

Where the money leads

Compensation's role in
health insurance agent
placement decisions



Analysis & Creation by Celent
Commissioned by Vertafore | November 2025



Foreword from Vertafore

For insurers, compensating independent agent partners is more than just the cost of doing business. It's a **powerful component** of distribution management. Strategic compensation is a key driver to attract and retain top agents and facilitate long-term growth. Unsurprisingly, modern insurance agents expect transparency, flexibility, and recognition for the work they do. However, it is imperative for insurers to exceed agent expectations and reliably deliver the compensation essential for their business success to develop strong, lasting partnerships.

At Vertafore, we view compensation strategy as a **competitive differentiator**. With thoughtful design and effective administration, you can successfully align agent motivation with your company goals. The challenge isn't just designing the right mix of commissions, bonuses, and contests; it's knowing what agents need and understanding down to the fine details how different elements of compensation influence where business gets placed. With this information, you can engineer compensation strategies that truly set your business apart.

The right technology is the foundation for successful delivery. Legacy systems lack the functionality to meet insurer and agent needs. Modern compensation management solutions must do more than just process commission checks; they need to empower insurers with analytics and automation, be adaptable to changing market conditions, and motivate agents to sell the products you want them to sell. They need to turn compensation from a back-office headache into a [strategic advantage that drives agent loyalty](#).

This report confirms that compensation influences agent behavior when placing business, and the solutions insurers use directly determine how effective that strategy can be. We're proud to present this report with Celent, just as we're proud to partner with insurers that recognize this opportunity in modernizing such a fundamental element of the industry. **Together, we're committed** to transforming compensation management into a tool for engagement, growth, and sustainable success.

Dedicated to delivering your path forward,

The Vertafore Team



 **Vertafore Celent.**

Celent.

This report was commissioned by Vertafore, which asked Celent to design and execute a Celent study on its behalf. The analysis and conclusions are Celent's alone, and Vertafore had no editorial control over report contents.

Where the Money Leads

Compensation's Role in Health Insurance Agent Placement Decisions

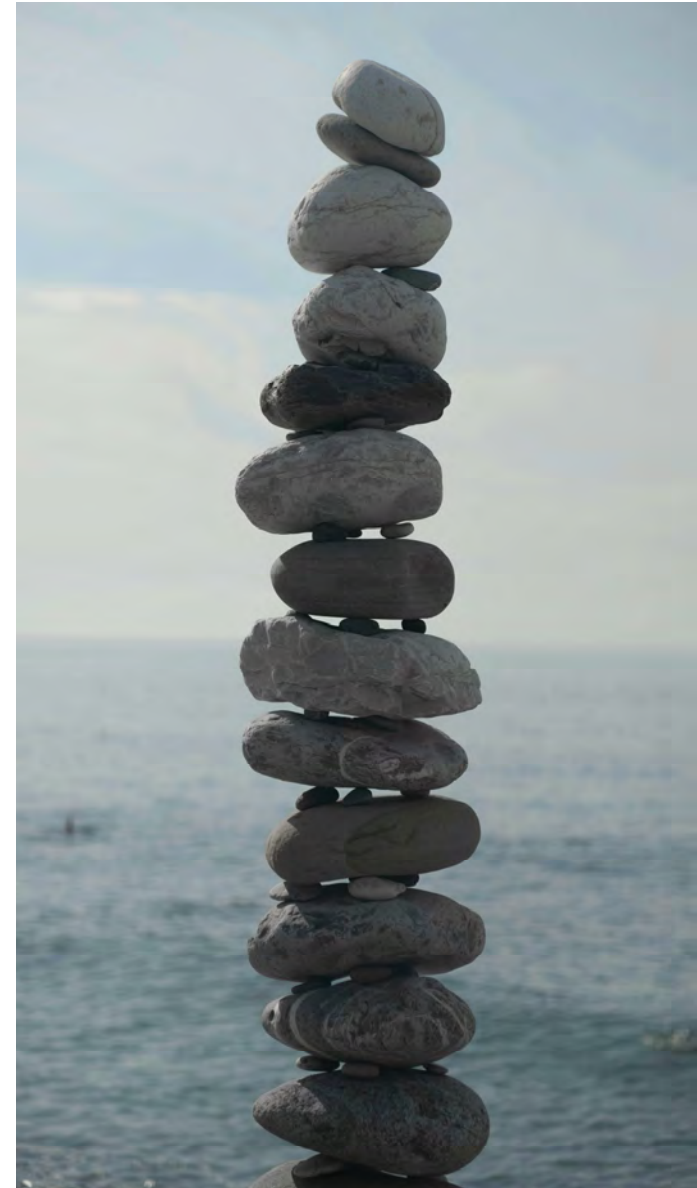
October 21, 2025

Karen Monks and Karlyn Carnahan

A part of GlobalData

Despite what agents say, compensation meaningfully influences where business is placed

- Health insurance agents frequently claim that pay does not determine where they place business, emphasizing product suitability, client needs, and service as the primary influences.
- We conducted a recent survey of agents that uncovered a subtler picture. Although those elements still matter, pay structures—such as base commissions, bonuses, and other incentives—significantly influence placement choices for a notable share of agents.
- Sales contests and recognition programs also exert a disproportionate effect, highlighting that motivation includes competitive drive, achievement, and professional status in addition to monetary rewards.
- For insurers, these results have obvious consequences. A competitive, thoughtfully designed compensation package is more than a basic necessity—it differentiates firms in attracting and keeping agents and brokers who will sell your offerings.
- Creating and administering these programs, though, is complex. Incentive plans must strike a balance among fairness, regulatory requirements, and strategic growth objectives while adapting to changing agent and broker expectations.
- Increasingly, this calls for dedicated technology that can model, administer, and monitor sophisticated compensation schemes at scale.
- Insurers that emphasize compensation strategy and its execution will be better able to strengthen distribution partnerships and sustain growth.



Background

- We sought to determine how much compensation influences an agent's choice of where to place business: If it matters a lot and involves complex combinations, that affects the type of technology a carrier will require.
- Accordingly, in June 2025 we surveyed more than 600 life and health insurance agents about commissions and the factors that guide their placement decisions.
- Respondents were recruited through a third-party survey firm. We specified that participants must sell health insurance in North America but had no further role in who received the survey. Note that a very small portion of respondents primarily focus on life insurance and only secondarily sell health insurance.
- We collected demographic information on respondents because we hypothesized that attitudes would vary by factors such as age, industry tenure, role, and agency size. Where demographic differences are evident, we identify and highlight them.
- The survey also probed the subtleties of compensation types—transactional commissions versus bonuses, cash versus noncash rewards—and the technology agents need to manage their pay.
- We did not explicitly ask whether respondents were actively selling health insurance; we assume they are, since they reported the makeup of their books by line of business and their role in carrier selection.
- Importance and availability items were scored on a five-point scale.
- The survey was sponsored by Vertafore, but Vertafore had no role in selecting respondents or analyzing the results.

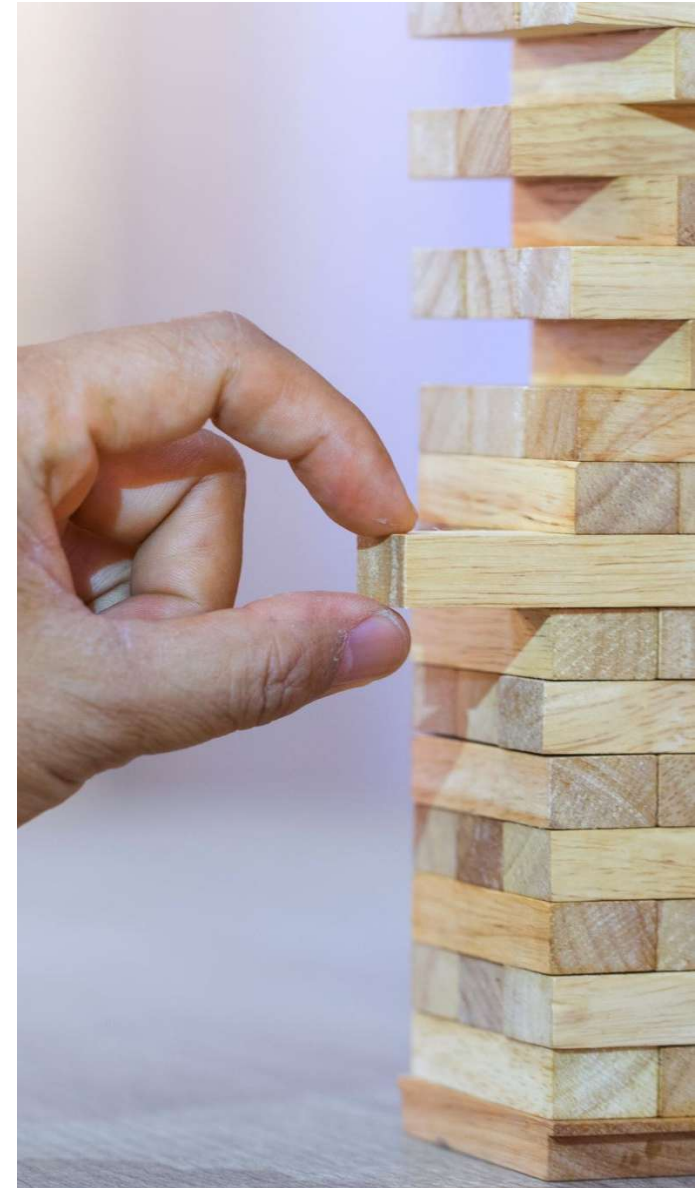


Table of Contents

- Commissions
- Contests and Bonuses
- Distribution Management Technology
- Final Thoughts
- Appendix A: Demographics



Commissions

Overview of Health Insurance Distribution

Types of agents

- Both independent agents and captive agents exist in the US health insurance market, though their prevalence and roles vary by segment such as individual health insurance, Medicare, employer/group, and supplemental markets.
- **Independent agent:** A professional insurance agent who typically sells products from multiple carriers either as an independent agent (i.e., appointed by several insurers) or as a broker. They often build a book of business, provide ongoing service, and may focus on a particular area (e.g., individual/ACA plans, Medicare Advantage/Part D, small-group/employer).
- **Captive agent:** An agent who represents and sells products for a single insurer (or a single insurance group). They are typically employees or exclusive contractors of that insurer and sell only that company's plans.

Where they operate

Line of Business	Independent Agent/Broker	Captive Agent
Individual (ACA) market and private-combined individual/small group	Common	Less common but present
Medicare (Medicare Advantage, Part D, Medigap/Supplemental)	Very common. Many specialize in Medicare sales and servicing.	Very common. Especially by large insurers with Medicare products.
Employer-sponsored (small-group and large-group)	Common. Especially by small employers. Large employers more often use brokers or consultants.	Uncommon
Employer self funded plans	Very common	Uncommon

Why employers and consumers choose each model

- **Independent agents:**
 - **Pros:** Can compare multiple products, provide choice, advise across carriers, and often continue servicing policyholders year to year. Independent/career agents are especially important in the individual and small-group markets and in Medicare sales.
 - **Cons:** Potential conflicts of interest if paid by carriers; variable expertise.
- **Captive agents:**
 - **Pros:** Deep knowledge of one insurer's products, closer coordination with insurer resources, possibly stronger marketing/support. They are most often led by insurers that rely on exclusive sales forces.
 - **Cons:** Limited product choice for consumers.

How are health insurance commissions paid?

