

Get the Book of Business Report You Need From Applied Epic

SESSION HANDOUT

Prepared for Applied Client Network and Applied Systems

Applied Client Network

330 N. Wabash Ave., Suite 2000
Chicago, IL 60611
Phone: 312-321-6833
Fax: 312-673-6645

Applied Systems, Inc.

200 Applied Parkway
University Park, IL 60484
Phone: 708-534-5575
Fax: 708-534-8016

Copyright © by Applied Client Network, Inc., 330 N. Wabash Ave., Suite 2000 Chicago, IL 60611. . Protection claimed in all forms and matters of copyrightable material and information now allowed by law or hereafter granted including both electronic and conventional distribution of herein products. Reproduction or transmission unless authorized by Applied Client Network in writing. All rights reserved. Specific product information regarding Applied TAM, Applied Vision®, Applied Epic® and related products and services, including any related manuals, documentation, and/or materials prepared by Applied Systems for purposes of Applied Net 2018 or otherwise are the exclusive property of Applied Systems, Inc. Applied Systems retains all right, title, and interest therein, including copyright interests and other intellectual property rights. Information relating to products and services owned or licensed by third parties (ex: Microsoft, Excel, etc.) and all interests therein are the property of the respective owners, and no endorsement or ownership of third party products or services should be implied by their mention and use. All workflows are suggested and common workflows. Users of this material agree that neither Applied Client Network nor Applied Systems can be held liable for any omissions or errors within the guide.

Original Author:

Sue Good

Alexant Systems Corporation

October, 2015

Updated By:

Sue Good

Alexant Systems Corporation

July, 2021

Target Audience:

<input checked="" type="checkbox"/>	Accounting
<input checked="" type="checkbox"/>	Administration
<input type="checkbox"/>	Claims
<input checked="" type="checkbox"/>	Customer Service
<input type="checkbox"/>	Human Resources
<input checked="" type="checkbox"/>	IT
<input type="checkbox"/>	Legal

<input checked="" type="checkbox"/>	Marketing
<input checked="" type="checkbox"/>	Operations
<input checked="" type="checkbox"/>	Sales
<input checked="" type="checkbox"/>	Underwriting
<input type="checkbox"/>	ALL
<input type="checkbox"/>	Other: (describe)

Table of Contents

Prepared for Applied Client Network and Applied Systems	2
Original Author:	3
Updated By:	3
Target Audience:	3
Overview	6
Run the Book of Business Report	6
Policies in Force “Today”	6
Policies in Force “A Year Ago”	6
Commission Agreements	7
Producer/Broker Commission Schedule	7
Invoicing – Transaction Code Configuration	8
Transaction Codes	8
Policy Configuration	10
Policy Download	11
Line Agency Commission Percentage	11
Producer/Broker Commission Agreement	11
Manual Policy Renewal	12
Line Agency Commission Percentage:	12
Producer/Broker Commission Percentage:	13
Direct Bill Commission Download or Import	14
Commission/Premium Calculations Utility	15
Reports based on Estimated/Billed Only	15
Appendix	17
Policy Book of Business Report	17

Advanced: An advanced level course facilitates the development of thoughts (ideas, theories, procedures) to the most advanced stage possible. For functional courses, the objectives taught at this level challenge learners to analyze and make business decisions on how to utilize the agency or brokerage management system or software in their agency or brokerage, or apply a high level of technical aptitude to understand in depth features and functionality.

Class Description: Having trouble getting a Book of Business report that makes sense? In this session we'll look at the multiple fields involved in the Book of Business reports, especially Annualized vs Estimated. How do Configuration Settings for Policy Download, Direct Bill Commission Download, Company and Producer/Broker Commission Agreements and Transaction Codes affect your report? What about Policy Rewrites?

