



# COMMISSIONS + PERSISTENCY

The main factors that fluctuate your Medicare revenues





# PERSISTENCY

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*(noun)* Percentage of an insurance company's already written policies remaining in force, without lapsing or being replaced. Persistency is a critical factor in the *viability* and *success* of insurance companies.

# WHAT AFFECTS IT?



ANNUAL REVIEWS



CUSTOMER SERVICE



MEDICAID QUALIFICATION



CLIENT DEATHS



CLIENTS MOVING



RATE INCREASES



OUTSIDE SOLICITATION



AOR CHANGES



## **PERSISTENCY**LOSS

The larger your agency, the more difficult it is to tread water each year. The larger your agency, the more policies you will have to replace due to persistency loss. Let's take a look at some examples.

# 80% PERSISTENCY

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# of policies written over 10 years based on retaining 80% of your policies, which means a 20% persistency loss.

*This example is assuming you wrote 150 new policies each year.*

YEAR <b>ONE</b>	150 TOTAL POLICIES
YEAR <b>TWO</b>	270 TOTAL POLICIES
YEAR <b>THREE</b>	366 TOTAL POLICIES
YEAR <b>FOUR</b>	443 TOTAL POLICIES
YEAR <b>FIVE</b>	504 TOTAL POLICIES

YEAR <b>SIX</b>	533 TOTAL POLICIES
YEAR <b>SEVEN</b>	593 TOTAL POLICIES
YEAR <b>EIGHT</b>	624 TOTAL POLICIES
YEAR <b>NINE</b>	649 TOTAL POLICIES
YEAR <b>TEN</b>	669 TOTAL POLICIES

# 85% PERSISTENCY

# of policies written over 10 years based on retaining 85% of your policies, which means a 15% persistency loss.

*This example is assuming you wrote 150 new policies each year.*

YEAR <b>ONE</b>	150 TOTAL POLICIES
YEAR <b>TWO</b>	277 TOTAL POLICIES
YEAR <b>THREE</b>	385 TOTAL POLICIES
YEAR <b>FOUR</b>	477 TOTAL POLICIES
YEAR <b>FIVE</b>	556 TOTAL POLICIES

YEAR <b>SIX</b>	622 TOTAL POLICIES
YEAR <b>SEVEN</b>	679 TOTAL POLICIES
YEAR <b>EIGHT</b>	727 TOTAL POLICIES
YEAR <b>NINE</b>	768 TOTAL POLICIES
YEAR <b>TEN</b>	803 TOTAL POLICIES

# 90% PERSISTENCY

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# of policies written over 10 years based on retaining 90% of your policies, which means a 10% persistency loss.

*This example is assuming you wrote 150 new policies each year.*

YEAR <b>ONE</b>	150 TOTAL POLICIES
YEAR <b>TWO</b>	285 TOTAL POLICIES
YEAR <b>THREE</b>	406 TOTAL POLICIES
YEAR <b>FOUR</b>	516 TOTAL POLICIES
YEAR <b>FIVE</b>	614 TOTAL POLICIES

YEAR <b>SIX</b>	703 TOTAL POLICIES
YEAR <b>SEVEN</b>	782 TOTAL POLICIES
YEAR <b>EIGHT</b>	854 TOTAL POLICIES
YEAR <b>NINE</b>	919 TOTAL POLICIES
YEAR <b>TEN</b>	977 TOTAL POLICIES

# WHAT THIS MEANS

Agents are lucky to retain 80% of their business due to natural depreciation and other factors. The difference between 80% & 90% persistency is approximately \$70,000 in MAPD revenue.

## 80%

YOU WROTE 1500 NEW POLICIES  
OVER TEN YEARS AND KEPT 669.

FOR MAPD'S THAT IS \$152,532  
IN REVENUE.

