Re-Annualizing Commissions

Overview

This article explains how to review and change the annualization setting for an agent's commission on life insurance.

Details

Some agents/agencies choose to have their first-year commission paid up front, when the initial premium is paid, instead of waiting for their earnings to be paid throughout the policy year. On LS products, annualization is automated and cannot be changed by a payment center teammate. However, on NL products, annualization is not automated.

After a reversal of premium (for ANY reason) any commission paid will chargeback from the agent. In order to trigger the appropriate payout to offset that chargeback, the policy must be re-annualized manually by the billing team.

After the re-annualization is processed, the commission payout is triggered by the next payment applied to the policy. This is especially important when processing re-establishes, refunds, or corrections for NL policies within the first year. The re-annualization must occur before the next payment is applied to the policy so that the commission will earn.

Procedure
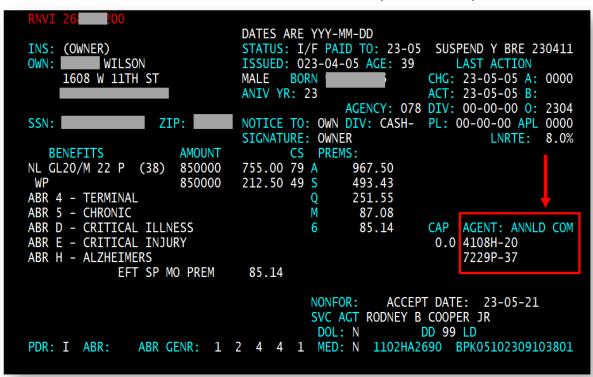
Procedure at a Glance - Annualizing on Trad

To see this procedure in detail, click the steps above.

Step	Action
1	Review the current annualization settings in Mainframe
2	Update the PCFI screen
3	Confirm Annualization Indicator in RNVI

Step 1: Review the current annualization settings in Mainframe

In Mainframe, access the RNVI screen and review the **ANNLD COM** field in the bottom right corner.

- Confirm the **Benefits** field on the left side says **NL**.
- **A** means the agent is set up for annualized commission. No change is needed.
- **N** means the agent is not set up for annualized commission. No change is needed.
- If the field is **blank**, that means the agent was set up for annualized commission, but the policy came off EFT (such as due to a return or a reversal), and the annualized commission was reversed. To re-annualize the commission, proceed to Step 2.

Step 2: Update the PCFI screen

If the annualization is blank, and the policy is in a paid status, and the company is NL, proceed to the PCFI screen.

1. Replace RNVI with PCFI. Press the ENTER key on your keyboard.

   Note: The PCFI transaction cannot be processed when the policy is in an unpaid status or when there is a change pending on the policy. In these situations, create a task for yourself to return to the policy the following business day and complete the annualization.

2. Update the following fields on the PCFI screen.
    o In the **annualize/charge back code** field, type **V.**
    o In the **Override all?** field, type **Y.**
    o Press the ENTER key on your keyboard. The change will take effect immediately.

Tip: You can annualize all of the agents' commissions as stated above. If you need to annualize only certain agent's commissions, you can enter **V** in the **Annualize/charge back code** field, but leave the **Override all?** field blank. Then, enter a **Y** in the **Annl Adj Comms?** field of the individual agent(s) listed in the Agents Trailer sections of the screen. Press ENTER to submit the transaction.

Tip: If you need to remove the annualization setting, you can enter **Y** in the **Annualize/charge back code** field and **Y** in the **Override all?** field. Press ENTER to submit.

Step 3: Confirm Annualization Indicator in RNVI

Return to the RNVI screen to confirm the Annualization Indicator is now present on the policy.

```
RNVI 26    00
                          DATES ARE YYY-MM-DD
INS: (OWNER)              STATUS: I/F PAID TO: 23-05  SUSPEND Y BRE 230411
OWN:     WILSON           ISSUED: 023-04-05 AGE: 39      LAST ACTION
     1608 W 11TH ST       MALE   BORN              CHG: 23-05-05 A: 0000
                          ANIV YR: 23              ACT: 23-05-05 B:
                                        AGENCY: 078 DIV: 00-00-00 O: 2304
SSN:            ZIP:      NOTICE TO: OWN DIV: CASH-  PL: 00-00-00 APL 0000
                         SIGNATURE: OWNER                   LNRTE:  8.0%
    BENEFITS        AMOUNT      CS  PREMS:
NL GL20/M 22 P  (38)  850000   755.00 79 A      967.50
 WP                   850000   212.50 49 S      493.43
ABR 4 - TERMINAL                       Q      251.55
ABR 5 - CHRONIC                        M       87.08
ABR D - CRITICAL ILLNESS               6       85.14    CAP  AGENT: ANNLD COM
ABR E - CRITICAL INJURY                                 0.0  4108H-20   A
ABR H - ALZHEIMERS                                           7229P-37   A
          EFT SP MO PREM       85.14

                              NONFOR:    ACCEPT DATE:  23-05-21
                              SVC AGT RODNEY B COOPER JR
                               DOL: N          DD 99 LD
PDR: I  ABR:     ABR GENR:  1  2  4  4  1  MED: N  1102HA2690  BPK05102309103801
```

