

## Production Credit % FAQ

### What is Production Credit%?

Production Credit % is the way the Agency counts Agency Premium and Agency Commission for a Producer. Producer Commission % is the way the Agency credits the Producer their Commission Payable on the Producer Report for their check. In Epic, the system calculates those numbers for you on the reports showing Agency Premium and Commission. The Epic Production Credit % must always equal 100.000%. A Producer's Production Credit %, ie the Producer's **Agency Premium and Agency Commission** are used to determine **Individual Producer Commission Rates and Bonuses**.

### Why is this important?

It is only really important with shared policies with other Producers. A single Producer always gets 100% of Agency Premium, Commission and Producer Commission to their credit. Production Credit % provides a way for Epic to track this automatically for all shared policies. These Agency numbers are on all Production Reports, Expiration Reports and Book of Business Reports. (Many have asked why the premium is \$0 on the Expiration Report – a Production Credit of 0% on the policy is one cause of this.)

### How did we do it before?

For any shared lines of business we have always had to calculate Agency Premium and Commission for the individual Producers. Individual Producer Commissions in both TAM and Epic report correctly. In TAM, every shared Producer reported 100% Production Credit %, so Production Reports, Producer Reports, Book of Business and Expiration Reports in TAM overstated the Agency Premium and Commission for each shared policy. In Epic, although we had a way to overcome the problem from TAM, we initially did not enter the Production Credit % on shared policies, so the First Producer listed defaulted to 100% and the remaining defaulted to 0%. For all Bonus Reports and Year End Production Reports, the Agency Premium and Commission had to be split outside of TAM/Epic based on the ratio of the shared Producer commissions. If the policy had a split of the commission, each producer Production Credit % calculated to their ratio of the Agency Premium and Commission.

Producer	Producer Rate	Production Credit Calculation	Production Credit%
One	20%	$20/(20+30)=$	40.0000
Two	30%	$30/(20+30)=$	60.0000

Producer	Producer Rate	Production Credit Calculation	Production Credit%
One	25%	$25/(25+25)=$	50.0000
Two	25%	$25/(25+25)=$	20.0000

### Why change now?

We were waiting for Applied to incorporate the calculations automatically based on the Producer commission split, but that does not look like it will happen. We want to provide meaningful Agency Premium and Commission numbers on the Expiration, Book of Business, Production Reports to the Producers and New Business Premium and Commission tracking in Agent Answer Reports, so we will be manually entering these on renewals and new policies. We also need to accommodate a share of a producer commission, but not of the account or policy premium/commission.

### What do I have to do?

If you wish to continue the Production Credit % based on Producer Commission % reflecting the split ratio in your current shared policy written agreement, nothing is required. The system will be updated based on the current ratio of Producer Commission Agreements. Agency Premium and Commission on the examples below show how it would appear on the Epic reports, Commission Rate Requirement totals and Bonus Reports.

Examples based on traditional shared policy based on commission split ratios:

Policy Premium: \$1,000, Agency Commission is 10% or \$100

Producer	Producer Rate	Producer Commission	Production Credit%	Account Premium Credit	Agency Commission Credit
One	40%	\$40.00	80.0000%	\$800.00	\$80.00
Two	10%	\$10.00	20.0000%	\$200.00	\$20.00

Producer	Producer Rate	Producer Commission	Production Credit%	Account Premium Credit	Agency Commission Credit
One	20%	\$20.00	33.3334%	\$333.34	\$33.34
Two	20%	\$20.00	33.3333%	\$333.33	\$33.33
Three	20%	\$20.00	33.3333%	\$333.33	\$33.33

If you want a different Production Credit % arrangement, we need to add that to your current shared business agreements to reflect the split of the Agency Premium and Commission that does not reflect the split on your current written agreement.

Examples are where Producer Two may be FINA01 or Producer One is sharing a policy Producer Commission only, but no credit for Account Agency Premium or Agency Commission to the Producer Two for their production or any production bonus:

Policy Premium: \$1,000, Agency Commission is 10% or \$100

Producer	Producer Rate	Producer Commission	Production Credit%	Account Premium Credit	Agency Commission Credit
One	25%	\$25.00	100.0000%	\$1,00.00	\$100.00
Two	25%	\$25.00	0.0000%	\$0.00	\$0.00

### Epic Reports:

Expiration and New Business Bonus Reports are now showing the Production Credit % for your reference. Lines can be corrected as required.