First year and residual commissions

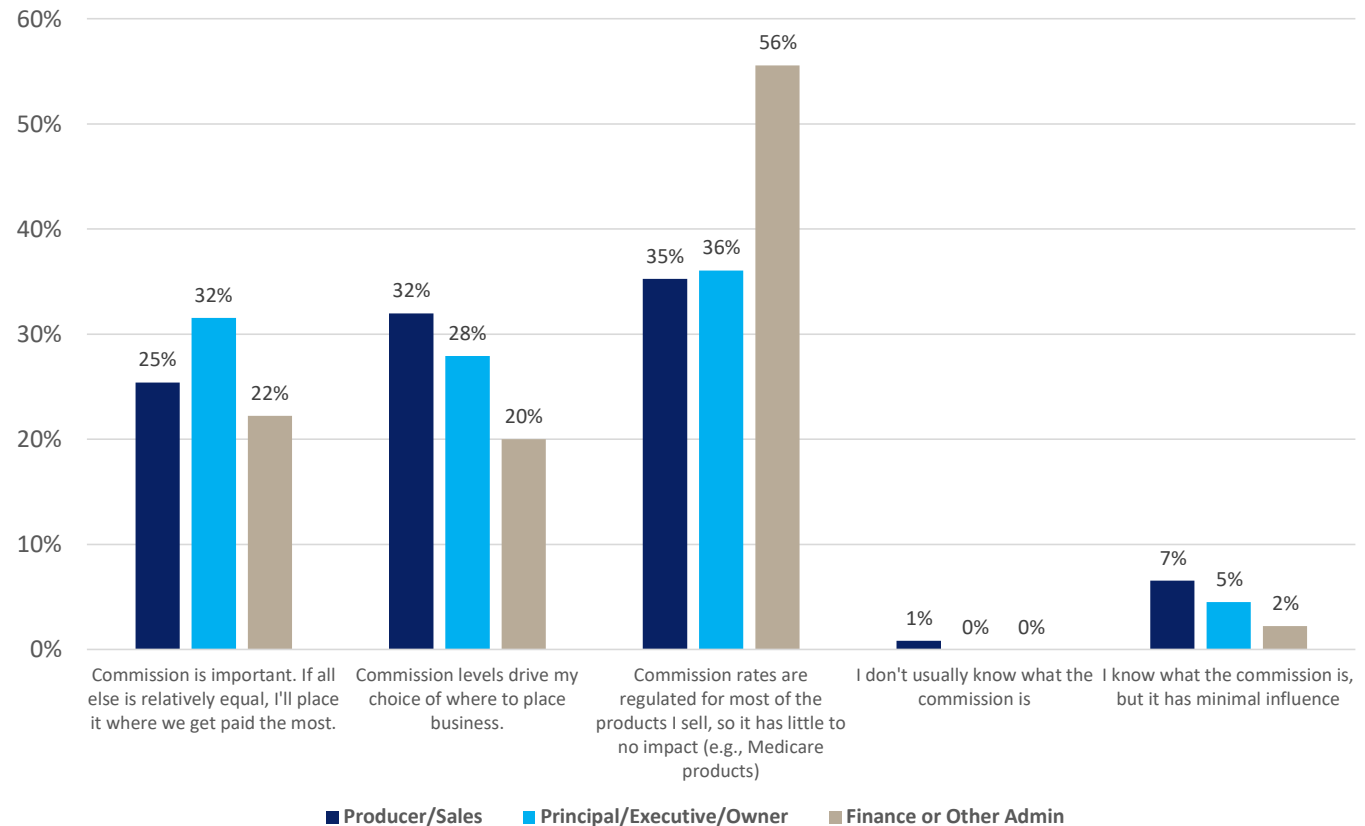
- Agents usually receive commissions from insurers for both new enrollments and policy renewals.
- Medicare supplemental commission rates are set by regulation and are publicly available; broker payments for ACA marketplace plans are capped and regulated, and some marketplace plans use standardized broker pay.
- Commission plans differ by insurer and policy type, but commonly health insurance agents earn roughly 5% to 20% of a policy's premiums in the first year, with the percentage declining on renewals. The line of business affects pay levels. For agents focused on employer-purchased group health coverage, typical commission rates are somewhat lower, generally around 3% to 6% of total premiums. By comparison, commissions for Medicare Supplemental plans are generally higher, commonly about 20% to 22% of first-year premiums.
- In subsequent years, regardless of the product sold, agents may receive residual or renewal commissions in the range of about 3% to 10% of annual premiums. These residuals create a passive income stream, so agents can earn without continuously selling new policies.
- Most insurance agents operate on a commission-only basis, particularly those tied to private carriers or working independently. Agents employed full-time by an insurer may receive a base salary plus performance incentives. Regardless of pay model, commissions remain a primary income source and encourage agents to cultivate long-term clients.
- To assess the relative importance of different commission-related features, Celent surveyed respondents about commissions, bonuses and contests, payment mechanics, commission statements, and supporting technology. The following pages show how frequently each feature is available in the market, based on respondents' reports and taking into account whether most or all carriers provide the option.



Regardless of role, commission plays a role when placing business; however, health insurance regulations plays a significant role as well

Note: From this point forward, the analysis focuses only on respondents who indicate, “I usually make the decision about where to place the business.” Findings reflect the perspectives of this decision-making group.

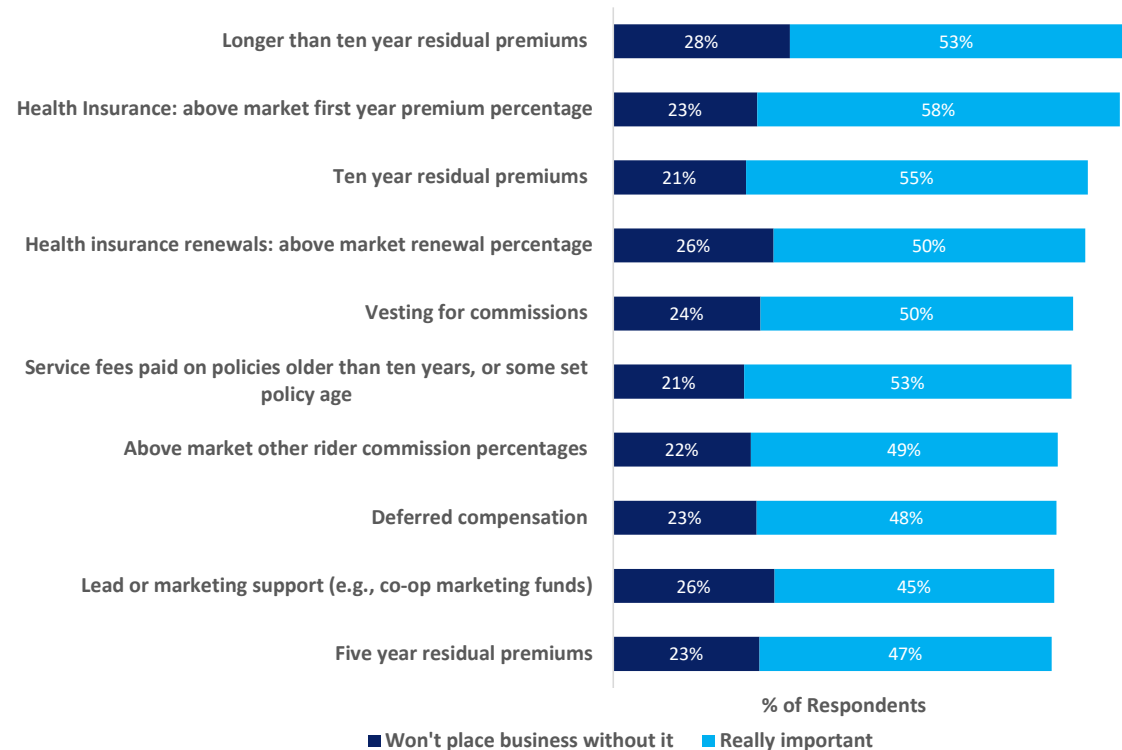
- Commissions have a strong influence on agent behavior, albeit their impact varies.
- Overall, 27% of respondents say commission drives where they place the business, while another 26% prioritize higher commission when other factors are equal.
- However, 42% of respondents report that regulated commission rates limit their effect on decision-making. Regulations means Medicare Advantage plans have standardized commissions.
- When viewed together, the findings indicate that even with regulatory constraints, commissions remain a potent motivator, particularly for agency leaders and agents, and play a meaningful role in shaping where business is placed.



Long-term commission payouts are highly valued, while competitive commissions on immediate payouts for health insurance are equally important

- Long-term commission benefits play an important role in decision making by respondents.
- Of the top six highly valued commission options, four are long-term commission benefits. These include longer than 10-year residual premiums, 10-year residual premiums, vesting for commission, and service fees paid on policies older than 10 years. Overall, up to 80% of respondents highly value these long-term commission benefits.
- While five-year residual premiums were the least important, the difference between the top and bottom options was only 13% suggesting that all are fairly important to this group of agents.
- *“Dynamic commission tiers motivate agents to focus on long-term customer relationships rather than one-time sales,”* states one respondent.

Level of importance of commission/compensation plan options

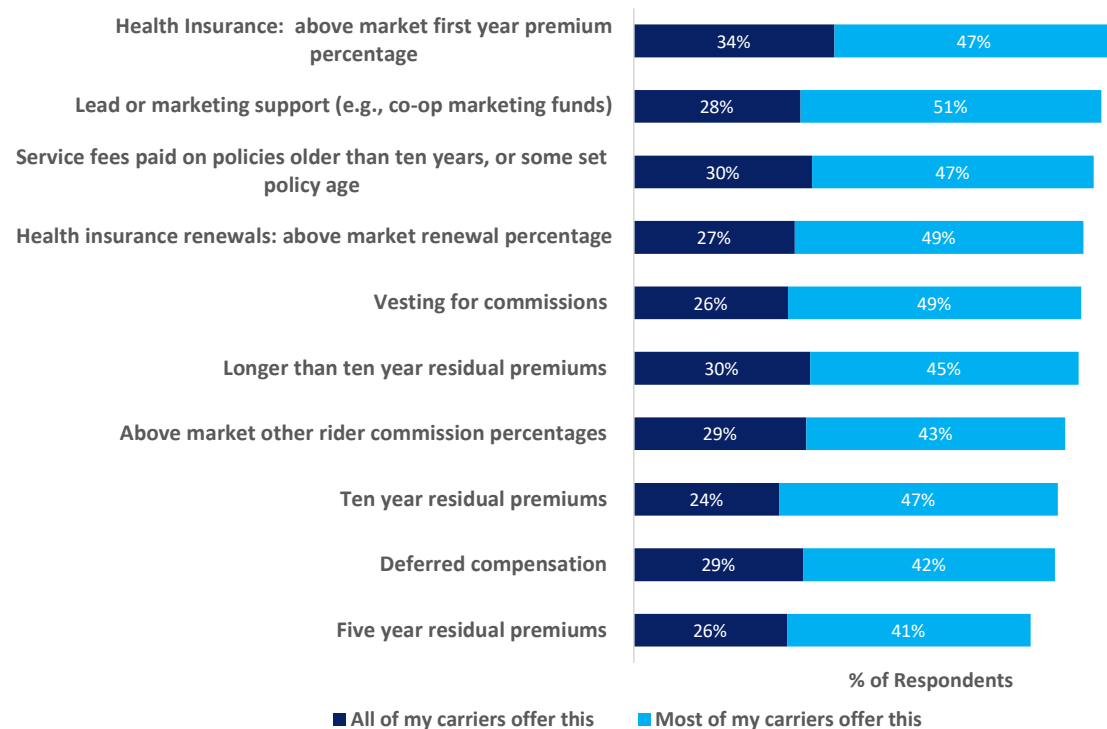


Note: This analysis focuses only on respondents who indicate, “I usually make the decision about where to place the business.” Findings reflect the perspectives of this decision-making group

While many compensation features are common across the industry, variability between carriers creates opportunities for differentiation

- Most carriers offer a range of compensation features, yet none provide a truly comprehensive package, providing significant scope for differentiation.
- While respondents typically have access to above-market health first year commission rates, the longer-term commission structures they value most are not as widely available.
- Additionally, residual commissions are also less common, presenting an opportunity for carriers to better align their offerings with agent preferences and create a competitive advantage.
- “Some insurers are improving renewal commissions and payment flexibility,” states one respondent.
- “Some insurers now offer tiered commissions based on client health outcomes. For example, if an agent helps clients improve wellness, they get higher commissions,” states another.

Availability of commission/compensation plan options

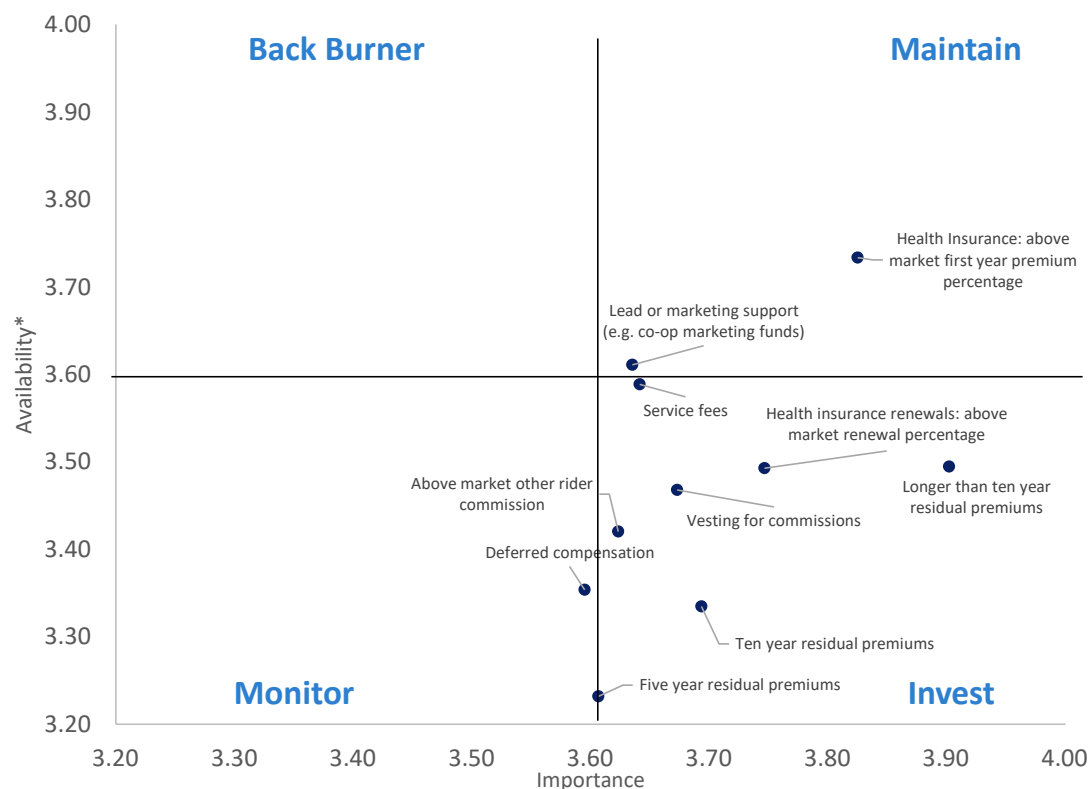


Note: This analysis focuses only on respondents who indicated, “I usually make the decision about where to place the business.” Findings reflect the perspectives of this decision-making group

Insurers should align commission offerings with agent priorities, maintaining widely available essentials and investing in under-served high-value features

- We asked respondents to rate the importance of specific commission plan features and to indicate how many of their carriers offered those features.
- Insurers should **maintain** features that are highly important and widely available in the market. Features that are highly important, but not widely available, create opportunities for differentiation. Insurers should consider **investing** in these features. Those that are not important but are widely available can be put on the **back burner**. Those that are not highly important but are also not widely available should be **monitored**. Should their level of importance change, they create opportunities for differentiation.
- Decision-makers highly value longer than ten year residual premiums and above market first year premium commissions for health insurance, with the former being the most important, but less widely available.
- They also express interest in above market renewal percentage for health insurance, and other long-term compensation structures such as ten year residual premiums and vesting for commissions, which are less offered by insurers.
- In contrast, lead or marketing support, and service fees are seen as less essential, despite being widely available.
- Carriers should evaluate their offerings against the features that are most important to agents. Providing highly valued features that are currently scarce in the market can help create a differentiation.

