The Agency's Guide to Commissions

Process Efficiently, Uncover Missed
Commissions, & Analyze Performance

AgencyBloc

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AgencyBloc helps life and health insurance agencies secure and grow their business by organizing and automating their operations using a combination of an industry-specific CRM, commissions processing, and integrated business & marketing automation.

See the *#1 Recommended Insurance Industry Growth Platform* serving the benefits and senior market space

In this guide...

No matter if you're a broker, agency owner, or single agent, commissions are an integral part of the job. However, processing and tracking those commissions has never been simple—agencies still struggle with how best to manage it all.

On top of that, some agencies still can't be sure the commissions coming from their carriers are accurate. Though unintentional, carriers do make mistakes, and commissions can be missed.

Lastly, agencies have a desire to understand their commissions data better. With this information, they can make smarter business decisions.

In this eBook, we'll discuss how agencies are better managing their commissions, taking a look at everything from processing and tracking to monitoring performance.

Section 1

Tracking & Processing Commissions

Tracking & Processing Commissions

Depending on which method you're utilizing, tracking and processing can be a pain. Tracking generally happens at every agency, regardless of size. They're merely checking off that they were paid. On the other hand, commissions processing is taking that money paid from the carrier and splitting it to the appropriate producers and, then, generating the necessary statements and reports. For agencies without an efficient system in place, this can be extremely time-consuming.

Methods insurance agencies are currently utilizing include:

- **Spreadsheets.** Some agencies get started with tracking and processing commissions by using spreadsheets. Using spreadsheets is a line-by-line method that takes time and often requires a dedicated staff member to ensure the spreadsheets stay organized and accurate, as they are susceptible to human error. Using spreadsheets to track and process commissions is very manual and time-consuming and isn't a beneficial long-term strategy for agencies.

- **Commissions-specific software.** If an agency is using a generic CRM without commissions processing capabilities, they'll often pair it with an external resource to fill the gap where their generic CRM can't perform. However, these third-party solutions can be expensive, and it can be time-consuming and difficult to manage the transfer of data back and forth.

- **Industry-specific agency management system (AMS).** Using an agency management system with commissions tools, you have all of your information—individuals, groups, agents, policies, carriers, and commissions data—in one system. When everything is in a central location and the system is built to handle insurance commissions, it requires a lot less manual work.

Agencies who utilize an [agency management system (AMS) with commissions tools](#) can efficiently process commissions, track their payments coming in and going out, identify missed payments, and wholly understand their commissions data and performance.

Processing Commissions in AgencyBloc

Much of the work required to process commissions within an industry-specific agency management system, like AgencyBloc, is in the initial setup. After you have your data and settings in place, the AMS is able to process for you, saving you hours of time and resources.

Within AgencyBloc, rate tables are used to dictate how to calculate your agency's splits. Then, those rate tables are connected to the associated policies, which are linked to agents. To better explain the entire process, we have six basic steps that occur in AgencyBloc. The first three involve setup from you.

Commissions Setup

1   **2**   **3**

Set Up Policies & Agent Records	Set Up Rate Tables	Tie Payees to Policies

Step 1: Set Up Policies & Agent Records

The first step is to set up your clients (individuals and groups) and their policies in AgencyBloc through an import process or manually.

Then, make sure every person and organization that is receiving commissions (agent, broker, producer, agency, and any other third parties) has an agent record in AgencyBloc. You need agent records for payout and reporting purposes.

Many agencies also create a "house account" as a way to track a net commission amount for your agency.

Note: This is the minimum amount of information necessary to process commissions. Typically, agencies will track additional information for customer service and cross-sell opportunities.

Step 2: Set Up Rate Tables

Rate tables can be referenced by multiple policies. Rate tables can be configured with multiple rates using percent of premium, percent of commission, per life, flat amount, and percent of remainder. They can also specify payouts based on carrier (+ carrier product) and coverage type.

Agencies also often pay one amount or percent in months 1-12, and another after that—AgencyBloc supports this and makes it simple.

If you need to make compensation adjustments, rate schedules (described in the next step) offer a convenient way to adjust payouts quickly.

