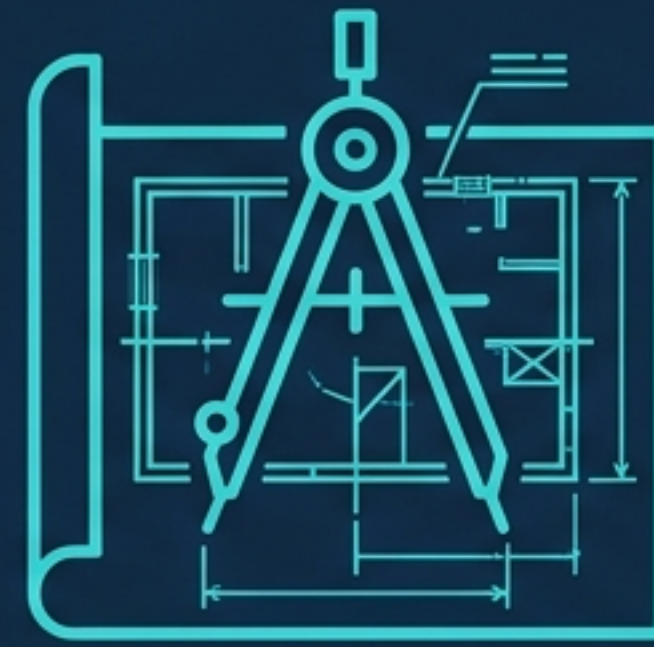


# Insurance Agent Commission Structure Explained

# The Line Between Salesperson and Producer



Chases the next deal to secure this month's check. Operates blindly without underlying math.



Plans months and years ahead. Knows exactly which lines pay flat, percentage, or residual. Understands compensation cold to dictate how time is spent and how a book is built.

# Dissolving the Two Blockers



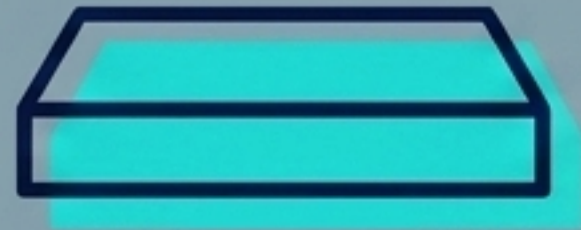
Mysterious Statements. A deposit hits, you assume it's right, and you move on because asking feels like admitting ignorance.



Surprise Chargebacks. A client disenrolls, the carrier reclaims future commission, and you scramble.

**Learn the structure once. Statements stop being mysteries, chargebacks stop being surprises, and you start making plans on real numbers.**

# The Four Revenue Streams



Medicare  
Flat Rate  
Commissions



Life Insurance  
Target Premium



Ancillary  
Percentage  
Commissions



Renewal &  
Residual Income  
(Stacked on top)