Learning Outcomes:

- Understand the various configuration options that may affect the report.
- How Direct Bill Methods influence how you configure Direct Bill Policy download, Commission download and Transaction Codes.
- What manual data entry must be done in order to get accurate reports for Annualized and Estimated Premium and Commission Fields?

Assumptions: This seminar is based on the following:
Applied Epic 2021

Overview

Getting the Book of Business report you want from Applied Epic can be a challenge. Understanding the criteria to use and how invoicing, policy download, and direct bill commission download can affect the multiple premium and commission fields at both the policy and line level will allow you to make configuration decisions and train your staff on the manual entry required to give you the Book of Business report you want.

To begin, let's look at how to run a Book of Business report for policies in force today, and how to run the report for policies in force a year ago. Then we'll dig into the various Premium and Commission fields at the Policy and Line levels.

Run the Book of Business Report

Policies in Force "Today"

We can utilize the Policy Effective and Policy Expiration date fields so we don't include a policy in force today, and the renewal policy effective in a month, for example. We only want to see the policy in force today.

Fixed Date Range Criteria:

- Policy Effective = "Open" thru "today"
- Policy Expiration = "tomorrow" thru "Open"
- Line Status = Active Status codes for your agency (NEW, REN, REW, etc)

Relative Date Range Criteria

- Policy Effective Date

Relative date range From system date Open Days Through end of system date + Days
" +0" is equal to today, or today's month

- Policy Expiration Date

Relative date range From system date Open Days Through end of system date Open Days
" +0" is equal to today, or today's month

Policies in Force "A Year Ago"

We can utilize the Policy Effective, Policy Expiration date, and Line Status Code fields to see what was in force a year ago.

Fixed Date Range Criteria:

- Policy Effective = "Open" thru "Today's Date minus 1 Year ago"
- Policy Expiration = "Today's Date minus 1 Year ago plus 1" thru "Open"

Relative Date Range Criteria

- Policy Effective Date

Relative date range From system date Open Days Through end of system date 365 Days
 "+0" is equal to today, or today's month

- Policy Expiration Date

Relative date range From system date Open 364 Days Through end of system date Open Days
 "+0" is equal to today, or today's month

- Line Status = Active and Cancelled Status codes for your agency (NEW, REN, REW, CAN, etc)
 - Why would I include cancelled policies? I want to know if we had the policy a year ago, and lost it in between then and now.
- Possible Gotcha: Does your agency add a new policy on a rewrite? Is the old policy marked with a Status Code that can be excluded (not considered Lost Business)?

Commission Agreements

Let's have a brief discussion about Commission Agreements for Company or Producer/Broker.

The value of setting up Company and Producer/Broker commission agreements is to reduce manual intervention at renewal of these fields. It works beautifully when there is a single commission percentage per policy status. For example, we receive 18% for NEW homeowner policies from Hartford, and 15% for REN homeowner policies from Hartford. The commission transition from NEW to REN would work perfectly whether the policy renewed via download or manually. The challenge comes when Hartford has multiple "deals" for homeowner renewals. What will Epic do?

The same logic is true for Producer/Broker Agreements. If a producer has multiple "deals" at renewal (different splits with other producers), what will Epic do? Epic 2020 MU1 has a solution for that scenario!

We'll look at how Epic handles Company and Producer/Broker commissions as we discuss each process.

Producer/Broker Commission Schedule

A new feature with Epic 2021 allows users to set schedules for different commissions independent of a policy's effective and expiration dates using the *Pr/Br Commission Schedule* on the *Servicing/Billing > Pr/Br* tab.

Configure under **Policies > System Settings > Pr/Br Commission Schedule**. Select the checkbox for each **type of business** on which you want to allow producer/broker commission schedules. Click **Finish** to apply your changes. Notice not all **Types of Business** are included (personal & commercial, for example). This is extremely useful for Benefits, though, when New commission are paid for part on one policy term, and part of the next policy term.