AgencyBloc: Edit Rate Table

	Carrier ▲	Coverage Type ▲	Carrier Product	Revenue Type	Rate Type	In Rate	Out Rate	In Amount	Out Amount
Edit	Humana			Override	Flat Amount			$100.00	$25.00
Edit	Humana			Override	Flat Amount			$150.00	$45.00

AgencyBloc: Flat Amount Rate Table Example

Note: Rate tables are customizable and can be simple or complex, depending on your needs. AgencyBloc's Client Success team can assist you in establishing the right structure for your needs.

Step 3: Tie Payees to Policies

Payees are the people/organizations (who) and rate/amount (how much) your agency is paying out policy commissions. If you add payees to policies, AgencyBloc will calculate payouts from imported carrier commissions for you. You can save time setting up payees by using the rate tables we discussed above and payee schedules, which we'll cover below.

Policies can have an unlimited number of agents assigned for commissions. Typical scenarios include paying a referral fee, trainer fee, manager override, or agency override. Each of these agents can be paid differently. Typically, a rate table is used for each payee; however, if a unique payout is required, a manual amount can be specified.

You can also define payee schedules (shown on the next page) that add more than one payee to a policy. You're able to add the payees to a hierarchy, each with their respective commissions, and save as a group. Then, add them to a policy as a whole group.

Payees for Hierarchy

	Agent Name ▲	Rate Table	Manual Rev Type	Manual Rate Type	Manual Rate	Manual Amount
Edit	Avery, David	Preferred Agent				
Edit	Doran, John	Manager/Director				
Edit	Flannery, Julie	Referral				
Edit	House, Account	House Account				

Search: [Type to filter (Agent Name, Rate Table, etc.)]   Create New   Show 25 entries

AgencyBloc: Payee Schedule Example

Steps 4 - 6 are the magic of AgencyBloc. With over 4,800 different carrier maps, AgencyBloc knows what the carrier pays based on the statement you download from the carrier website. All you have to do is import the statement, and AgencyBloc does the processing for you.

Commissions Processing

4 — Import Carrier File

5 — Calculate Commissions

6 — Generate Statements

Step 4: Import Carrier File/Statement

AgencyBloc's Commissions+ solution saves you time and ensures accuracy. One of the most client-appreciated commission tools in AgencyBloc is Carrier Imports. If your agency is receiving electronic commission statements, we build import maps for directly importing that information

into AgencyBloc. When these files are uploaded, AgencyBloc will match the information to the policies you have set up and automatically calculate commissions. This import process significantly reduces the amount of time spent inputting data.

Note: Once your account has been configured, the import and payment calculation will take only seconds. Our clients have carrier imports containing tens of thousands of records; it takes less than 2 minutes to process these files.

In the event some carriers aren't providing you with electronic commission statements, AgencyBloc supports a "Standard Import" that can still assist in streamlining commissions processing.

Step 5: Calculate/Reconcile Commissions

Reconciliation is a simple process. When commissions are imported, you'll see which policies were linked to the carrier's statement, each payment that was calculated, and any policies that didn't match. AgencyBloc displays any exceptions that require further investigation and a quick snapshot of total premiums, total commissions payable, and net commissions.

Step 6: Generate Commission Statements

Once all of your carrier commissions are reconciled for the payment period, you're ready to generate commission statements. Statements can be run in spreadsheet or PDF format. You can run statements monthly, bi-weekly, or even daily, if you choose. Statements can be organized by sub-agency to facilitate paying multiple companies under your agency. Finally, statement dates can be locked to prevent any further changes or accidental edits.

Commission Statements

Run Statements

Statement Date

[▾]

range

Carrier(s)

☐ AARP IOWA
☐ AARP-UHC
☐ Aetna
☐ Aflac

Agent

[Type to search   ]

☐ Commission On Hold

File Type

[PDF   ▾]

Note: You can customize the PDF header in Agent Statement Settings. Learn more.

