

# Why updating your compensation system can't wait

How carriers can drive growth, increase efficiency, and improve agent experience with the right tools





Agent compensation is more than just paying your partners for their work—it can be a key growth driver for your company. With the right system in place, you can improve efficiency, attract more agents, and retain the agents you already have. But if you're still relying on spreadsheets, legacy systems, or technology that wasn't designed for the insurance industry, you could be falling short of your company's full potential.

Not convinced that updating your compensation system is essential for your company's future success? Consider the possibilities if you solve these common compensation concerns.

## Being unable to add or update compensation programs to match channel demands

### WHY IT'S A PROBLEM

Producer commissions have become an arms race in the last couple of decades. According to Dennis Chookaszian, former CEO and chair of CNA and current University of Chicago adjunct professor, the landscape for carriers has “[B]ecome so competitive that...carriers are basically always looking for new accounts,” and to win that new business, “they’ve got to pay more in commissions.”<sup>1</sup>

If updating your commission programs is a challenge, you could find yourself losing agents to competitors who are able to implement more enticing compensation programs faster than you can.

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<sup>1</sup>Susanne Schlafane, *Distribution Overpowers Underwriting. How CNA Ex-CEO Chookaszian Views Industry's Past, Present and Future*

## WHAT YOU GAIN BY SOLVING IT

The most obvious upside is agent retention. When you can update your commission programs with appealing new structures or additional incentives like bonuses or non-monetary compensation, you can keep your agents engaged and excited to sell for you instead of your competition. Continue to update your commission programs, and you can build their loyalty for the long haul.

Changing up your compensation plans can also help motivate your loyal producer partners to sell more. Harvard Business School professor

Doug J. Chung found that experimenting with sales compensation can have a positive influence on company revenue.<sup>2</sup> Having the flexibility to experiment with compensation programs could lead your company to greater profits—but unwieldy legacy systems make it difficult to try new things.

**Another bonus:** When your company's appetite shifts, you can incentivize your agents to sell more of your desired lines with new and compelling compensation structures for those products.

“There are important lessons to be learned from doing controlled experiments on sales reps' pay, because the behaviors encouraged by changes in incentives can exert a large influence on a firm's revenue, and because sales force compensation is a large cost that should be managed as efficiently as possible.”<sup>2</sup>

<sup>2</sup> Doug J. Chung, *How to Really Motivate Salespeople*

# Producer compensation and performance information being spread across multiple systems

## WHY IT'S A PROBLEM

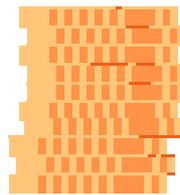
Data spread across different systems can be mismatched or out of date. If your employees need compensation information as part of normal business processes and manually enter duplicate information across systems, they could easily make clerical errors, especially if they consult the wrong version of producer information. Unfortunately, mistakes like this can cost your company more than confusion. Remember the 1-10-100 Rule.<sup>3</sup> It costs:

**\$1**



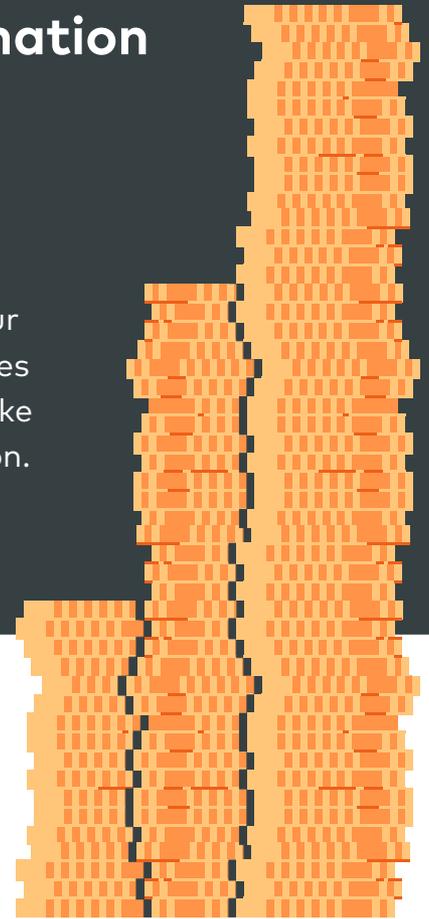
to check data entry

**\$10**



to fix errors right away

**\$100**



to reverse the effects of decisions made with incorrect data

Things can get even more complicated if your company has experienced system growth through acquisition or adding a new system to support a specific line/channel. The more systems your employees have to search, the more opportunity for errors. Reconciliation also becomes that much harder for your staff, who may need to check in multiple places to verify an agent was paid correctly and completely.

Your producers also suffer if you have more than one system in place because they may receive multiple compensation statements, which can be confusing and misleading. It can also be hard for your staff to track agent KPIs, meaning some of your best performers can be missed since reporting has become too complex.