Invoicing – Transaction Code Configuration

Transaction codes can be configured to Add To, Replace, Zero Out, or have No Effect on the Annualized and/or Billed premium and commission fields. Invoicing does **not** affect the Estimated Premium fields.

Configure – Accounting – Transaction Codes

The screenshot shows the 'Update Policy' configuration screen. Key elements include:

- Code:** NEWB
- Class:** Account Current/Direct Bill
- Service Fee (Defer Revenue):**
- Update Policy:** Policy estimated premium
- Billed:** Add To
- Annualized:** Replace

Keep in mind that policy download can also affect the Annualized premium field, so think through which of these processes you want to affect the Annualized premium field.

The default when adding a transaction is the Policy level, and we don't have the option to change that default to the Line level. Because of this, many agencies invoice at the Policy level instead of the Line level. The "Book of Business – Line" report will **not** be accurate for **Billed** amounts **if** invoicing at the policy level. If invoicing at the Line level, Epic will add up the Line Billed Premium and Line Billed Commission amounts and replace the Policy Billed Premium and Policy Billed Commission amounts with the totals of the Line and Policy invoiced amounts.

If Direct Bill policies are transacted (invoiced) with the expected term premium by staff, or by utilizing Automated Download Invoicing, your Annualized and Billed Premium and Commission fields should be quite accurate, **if** the Line Commission Percentage is correct when invoicing, and the Transaction Codes are configured to "Add to" Billed and Annualized fields.

Transaction Codes

Configure > Accounting > Transaction Codes > Update Policy Tab

Billed

- Add To
 - Transaction amount is added to the policy/line's billed premium and commission amounts.
 - Typically selected if the transaction code will be added to the policy/line.
- No Effect
 - Transaction amount does not affect the policy/line's billed premium and commission amounts.
 - Typically selected if the transaction code will be added to the account rather than the policy/line.

Annualized

There are additional options available for the **Annualized** Premium/Commission fields when configuring Transaction Codes that can affect multi-year policies.

Configure > Accounting > Transaction Codes

- Add To - Actual
 - > Transaction amount is added to policy/line's **annualized** premium and commission amounts.
- Add To - Term
 - > Transaction amount is added to policy/line's **annualized** premium and commission amounts.
- Add To - Yearly
 - > Transaction amount is **annualized** for the most recent anniversary year and added to the policy/line's **annualized** premium and commission amounts.
- No Effect
 - > Transaction amount does **not** affect policy/line's annualized premium and commission amounts.
- Replace - Actual
 - > Transaction amount replaces the policy/line's **annualized** premium and commission amounts.
 - > Typically selected for renewal transaction codes.
- Replace - Term
 - > Transaction amount replaces the policy/line's **annualized** premium and commission.
 - > Typically selected for renewal transaction codes.
- Replace - Yearly
 - > Transaction amount is **annualized** for the most recent anniversary year and replaces the current **annualized** amount.
 - > Typically selected for renewal transaction codes.
- Zero Out
 - > Transaction amount zeroes out the policy/line's **annualized** premium and commission.
 - > Typically selected for cancellation transaction codes.

Policy Configuration

Policy Types can be configured to override the Transaction Code settings.

> *Annualized* field

- The default is to *Use calculation from transaction code*
- This can be overridden with an *Actual, Term* or *Yearly* calculation

Policy Download

Policy Download can be configured to update the Estimated Premium and/or Annualized Premium fields at the policy and/or line level, based on the configuration settings.

Configure – Interface – Company – Status Codes Tab

Premium Settings

Type of business Personal Commercial

Level affected Policy Line Both

Update premium Estimated Annualized Both

Annualized calculation type Term Actual Yearly

tatus	Update Policy Status	Update Premium(s)
	Yes	Yes
	No	Yes
	No	No
	No	Yes
	No	Yes

Remember, invoicing can also affect the Annualized premium field, so think through what processes you want to affect the Annualized Premium field.