Escalation/Extreme Circumstances

The PCFI transaction can be processed only for a policy in a paid status, and only if there are no other transactions pending. There may be escalations or special circumstances that would require a policy to be re-annualized and drafted all in the same day in order to make the Thursday commission cutoff.

Reach out to your team lead or manager if you are handling an important, time sensitive transaction. If necessary, a team lead or manager can proceed with the below steps for a same-day annualization of an unpaid policy.
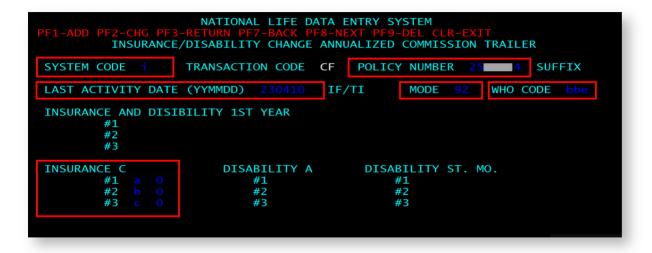
Click here to view the steps for same-day annualization.

1. In a new Mainframe session, type **ASFN**. Press the ENTER key on your keyboard. The below screen will be displayed.

2. Locate the **Multisystem Chg Agts Comp Trai** table. In the **Sel** field to the left of the table, type **S**. Press the ENTER key on your keyboard.

3. The Insurance/Disability Change Annualized Commission Trailer screen will be displayed.

- In the **System Code** field, type **i**
- In the **Policy Number** field, type the policy number
- In the **Last Activity Date** field, type the date of the last action as shown in the top right corner of the RNVI screen
- In the **Mode** field, type **92** for an unpaid policy (or 35 for a paid policy)
- In the **Who Code** field, type your personal who code
- In the **Insurance C** field in the bottom left, type **A 0**. Make additional similar entries if there are multiple agents on the policy, using B, C, and so on.
- When you are satisfied with your changes, press the F1 key to submit the transaction

Procedure at a Glance - Annualizing on Vantage

To see this procedure in detail, click the steps above.

Step	Action
1	Review the current annualization settings.
2	Update the PG screen if the annualization is blank.
3	Confirm the Annualization Indicator in SUPR

Step 1: Review the current annualization settings in Mainframe

In Mainframe in the vtg1 system, access the SUPR screen and review the **ANNL COM IND** field in the bottom right corner.

- Confirm the **CO** field in the top left corner is **NL.**
- **Ann** means the agent is set up for annualized commission. No change is needed.
- If the field is **blank**, that means the agent is not set up for annualized commission. To determine if the commission needs to be re-annualized, proceed to Step 2.

Step 2: Update the PG screen if the annualization is blank.

