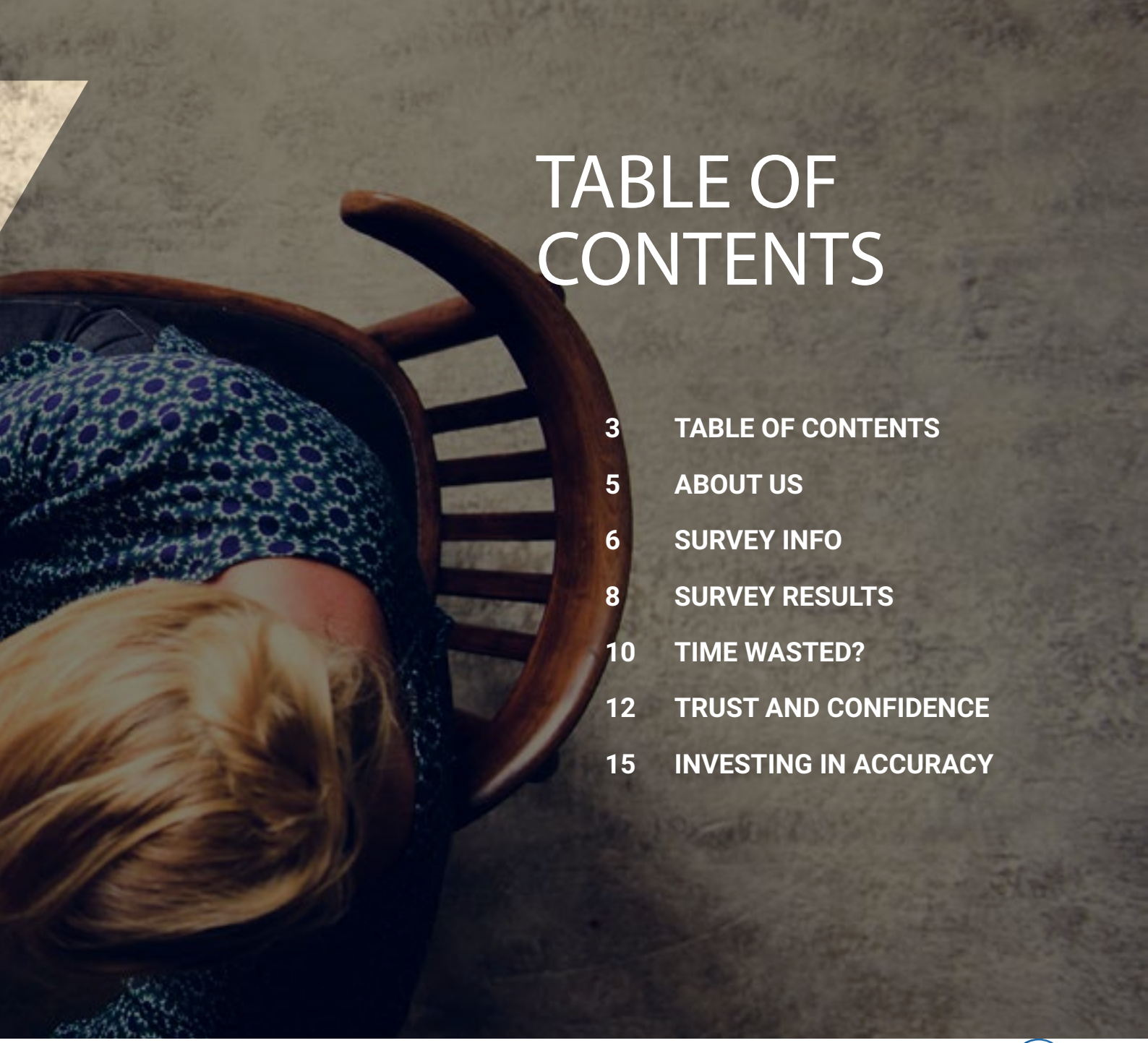
2018 STATE OF INSURANCE

COMMISSIONS MANAGEMENT REPORT

GreenWave Commissions

greenwavecommissions.com

GreenWave Commission Management



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Commission Management.

Streamlined.