Line Agency Commission Percentage

Policy download will also affect the Line Commission Percentage field if you have the “Default Commission Agreement” box checked on the Line level. If there are multiple matching company commission agreements, the download picks the first one that is valid (chronologically based on date entered) and updates the Line Commission Percentage. It will then indicate on the communication log "Multiple valid commission agreements exist" and indicate which commission agreement the download used. You would need to correct it if the download selected the incorrect one.

If the “Default Commission Agreement” box is unchecked, the policy download does not affect the Line Commission percentage field.

Producer/Broker Commission Agreement

A new feature in Epic 2020 MU1 is the ability to change the system setting so when multiple valid commission agreements are found at renewal, the system can continue to use the prior term’s commission agreement.

This feature is found in **Configure > Policy > System Settings > Pr/Br Commission Agreements > Use the prior term's commission agreement (if valid) upon renewal**

If this feature is NOT utilized, and the Producer or Broker on the line Pr/Br tab is configured with Commission Agreements, the Policy Download will look to the Commission Agreements configured for the producer at renewal to determine the correct Producer/Broker Commission percentage.

If you have multiple Producer/Broker Agreements configured for a particular scenario, the download will use the first one that is valid (chronologically based on date entered).

For example, you have various commission splits created for a Producer for Renewals. When the Renewal policy downloads, you will receive a message "Multiple valid producer commission agreements exist" on the Communication Log and the message will also indicate which commission agreement the download selected. You would need to correct it if the download selected the incorrect one.



Review the Pr/Br tab on the Line to ensure the Producer commission is accurate, ideally before the Direct Bill Commission Download comes through.

Staff would be responsible for updating the Pr/Br commission percentage for the renewal.

Manual Policy Renewal

The **Actions-Renew** process may cause the Line Agency Commission % and the Producer Commission % to change.

Line Agency Commission Percentage:

- **Company Commission Agreement:** If a Company Commission Agreement is selected on the line, and multiple agreements exist for the company/line type/status code, Epic is selecting the first matching commission rate for the renewal (in alphabetical order). The system does not prompt that it may have changed from the prior term.
- If the **Line Status** or **Premium Payable Entity** is manually changed, and the "Default Commission Agreement" box was checked prior to the change, the "Default Commission Agreement" box will become unchecked, and a new commission agreement must be selected.

- **No Company Agreement:** If no Company Agreement is selected, but the agency commission % was manually entered, the Actions/Renew does not change the agency commission at renewal. If needed, it must be manually updated by staff.

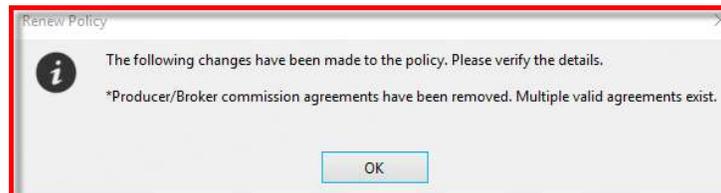
Producer/Broker Commission Percentage:

A new feature in Epic 2020 MU1 is the ability to change the system setting so when multiple valid commission agreements are found at renewal, the system can continue to use the prior term's commission agreement.

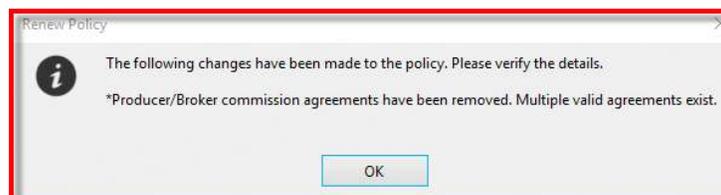
This feature is found in **Configure > Policy > System Settings > Pr/Br Commission Agreements > Use the prior term's commission agreement (if valid) upon renewal**

If this feature is NOT utilized:

- **No Producer/Broker Agreement:** If no Producer Agreement is selected on the expiring policy, but the producer commission % was manually entered, Actions/Renew does not change the producer commission percentage, ***unless there is an existing Producer/Broker commission agreement that qualifies***. If there is only one existing Producer/Broker commission agreement that qualifies, Epic will change the commission from the manually entered rate that was on the expiring term's policy, and use the rate on the qualifying commission agreement for the renewal. If Epic finds multiple qualifying commission agreements, you will receive the prompt below. User must then go into the Pr/Br tab, and enter correct commission percentage or manually select the correct Producer/Broker Agreement.