☐ Hide Page Numbers

Agency(s)

[type to search   ]

Grouped By

[Carrier   ▾]

Statement Format

[Premium   ▾]

Data focus
• Premium
• Month

[Run Report] [Reset]

AgencyBloc: Run Commission Statements

Identifying Missed Commissions

Identifying Missed Commissions

Insurance agencies are often aware that they are likely missing some payments from carriers, but they let it slide because they don't have a way to easily identify these misses.

In fact, our annual technology survey showed that 34% of agencies say they don't currently look for missed commissions, but they would if they had the technology to do so. When your agency doesn't have the right tools, identifying the missed payments can be almost impossible.

Missed commissions can happen for several reasons, including:

- Carriers are 2-3 months behind on their payments, so it'll appear in your books that you haven't gotten paid yet. Most agencies don't worry for the first few months, but if you're tracking it carefully, you'll know when you might have a deeper problem.
- One of your clients canceled his/her policy and didn't notify your agency. That will appear to you as a "missed" payment from the carrier and cause you to investigate the situation.

When you have a system in place, like AgencyBloc, identifying missed commissions happens almost automatically. As long as you have all of your commissions data correctly entered, the misses will become apparent in a couple of ways:

- On a policy level: commission payments not received by statement date or by bill from date
- Within reports, like the Commissions Not Received report

For example, when you dig into a policy in AgencyBloc, the Commission tab will show you potential missed payments on that same screen.

AgencyBloc: Policy Payment History / Commissions

The Commissions Not Received report (shown on the next page) shows you the total missed commissions for a period, depending on the criteria you choose.

Once you identify missed payments, you will need five pieces of HIPAA data to call the carriers to reconcile. These are usually name, date of birth, SSN, phone number, and address (although they can vary). All of these are on AgencyBloc's Commissions Not Received report.

Commission Not Received

AgencyBloc

Report Criteria

Report timeframe: ● Bill From Date `RECOMMENDED` ○ Statement Date

Using the Bill From Date

The Bill From Date represents premium period(s) you are getting paid for on each statement. Depending on how often the carrier sends statements there could be more than one bill from date in the file. Learn more about missing commissions reports.

Bill From Dates (up to 12 months)

Start Month* `- select -`

Start Year* `- select -`

End Month/Year* `- select -`

Filters

Effective Date (range)	Carrier	Policy Status
Start / End	☐ AARP IOWA ☐ AARP-UHC ☐ Aetna ☐ Aflac	☐ Active ☐ Renewed ☐ Quoting ☐ Not Approved

AgencyBloc: Commissions Not Received Report

Ensuring Accuracy

No matter if you're splitting out payments or looking for missed commissions, accuracy is critical. If you're manually processing commissions, like in a spreadsheet or in a system that isn't built for your industry, accuracy can be lost. You've probably heard that 88% of spreadsheets contain errors, which is a major concern for insurance agencies. Not to mention, these errors can be challenging to find and can affect calculations for a long time. This can be troubling when you're hiring new agents or when the rates that you pay out change. Any time you're changing or adding new data into a large spreadsheet, mistakes can happen.

When you're processing commissions in an AMS with rates tied to policies and splits set up with your agents, the chances of manual entry error decreases drastically. An AMS also clearly shows you how much you should be receiving from the carrier and paying out to agents, allowing you to catch any mistakes made and address them quickly.

Section 3

Analyzing Commission Data

Analyzing Commission Data

Agencies without the right system in place lose out on important insights from their commissions data.

Unless you're tracking your current business in an AMS, you'll likely never identify areas of potential improvement. The sooner you begin tracking, the sooner you can start analyzing, identifying patterns, and understanding your commissions data.

From this, you can find answers to questions like:

- Did I receive the amount I was expecting?
- How accurate are the commissions I'm receiving from carriers?
- How will expected commissions affect the performance of our agency this year and years to come?
- How do my projected commissions affect future growth plans?
- Who are my top performing agents?
- From which carriers do I receive the most commissions?
- Which coverage types bring in the most commissions?