Commission plan importance vs. availability
Results limited to those who make the placement decision

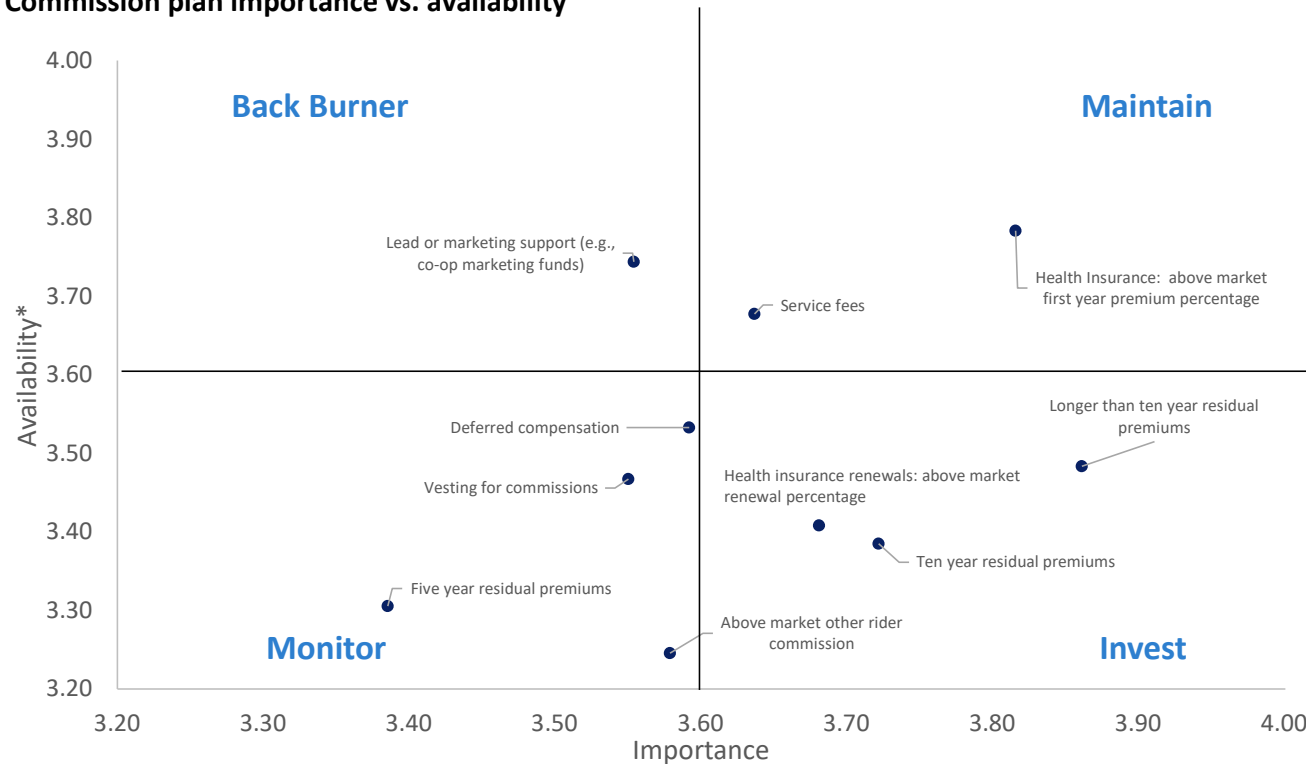


*Availability considers all or most insurers offering the option

Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

Producers value certain long-term commission features that remain less available, creating opportunities for differentiation

Commission plan importance vs. availability



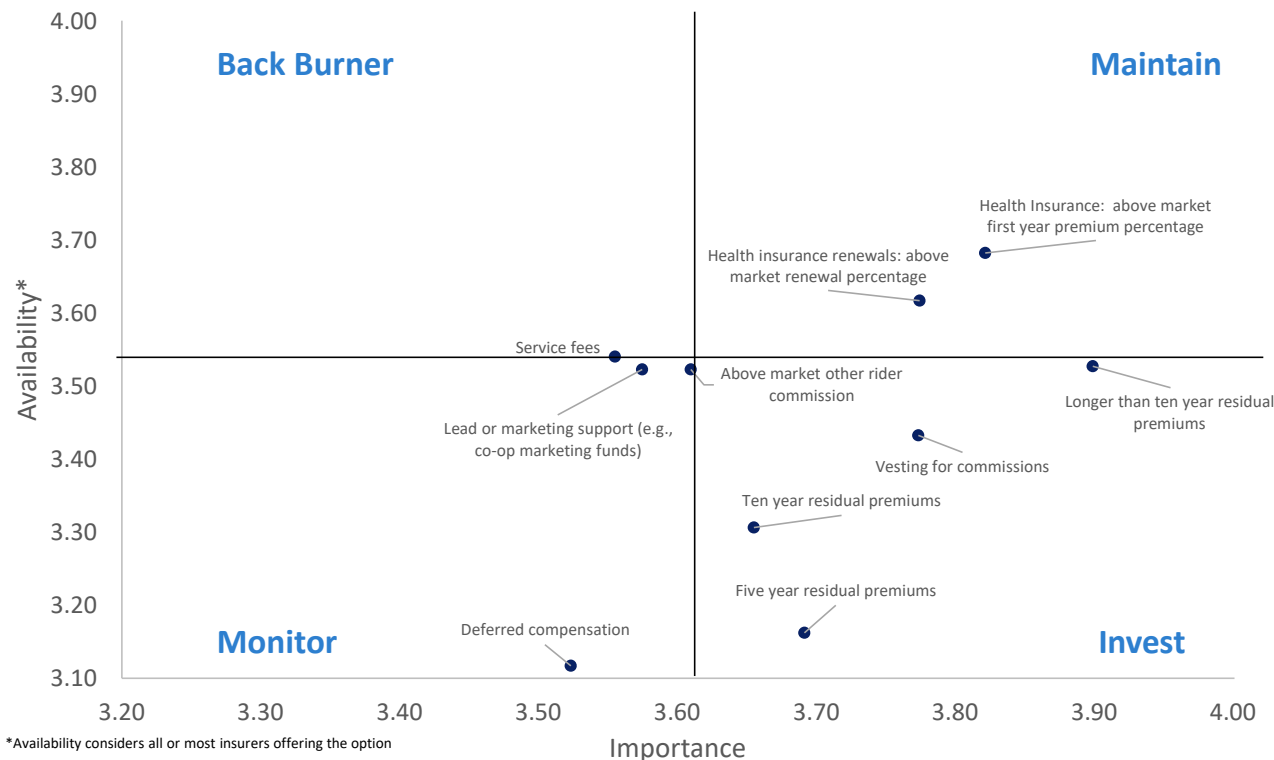
*Availability considers all or most insurers offering the option

Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

- Producers and agents show a preference for above market first year premium commissions for health insurance, along with long-term compensation features.
- These include longer than ten year residual premiums, and ten year residual premiums, which are less commonly available by their insurers.
- Insurers could benefit from recognizing that agents view longer-term commissions as a way to stabilize income during periods of lower sales.
- By offering these types of compensation, insurers can enhance agents' financial security while also promoting consistent production and fostering long-term loyalty.
- "Commissions that are tilted towards long-term policies, encourage continuous services rather than short-term sales," says one respondent.

Principals and owners value long-term compensation features that are less commonly available, presenting opportunities for differentiation – rewrite to check

Commission plan importance vs. availability



- Principals, executives, and owners show a strong preference for above-market first-year premium commissions for health insurance and longer than ten year residual premiums, with importance and availability rated highly for the former.
- Service fees and lead or marketing support are less important less important to this group. They are less widely available.
- In addition, they place considerable value on other long-term compensation features such as five-and ten-year residual premiums, which are less widely available in the market.
- Insurers that offer these less common, highly valued commission structures could better meet the needs of principals and owners while differentiating themselves in a competitive market.

Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

Longer-term commission plans drive behavior and should be part of commission plans

Key Findings

- Commissions remain a major driver of placement decisions, with 26% of respondents indicating that higher pay is a priority when all other factors are equal.
- Above market first year commissions for health insurance are both highly valued and widely available. However, longer-term residuals—especially those extending 10+ years—are highly desired but less commonly offered.
- This creates a notable mismatch: Producers and principals consistently prioritize long-term and vesting features more than insurers currently provide, suggesting a gap between market expectations and existing offerings.

Recommendations for Insurers

- Strengthen long-term commission arrangements—such as residuals beyond ten years and vesting commissions—to better match agents' priorities.
- Combine immediate commissions with ongoing pay to build loyalty, lower turnover, and provide income stability during slow sales periods.
- Stand out by offering adaptable commission plans that can be tailored to agent tenure, production, or particular health insurance products.
- Tie commission payments to policy persistency, compliance, and quality measures to promote sustainable, high-quality business.
- Provide clear, transparent information about commission plans so agents understand their short- and long-term earning potential.
- Regularly review and benchmark commission programs against the market to stay competitive and retain top performers.



Contests and Bonuses

Health insurance compensation often includes bonuses to reward production, persistence, and growth

Insurance company incentive trips and bonuses are coveted rewards in the industry. They are usually powerful motivators for agents and brokers. These trips often send top performers to exotic destinations, with fully paid accommodations and exclusive activities as a testament to their success. Beyond travel, financial bonuses offer additional recognition for exceeding sales targets, fostering a competitive yet supportive environment within the company.

Bonuses are earned based on a variety of factors including sales volume, retention, team management, etc.

Production Bonuses (Sales Volume): Agents earn bonuses for hitting certain sales targets, often measured by an annualized first-year premium (FYP) or annualized premium equivalent (APE). Example: If an agent writes \$250,000 in premium in a year, the insurer may pay an extra 5–10% on top of commissions.

Persistency Bonuses (Policy Retention): Since health insurance is valuable only if policies stay in force, companies pay bonuses for maintaining high policy persistency (e.g., low lapse/cancellation rates). Example: If an agent's block of policies has a 90%+ persistency after 13 months, they may receive a retention bonus.

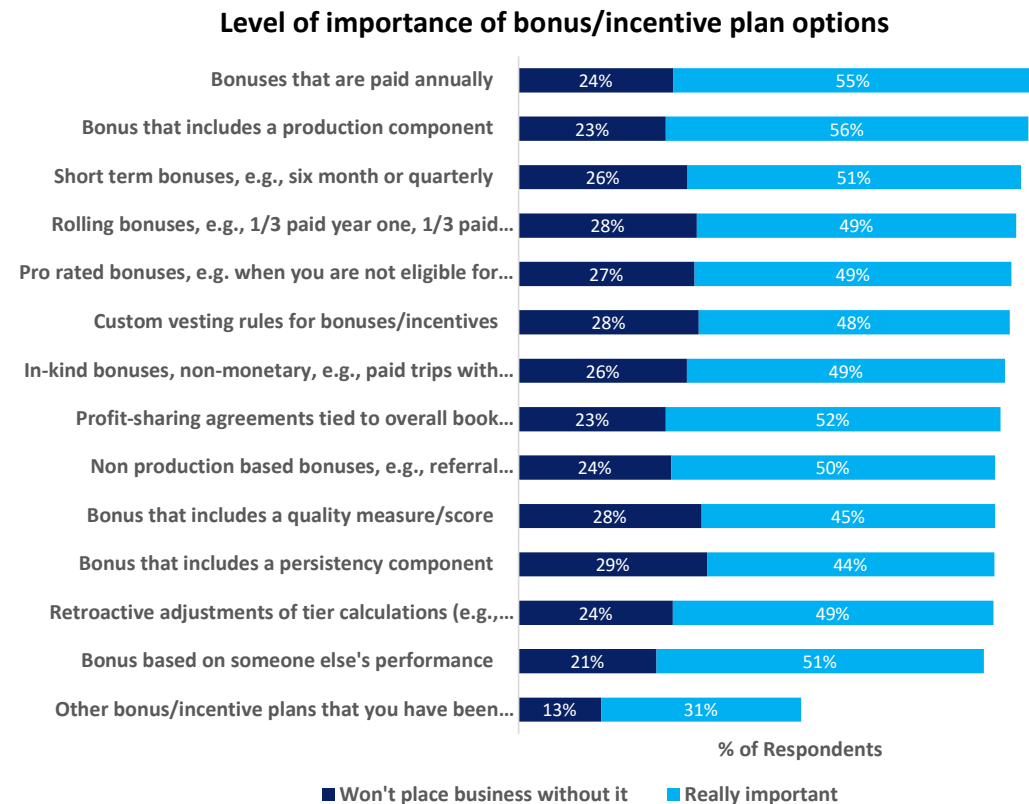
Recruiting/Team-Building Bonuses: In career agency systems, agents who build and manage a team (often called unit managers or general agents) earn bonuses based on their team's production.

Contests and Incentives: Carriers frequently run short-term contests with cash bonuses, luxury trips, or merchandise for hitting monthly or quarterly production goals.