- **Multiple Qualifying Commission Agreements:** If a Producer/Broker Agreement was selected on the expiring policy, and multiple qualifying agreements exist for the Producer/Broker, the Actions/Renew will remove the producer commission, and give the user warning that "Multiple valid agreements exist". User must then go into the Pr/Br tab, and enter correct commission percentage or manually select the correct Producer/Broker Agreement.



Direct Bill Commission Download or Import

Direct Bill Commission Download or Direct Bill Commission Import will update the Billed and/or Annualized Premium and Commission fields based on the configuration of the transaction codes and the settings on the “Direct Bill” tab in the Company Interface configuration.

A few “gotchas” to be aware of:

- If a transaction code (**NEWB** or **RENB**, for example) is configured to “Replace” the Annualized Premium and Commission, and the carrier shows the monthly installment as a New or Renewal transaction code, the commission download just replaced the Annualized Premium and Commission with the monthly installment amounts.
- If the transaction codes are configured to “Add To” the Annualized Premium and Commission, and the carrier pays the agency on installments, the Annualized Premium and Commission fields will not be accurate until the last installment payment is received (which could be into the next policy term).
- If the transaction codes are configured to “Add To” the Billed Premium & Commission, and the carrier pays on installments, the Billed Premium and Commission fields will reflect the premium/commission paid to date.

Line Commission **Percentage** field is **NOT** affected. The Policy or Line Annualized and/or Billed premium and commission **AMOUNTS** will be updated based on the configuration of the transaction code. When creating the batch, you can change “Add to” from Policy to Line if you want transactions created at the Line level, but this does not change the Line Commission Percentage field.

Epic uses the information on the Pr/Br tab for the appropriate Line.

- If invoicing to the Policy level, Epic uses the info on the Pr/Br tab for the first Line under the policy.
- If invoicing to the Line level, Epic uses the info on the Pr/Br tab for the specific line.

A couple of other factors to keep in mind when deciding which fields to focus on in the Book of Business report:

Commission/Premium Calculations Utility

This utility is extremely useful in keeping the **Estimated Premium and Commission** fields accurate for the Book of Business report. Policy Download comes in daily and does not automatically “do the math” to calculate the updated Estimated Commission Amount fields. The utility does two things:

- Multiplies the Line Estimated Premium times the Line Commission % and updates the Line Estimated Commission Amount
- Sums the Line(s) Estimated Premium and Line(s) Estimated Commission Amounts and replaces the Policy Estimated Premium and Policy Estimated Commission Amounts with the totals

Configuration Settings under Configure/Policy/Commission Premium Calculation:

- Expiration Date
 - Enter a number between 0 and 366 in the “System date minus ___ days” field to filter policies based on expiration date. You can run the tool on historical policies up to one leap year (366 days) beyond their expiration dates.
 - *Note: Zero is the default value, meaning no historical policies will be included.*
- Calculations
 - Make a selection under “Sum the estimated premium from all lines and update the estimated premium on the policy if”:
 - Any line has an estimated premium greater than \$0: Select this option if you want the calculation to run on any updated policy containing an Estimated Premium value, even if estimated premium information is missing for some lines.
 - All lines have an estimated premium greater than \$0: Select this option if you want the calculation to run only on updated policies for which all lines of business have Estimated Premium information.