1. In the **Nxt Trx** field in the bottom left, type **PG**. Press the ENTER key on your keyboard.

```
          COMMAND
CO CD NL    POL         NL2        SEC ID        PROD U1 PLAN 101418 LOB NDX STAT A
RSTR    SPND    PDF IND N CONTR S ANN DT 03/10/2024 LST FIN DT 04/14/2023 LN ID N
                          ***PRODUCER INDEX***
SEGMENT                          EFFECTIVE          DIRECTORY          PRODUCER
  ID          TYPE    OCC NO.      DATE            IDENTIFIER            CODE
  TERM         PR       01       03/10/2023          NL2      INS        01
  APB          PR       02       03/10/2023          NL2      INS        01
  LIBR3        PR       01       03/10/2023          NL2      INS        01
  AVENM        PR       01       03/10/2023          NL2      INS        01
  ABR3         PR       01       03/10/2023          NL2      INS        01
  ABR4         PR       01       03/10/2023          NL2      INS        01
  ABR7         PR       01       03/10/2023          NL2      INS        01



    SEGMENT  _    TRANS EFF DATE              ORIG CODE BPK          NO MORE

  NXT TRX PG    VER     PROD U1 CL/POL        NL        SEC ID       CO NL   OVRD N
```
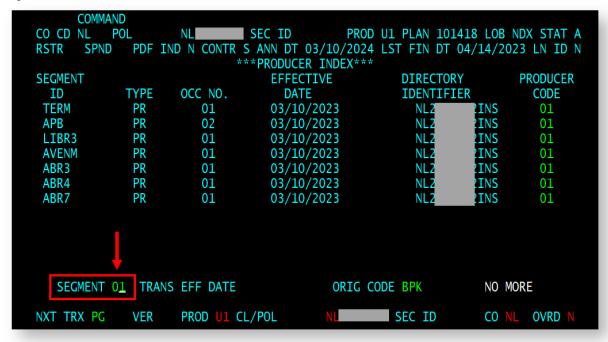
2. In the **Segment** field in the bottom left, type **01.** Press the **ENTER** key on your keyboard.

```
          COMMAND
CO CD NL    POL         NL         SEC ID        PROD U1 PLAN 101418 LOB NDX STAT A
RSTR    SPND    PDF IND N CONTR S ANN DT 03/10/2024 LST FIN DT 04/14/2023 LN ID N
                          ***PRODUCER INDEX***
SEGMENT                          EFFECTIVE          DIRECTORY          PRODUCER
  ID          TYPE    OCC NO.      DATE            IDENTIFIER            CODE
  TERM         PR       01       03/10/2023          NL2      PINS       01
  APB          PR       02       03/10/2023          NL2      PINS       01
  LIBR3        PR       01       03/10/2023          NL2      PINS       01
  AVENM        PR       01       03/10/2023          NL2      PINS       01
  ABR3         PR       01       03/10/2023          NL2      PINS       01
  ABR4         PR       01       03/10/2023          NL2      PINS       01
  ABR7         PR       01       03/10/2023          NL2      PINS       01



    SEGMENT 01    TRANS EFF DATE              ORIG CODE BPK          NO MORE

  NXT TRX PG    VER     PROD U1 CL/POL        NL        SEC ID       CO NL   OVRD N
```
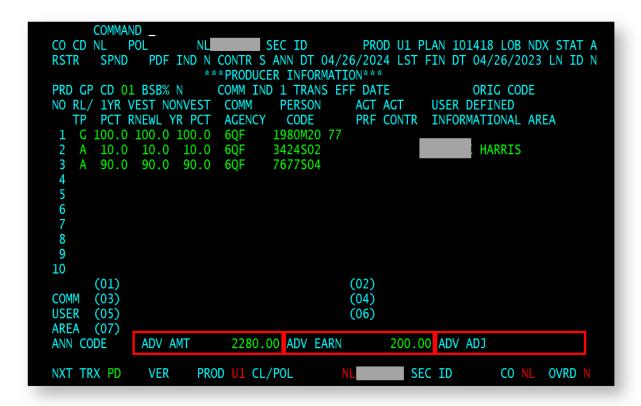
3. Review the **Adv Amt** field, the **Adv Earn** field, and the **Adv Adj** field.
   - If the policy annualized on the initial premium draft, the Adv Amt will be greater than the Adv Earn. The Adv Adj field will be blank. Proceed to Step 5.
   - If the policy did not annualize on the initial premium draft, but did annualize after that point, the Adv Adj will be the premium payment that already occurred (was

not annualized), and the Adv Earn will be reduced by that amount. The amount in the Adv Earn field will be the balance that was annualized. Proceed to Step 5.

- o If the policy did not annualize on the initial premium draft, and is not intended to annualize after that point, the Adv Adj will be the premium payment that already occurred (was not annualized), and the Adv Earn and Adv Amt will be 0. No change is needed.
- o If the policy was never annualized, these fields will be blank. No change is needed.
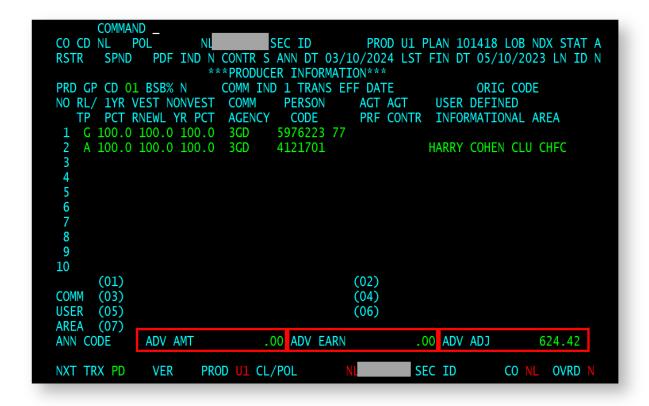
Click here to view an example of a policy that needs to be re-annualized.

