienholders only through the carrier or your agency's standard process.

Reinstatement inquiry

- [ ] If the policy canceled, ask the carrier whether reinstatement is possible and what it requires.
- [ ] Ask about a lapse in coverage. Reinstatement may be with or without a gap.
- [ ] Tell the client exactly what the carrier said, not what you hope.
- [ ] If the carrier will not reinstate, quote replacement coverage and explain eligibility effects of a lapse.

Documentation and escalation

- [ ] Log every contact, carrier call, payment, and confirmation in the AMS.
- [ ] Save the notice and any confirmation.
- [ ] Escalate to the manager when a commercial account, a large premium, a lender-required policy, or an angry client is involved.
- [ ] Escalate immediately if a claim was reported around the cancellation date.

Execution checklist

- [ ] Notice logged and assigned
- [ ] Policy and billing status confirmed
- [ ] Amount, due date, and cancellation date recorded
- [ ] Client contacted the same day
- [ ] Payment options and carrier requirements explained
- [ ] Carrier confirmation received
- [ ] Reinstatement asked of the carrier if canceled
- [ ] Documented and escalated as needed

Exceptions and escalation

- **Client says they already paid.** Ask for proof. Confirm with the carrier. Do not assume.
- **Payment was made after the cancellation date.** Contact the carrier. Do not tell the client they are covered.
- **Client wants to wait until payday.** Explain the date and risk. Offer options, and document what you told them.
- **A claim occurs during the notice period.** Escalate to the manager and carrier right away.
- **Premium finance company is involved.** Contact them. They may control the cancellation.

Completion criteria

- The policy is paid and confirmed in force, or canceled with the date recorded.
- The client has the facts in writing.
- Reinstatement questions were answered by the carrier, not assumed.
- The AMS has every contact and confirmation.

Make it yours: agency customization

This is a starting point built for independent agencies in general. Fill in the details below so it matches how your agency actually works, then keep your version with your other procedures.

How quickly we contact clients after a notice
Same day, next business day.

Who owns nonpayment follow-up
Name or role.

Written notice template
Location.

Large accounts that go to a manager
Premium threshold or account type.

ASSIGN IT, TRACK IT
Need to assign this process to your team? Turn it into a repeatable workflow with AgencyPacket.

General guidance only, not legal, compliance, or insurance advice. Review against your agency's processes and the state and local requirements that apply to you before use. Version 1.0, last reviewed November 19, 2026. agencypacket.com/terms

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