Reports based on Estimated/Billed Only

- Commission Tracking Report
 - Compares Estimated Commission to Billed Commission
- Commission Variance Report
 - Compares Estimated Commission to Reconciled Commission

Appendix

Policy Book of Business Report

Below are settings, things to keep in mind, required manual entry, and anticipated results for a **POLICY** Book of Business Report (not Line Book of Business Report).

POLICY BOOK OF BUSINESS REPORT				
BASED ON ANNUALIZED, ESTIMATED OR BILLED PREMIUM/COMMISSION				
BASED ON WHICH FIELD?	ANNUALIZED PREMIUM / COMMISSION	ANNUALIZED PREMIUM / COMMISSION	ESTIMATED PREMIUM / COMMISSION	BILLED PREMIUM / COMMISSION
WHAT IS YOUR DIRECT BILL METHOD?	TRANSACT & RECONCILE	RECORD COMMISSIONS		
INVOICING / TRANSACTING	Updates based on transaction code configuration for agency & direct bill	Updates based on transaction code configuration for agency & direct bill	Has no effect on estimated premium	Updates based on transaction code configuration for agency & direct bill
INVOICE/TRANSACT LEVEL	Policy	Policy	Has no effect on estimated premium	Policy
POLICY DOWNLOAD	Set to "Do not update annualized premium"	If you plan to update the field with the policy download, set to "Update annualized premium" (The Annualized Commission will NOT be updated). If you want the transaction to update Annualized Premium & Commissions, set to "Do not update annualized premium".	Update Estimated Premium - Line only (Utility will roll lines up to Policy)	Policy Download has No effect
DIRECT BILL COMMISSION DOWNLOAD OR IMPORT	Do not use	If you plan to update the field with the policy download, use transaction codes that have "no effect" on annualized premium (may need to add transaction codes specific to direct bill). If you want the transaction to update Annualized Premium & Commission, use the standard transaction codes.	Has no effect on estimated premium	Configure transaction codes to "add to" billed amount
LINE COMMISSION % - MUST BE ENTERED	Check "Default Commission Agreement", if available. If not available, enter manually. Used when policy is manually invoiced/transacted.	Check "Default Commission Agreement", if available. If not available, enter manually. Used when policy is manually invoiced/transacted.	Check "Default Commission Agreement", if available. If not available, enter manually. Used to calculate line estimated commission when "Commission/Premium Calculation" utility is run, or when "calculate" link is clicked. Utility will roll the line estimated premium and commission totals to the policy level	Check "Default Commission Agreement", if available. If not available, enter manually. Used when policy is manually invoiced/transacted.
KEEP IN MIND		Annualized premium will be increased or decreased by the annualized amount of an endorsement, if the Transaction Code was configured to Add To - Yearly		Do you want to include non-commissionable transactions in the total billed, or just commissionable transactions?
MANUAL ENTRY	If correcting the commission percentage while reconciling, the correction is not pushed back to the line commission percentage for future transactions. Must manually update the policy annualized commission amount and the line commission percentage.	In order to annualize correctly, the Transaction Effective Date must be accurate. Many direct bill carriers send the monthly installment commission with the Effective Date of the policy, so this field would not calculate correctly in this scenario.	Non-downloaded direct bill policies and all agency bill policies must be manually updated with the line estimated premium and line commission % so the utility can calculate estimated commission and roll lines up to policy level.	Cannot be manually updated, only updated by transaction
RESULT AFTER MANUAL ENTRY	Very accurate if all transactions are manually invoiced at correct commission rate	When entering Direct Bill Commission from the commission statement, this field is rarely accurate if any of the carriers pay you on installments. The Annualized premium/commission fields would not be accurate until the last piece of commission has been received. If you are letting the policy download updated the Annualized Premium field, the Annualized Commission will NOT be updated.	Accurate with manual entry	Very accurate for amount billed to date. Based on direct bill method, this may not be the full term premium/commission until last installment is downloaded or invoiced