<sup>3</sup> Martin Doyle, *Why Data Should Be a Business Asset – The 1-10-100 Rule*



### WHAT YOU GAIN BY SOLVING IT

With a single source of truth for agent information, your risk of confusion and expensive clerical errors is reduced. Your employees don't need to wonder if they've found the right version of the producer data they're looking for, and you don't have to worry so much about that 1-10-100 Rule.

# Agents calling constantly with compensation questions

## WHY IT'S A PROBLEM

When most facts are an internet search away, having to call for information likely feels like a hassle to most. Why make your agents call for compensation information or clarification when easy-to-understand digital tools exist?

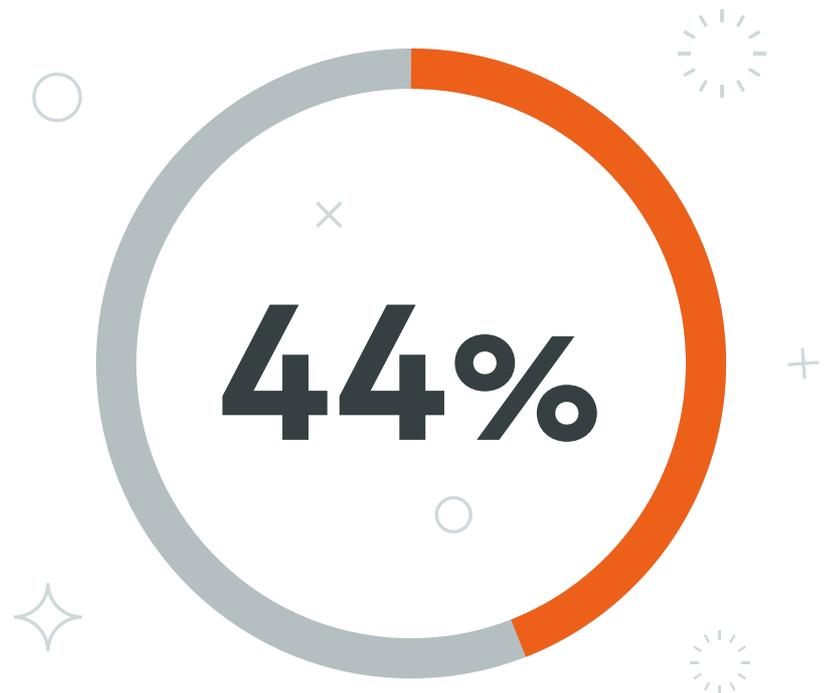
Studies show agents would prefer this option. The *J.D. Power 2020 U.S. Independent Agent Performance and Satisfaction Survey* found that "digital channels are independent agents' preferred means of communication with insurers, with email and online dashboards leading the way."<sup>4</sup>

Similarly, a McKinsey survey found that during the pandemic, 44% of agents rated either agent digital tools or customer tools as the number one capability insurers can invest in to support them.<sup>5</sup>

It's not just your agents who could be frustrated by this situation. Your employees probably also don't enjoy the frequent interruptions caused by agent calls. If your staff is on the phone all day with agents, they simply don't have time to do the work you need in a timely manner.

<sup>4</sup> J.D. Power, *Independent Insurance Agents Face Headwinds Brought On by COVID-19 Pandemic*, J.D. Power Finds

<sup>5</sup> McKinsey, *How insurance can prepare for the next distribution model*



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### WHAT YOU GAIN BY SOLVING IT

Offering digital agent self-service tools is a win-win for both your producers and your employees. By allowing agents to manage their own licensing and continuing education (CE) and view their compensation details online, they can get the information they need without ringing your office. Your agents will prefer the easy access to their desired data—putting you ahead of competitors who may not offer the same convenience.

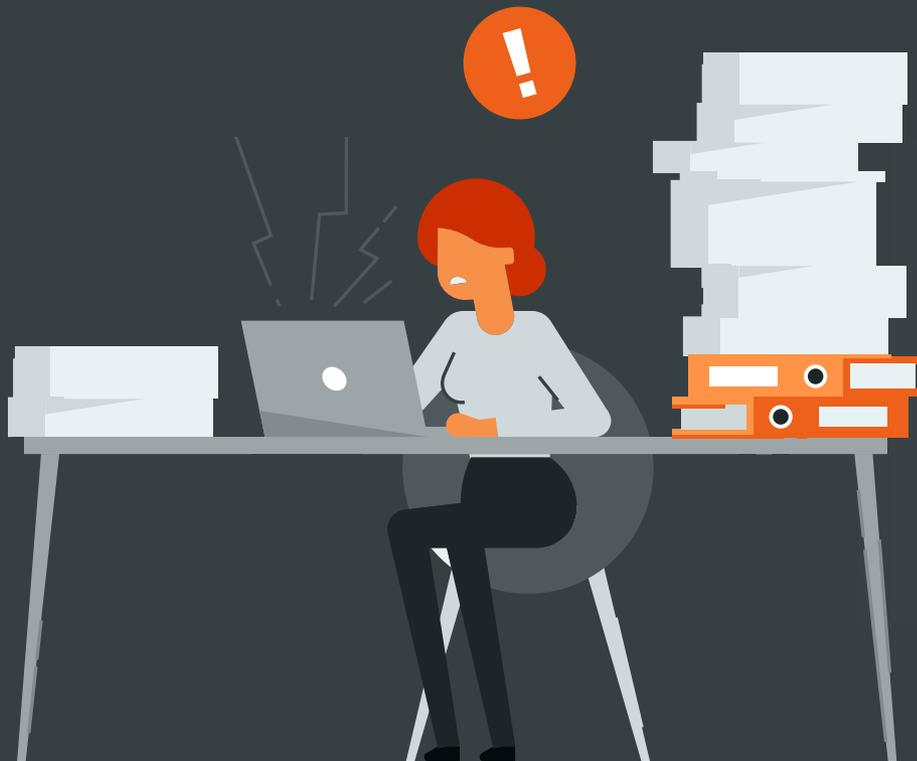
By decreasing the number of calls coming in, your employees will also enjoy fewer interruptions and a more productive day. And with your staff free to focus on getting work done, your company can grow without additional headcount.