When agencies have a commissions management system in place, they can do many things that benefit their business. Beyond splitting out commissions and identifying missed commission payments, they can see potential future commissions, compare actual vs. expected commissions, analyze agency performance, and better understand their revenue.
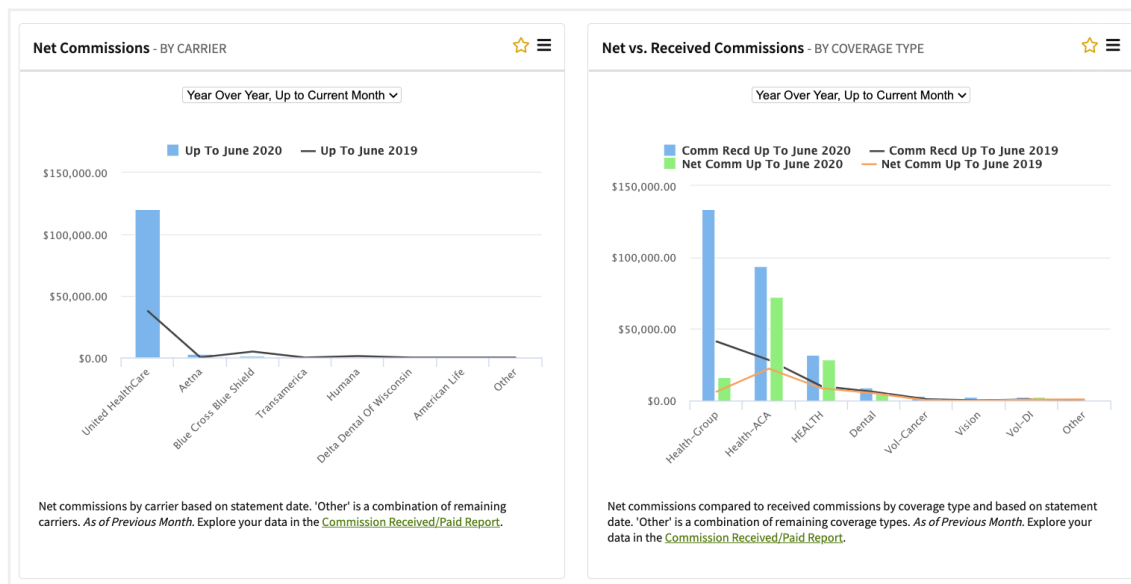
Commissions Graphs & Charts

AgencyBloc helps you use your commissions data to make smarter business decisions. Most people are visual, so graphs and charts are a welcome way to view insights about your commissions. View your commission data by carrier, top agents, and gain insight into your financials with these real-time graphs and charts:

- **Top Commissions Received** - by Carrier
- **Top Commissions Received** - by Agent
- **Net Commissions** - by Carrier
- **Net vs. Received Commissions** - by Coverage Type
- **Actual vs. Projected** - by Month
- **Actual vs. Projected** - by Coverage Type
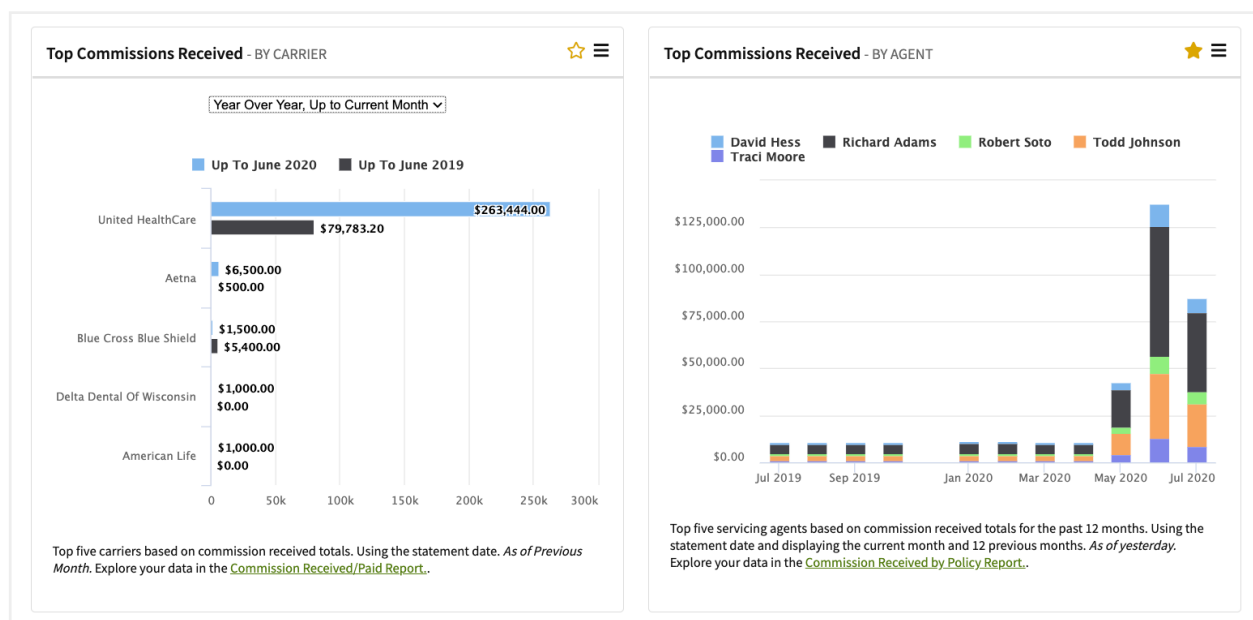
AgencyBloc: Real-Time Analytics