Because the Adv Amt is larger than the Adv Earn, and the Adv Adj is blank, this policy initially annualized upon the first premium draft. This policy needs to be re-annualized.

Click here to view an example of a policy that does not need to be re-annualized.

Because the Adv Adj shows the premium payment that already occurred, and the other two fields show 0, this policy does not need to be re-annualized. No change is needed.

```
      COMMAND  _
CO CD NL   POL         NL          SEC ID          PROD U1 PLAN 101418 LOB NDX STAT A
RSTR    SPND     PDF IND N CONTR S ANN DT 03/10/2024 LST FIN DT 05/10/2023 LN ID N
                   ***PRODUCER INFORMATION***
PRD GP CD 01 BSB% N      COMM IND 1 TRANS EFF DATE              ORIG CODE
NO RL/ 1YR VEST NONVEST  COMM      PERSON     AGT AGT    USER DEFINED
   TP  PCT RNEWL YR PCT  AGENCY    CODE       PRF CONTR  INFORMATIONAL AREA
 1  G 100.0 100.0 100.0  3GD    5976223 77
 2  A 100.0 100.0 100.0  3GD    4121701               HARRY COHEN CLU CHFC
 3
 4
 5
 6
 7
 8
 9
10
      (01)                              (02)
COMM  (03)                              (04)
USER  (05)                              (06)
AREA  (07)
ANN CODE      ADV AMT          .00 ADV EARN          .00 ADV ADJ        624.42

NXT TRX PD    VER    PROD U1 CL/POL      NL         SEC ID      CO NL  OVRD N
```

Tip: Consult a Team Lead if you are unsure whether or not a policy needs to be re-annualized.

4. In the **Ann Code** field in the bottom left, type **Ann**. Press the F4 key to submit the transaction.

Note: Unlike Trad policies, agent splits on Vantage policies must all be set to the same commission mode. It is not possible to have one agent set for annualized commissions without all of the agents on the policy also being set for annualized commissions.

Step 3: Confirm the Annualization Indicator in SUPR

The change will take effect immediately. Return to the SUPR screen to confirm the Annualization Indicator is now present on the policy.

Escalation/Extreme Circumstances

Once the annualization indicator is set, a payment must be received on the policy to trigger the payout to the agent. There may be escalations or special circumstances that would require a policy to be re-annualized, but the next payment is not scheduled until after the Thursday commission cutoff.
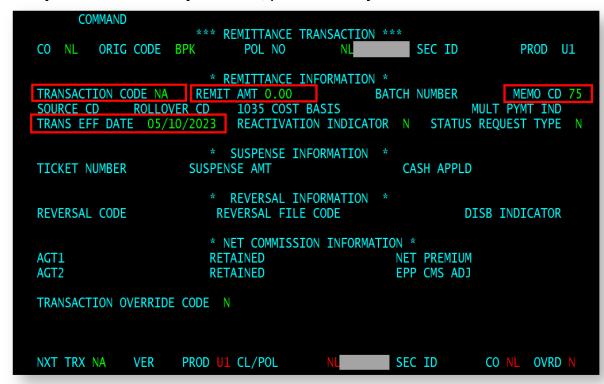
Reach out to your team lead or manager if you are handling an important, time sensitive transaction. If necessary, a team lead or manager can proceed with the below steps to submit a $0 payment to trigger the annualized commission payout.

Click here to view the steps for submitting a $0 payment.

Create a new transaction in Mainframe using the NA1 screen in the vtg1 system.

- In the **Transaction Code** field, type **NA**
- In the **Remit Amt** field, type **0.00**
- In the **Memo CD** field, type **75**
- In the **Trans Eff Date** field, use the Current Date, formatted **MM/DD/YYYY**

- When you are satisfied with your entries, press the F1 key to submit the transaction

Related Resources

- [Re-establishing a Request](#)

Article Details

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