# Standard Medicare Mathematics

**\$694**

2026 National Initial Commission  
(Per member, per year)

**\$347**

Renewal Commission

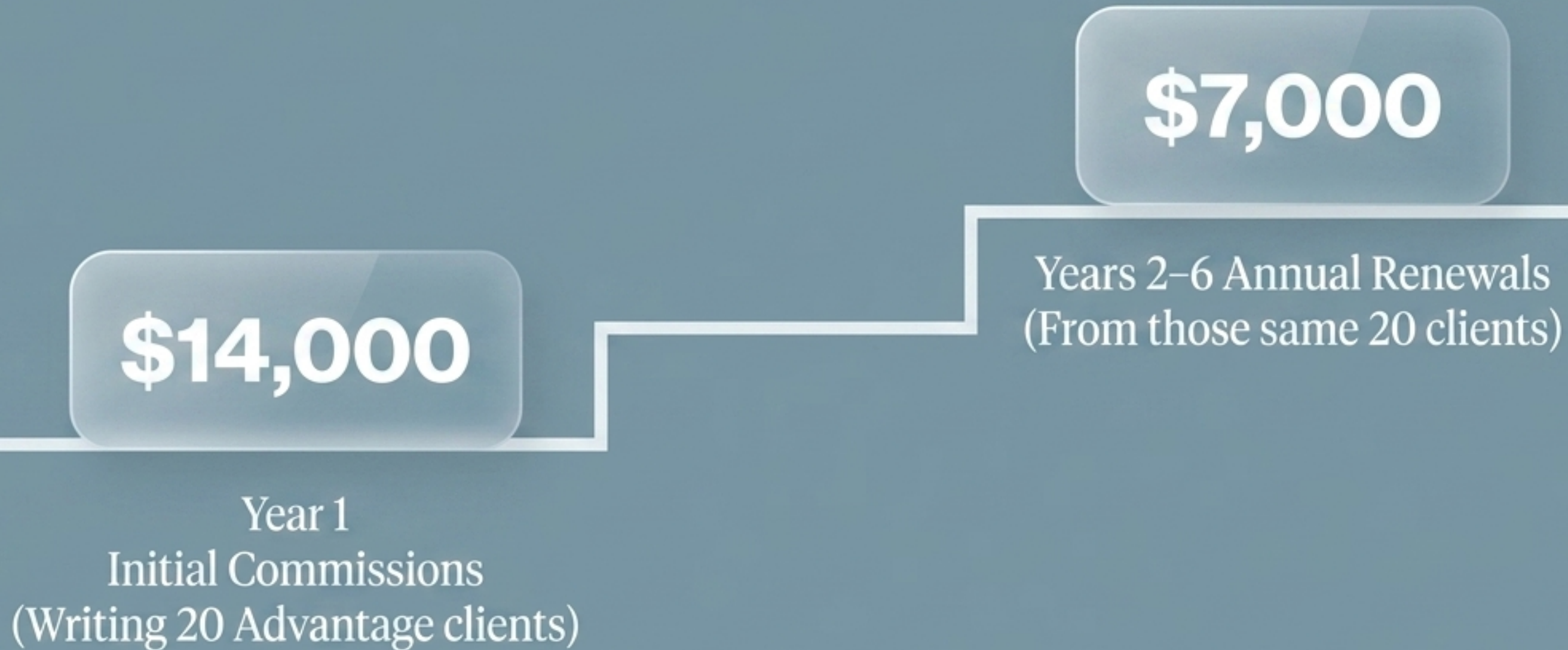
CMS sets a Fair Market Value cap. Carriers cannot pay above it. The standard compensation cycle runs for six years (1 initial year + up to 5 renewal years).

# Regional Exceptions and Part D

<b>Region/Product</b>	<b>Initial</b>	<b>Renewal</b>
Connecticut, Pennsylvania, DC	\$781	\$391
California, New Jersey	\$864	\$432
Standalone Part D (National)	\$114	\$57

These are CMS maximums. Carriers can pay less, but they cannot pay more. Puerto Rico and US Virgin Islands run lower.

# Compounding the Medicare Book



The renewal stack builds the book. Every year you write 20 more, the floor under you rises.

# Life Insurance Mechanics

**60% – 120%**

Year 1 Commission  
(Percentage of Target  
Premium, fully underwritten)

**2% – 10%**

Years 2–10  
Renewal Stream

Target premium is what the policy is designed to take, not necessarily what the client pays.  
Final expense and simplified issue pay lower first year, vest faster, and charge back less.

# The Value Matrix: Revenue Per Client



One Life Policy (\$5,000 Target Premium at 100% contract) = \$5,000 Year 1 Revenue.



Seven Medicare Advantage Clients = \$5,000 Year 1 Revenue.

Life insurance is the highest revenue-per-client product in your bag.  
Every Medicare client deserves a life conversation.

# Ancillary Lines: The Smoothest Income

**15% – 25%**  
**(Year 1 Premium)**

**5% – 10%**  
**(Renewals)**

Hospital indemnity, dental, vision, cancer, and accident plans. Absolute dollars are smaller due to lower premiums, but close rates are high and chargebacks are rare.

