

INCENTIVE AND COMMISSION MANAGEMENT FOR INSURANCE

MOTIVATING EMPLOYEES TO MAXIMIZE PRODUCTIVITY AND SALES

In the insurance industry, incentives and commissions drive sales. But calculating and processing them can be challenging. The SAP® Incentive and Commission Management for Insurance application delivers a complete solution for managing incentives and compensation across your organization.

Streamlining and Managing the Process

Whether your company sells life insurance, property and casualty insurance, health insurance, or retirement products, you rely on incentives and commissions to motivate partners and employees to work harder and drive revenue. Incentives are integral to competitive sales management. They are also volatile, requiring adjustments every time changes occur in your organizational structure, sales channels, or product offerings.

How can you get the biggest return from your incentives and commissions program while keeping pace with necessary adjustments? The SAP® Incentive and Commission Management for Insurance application, an integrated part of the SAP for Insurance solution portfolio, can help you streamline and manage the complete business process of maintaining and administering a company's incentives and commissions program – from planning to payroll.

With SAP Incentive and Commission Management for Insurance, you can make a variety of remuneration choices – employee commissions, brokerage fees, profit sharing, bonuses, and cancellation fees. The solution provides the means to process all the transactions, agreements, and data that each choice requires. You can aggregate information from various data sources to get different views of sales, performance, and product information. The application, which is powered by the SAP NetWeaver® technology platform, can be integrated seamlessly into your IT environment and can be used with both SAP and non-SAP applications.



Defining Calculation Requirements

Insurers in every line of business can use SAP Incentive and Commission Management for Insurance to suit the calculation requirements of their organization. Incentive and commission calculations can be defined for:

- Every type of object – a policy, a service, or a target agreement
- Activities – opening, issuing, renewing, or canceling an application
- Attributes – premium amount and type of insurance coverage

You can easily add your own objects and their attributes to support your company's specific calculations. Once the incentives and commissions are calculated, they can be disbursed via any downstream application – an accounts-payable or payroll application, for example, from SAP or a third party.

With the SAP solution, you can define commission calculations by taking into account the complex liabilities that occur in the insurance industry. You can base the calculations on the achievement of predefined objectives or periodic results, such as the annual sales volume of a vendor or the number of customers served by an agent or sales representative. You can use portal-based information to provide a quick overview of all transactions related to a commission recipient and the recipient's contract. The software, which contains both open and cleared items, allows you to carry out evaluations related to products, regions, sales channels, or any other element.

Allocating and Storing Contract Information

Typically, incentives and commissions are allocated not only to primary recipients but also to managers, consultants, and other people involved in the sale. With SAP Incentive and Commission Management for Insurance, you can easily make allocations to commission contract partners, such as agents, employees, and brokers, who represent various incentive and commission recipients.

You can also designate groups and hierarchies of incentive recipients, and you can define a variety of standard contracts on the basis of your recipient groups. You can even adapt these standard contracts to make individual contracts, ensuring that single agreements are taken into account. And you can change contract data at any time to reflect fast-changing incentive and commission rules.

A version of each contract is stored so you can track the history of changes made to any contract. In addition, your investments in SAP Incentive and Commission Management for Insurance – and your sensitive data – are well protected. You can, for example, limit authorizations by assigning one commission manager to a certain area of your organization. You can also predetermine monetary value ranges for authorizations.



Defining Key Information

In addition to processing a wide range of remuneration choices, SAP Incentive and Commission Management for Insurance enables you to define key information for your company:

- Who the recipients are
- What the value is of the sales activity or achieved result
- What the remuneration for each recipient is

The software is automated so you can set it up to trigger the processing of incentives or commissions by selected events, such as the issuing or renewal of an insurance policy, or the delivery of a consulting service.

Processing Portfolio Assignments

In the insurance industry, in-force business usually refers to all insurance policies or all customers of an insurance company, or both. You can categorize the business by region, product, line of business, or customer group as well as the agent or sales force partner assigned to that segment. The members or items within a segment will change over time. For example, agents will leave or join your company, and agents will be assigned to different regions or lines of business. You can support these processes by making portfolio assignments to agents. As part of the solution offering within SAP Incentive and Commission Management for Insurance, you can define and process integrated reassignments – including commission elements – and agents' books of business.

Setting Up and Managing Credentialing

People who sell insurance products must often possess the appropriate license or qualification to conduct business. Insurance companies need credentialing to comply with legal requirements, and they need to define their own credentials to ensure that staff meets high quality standards. With the SAP application, the credentialing possibilities allow you to set up and manage licenses, appointments, and other qualifications for business partners. You can also use services to check whether staff has the proper credentials in a certain context or during certain processes, such as policy issuing or commission calculation.

Delivering Benefits to Employees

SAP Incentive and Commission Management for Insurance delivers benefits at multiple levels of your organization. The increased visibility and easy access to information about earned and expected compensation can stimulate positive company culture changes in your organization. By providing timely feedback to staff members, you can better reinforce and reward successful behavior and improve motivation for future sales strategies.

The application contributes to strategic capabilities because it provides an effective workforce management tool. Managers can align their sales force resources with the company's business objectives and maximize the value of sales force skills, activities, and incentives in line with company strategies.

Because the incentive criteria are more understandable and accurate, your sales staff spends less time tracking sales activities and more time selling. The high level of automation results in increased productivity, since staff members no longer have to spend time modifying calculations or entering changes.

For Further Information

SAP Incentive and Commission Management for Insurance offers a complete solution for the insurance industry that enables your organization to automate and streamline your sales force activities. The solution delivers the foundation you need to flexibly define calculation requirements and key information, allocate and store contract information, process portfolio assignments, and set up and manage credentialing. As a result, your organization can maximize productivity, generate new sales, and achieve operational excellence.

To find out how SAP Incentive and Commission Management for Insurance can help your organization streamline the management of its compensation programs, visit www.sap.com/insurance.

Summary

Through automation and comprehensive functionality, the SAP® Incentive and Commission Management for Insurance application, an integrated part of the SAP for Insurance solution portfolio, can help you streamline and manage incentive and commission management – from planning to payroll – so you can maximize productivity and drive revenue.

Challenges

- Administer a wide range of incentive criteria and compensation requirements
- Adjust incentives every time changes occur in the organizational structure, sales channels, or product offerings
- Aggregate information from various data sources

Supported Business Processes and Software Functions

- **Remuneration management** – Set up employee commissions, brokerage fees, profit sharing, bonuses, and cancellation fees
- **Calculation customization** – Calculate for every type of object, activity, and attribute for insurers in every line of business
- **Incentive allocation** – Enable flexible designations for primary recipients and commission contract partners
- **Contract storage** – Track changes to any contract
- **Limited authorizations** – Protect sensitive data
- **Automated processing** – Enable incentives and commissions that are triggered by selected events
- **Credential management** – Set up and maintain licenses, appointments, and other qualifications for business partners

Business Benefits

- **Improved flexibility** with remuneration, processing, calculations, and authorizations defined for any type of insurer
- **Increased visibility** with data aggregation providing different views of sales, performance, and product information
- **Increased productivity** by providing clear, equitable incentives and commissions for staff

For More Information

Call your SAP representative or visit us online at www.sap.com/insurance.

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