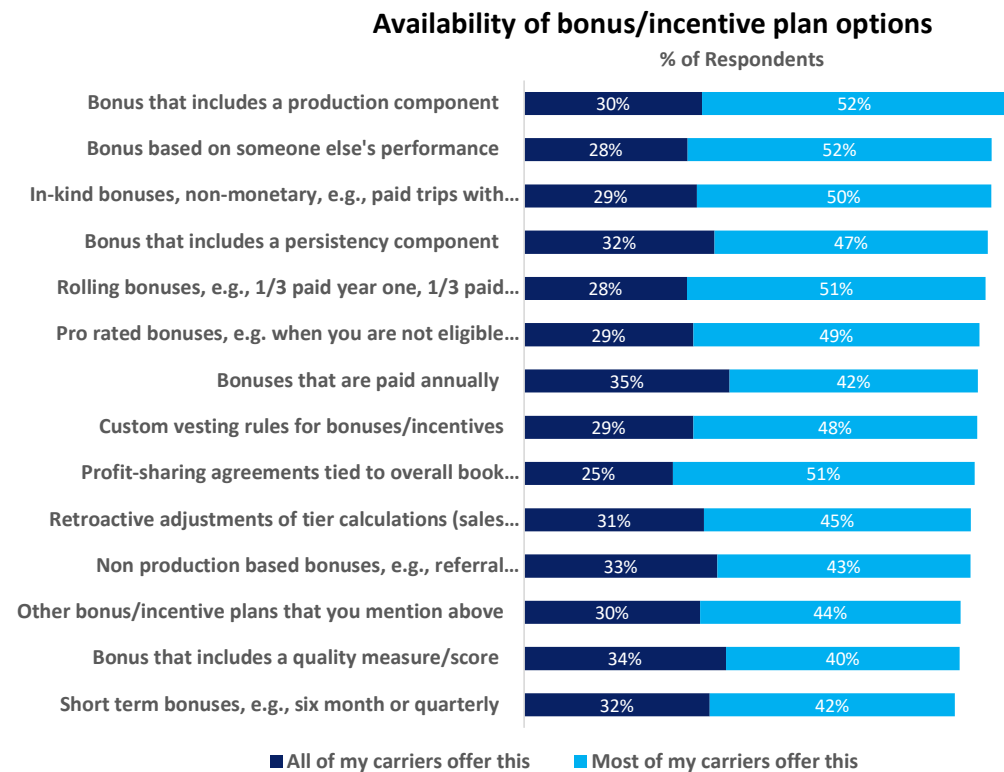
Annual and performance-linked bonus plans with frequent tangible rewards are most valued by agents

- The most valued bonus plan is the one tied to production, indicating a strong preference for performance-based incentives. Annual bonuses too are the most valued bonus plan.
- Short-term and rolling bonuses are also popular, suggesting that frequent, tangible rewards are more motivating than less frequent payouts.
- In addition to pro-rated and on-kind bonuses, custom vesting rules for bonuses also marks its presence in the top seven preferences. This indicates that conditional bonuses based on time or milestones or a hybrid approach are favored by about three-quarters of respondents.
- These findings indicate that insurers should prioritize clear, frequent, and merit-based incentives to better engage their agents.
- While bonuses based on quality metrics, non-production, persistency factor, and others' performance are generally less influential, they remain important to over 70% of respondents.
- Additionally, some respondents highlight more unique bonus approaches, including rewards for high-level talent, and stock ownership opportunities.
- Incorporating a mix of traditional and innovative bonus structures may help insurers appeal to a broader range of agent motivations and foster long-term engagement.



Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

Insurers should commit to aligning rewards to results to best engage and retain agents

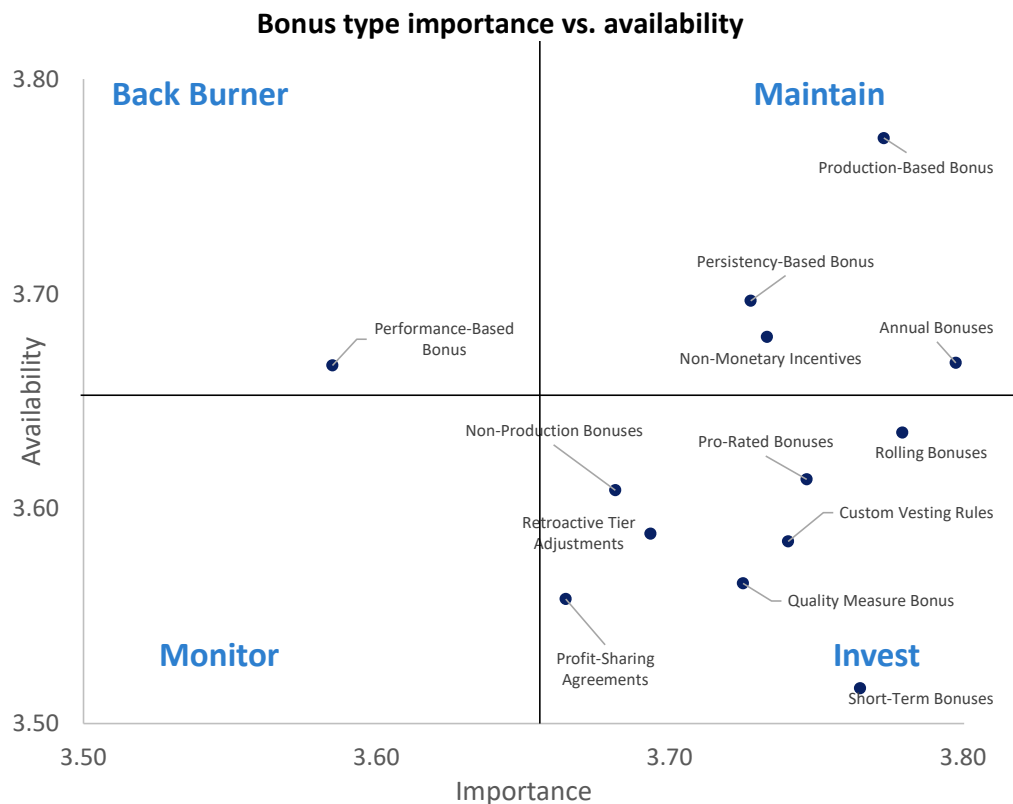


Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

© Celent

- Among health insurers, the most commonly available type of bonus is one that includes a production component, with 82% of respondents reporting that all or most of their carriers offer this structure.
- Following closely are bonuses based on the performance of others, in-kind bonuses, bonuses tied to policy persistency and rolling bonuses, which are also widely available across carriers.
- Overall, health insurers tend to offer a broad and diverse array of bonus options, reflecting a strong industry emphasis on performance and sales-driven incentive structures.
- This pattern underscores the importance insurers place on motivating agents to achieve measurable results, rewarding both individual contributions and, in some cases, collaborative or team-based outcomes.
- The prevalence of these bonus types highlights the sector's commitment to aligning compensation with performance, ensuring that incentives are closely connected to both production and long-term business goals.
- "I'm seeing more dynamic bonus models and profit-sharing tied to actual persistency and claims ratio performance. It's a nice shift from just pure volume, especially for long-term relationship agents," says one respondent.

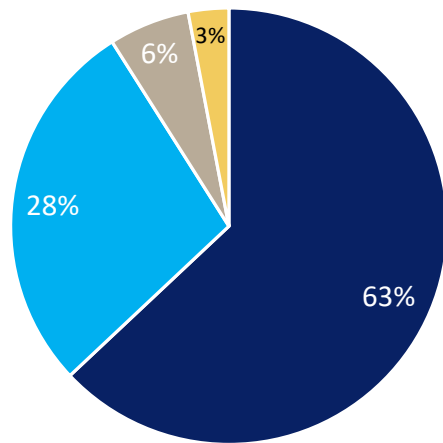
Many highly valued incentives are less widely available, providing opportunities for insurers to differentiate by better aligning offerings with agent priorities



- Respondents rate production-based bonus as an important and widely available incentive. Persistency-driven and annual bonuses also are valued and widely offered, reflecting a strong match between priority and provision. Non-monetary incentives fall into this category as well.
- In contrast, incentives like quality measure bonus, custom vesting bonuses, and short-term bonuses are not as widely available, though the respondents value them considerably, indicating a potential gap in provision.
- Other incentives—such as profit-sharing agreements, retroactive tier adjustments, and non-production bonuses—score lower on importance and availability, suggesting limited strategic focus may be needed.
- Interestingly, performance-based bonus are widely available but considered less important, suggesting possible reallocation of resources is required.
- Overall, the spread of importance scores shows that considerable items are viewed as highly important, yet not widely available.
- Overall, **increasing the availability of the most valued but underprovided incentives** indicates a significant opportunity for insurers to differentiate themselves by expanding their availability and better aligning their offerings with agent priorities.

Note: This analysis focuses only on respondents who indicated, “I usually make the decision about where to place the business.” Findings reflect the perspectives of this decision-making group

Contests have a big effect on where business is placed, with all agency staff motivated by good contests and prizes

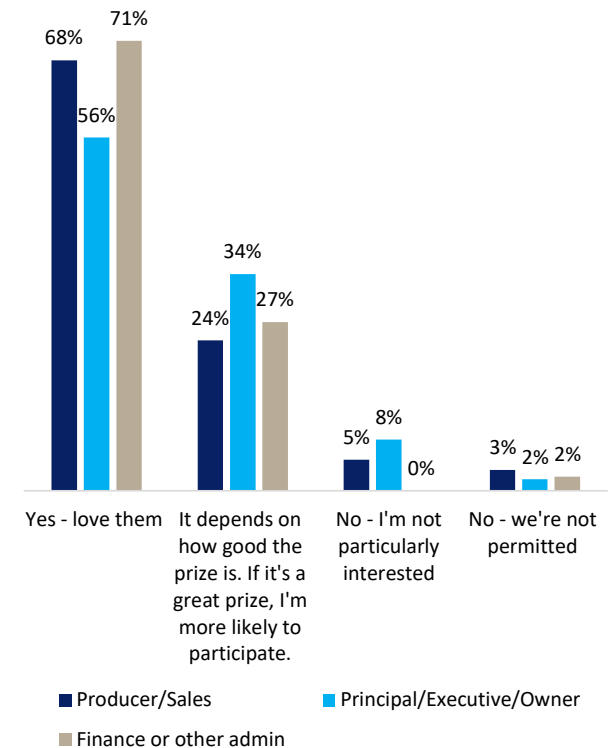


- Yes - love them
- It depends on how good the prize is. If it's a great prize, I'm more likely to participate.
- No - I'm not particularly interested
- No - we're not permitted

Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business."
Findings reflect the perspectives of this decision-making group

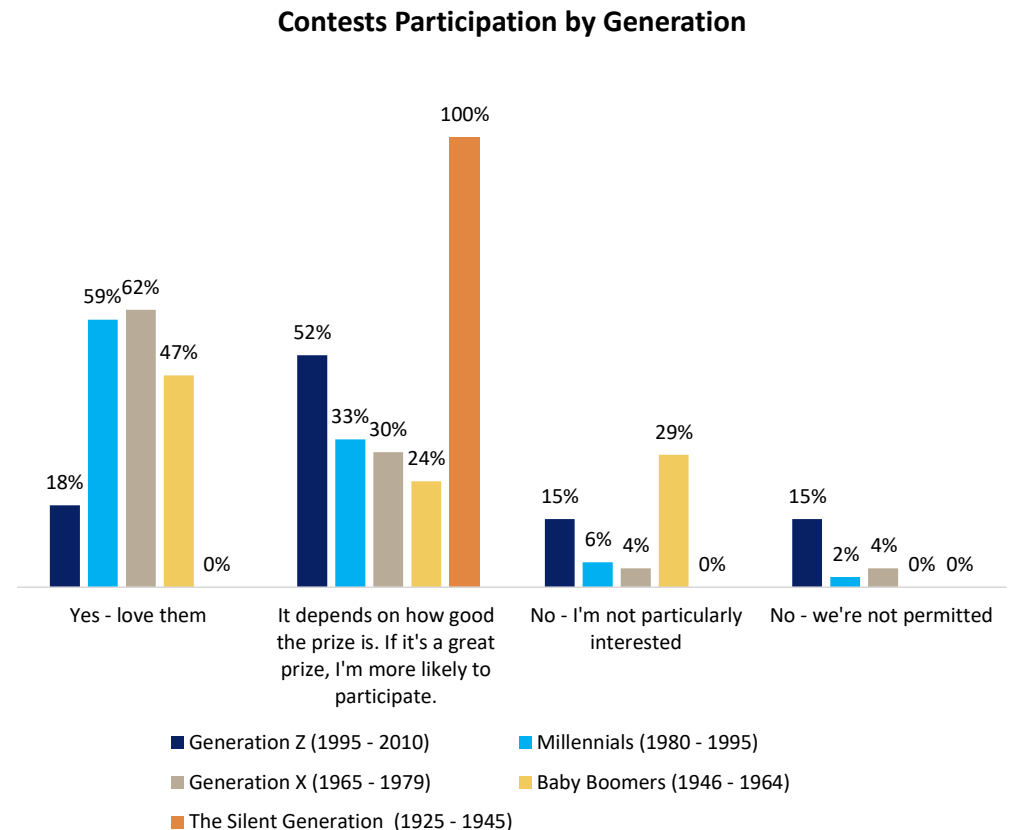
- Nearly two-third of respondents (63%) fully enjoy participating in contests, while 28% are motivated selectively, depending on the appeal of the prize.
- Only a small minority (6%) are not interested in contests, and an even smaller portion (3%) are restricted from participating.
- Agency staff and agents overall enjoy contests regardless of the prize, whereas principal, owner, and executive tend to be motivated when the prize aligns with their preferences.
- Across all roles, contests are highly engaging, with 92% of agents, 90% of principals/executives/owners, and 98% of agency staff reporting motivation to participate.
- These results suggest that contests can be a highly effective tool for insurers to drive engagement, boost performance, and reinforce desired behaviors.
- By offering prizes that appeal to participants and ensuring broad access, insurers can leverage contests to motivate a wide range of contributors, enhance participation, and support overall productivity and retention.