ABOUT US

GreenWave Commissions

With a mission to liberate, inspire and encourage growth through application of exceptional services and technology, GreenWave has been focused on solving commission management problem for the largest independent agencies over the last 18 years.

GreenWave provides the only enterprise-grade commission management platform in the industry that fully automates every aspect of an agency's commission operation even for the largest and most complicated agencies in the industry and is also at the forefront for the latest commission process research in the insurance industry.

GreenWave's Founder and CEO, Slava Isayev, the foremost thought leader in commission management, called for this research to provide a snapshot of the state of the industry in processing commissions.

Commission Management

State of Commission Management in 2018: Survey

GreenWave engaged with over 2000 independent insurance industry executives to conduct the survey.

People that responded to our survey represented various types of agencies in various places in distribution hierarchy participated – See Figure 1.

Figure 01: Survey Respondents by Type

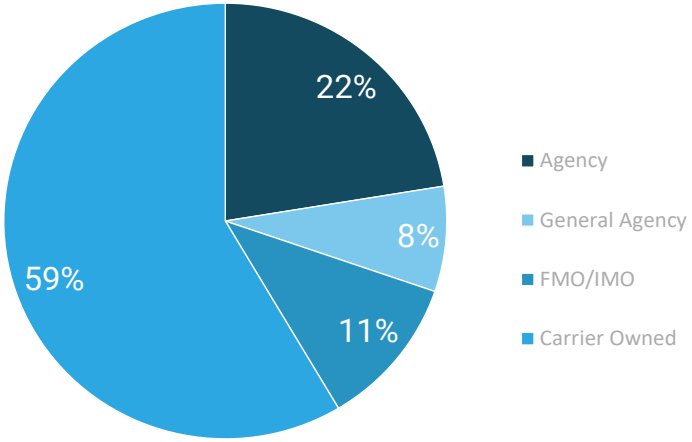
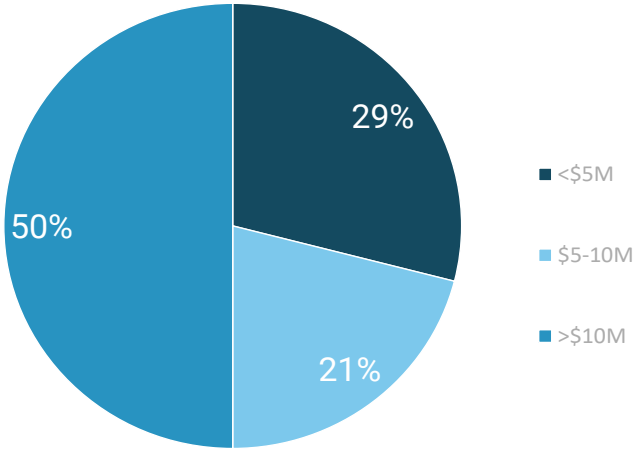