# The Wealth Lever: Stacking Renewals

## Ancillary Renewals.

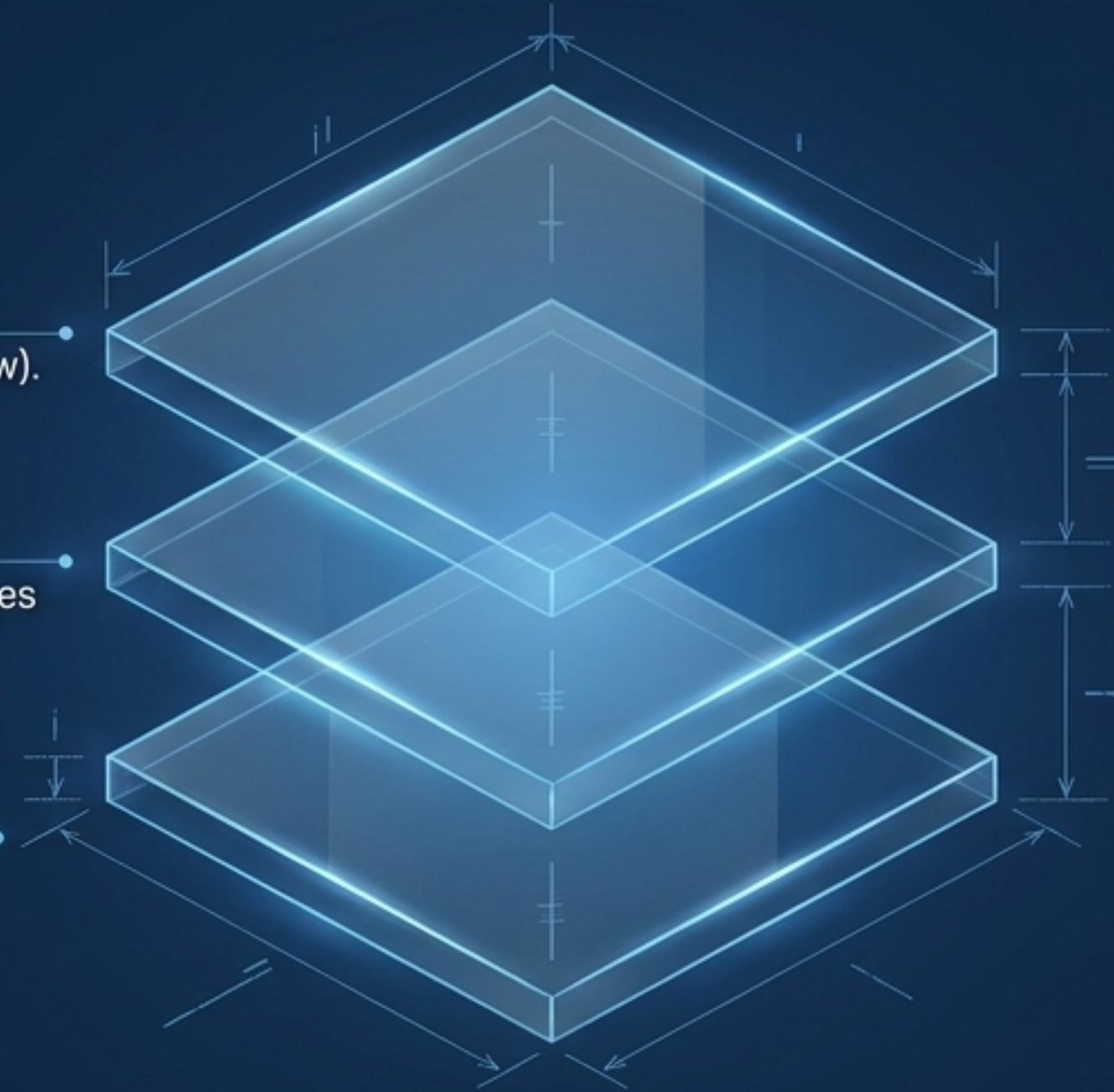
(Steady, low-chargeback percentage flow).