## 85%

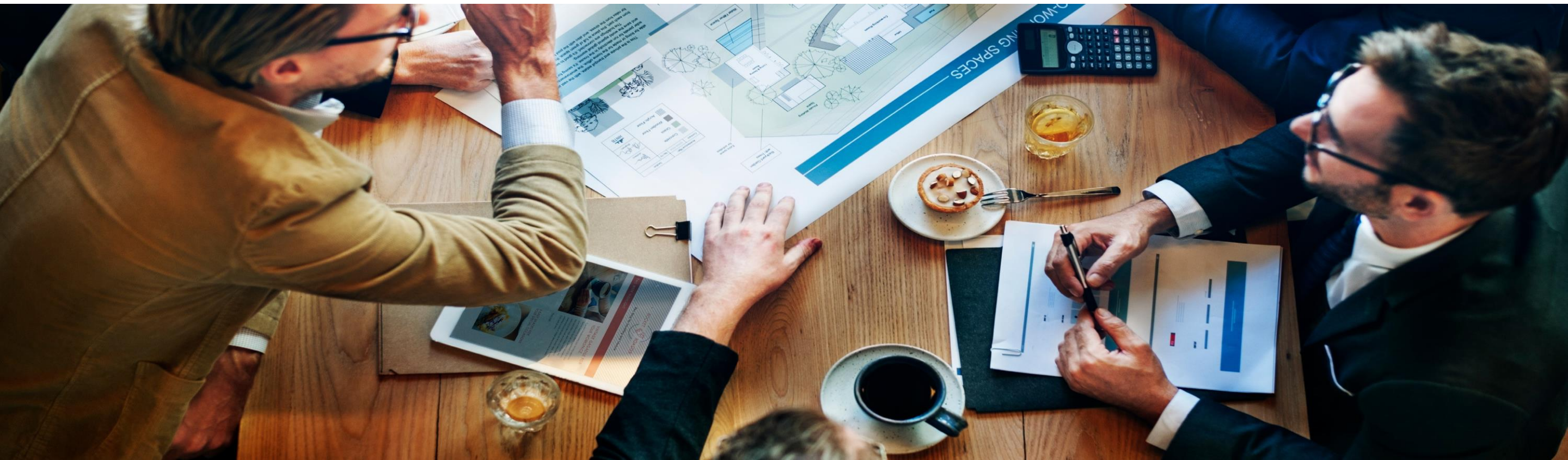
YOU WROTE 1500 NEW POLICIES  
OVER TEN YEARS AND KEPT 803.

FOR MAPD'S THAT IS \$183,084  
IN REVENUE.

## 90%

YOU WROTE 1500 NEW POLICIES  
OVER TEN YEARS AND KEPT 977.

FOR MAPD'S THAT IS \$222,756  
IN REVENUE.



# WHAT AFFECTS COMMISSION?



## SEVEN YEAR DECLINE

Supplement policies greatly reduce in commission after being in force for 7+ years.



## LACK OF HEALTH

The remaining 4 health insurance carriers in Georgia are dwindling down their commissions.



## OUTSIDE OF OEP

Most health carriers will not pay agents for sales made outside of the open enrollment period.



## GUARANTEED ISSUE

Certain carriers will pay you minimal commissions for writing a Supplement plan with G.I.



## ONE TIME PAYOUT

The majority of life insurance policies pay a lump sum commission after the initial sale.



## AEP SOLICITATION

Many, if not all of your MAPD & PDP clients are solicited by carriers during AEP via mail, radio, phone & TV.



## HOW DO I STOP PERSISTENCY + COMMISSION LOSS?

REWRITE YOUR  
CURRENT CLIENTS.

DON'T CHASE NEW  
LEADS. WRITE YOUR  
CLIENT'S FRIENDS.

MAKE A BUSINESS  
PLAN & AUDIT YOUR  
COMMISSIONS.



# CENTER OF INFLUENCE MARKETING

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People or organizations that can boost your market access and credibility through referrals, testimonials, and word-of-mouth.

# TRADITIONAL **VERSUS** NON TRADITIONAL

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## TRADITIONAL

CPA / FINANCIAL PLANNERS

WEALTH MANAGEMENT FIRMS

ELDER LAW ATTORNEYS

SENIOR LIVING COMMUNITIES

## NON TRADITIONAL

NURSES & HOSPITALS

SOCIAL WORKERS

VOLUNTEERS

CHURCHES

## THANK YOU FOR LISTENING

Get in touch with the speaker to schedule a succession planning consultation to learn more or to analyze your agency to discover its true value.

[amsplans.com/succession-planning](https://amsplans.com/succession-planning)



### WHO'S IN YOUR SUCCESSION SQUAD?

**A Lawyer** | Are they truly business lawyers?

**A CPA** | Do they truly offer business planning services?

**A Banker** | Do they understand your business goals and are able to lend quickly?

**An Appraiser** | What's your business really worth?

**A Partner** | Are the correct legal documents in place?

**A Key Employee** | Do they understand your business model and needs?

