Lesson 1 Managing Producers and Commissions

Important!

Before starting this activity, please make sure you have followed and understood the VM instructions.

The BillingCenter application server must be running in the VM. This is indicated by the message ***BillingCenter ready***.

1.1   Prerequisites

For this exercise, use:

- In a supported browser go to the BillingCenter URL
    - Username: studentXX
    - Password: gw

1.2   Exercise: Create and test commission subplans

Activity

1. **Find the Ivy Insurance LLC XX producer.**
   a) What tier does this producer belong to?
   b) When is the producer paid commission?
   c) What commission plan is assigned to this producer?

2. **Open the commission plan.**
   a) What producer tiers are eligible to use this plan?
   b) How many subplans does the commission plan have?
   c) What is the name of the subplan you are currently viewing?
   d) What is the commission rate for the primary producer?
   e) When is commission earned?
   f) What items are commissionable?

3. **Succeed Insurance pays lower commission rates for Business Auto policies. Add a new conditional subplan with the following details:**
   a) Name: Business Auto
   b) Pay the following commission rates for Business Auto policies only.

- o   Primary: 8%
- o   Secondary: 4%
- o   Referrer: 2%
- c) Commission is earned when an invoice is billed.
- d) No commission is earned if the policy is delinquent.
- e) Pay commission on Premium charges only.

4. **Add two policies to the Charles Brewer LLC <u>XX</u> account with the following details:**

- o   ***Policy 1***
  Policy #: CA01-CBREWER-<u>XX</u>
  Product: Business Auto
  Payment Plan: PP02
  Producer: Ivy Insurance LLC <u>XX</u>
  Producer Code: 310070<u>XX</u>
  Charges: Premium for $15,000

- o   ***Policy 2***
  Policy #: BO01-CBREWER-<u>XX</u>
  Product: Business Owners
  Payment Plan: PP02
  Producer: Ivy Insurance LLC <u>XX</u>
  Producer Code: 310070<u>XX</u>
  Charges: Premium for $16,200

5. **Return to the Ivy Insurance LLC <u>XX</u> producer.**

- a) How much money is in reserve for commissions?
- b) How much money is payable for commissions? Why is that?

6. <u>**WAIT**</u>**: The instructor will bill the first invoice for each policy.**

7. **Refresh the Ivy Insurance <u>XX</u> LLC producer.**

- a) How much money is in reserve for commissions?
- b) How much money is payable for commissions? Why is that?

8. <u>**WAIT**</u>**: The instructor will generate the commission statement.**

9. **Click Direct Bill Commission Statements in the Sidebar and open the commission statement.**

- a) Where can you find the amount of commission earned?
- b) How much was earned?
- c) How much was paid?

Tip

Calculating the commission rate from commission amount

> To calculate the commission rate from the commission amount, divide the commission amount by the commissionable item amount and then multiply by 100.
>
> For example, if a producer is paid $120 in commission for a down payment amount of $1200 (commissionable item amount), the commission rate is 10%.

    d) Using the amount paid for the Business Owners policy, what commission rate was paid? Is this the correct commission rate?

    e) Using the amount paid for the Business Auto policy, what commission rate was paid? Is this the correct commission rate?

10. **Open the Business Auto policy on the Charles Brewer LLC <u>XX</u> account.**

    a) Open the **Commissions** screen.

    b) What is the commission rate for the submission transaction?

    c) Does this rate match what you saw on the commission statement?

1.3   Solution

Solution

1. **Find the Ivy Insurance LLC <u>XX</u> producer.**

    a) What tier does this producer belong to? *Gold*

    b) When is the producer paid commission? *On the 5th of the month*

    c) What commission plan is assigned to this producer? *CP04-<u>XX</u>*

2. **Open the commission plan.**

    a) What producer tiers are eligible to use this plan? *All tiers—Gold, Silver, and Bronze*

    b) How many subplans does the commission plan have? *1*

    c) What is the name of the subplan you are currently viewing? *default*

    d) What is the commission rate for the primary producer? *12*

    e) When is commission earned? *When an invoice is billed*

    f) What items are commissionable? *Premium*

3. **Succeed Insurance pays lower commission rates for Business Auto policies. Add a new conditional subplan with the following details:**

    a) Pay the following commission rates for Business Auto policies only.

        ▪ Primary: 8%

        ▪ Secondary: 4%

- Referrer: 2%

b) Commission is earned when an invoice is billed.

c) No commission is earned if the policy is delinquent.

d) Pay commission on Premium charges only.
   Click **Edit**. In the Subplan section, click **Add** and fill in the details on the **General** tab:

On the **Commissionable Items** tab, click **Add** and select **Premium**.

On the **Subplan Availability** tab, change **Allow Products** to **Select**. Change all **Yes** radio buttons to **No** except Business Auto.

*Click **Update** to save the commission plan with the new subplan.*

4. **Add two policies to the Charles Brewer LLC <u>XX</u> account with the following details:**

   ○ ***<u>Policy 1</u>***
   Policy #: CA01-CBREWER-<u>XX</u>
   Product: Business Auto
   Payment Plan: PP02
   Producer: Ivy Insurance LLC <u>XX</u>
   Producer Code: 310070<u>XX</u>
   Charges: Premium for $15,000

   ○ ***<u>Policy 2</u>***
   Policy #: BO01-CBREWER-<u>XX</u>
   Product: Business Owners
   Payment Plan: PP02
   Producer: Ivy Insurance LLC <u>XX</u>
   Producer Code: 310070<u>XX</u>
   Charges: Premium for $16,200

5. **Return to the Ivy Insurance LLC <u>XX</u> producer.**

   a) How much money is in reserve for commissions? *$3,144*

   b) How much money is payable for commissions? *None* Why is that? *The commission plan specifies On Billing. This means no commission is earned until an invoice is billed.*

6. <u>**WAIT**</u>**: The instructor will generate the commission statement. *See Appendix for instructions***

7. **Refresh the Ivy Insurance <u>XX</u> LLC producer.**

   a) How much money is in reserve for commissions? *$2,829.60*

   b) How much money is payable for commissions? *$314.40* Why is that? *Both of these policies are using a Monthly payment plan and only the first month has been billed. So the commission earned is a percentage of the first month's premium for both policies.*

8. <u>**WAIT**</u>**: The instructor will generate the commission statement: *See Appendix for instructions***

9. **Click Direct Bill Commission Statements in the Sidebar and open the commission statement.**

   a) Where can you find the amount of commission earned?
   *In the **Account Summary** section, the **Policy Activity** field shows the amount of commission earned.*

b) How much was earned? *$314.40*

c) How much was paid? *$314.40*

Tip

Calculating the commission rate from commission amount

To calculate the commission rate from the commission amount, divide the commission amount by the commissionable item amount and then multiply by 100.

For example, if a producer is paid $120 in commission for a down payment amount of $1200 (commissionable item amount), the commission rate is 10%.

d) Using the amount paid for the Business Owners policy, what commission rate was paid? *12%* Is this the correct commission rate? *Yes—$194.40 / $1620 * 100 = 12*

e) Using the amount paid for the Business Auto policy, what commission rate was paid? *8%* Is this the correct commission rate? *Yes—$120 / $1500 * 100 = 8*

10. **Open the Business Auto policy on the Charles Brewer LLC <u>XX</u> account.**

a) Open the **Commissions** screen.

b) What is the commission rate for the submission transaction? *8%*

c) Does this rate match what you saw on the commission statement? *Yes*