Contests Participation by Role



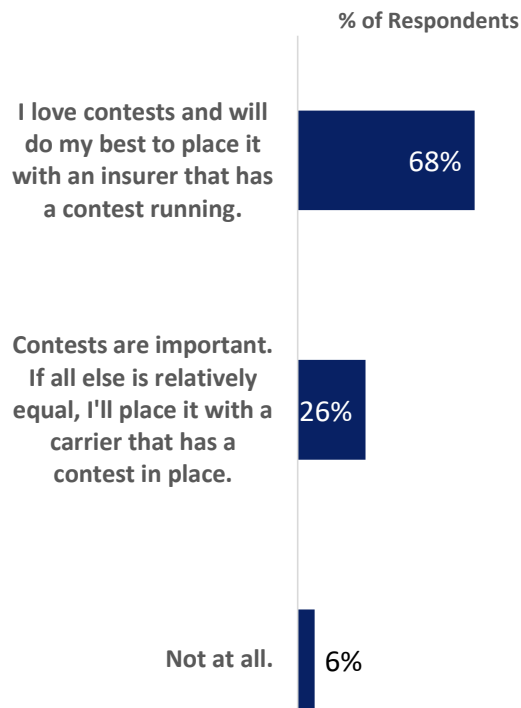
Gen X and Millennials mostly love contests, while Gen Z is driven by quality of prizes

- Gen X and Millennials are the most excited about contests, with 62% and 59% expressing their love for them. Nearly 47% of Baby Boomers also enjoy contests, while only 18% Gen Z feel the same way.
- Among the Silent Generation, 100% have a selective interest in contests based on the prize. For Gen Z, 52% say their interest in contests depends on what's being offered.
- About 29% of Baby Boomers aren't particularly interested in contests, followed distantly by Gen Z at 15%. A small group of Millennials (6%) and Gen X (4%) share the opinion.
- Additionally, 15% of Gen Z say they are not permitted to participate, which may be because of their tenure or production status at the time of the survey.

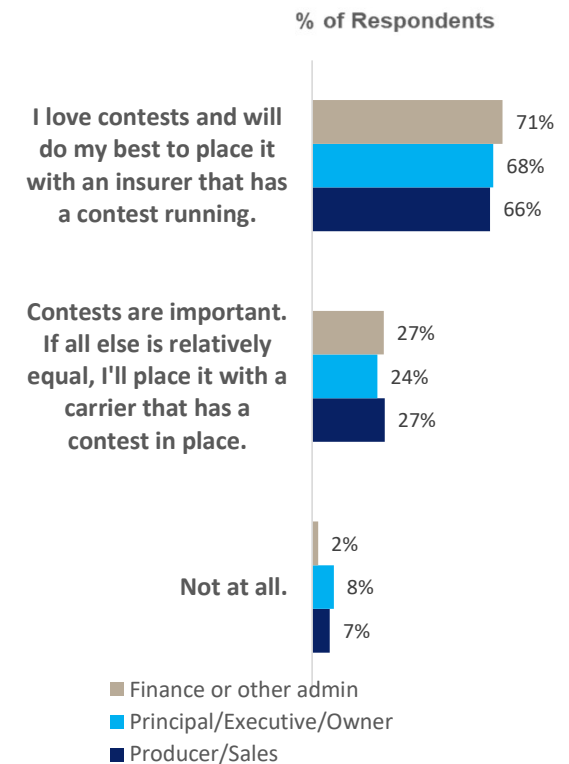


Contests are a powerful tool for insurers to engage agents, influence placement decisions, and drive performance and loyalty across all segments

Influence of contests on decision about where to place business



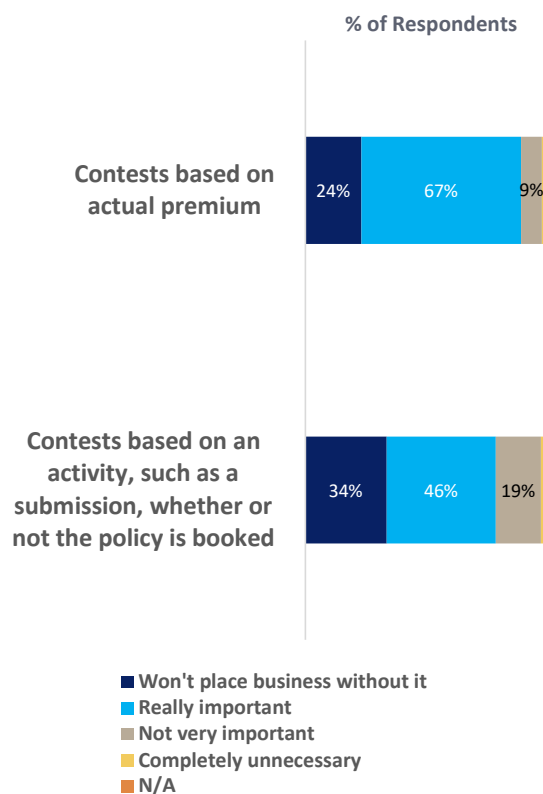
- Sixty-eight percent (68%) of respondents are highly motivated by contests and actively prefer insurers running them while another 26% consider contests important if other factors are equal.
- Only 6% say contests have no influence demonstrating that contests are a powerful factor in placement decisions.
- Agency staff show strong motivation for contests and prefer insurers offering them. Principals, executives, and owners, and producers also demonstrate a similarly strong interest in contests.
- For insurers, this highlights contests as a highly effective engagement and differentiation tool. By designing appealing and accessible contests, insurers can attract and retain top talent, influence placement decisions, and build stronger relationships with both experienced and younger agents.



Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

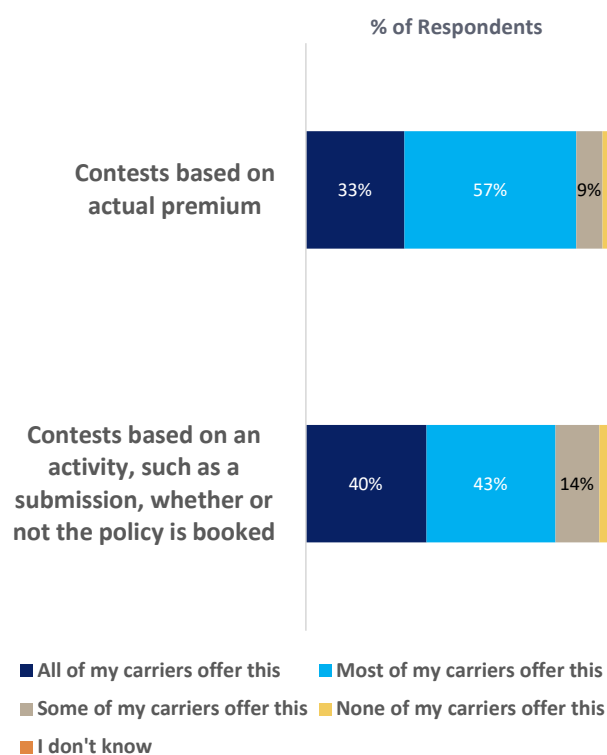
Contests are recognized as key productivity boosters, with nearly all insurers providing them

Contests/Competition Importance Level



- Contests based on actual premium are highly valued, with 91% of respondents rating them as either really important or decision-critical.
- Activity-based contests, such as submissions regardless of booking, are also well-regarded with 80% viewing them as important, though 19% express some indifference.
- Premium-based contests are widely available, with 90% of respondents reporting that all or most carriers offer them, while activity-based contests are slightly less widely available (83%), with 14% noting partial availability.
- Very few respondents report no access to either type, reflecting strong overall adoption.
- Other contest formats mentioned by respondents include team or region-based contests with high-value prizes and strategy-based games.
- For insurers, this indicates that offering a mix of widely valued premium- and activity-based contests—along with innovative formats—can serve as a key engagement and differentiation tool, motivating agents, driving activity, and enhancing loyalty across teams and regions.

Contests/Competitions Availability



Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

Bonuses and contests boost agent engagement, revealing opportunities to enhance incentives and shape placement choices

Key Findings

- **Bonuses are a primary motivator for agents:**
 - Production-based and annual bonuses are the most highly valued.
 - Short-term, rolling, and pro-rated bonuses also generate higher agent engagement.
 - While most insurers offer production and annual bonuses, short-term and pro-rated bonuses remain less widely available, highlighting an area for potential improvement.
- **Contests strongly influence placement decisions:**
 - Agents and agency staff are motivated by contests and actively prefer insurers that run them.
 - Gen X and millennials agents are overall responsive to contests, while for Gen Z bases decisions on the prizes being offered.
 - Premium-based contests are the most valued and widely offered, while activity-based contests are also important, though slightly less common.



What Insurers Should Do

- **Strengthen long-term commission arrangements**—such as residuals beyond ten years and vesting commissions—to better match agents' priorities.
- **Combine immediate bonuses with ongoing pay** to build loyalty, lower turnover, and provide income stability during slow sales periods.
- **Stand out by offering adaptable commission plans** that can be tailored to agent tenure, production, or particular health insurance products.
- **Tie commission payments to policy persistency, compliance, and quality measures** to promote sustainable, high-quality business.
- **Provide clear, transparent information** about commission plans so agents understand their short- and long-term earning potential.
- **Regularly review and benchmark commission programs** against the market to stay competitive and retain top performers.

Distribution Management Technology

The right commission management system can provide insurers with the tools and capabilities to effectively manage their distribution channels, optimize compensation programs, and leverage data and technology for competitive advantage

Commission management modules within a distribution management system allow for the easy creation and administration of compensation statements, transactional payment plans, performance management, and self-service tools, in addition to commission and bonus plans.

Vendors are also investing in expanding functionality, improving usability, enhancing configuration tools, streamlining implementation, and investing in AI capabilities to meet the demands of insurers in this changing landscape.

Insurers should look to these systems as a way of meeting the desires and needs of principals/owners, agents and agency staff.

Internal and external areas to investigate include:

Payment plans: Look for the ability to easily create payment plans by product, date, compensation type, agent/broker status, and other factors.

Commission statements: Look for the agent/broker access to commission statements and reconciliation tools that are designed with the agent/broker in mind.

Technology: Look for self-service functionality like providing agents/brokers, principals/owners, and agency staff access to reporting features that allow self-monitoring of performance, the ability to run agent/broker and agency commission and/or incentive compensation reports, and dispute management features that can be handled within the portal by the distributor. Technology should be browser-based, available via a tablet or mobile device, and include role-based security. Performance management reporting is also widely available.



Payment options play an important role beyond commissions in terms of business placement

Health insurance commission structures are not just about how much agents and brokers get paid, but also how and when they're paid. Payment rules can vary by insurer, distributor, and product.

Common Payment Features in Health Insurance Commissions

Advances: A health insurer pays part (or all) of the first year commission upfront before the policyholder has actually paid a full year of premiums. This helps new agents manage cash flow since health insurance commissions are heavily weighted to the first year, but there is a risk if the policy lapses early, the agent may have to repay unearned commissions (a “chargeback”).

Draws Against Commission: A regular cash advance that functions like a “guaranteed paycheck” but is reconciled against future earned commissions. Draws can be recoverable where the agent repays the draw if they don't earn enough commissions or non-recoverable, which functions like a base salary; the agent keeps it even if they don't earn enough to cover it.

Flexible Payment Frequencies like level payment plans: Instead of paying a big first year commission and smaller renewals, commissions can be “smoothed” and paid evenly across several years. This reduces lapse-driven chargebacks and gives agents more predictable income.

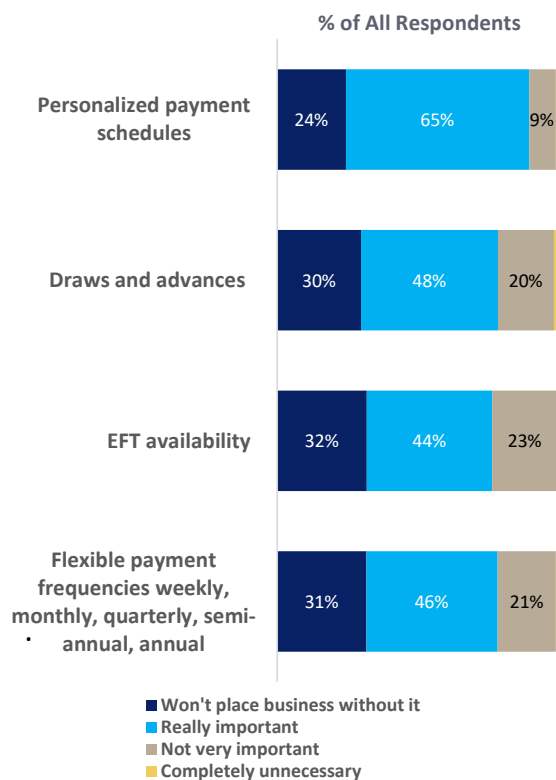
Personalized Payment Schedules: Some carriers/agencies tailor commission timing to agent needs. Options include weekly, biweekly, or monthly payouts.

EFT Payments: An electronic funds transfer (EFT) is the electronic transfer of money between people, banks, and companies. This payment technology is used to pay bills, send money to friends and family and compensate workers (e.g., commissions, bonuses, payouts, etc).