AgencyBloc: Commission Real-Time Analytics

What are "real-time" analytics? They are charts and graphs that are updated in "real time", meaning whenever data changes in your book of business, these graphs and charts will reflect that immediately.

Quick, high-level insights like this help you better understand which carriers you receive the most commissions from, which agents bring in the most business, which coverage types you're selling the most, and whether you're receiving the commissions you expected to.

With data visualization, decision makers are able to make quicker, more informed decisions. Staff across multiple teams in your agency can look at these graphs and charts and get a glimpse at performance.

To make informed decisions, you need a specific toolset at your fingertips. Real-time analytics visualized in graphs and charts is a big part of that. The other part is the ability to run custom reports.
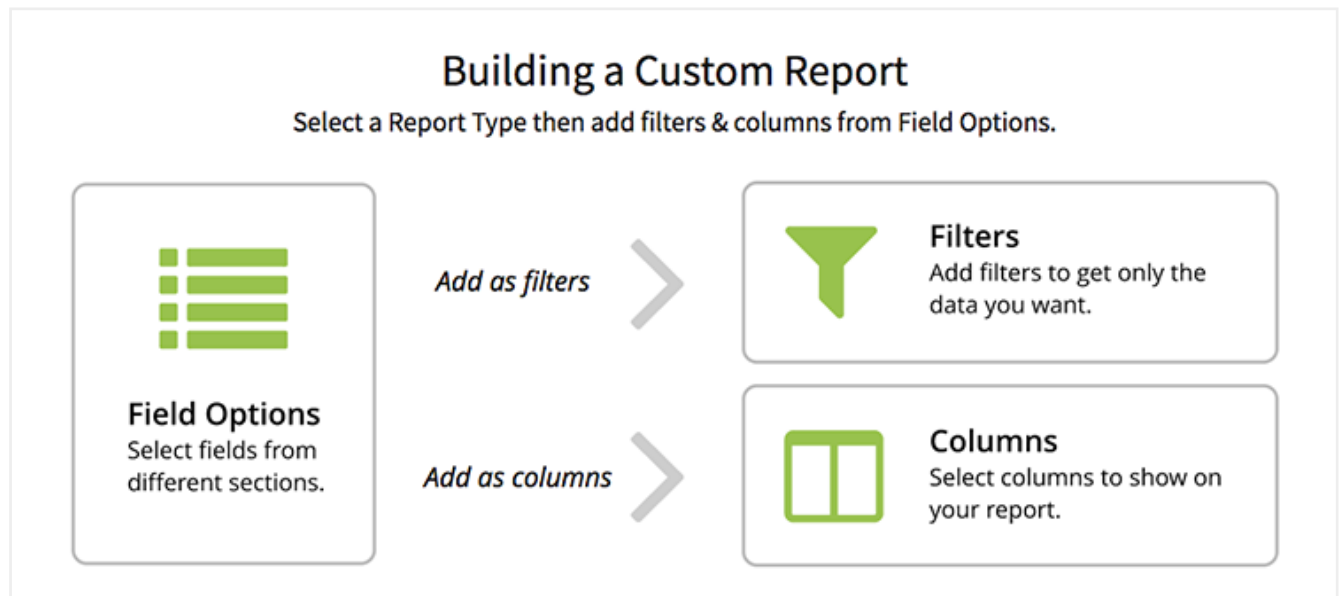
Commissions Reporting