## Life Residuals.

(Universal life policies paying percentages on every premium payment).

## Medicare Renewals.

(e.g., 100 retained clients = ~\$35,000/year by year 5 without writing a new app).



A real book is three layers of renewal income running simultaneously.  
This is what separates a job from a business.

# The Reality of Chargebacks

## 3-Month Rapid Disenrollment.

Full chargeback required by CMS if moved/disenrolled.  
(Followed by partial chargeback risk until calendar year end).

Medicare



Life Insurance



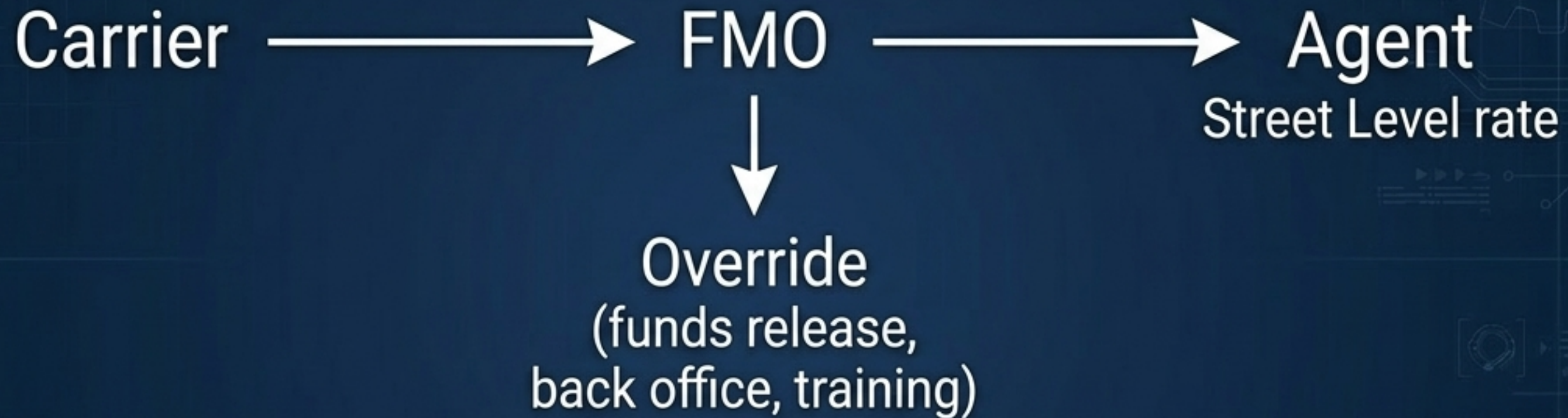
## 9 to 12-Month Advance Reclaim.

Carriers pay you up front; if the client lapses inside policy year one,  
unearned commission is reclaimed. (Sometimes extends to two years).

# Three Habits for Retention

- 1 Qualify carefully on the front end. If they aren't ready to stay, don't write them.
- 2 Maintain contact. A welcome call, a 30-day check-in, and a 60-day check-in. This covers the Medicare rapid disenrollment window.
- 3 Never write a plan you wouldn't pick yourself. If it's a poor fit, the client will leave, and you take the hit.

# Overrides and FMO Structures



**Medicare Rule:** Your street level should match the CMS maximum. Ask why if it doesn't.

**Life Rule:** Contracts are negotiable based on volume. Starts at 60-80%, moving to 90%, 100%, 110%+ for producers.

# Action Step: Map Your Statement

1. Pull 10 clients across your top 3 carriers on your latest statement.
2. Check the Commission Type column (Initial vs. Renewal year).
3. Check the Chargeback column to resolve clawbacks within the first 30 days.
4. Compare the deposit to the CMS maximum. Write down the gap if you are below street level.

	<i>Commissaion Type</i>		<i>Chargeback</i>	
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
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**This one-page picture is the foundation of every commission conversation for the rest of your career.**