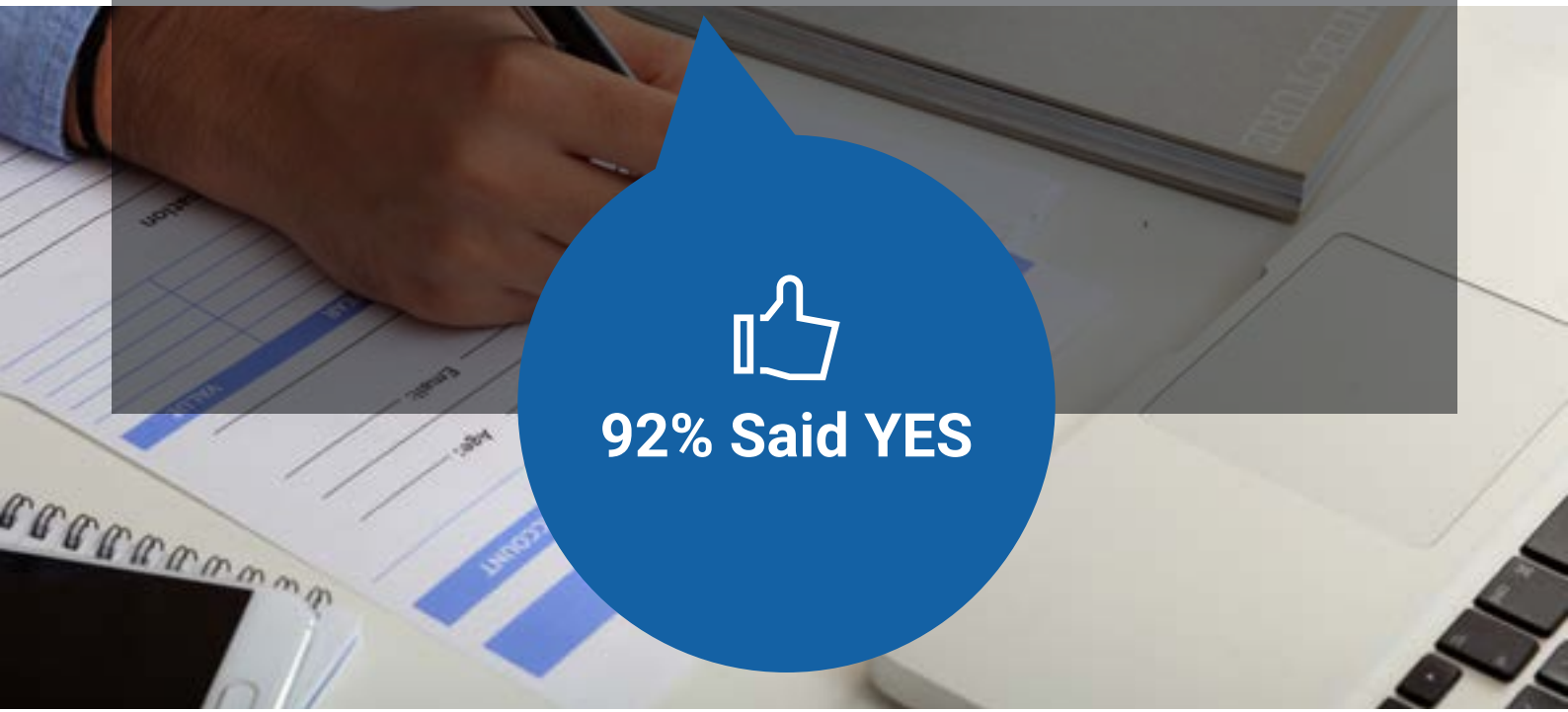
Figure 02: Survey Respondents by Size



Both larger and smaller sized agencies were represented – See Figure 2.

Do you believe that Commissions Management is a strategic priority in your company?

- GreenWave Research

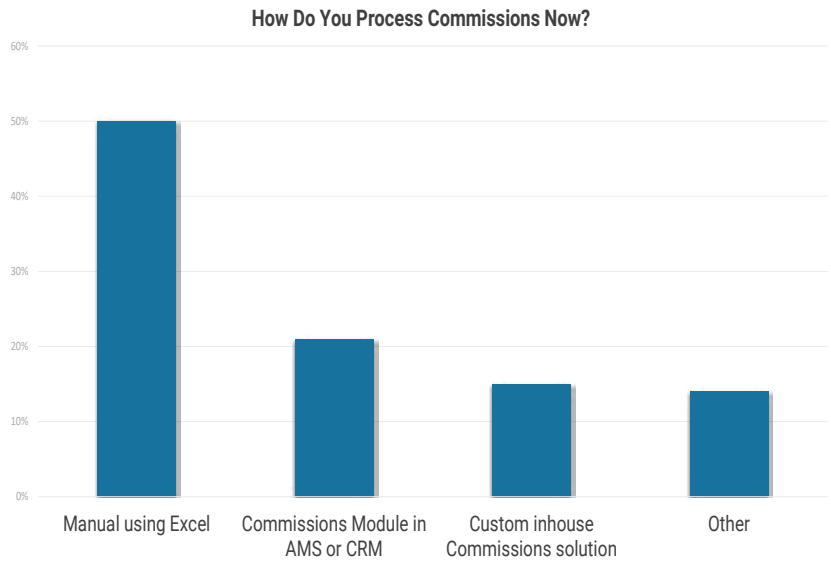


THE RESULTS

WHAT WE FOUND

Figure 03

Many agencies, regardless of how big they are, still rely on a manual process and utilize very talented commission managers to determine how much commissions their agency gets to keep, and how much gets paid out to their downline producers.
This survey showed that only 21% were able to utilize CRM commission modules and **50% of agencies chose to rely on Excel-based manual process**. And if you look at only the agencies now that are using this Excel-based process, more than half of them are large (> $5m)!