Performance improvement hinges on knowing where to alter your behavior by looking at past behavior, which can be accomplished through commissions reporting.

What's also important is being able to share these reports with other team members easily. AgencyBloc includes industry-specific, pre-built reports as well as a [Custom Report builder](). That way, you can always get exactly what you need.

Examples of commission reports are:

- **Commission Totals:** This report shows you a summary of commissions coming into your agency. Customize the report by selecting filters and columns.
- **Commission Received:** This report allows you to monitor commissions received by policy, group, individual, or carrier.
- **Policy Commission Payees:** Use this report to examine how you currently have your commission payees set up on your policies.
- **Commission Payments:** This report summarizes details related to commission payments you've received.
- **Commission Projections:** This report shows you a summary of projections for policies you've set up. Information like this allows leadership to compare where they are currently and where they could potentially be with regards to commissions.

Building a Custom Report

Select a Report Type then add filters & columns from Field Options.

Field Options
Select fields from different sections.

Add as filters >

Add as columns >

Filters
Add filters to get only the data you want.

Columns
Select columns to show on your report.

AgencyBloc: Custom Report Builder

With these reports, you can add as many or as few columns (details) as you want, so only the most relevant data will show. Your commissions data is precious insight, and that's why agencies use an industry-specific AMS to track and analyze that information adequately.

AgencyBloc for Commissions Management

Commissions processing is no small feat, but it's a huge part of your agency's everyday business. And if you're still using Excel spreadsheets to track, process, and analyze commissions, you're likely experiencing some frustration.

To feel in control of their commissions and benefit from their data, life and health agencies turn to an AMS with commissions capabilities—managing their book of business and commissions data in the same system.

AgencyBloc is the [#1 Recommended Insurance Industry Growth Platform](#) serving the benefits and senior market space that helps agencies grow their business with an industry-specific CRM, commissions processing, and integrated business and marketing automation.

"I truly did not know the value that I was getting when I first signed up with AgencyBloc. In the first year alone, my savings on commissions processing and recovering missing commissions payments more than paid for my AgencyBloc subscription. It has saved me money and it has made me money."

MATT T., CENTRAL OHIO GROUP INSURANCE AGENCY, INC.

"We have been using AgencyBloc for about a year and a half. In that time frame, we've been able recover $69,000 in missing compensation. With the Activity tab, I can see who I've contacted, who I've emailed, and who I need to follow up with to make sure we get that money."

—BECCA D., UNITED PRODUCERS GROUP

"In terms of the tool itself, the reporting features are phenomenal. The reports are completely customizable and you can pull all of the data points you're looking for in one report. The commissions feature of AgencyBloc is the best. It's cut my time spent on commissions in half. It's way more efficient."

—ASHLEY E., SENIORITY BENEFIT GROUP

"We've been able to cut our time processing commissions by 75%, saved nearly $33,000 every year in employee time, and have gained 90 hours back every month. Switching to AgencyBloc was the best decision I made as a commissions manager."

—LESLYE G., JTS FINANCIAL

"I finished commissions in record time this month—5 hours!!! Down from 5 DAYS with our previous CRM!! Thank you, thank you, thank you!! We love AgencyBloc!!!!"

—VERLEE B., SIMA BENEFITS CONSULTING GROUP

THE
#1 RECOMMENDED INSURANCE INDUSTRY GROWTH PLATFORM
serving the benefits and senior market space

Sign up for a live, one-on-one demo of AgencyBloc.

You'll be able to discuss your agency's specific needs and see the AMS in action.

AgencyBloc