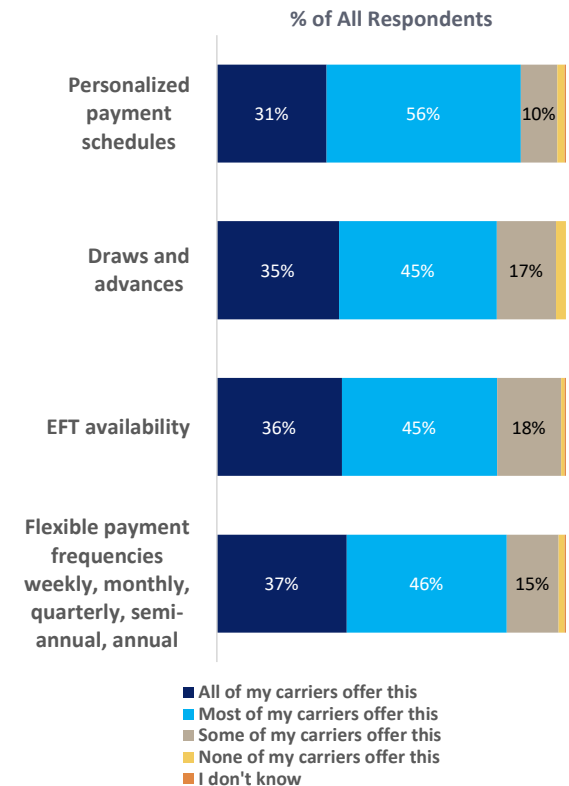
Agents highly value personalized payment options, highlighting strong adoption and opportunities for insurers to stand out with innovative features

Payment Features Level of Importance



- Respondents who decide where business is placed say personalized payment schedules are the top priority, with 89% rating them as either “won’t place business without it” (24%) or “really important” (65%).
- Draws and advances (78%), flexible payment frequencies (77%), and EFT availability (76%) follow closely, highlighting the demand for adaptable and efficient payment methods.
- Respondents say that all or most of their health insurers offer these key payment features.
- Personalized payment schedules are the most commonly available (87%), while EFT availability (81%) and draws and advances (80%) are slightly less prevalent but still offered by the majority.
- Only a small minority report not having these features at all, showing strong industry adoption with minimal gaps.
- Additional payment features highlighted by respondents include payment channel security, multichannel payment methods, direct debit, commission-based loyalty rewards, and subscription billing for recurring payments, suggesting that insurers could further differentiate by offering innovative and convenient payment options.

Payment Features Availability



Note: This analysis focuses only on respondents who indicated, “I usually make the decision about where to place the business.” Findings reflect the perspectives of this decision-making group

Personalization and draws and advances are important payment features and could be differentiators in placement decisions

Findings

- **Agents value *how* they are paid as much as *what* they are paid.**
 - Top-rated features include:
 - **Personalized payment schedules** (89% say essential/very important)
 - **Draws & advances** (help stabilize early cash flow)
 - **Flexible payment frequencies** (level payments vs. large upfront commissions)
 - **EFT payments** (fast, reliable transfers)
- **Market alignment is strong:** Most carriers (80%+) already offer these features, though demand for more **personalization** is growing.
- Emerging agent preferences include secure payment channels, multichannel options (likes of direct debit), and loyalty rewards.
- Payment flexibility along with draws and advances are key factors in **where agents choose to place business.**

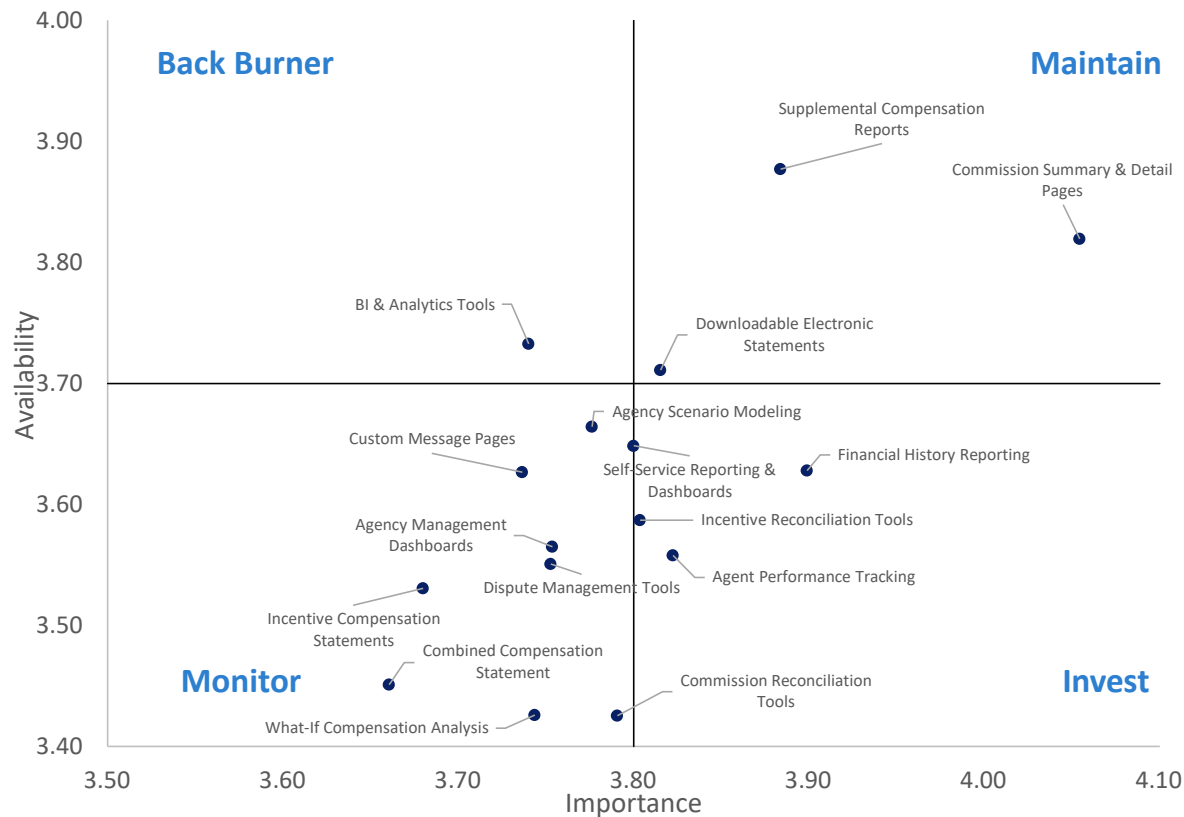
Recommendations for Insurers

- **Expand Personalization**
 - Move beyond standard schedules and offer **customized payment timelines** to match agent needs.
- **Support Cash Flow Stability**
 - Broaden access to **draws and advances**, especially for new agents building their book of business.
- **Provide Flexible Frequencies**
 - Allow agents to choose between **upfront-heavy vs. smoothed commission models**, appealing to both new and experienced producers.
- **Optimize Payment Technology**
 - Ensure **fast, reliable EFT**, and explore **newer channels** (e.g., mobile wallets, loyalty tie-ins) to appeal to younger agents.
- **Use Payment Flexibility as a Differentiator**
 - Highlight flexible payment features in **recruitment and retention messaging**, as they directly influence placement decisions.

“Multiple insurance companies have started adopting digital payment systems, allowing agents to view commission payments in real-time through mobile applications or online platforms,” notes one respondent.

Investing in limited digital comp tools offers insurers a way to differentiate, boost satisfaction, and strengthen placement decisions.

Compensation statement features importance vs. availability

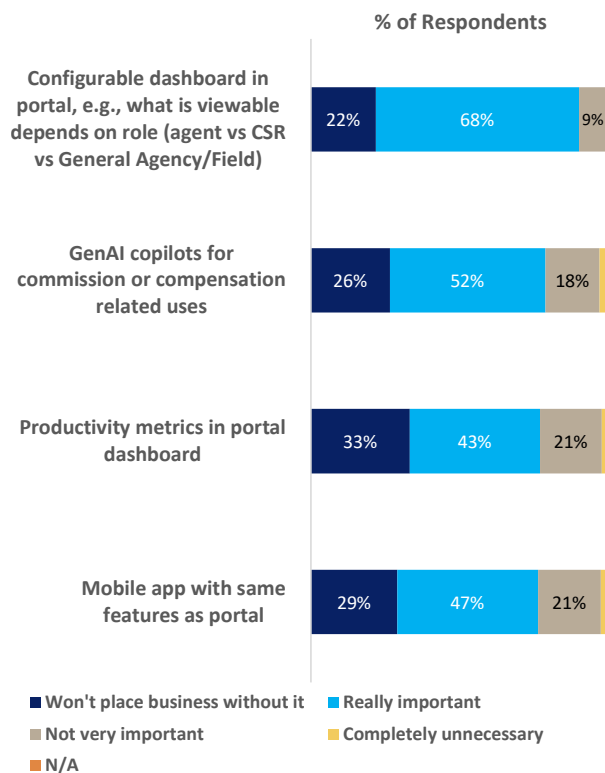


Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

- Commission summary & detail pages, supplemental compensation reports, and downloadable electronic statements fall into the high-importance, high-availability quadrant, reflecting strong market alignment between agent priorities and current market offerings.
- Financial history reporting, self-service reporting & dashboards, and agent performance tracking are also important, but are less available in the market. These are digital capabilities that insurers should consider investing in.
- Additionally, features like incentive and combined compensation statements, and what-if compensation analysis fall into low-importance, low-availability quadrant, suggesting limited emphasis may be needed.
- **Implications for insurers:** Expanding access to the underprovided but highly valued digital tools presents an opportunity to differentiate, improve agent satisfaction, and enhance transparency in compensation management, ultimately supporting retention and stronger placement decisions.

Nearly 90% of respondents value role-specific customizable tools, which are widely available, but still have room for improvement

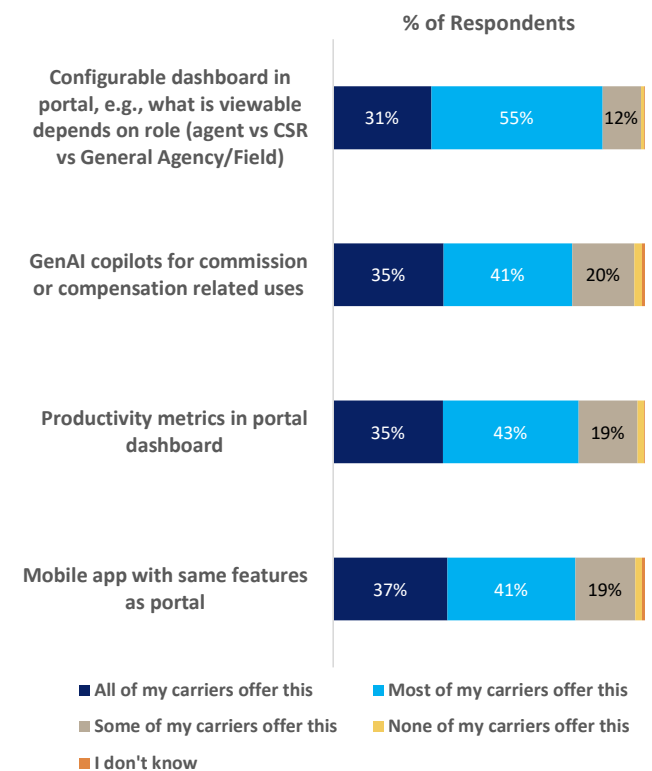
Technologies/Tools - Level of Importance



Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

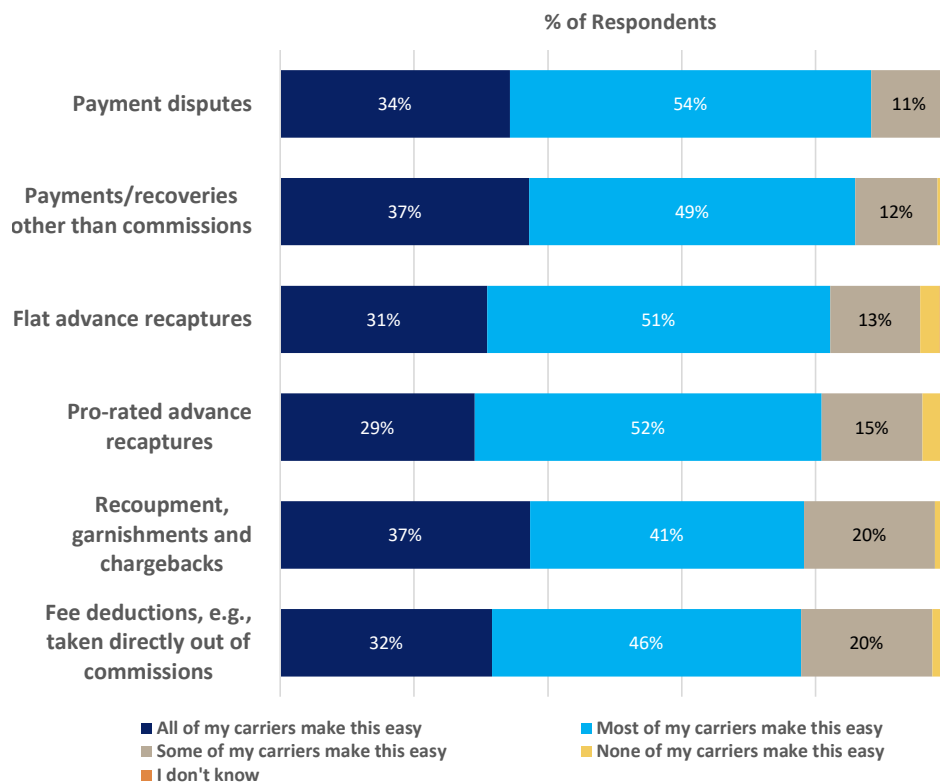
- Most respondents report that a configurable dashboard in the portal is crucial, with 90% rating it as essential/very important.
- Other key technologies—GenAI copilots, productivity metrics within the portal, and a mobile app offering the same features as the portal—are also highly regarded, each valued by over 75% of respondents.
- This reflects a strong emphasis on role-specific dashboards, tools that enhance productivity, and AI capabilities to assist agents and agencies in effectively managing compensation.
- Regarding availability of these technologies, 86% of respondents say that a configurable dashboard in the portal is widely available. Other technology is also considered fairly available.
- Respondents highlight some innovative technology features, including instant notification alerts for threshold breaches, and real-time commission tracking and alerts, underscoring opportunities for insurers to further differentiate through advanced digital capabilities.
- "Health insurers needing commission/compensation technology upgrades include legacy-dependent firms, those with manual processes, and insurers facing AI-related claim denial issues," cites one respondent.