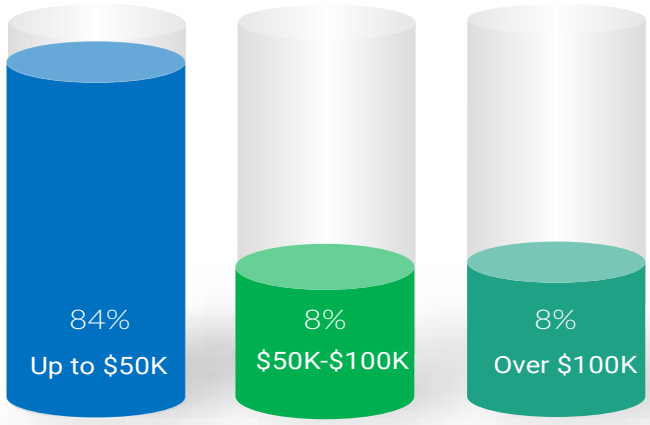


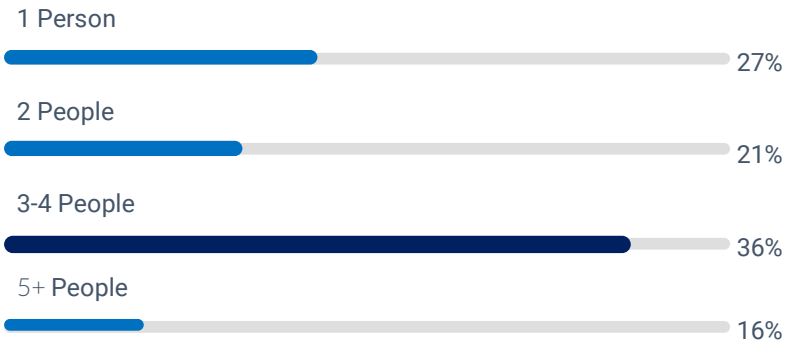
Figure 04

All of these agencies have found errors in commission payments. Either they got underpaid by the carrier or they paid too much to their downline producers. And the amounts of these errors were not trivial either. Of all the respondents, **86% reported that they find up to $50,000 of lost commissions annually**

Figure 05

In this survey we asked what the size of the commissions department was for each of these agencies.

How large is the typical Commissions Department?