# Too much time spent by staff pulling data from disparate systems and fixing errors

## WHY IT'S A PROBLEM

If your employees have to search through multiple systems for producer information, they're not only risking mismatched data and errors—they're also risking your company's revenue. That's right, this type of inefficiency can impact your bottom line in addition to being an inconvenience. In fact, market research firm IDC found that companies lose 20-30% in revenue every year from inefficiency alone.<sup>6</sup> The time your employees spend hunting down data stored in multiple locations could be spent on more profitable work.

<sup>6</sup> Nick Candito, *How Inefficient Processes Are Hurting Your Company*



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## WHAT YOU GAIN BY SOLVING IT

Updating your technology to remove inefficient back-and-forth between systems can yield serious time and money savings for your company. Consulting firm McKinsey found that “[insurance carriers] with modernized IT are substantially more productive than their peers with legacy IT systems—for example, the total number of policies per full-time equivalent they achieve is more than 40 percent higher.”<sup>7</sup> Perhaps even more notable for the bottom line is that their study also found that “IT costs per policy for [insurance carriers] with modernized IT can be 41 percent lower than that of players with legacy IT systems.”<sup>7</sup>

Can your company afford to keep using inefficient legacy systems when your productivity could be 40% higher and costs 40% lower?

<sup>7</sup> McKinsey & Company, *IT modernization in insurance: Three paths to transformation*

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## Updating your compensation system can't wait

Your producers and employees are the lifeblood of your company. Why have a compensation system that inconveniences and frustrates both?

Updating your compensation system isn't a luxury. It is essential for improving your company's efficiency, profitability, and agent retention. In the words of McKinsey:

"Insurers too often treat systems transformations as IT projects rather than acknowledging them for what they are: overall business transformations."<sup>8</sup>

**Are you ready to transform your company?**

<sup>8</sup> McKinsey & Company, *IT modernization in insurance: Three paths to transformation*

# Transformation is possible with Sircon Compensation®

Sircon Compensation allows you to create compelling commission and incentive programs, keep all your compensation data in one place, and reduce the time it takes to administer your compensation.

With Sircon Compensation, you can easily add or update compensation programs to match current demands and motivate your producers to sell more or focus on your most profitable lines. Carriers using Sircon Compensation have seen a **1% increase in sales by optimizing their commission programs and products.**

Instead of storing producer information across multiple systems, Sircon Compensation offers a single source of truth for all of your producers' compensation information. Reduce the risk of costly errors and limit inefficiency by keeping everything in one place. Companies using Sircon Compensation have seen a **30% reduction in time and cost of managing their distribution system.**

Sircon Compensation also creates a better agent experience through self-service tools and automated commission payments. Empower your producers with access to a self-service portal where they can view their licensing, CE, and commission information. Pay your agents accurately and on time with easy-to-understand commission statements. With all this information at their fingertips, your agents can get what they need without calling your office. By improving their agent experience with Sircon Compensation, carriers have seen a **1% increase in revenue through improved competitiveness.**



# A system in sync with your needs

From onboarding and compliance to commissions and incentives, the **Sircon for Carriers** portfolio of integrated products provides the flexibility you need to build more effective, profitable, and compliant distribution channels.



## Sircon Producer Central

Sircon Producer Central enables carriers to reduce risk and improve process efficiency by streamlining and automating compliance operations. The result: faster service for agents and peace of mind for you.



## Sircon Compensation

Sircon Compensation allows carriers to create compelling commission and incentive programs for insurance while streamlining compensation administration. That's a win for everyone.



## Sircon Onboarding & Self-Service

Sircon Onboarding & Self-Service equips carriers with the tools to streamline onboarding and strengthen your agent relationships. Improve your compliance and agent experience at the same time.

A better compensation system could be just the beginning. Transform your entire distribution system with Sircon for Carriers.

**Ready to have a compensation system that drives growth for your company?**

**Get in touch with us**



999 18<sup>th</sup> St | Denver, CO, 80202 | 800.444.4813 | [Vertafore.com](https://www.vertafore.com)

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