

How to Keep a Bigger Piece of the Commission Pie

The Commission Split
Isn't the Whole Story



A Complimentary Resource from Smart Choice



When agency owners compare insurance networks, the commission split naturally gets a lot of attention. Commissions matter, but a higher percentage doesn't necessarily mean you'll keep more of what you earn.

An 80/20 commission split isn't always better than a 70/30 split. To understand how big your piece of the commission pie will really be, you have to look at the entire financial arrangement: the commission split, whether the network's share is capped, how that cap works as commission income increases and any additional fees you'll pay along the way.

There's also the growth side of the equation. Carrier access, support and resources can help you write and retain more business. So it's important to look at how much you'll earn, how much you'll keep and how those numbers change as your agency grows.

Before you compare network structures, ask:

- How much of my commission income does the network retain?
- Is the network's share capped?
- How does the arrangement change as commission income grows?
- What additional fees will I pay?
- What resources will I receive to help me grow?



Your Agency Will Grow. So Should Its Slice.

When comparing networks, think beyond current numbers. You want to consider how the math will change as your agency grows. Will your network support your growth or hold you back?



When the network's commission share is capped, there's a limit to how much the network retains. When there's no cap, the network's share continues to increase as your agency grows. As your agency grows, the cap can end up mattering a lot more than the initial commission split.

An uncapped split can look attractive when your agency is small. However, the network that looks less expensive today may not be the network that costs you less tomorrow. Growth can happen quickly, so it pays to be prepared.

Crunch the numbers to see how the math really works out.

- Start with the total annual commissions you're currently bringing in, or if you're a new agency, the commissions you realistically hope to achieve in the first year.
- Calculate the network's share, factoring in splits and caps.
- Increase your projected commission based on your two-, three- and five-year goals.

3.494,62	41.935,48	1,0780	38,83	465,96
3.629,03		1,1195	40,32	483,84
3.761,14	45.161,29	1,1609	41,82	501,84
3.897,85	46.774,19	1,2024	43,31	519,72
		1,2439	44,81	537,72
		1,2853	46,30	555,60
		1,3268	47,79	573,48
		1,3682	49,28	591,36
		1,4097	50,78	609,36
		1,4512	52,27	627,24
		1,4926	53,76	645,12
		1,5341	55,26	663,12
		1,5755	56,75	681,00
		1,6170	58,24	698,88
		1,6585	59,74	716,88
		1,6999	61,23	734,76
		1,7414	62,73	752,76
		1,7829	64,22	770,64

The \$5,000 Decision That Could Eventually Cost \$80,000

At \$50,000 in annual agency commission income, Network A costs the agency \$5,000 less. At \$100,000, the two arrangements cost the same. As commission income grows, the advantage flips dramatically. At \$500,000 in commissions, the uncapped 80/20 arrangement costs the agency \$80,000 more. When fees are factored in, the difference becomes even more dramatic. Based on the commission split alone, do you want to sacrifice \$80,000 in the future to save \$5,000 now? And once fees are included, Network A may not be the least expensive choice today.



First Year Cost With Fees

Agency commission income	Network A 80/20 commission No cap	Network B 70/30 commission \$20,000 cap	Difference based on commissions alone	Network A \$5K enrollment fee + \$100 monthly fee	Network B No Fees	Difference with fees included
\$50,000	\$10,000	\$15,000	Network A costs \$5,000 less	\$16,200	\$15,000	Network B costs \$1,200 less
\$100,000	\$20,000	\$20,000	No difference	\$26,200	\$20,000	Network B costs \$6,200 less
\$200,000	\$40,000	\$20,000	Network B costs \$20,000 less	\$46,200	\$20,000	Network B costs \$26,200 less
\$500,000	\$100,000	\$20,000	Network B costs \$80,000 less	\$106,200	\$20,000	Network B costs \$86,200 less

What Could You Do With the **Commission** You Keep?

With a capped commission model, an agency may eventually reach the point where the network no longer retains a share of additional commission income. That doesn't just increase the owner's income. It creates capital that can be reinvested in growth. Instead of continuing to pay the network, you can use these extra funds to:

- Hire producers
- Bring on support staff
- Invest in technology
- Increase marketing
- Pursue acquisitions
- Expand into new markets
- Build enterprise value
- Reinvest in client service



An insurance network provides valuable services and support, and it needs to be compensated for that value. But once you've paid your network for the support it provides, should the network continue taking more simply because your agency has grown?

Your network should help your agency grow, not become more expensive because it did.

Proof in Practice: **Kavan Maybee**

When Kavan Maybee left the captive model and opened his independent agency in 2011, he knew he needed more than carrier access. He wanted a network arrangement that would make sense as his agency grew.

Smart Choice offered a 70/30 commission split with no fees and the opportunity to reach Leadership status. Kavan made reaching Leadership a goal, knowing he could retain 100% of his commission income above the applicable cap once he got there.

He achieved his goal and has continued reaching Leadership year after year, even during the hard market. Today, he keeps more of the revenue his agency generates, giving him additional resources for continued growth.



Kavan Maybee, Owner

Kavan Maybee Insurance Agency Inc.



”

*“That’s why Smart Choice
has been so good for us.*

*They gave us that
opportunity and we
achieved it. Now,
we’re above that cap
and we receive 100%
of the commission.”*

– Kavan Maybee



What could **Growth** Look Like?

Whether your goal is to keep more revenue, accelerate growth or scale the enterprise, the right network relationship can make a meaningful difference. These agents show what that can look like.



Claudia Valencia

An example of multi-location scale

Grew from one small office to five locations, more than \$5 million in premium and 16 employees.

She credits access to more insurance markets as an important ingredient in growing her book.



Greg Meinberg

An example of rapid book growth

Started his independent agency with a \$0 book in 2023 and grew it to \$2.5 million in about two years.

Greg cites Smart Choice's commission structure, lack of fees, carrier access and combination of support and autonomy as reasons for choosing the network.

Make Sure Your Slice Grows with You

Some network models become increasingly expensive as you grow. Others allow you to keep more of the additional revenue you create. To make sure you're selecting a network that rewards growth, you need to do three things:

- 1. Understand the math.**

The commission split is just the beginning. Look beyond it and crunch the numbers.

- 2. Think beyond today's production.**

Determine what the arrangement will cost when your agency is two, three or five times its current size.

- 3. Look at where success can take you.**

A strong network relationship should provide the markets, resources and support that help you grow while allowing you to retain more of the value you're creating.

The right network relationship should support your growth and allow you to keep more of the value you create. That's the idea behind Smart Choice's no-fee, capped-commission model.



Before you choose a network, look beyond the split. Run the numbers using your current commission income and the growth you hope to achieve. Factor in caps and fees. Then see how Smart Choice compares.