50%

Of Commissions Departments have 3 or more members

TIME WASTED

AUDITS, STATEMENTS, AND COMMISSIONS ADMINISTRATION

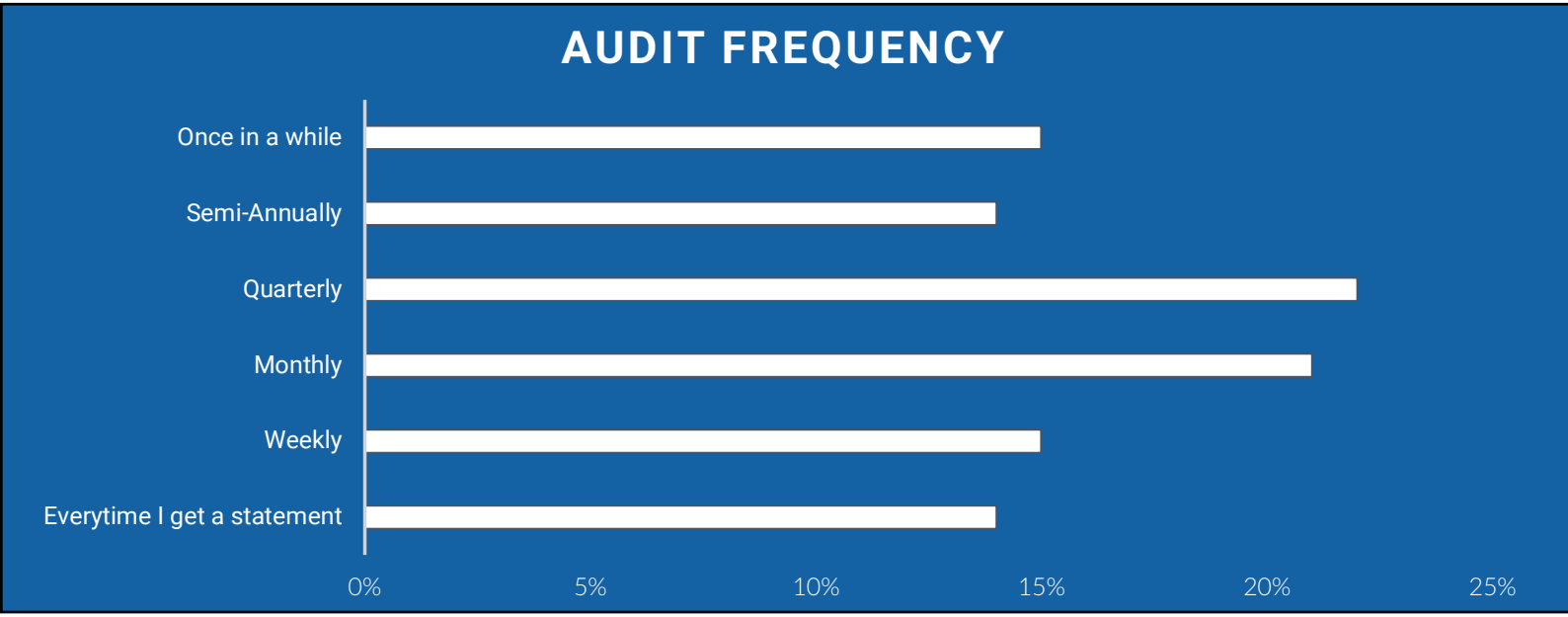
Figure 06

GreenWave recently conducted a study of what percentage of time these teams spend in just collecting statements from different sources and massaging them, what we found was that up to 40% of a departments time is spent on these activities alone.

For teams of 3 or greater that could mean that at least **$75,000 per year could be saved** on manual operations that should be automated! Much of the remaining time is spent reviewing and double-checking commission statements – an arduous manual, transaction by transaction, process.

We have some clients that need to process more than 30,000 transactions every month – and that's only for one carrier. How much manual labor will that take? This is a very costly process that is screaming for automation!

Figure 6 shows how often agencies conduct audits to verify that they are being paid correctly.