Technologies/Tools Features Availability



Simplifying, increasing transparency, and automating complex payment processes can boost agent satisfaction, and loyalty

Ease in Resolving Compensation Issues/Deductions



Note: This analysis focuses only on respondents who indicated, "I usually make the decision about where to place the business." Findings reflect the perspectives of this decision-making group

- Most respondents find that payment disputes are the easiest to resolve, with 88% stating all or most of their carriers handle them well. Following closely are payments or recoveries other than commissions, which 86% find them easy.
- Flat advance recaptures and pro-rated advance recaptures show slightly lower ease levels, indicating opportunities for streamlining and improving these processes.
- More complex issues like recoupment, garnishments, and chargebacks, noted lower ease levels, with 78% saying all or most carriers make it easy. Still, 20% indicate only some carriers make it easy, highlighting inconsistencies in how these issues are handled.
- Earlier responses also points out that an automated and easy dispute process is highly important, with 78% rating it as either mandatory or very important. This emphasizes the need for transparency, convenience, and reliability in resolving payment issues.
- *"One of the biggest changes I've seen is an increasing focus on transparency in commission structures. More insurers are now providing detailed breakdowns of commission structures and clearly outlining how commissions are calculated. This helps agents and brokers better understand their earnings and incentives,"* states one respondent.
- **Implications for insurers:** Streamlining and standardizing the management of complex payment issues, implementing automated dispute resolution tools, and enhancing transparency can boost agent satisfaction, reduce operational friction, and strengthen trust, ultimately supporting retention and loyalty.

There is no single best compensation technology solution for all insurers. There are good choices for insurers with almost any set of requirements.

An insurer seeking compensation and commission technology should begin the process by looking both inward and outward. Every insurer has its own unique mix of channels, compensation programs, lines of business, geography, staff capabilities, business objectives, and financial resources. **When evaluating potential vendors, insurers should consider survey insights alongside their own strategic priorities and risk appetite to ensure the selected technology aligns with organizational needs.**

Technology Related Findings

- **High-Value Features**
 - Commission summary & detail pages, supplemental compensation reports, and downloadable electronic statements are the highly important and widely available, providing agents with confidence and clarity on their earnings.
- **Features with Gaps**
 - Financial history reporting, self-service reporting & dashboards, and agent performance tracking are highly valued but less available in the market.
- **Agent Expectations**
 - Agents increasingly expect user-friendly digital dashboards with integrated compensation tracking. They also anticipate the use of GenAI copilots to assist with compensation-related uses.

Recommendations for Insurers

- **Invest in Self-Service Tools**
 - Expand dashboards and portals where agents can track commissions, bonuses, and reconciliations in real time.
- **Bridge Availability Gaps**
 - Prioritize adding agent performance tracking, financial history reporting, and incentive reconciliation features, which agents rate as important but underprovided.
- **Enhance Agent Portals**
 - Integrate compensation reporting with productivity metrics and agency management dashboards for a unified experience.
- **Use Technology as a Differentiator**
 - Position advanced reporting, transparency, and digital capabilities as a competitive advantage to attract and retain agents who value clarity, efficiency, and control over their compensation.

Final Thoughts

Compensation, flexibility, and digital tools drive placement decisions, with technology and innovation key to engaging today's Millennial and Gen Z agents.

Final Insights

- Pay remains the main factor influencing where agents place business, with commissions, bonuses, contests, and flexible payment options leading the way.
- Millennial and Gen Z agents are changing expectations, seeking better digital tools, greater flexibility, and more regular rewards.
- Carriers need to strike a balance between immediate incentives and long-term persistency rewards to stay competitive.
- Technology-driven transparency—via dashboards, AI, and automation—will be crucial for preserving agent trust and loyalty.

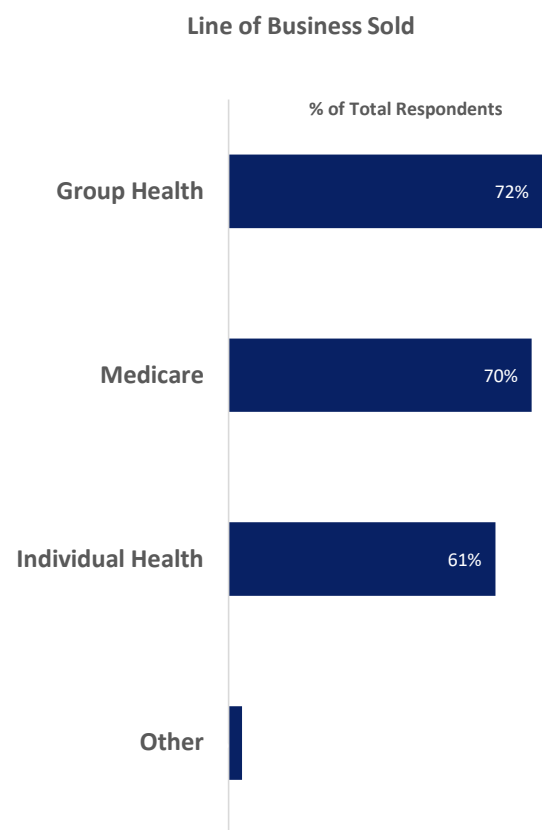
Recommendations for Insurers

- **Broaden Flexible Pay Options:** Provide customizable payment schedules, draws, and advances to steady agent earnings and minimize chargebacks.
- **Upgrade Digital Compensation Tools:** Emphasize self-service dashboards, AI-powered assistants, and feature parity on mobile to enhance the agent experience.
- **Streamline Dispute Handling:** Put in place clear, efficient procedures for chargebacks, recoupments, deductions, and fee adjustments to lower friction and build trust.
- **Differentiate Through Innovation:** Pilot real-time alerts for threshold breaches and commission events and adopt other advanced technologies to boost accuracy, transparency, and operational efficiency.
- **Appeal to Millennial and Gen Z Agents:** Ramp up contests, frequent rewards, mobile-first solutions, and AI assistants to align with the preferences of the emerging core sales force.



Appendix A: Demographics

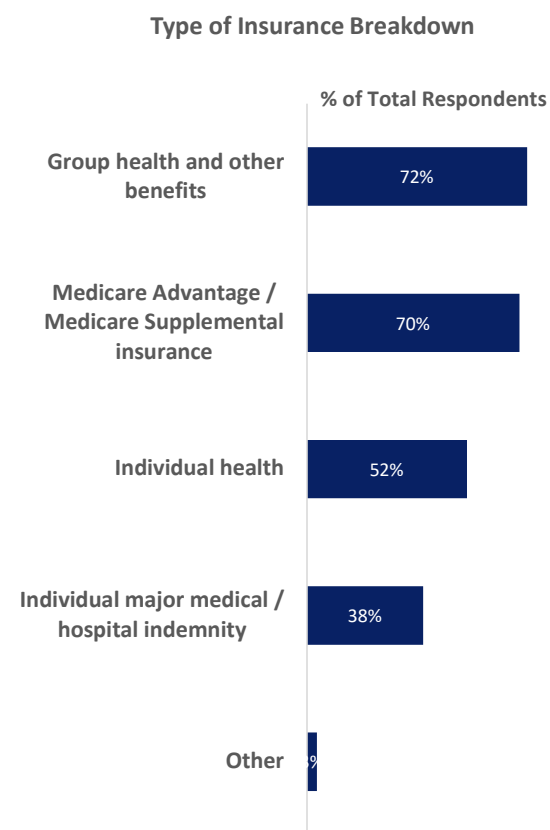
Group health insurance is the predominant line of business sold by survey respondents, followed closely by Medicare



A significant 72% of respondents sell group health products, with Medicare close behind at 70%. Individual health products are sold by about 61%, reflecting lower market focus. This shows a strong preference for group and Medicare options, while Individual health products take a back seat.

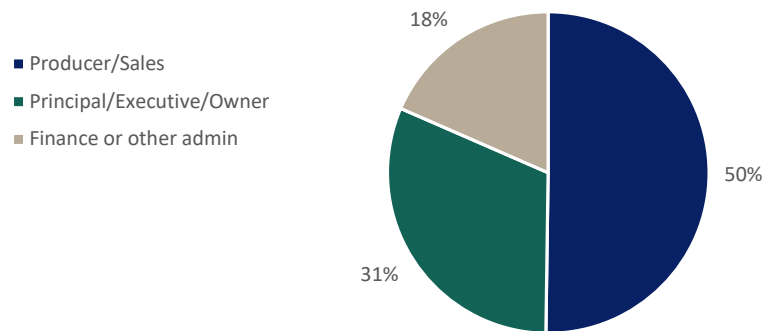
When looking at the type of products sold, group health and other benefits are the most favored product at 72%. Medicare Advantage/ Medicare Supplement Insurance come in second at 70%. About three-fifths of the respondents sell individual health products, with 52% offering individual health (e.g., ACA marketplace) and 38% providing individual major medical / hospital indemnity (e.g., non-ACA, private plans).

This suggests that the market is more focused on catering to health insurance needs of organizations and seniors (65+), while individual health offerings are less prioritized.



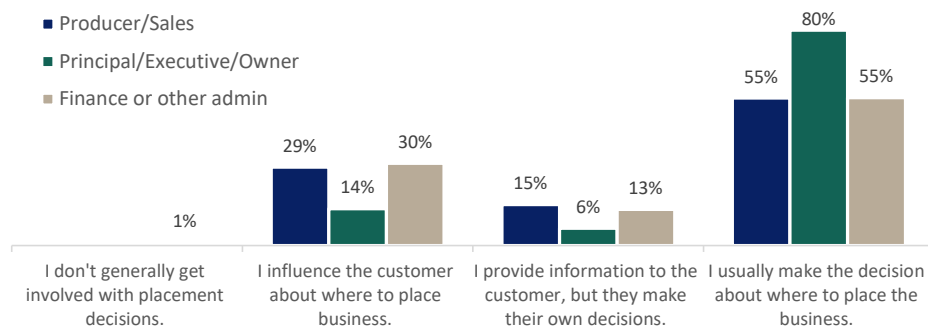
Agents/brokers are 50% of respondents, while it's primarily the principals/executives/owners who make the decision on where to place business

Role within agency



About 50% of respondents work in producer/sales (“agents”) roles, indicating a strong sales-oriented workforce. Principal/executive/owners represent 31%, while finance or other admin roles account for 18%. The data suggests a structure that is sales-heavy, with adequate but smaller representation from leadership and support roles. This reflects the revenue-driven nature of insurance agencies.

Role when it comes to choosing with which insurer to place business

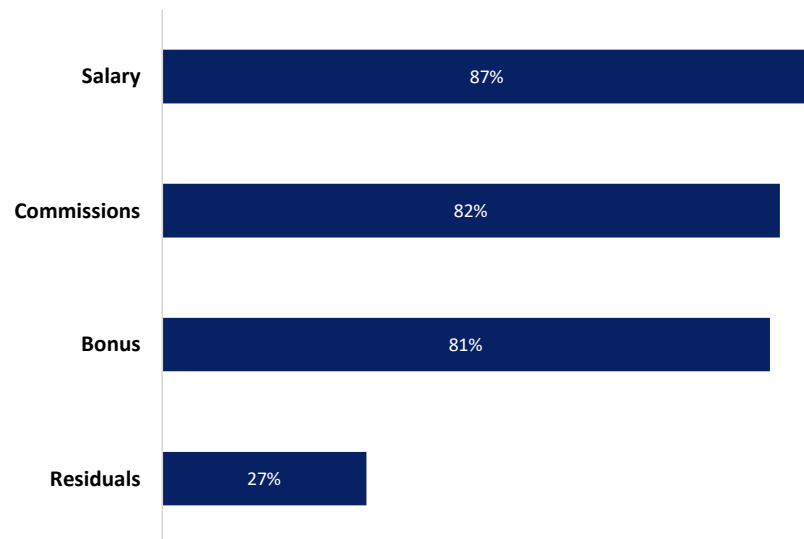


Principals/executive/owners have the most influence over where business is placed, with 80% making the decision. Just over half of each producers/sales and finance or other admin staff also make the decision on where to place business. Agency staff (30%), along with agents (29%), are just as likely to influence customers as principal/executive/owner (14%).