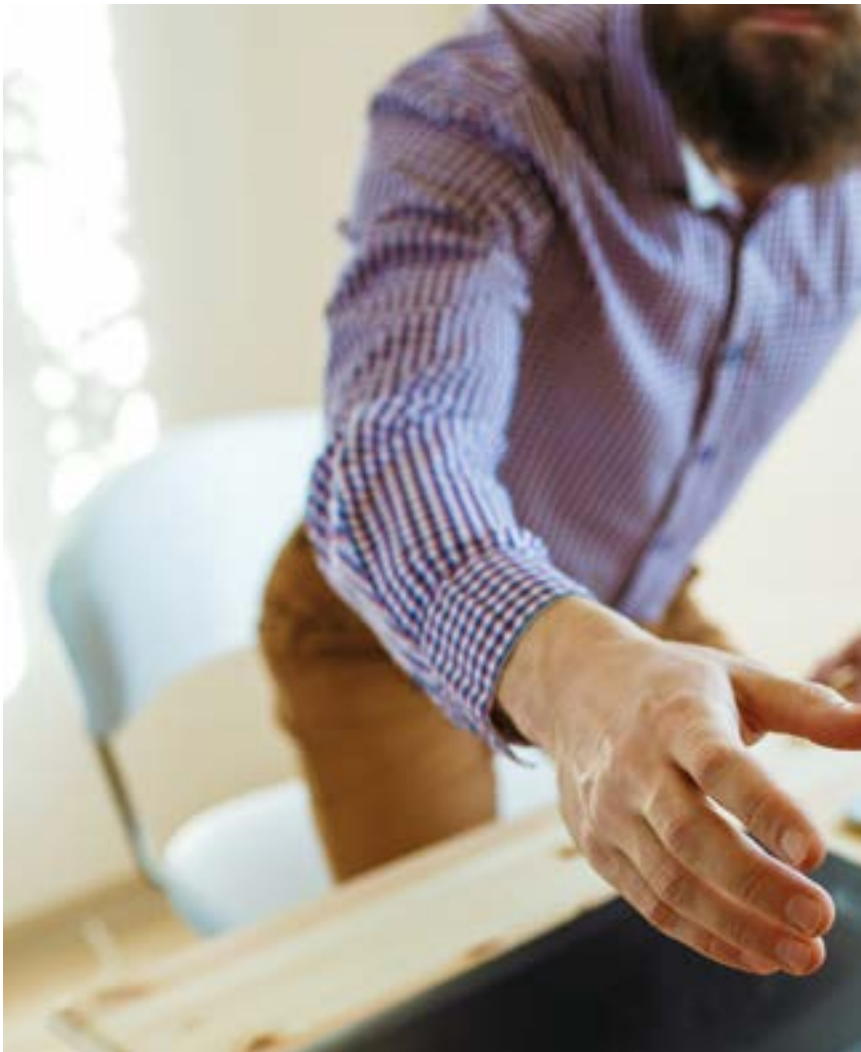


We have spoken to a CFO of one of our clients who stated that he did not trust the results of their manual process and had to regularly become personally involved with his commissions team to review the payments before they were to be sent out. He said it was such an unnecessary use of his valuable time as well as it delayed payments even longer to their agents.

TRUST AND CONFIDENCE

FIXING THE PROCESS

We have had senior executives at clients of ours who have told us that they can't sleep at night because of how exposed they feel that such a critical process (over 90% of respondents said that commissions management is a strategic and critical process to their agency) is only truly understood by so few individuals.



It is very difficult to train new people on the process as well a fully document it because there are so many nuances and complexities in the commission grids – both carrier schedules as well as agency overrides and bonus systems. So, they worry about the impacts to their business if these people leave the company.

In addition, it is very difficult to get timely reports on past as well as future revenue projections when the process is manual. We had a client who told us that he was having extreme difficulties in getting growth financing because of the difficulty convincing a bank that he had a repeatable and error free system and that the forecasted revenue reports that he was presenting to them were trust-worthy!

We asked all senior executives that responded to the survey, and they responded that **56% of them had such worries.**

Timely and Accurate Payments to their Producers

Another issue with processing commissions without an enterprise-grade, fully automated commission platform, is that it often takes too long to pay their producers. We know agencies that have taken 4 weeks or longer to pay their agents from the time that they receive the commission checks from their upline. In addition, it is often very difficult for agents to determine what they should be getting paid by their agencies as they have no portal or system to log into or get detailed, multi-carrier statements. Typically, they need to call their commission managers and ask. It then takes these commission managers maybe a day or so to research, prepare and validate the data and email the agents. This antiquated process is very frustrating for these agents, specifically the top producers. So, we asked a question on the survey if they these agencies know if they have lost agents because of this. **33% of agencies $5M and greater said that they have lost top producers because of a manual commissions process.**

LIFE INSURANCE

INVESTING IN ACCURACY

WITH GREENWAVE COMMISSIONS

The poll gives a good example of what looks to be a common thread among industry insiders in in the insurance industry: **Inaccuracy with commissions is a big concern and is costing tens of thousands of dollars a year.**

Even with consistent audits, multiple individuals assigned to commissions, and software solutions provided by existing agency management systems people are still not only unconvinced that their calculations are accurate but are almost completely sure that they are not calculating commissions effectively.

Greenwave Commissions is the only industrial strength and enterprise-grade commissions management solution that can give you the "best that can be done" commissions calculation rather than the "best that you can do" which leads to lack of confidence and lost revenue.

Please consider taking advantage of a free Commissions Process Review offered by Greenwave so that we can help you analyze your current solution and understand where the gaps might be.

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GreenWave

Increase Profits. Streamline Commissions.