Most health insurance agents are paid primarily on commission, though new agents, principals, and other agency staff can receive a salary

Compensation make up

% of Total Respondents, multiple responses were possible



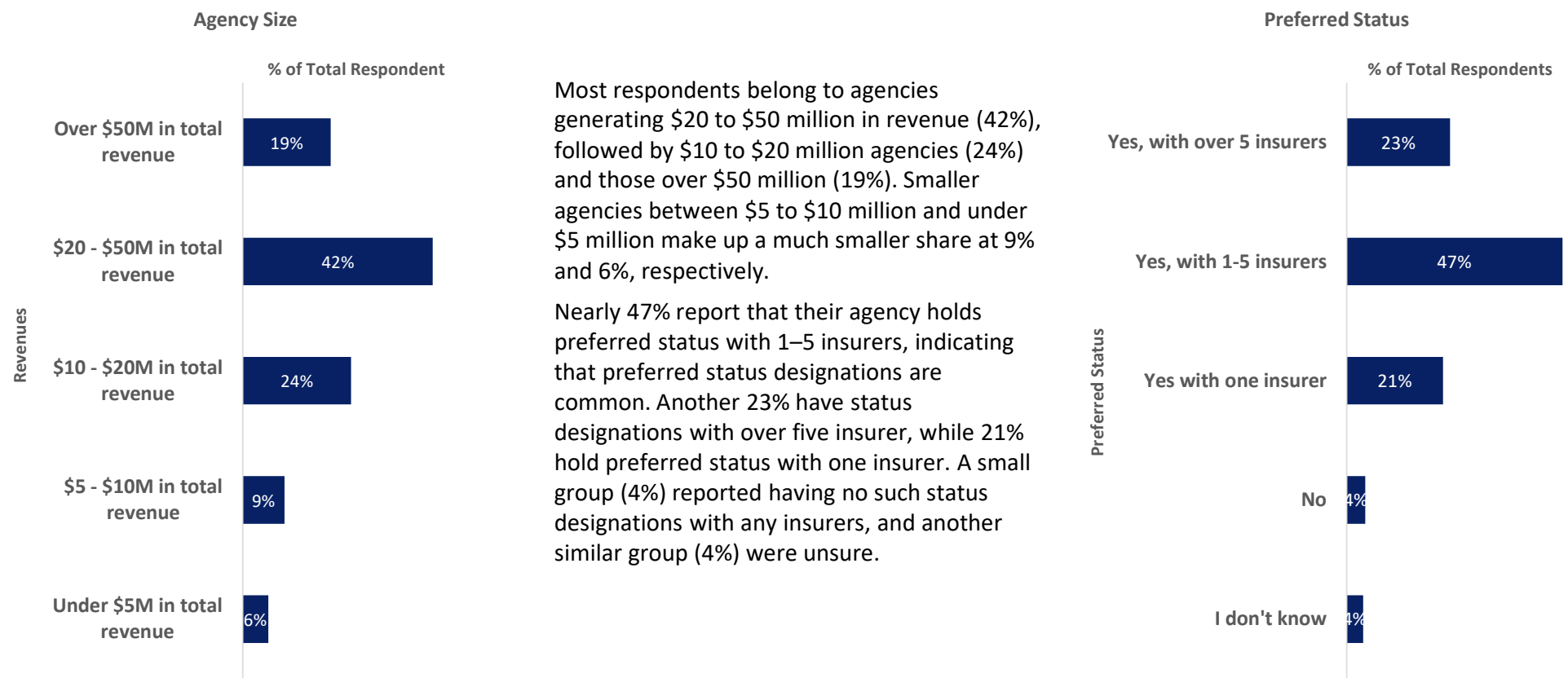
Eighty-seven percent (87%) of respondents earn a salary, followed by 82% who earn commission and 81% who receive bonuses. A smaller group, 27%, receive residuals.

How are health insurance agents paid?

Health insurance agents can be paid in a few different ways:

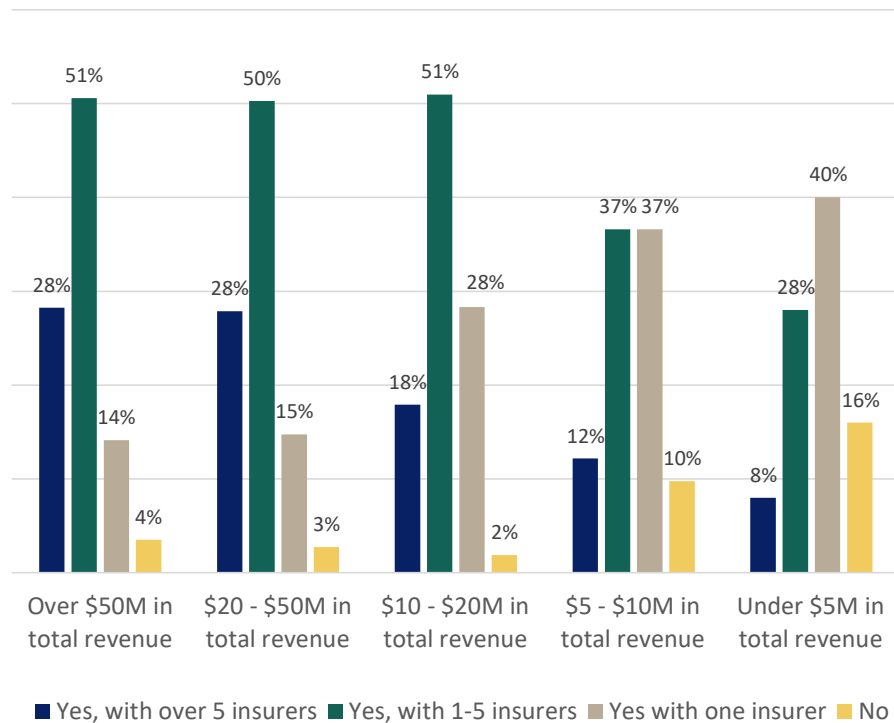
- **Commissions are most common.** Agents/brokers earn a percentage of the premiums on policies they sell. This is primarily based on firstyear commission, which can range from 5% to 20% of the first year's premium, depending on the insurer and product. Renewal or residual commissions are smaller ongoing payments, often 5% to 10% of annual premium.
- **Salary + commission / bonuses** provide new agents with a base salary, training allowance, or stipend during the first few years. Once agents are established, most of their earnings come from commissions, residuals, and performance-based bonuses. This model is often used to reduce the risk for new agents while they build a client base. Captive agents are often salaried as well.
- A significant number of agents (88%) and owners (85%) in this survey indicate that they receive a mix of salaries, commissions, and bonuses. Additionally, 79% of finance and other admin staff also report earning a salary along with commissions and bonuses.
- When it comes to bonus, 83% of agency staff report receiving them, while 84% of agents/brokers do as well. This suggests that bonuses are equally important to the two cohorts.

Larger agencies dominate the responses, with more than half selling over \$20 million in revenues; most hold preferred status with one or more insurers



Preferred status designations are more common in larger agencies with most agencies having a designation with more than one insurer

Preferred status by size of agency



In health insurance sales, carriers often recognize their top-performing agents and agencies with a “**preferred status**” or elite tier designation. This status is typically earned based on a combination of sales volume, persistency (e.g., how long policies remain in force), client quality, and compliance standards. Agents may need to achieve a set amount of annualized premium, a minimum number of policies sold, and/or meet high policy retention and customer satisfaction scores.

Preferred status is often branded (e.g., President’s Club, Million Dollar Round Table, Chairman’s Council, Elite Producer). These levels highlight the agent as a top producer both inside the company and sometimes in the wider industry.

With this status, agents may receive:

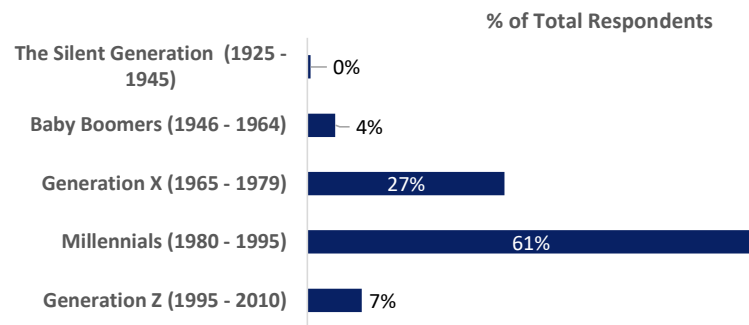
- Higher commission payouts or bonuses
- Exclusive leads or referrals from the carrier
- Invitations to conferences, training, and networking events
- Enhanced marketing support and co-branding opportunities
- Priority access to underwriters or case managers for faster policy processing
- Prestige and credibility that attract more clients

Preferred status serves both as a reward for agents and as a signal of quality and trustworthiness to prospective policyholders.

Agencies with over \$20 million in sales are more apt to have preferred status with more than one insurer. Over 75% of larger agencies have preferred status with more than one insurer compared to smaller insurers where 16% have no preferred status relationships at all.

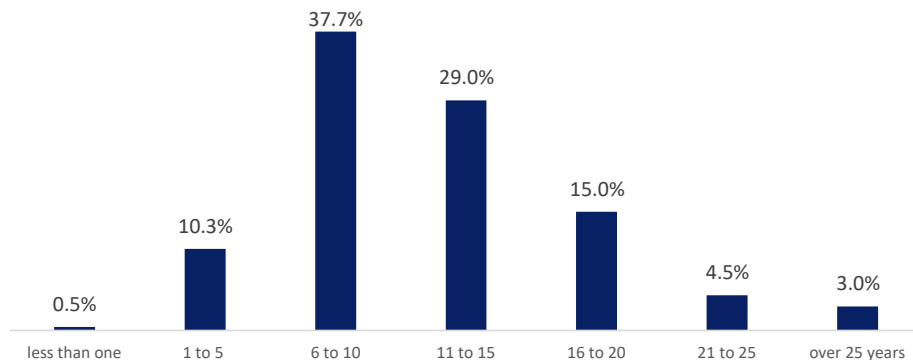
Over 60% of the respondents are Millennials (ages 30 to 45) and another 27% are 45 to 60 years old; nearly 80% have less than 15 years of experience

Generation



Most participants (61%) identify as Millennials (1980–1995), **making this the most dominant generation in the sample**. Generation X (1965–1979) follows with 27%, while Generation Z (1995–2010) accounts for a smaller portion at 7%. Baby Boomers (1946–1964) represent just 4%, and there is no representation from the Silent Generation (1925–1945).

Years worked in health insurance



Two-thirds of respondents have spent between 6 and 15 years in the insurance industry. Almost 11% have been in the industry for five years or less, while nearly one percent have been selling health insurance for over 40 years. It is crucial for insurers to keep Millennial health insurance agents and staff satisfied, as they represent the future of the industry's sales force.

Related Celent Research



Related Celent Research



[Driven by Dollars](#)
[The Role of Compensation in Life Insurance Agent Placement Decisions](#)



[Top Tech Trends](#)
[Previsory: Life Insurance, 2025 Edition](#)



[2024 Insurance Distribution Management Systems: North American Edition](#)



[The Dawn of Agentic AI](#)



[Shedding Light on Agentic AI in Insurance](#)



[The Dawn of Agentic AI Part 2](#)



[So You Want to Buy a Distribution Management System: 2024 Edition](#)



[3rd Annual GenAI-oneers in Life Insurance](#)



[IT Spending in Life Insurance: 2025 North America Edition](#)



[Digitizing the Agent - How Life Insurers Can Support Their Distribution Channels](#)

Your Independent Technology Strategy Team

CELENT

- 
- We are**
 - An **independent global research and advisory firm** offering unbiased information and advice on financial services technology
 - A part of **GlobalData**, a gold standard intelligence provider to the world's largest industries
 - Our clients**
 - The entire **financial services ecosystem**: financial institutions, their technology and service providers, consultants, investors
 - **Technology and strategy leaders**, including CIOs, IT Architects, Heads of Lines of Business, Strategy, Innovation and more
 - Their needs**
 - Make **faster and more informed technology decisions** and respond to emerging IT trends
 - How we help**
 - **Research and advisory**: best practice case studies, technology primers, IT spending, trends analysis, vendor solution evaluation, analyst access
 - Extensive databases of **best practice technology initiatives** and **vendor solutions**
 - **Consulting**: bespoke advisory, speaking engagements

For more information, please contact us **via [celent.com](https://www.celent.com)**

Confidentiality

Our clients' industries are extremely competitive, and the maintenance of confidentiality with respect to our clients' plans and data is critical. Celent rigorously applies internal confidentiality practices to protect the confidentiality of all client information.

Similarly, our industry is very competitive. We view our approaches and insights as proprietary and therefore look to our clients to protect our interests in our proposals, presentations, methodologies, and analytical techniques. Under no circumstances should this material be shared with any third party without the prior written consent of Celent.

© Celent

Qualifications, Assumptions, and Limiting Conditions

This report is for the exclusive use of the Celent client named herein. This report is not intended for general circulation or publication, nor is it to be reproduced, quoted, or distributed for any purpose without the prior written permission of Celent. There are no third-party beneficiaries with respect to this report, and Celent does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information. The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. Celent accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events, or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties. In addition, this report does not represent legal, medical, accounting, safety, or other specialized advice. For any such advice, Celent recommends seeking and obtaining advice from a qualified professional.

Copyright Notice

Copyright Celent, a division of GlobalData Plc. All rights reserved. This report may not be reproduced, copied or redistributed, in Total or in part, in any form or by any means, without the written permission of Celent, a part of GlobalData (“Celent”) and Celent accepts no liability whatsoever for the actions of third parties in this respect. Celent and any third party content providers whose content is included in this report are the sole copyright owners of the content in this report. Any third party content in this report has been included by Celent with the permission of the relevant content owner. Any use of this report by any third party is strictly prohibited without a license expressly granted by Celent. Any use of third party content included in this report is strictly prohibited without the express permission of the relevant content owner This report is not intended for general circulation, nor is it to be used, reproduced, copied, quoted or distributed by third parties for any purpose other than those that may be set forth herein without the prior written permission of Celent. Neither all nor any part of the contents of this report, or any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Celent. Any violation of Celent’s rights in this report will be enforced to the fullest extent of the law, including the pursuit of monetary damages and injunctive relief in the event of any breach of the foregoing restrictions.

This report is not a substitute for tailored professional advice on how a specific financial institution should execute its strategy. This report is not investment advice and should not be relied on for such advice or as a substitute for consultation with professional accountants, tax, legal or financial advisers. Celent has made every effort to use reliable, up-to-date and comprehensive information and analysis, but all information is provided without warranty of any kind, express or implied. Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified, and no warranty is given as to the accuracy of such information. Public information and industry and statistical data, are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information and have accepted the information without further verification.

Celent disclaims any responsibility to update the information or conclusions in this report. Celent accepts no liability for any loss arising from any action taken or refrained from as a result of information contained in this report or any reports or sources of information referred to herein, or for any consequential, special or similar damages even if advised of the possibility of such damages.

There are no third party beneficiaries with respect to this report, and we accept no liability to any third party. The opinions expressed herein are valid only for the purpose stated herein and as of the date of this report.

No responsibility is taken for changes in market conditions or laws or regulations and no obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.