

Monthly commission reconciliation checklist

LAPIDAR

For independent P&C agencies checking carrier commission statements, direct bill and agency bill. Tick each box every month, carrier by carrier. Each line says why it matters.

BEFORE THE STATEMENTS ARRIVE

- ☐ 01 List the carriers and agency codes that should send a statement this period, and how each one arrives.
A statement nobody collected never shows up as missing.
- ☐ 02 Confirm your commission schedules are current: rate by line of business, new business and renewal.
Expected commission comes from your schedule; checking the carrier's rate against itself proves nothing.
- ☐ 03 Bring your AMS up to date: endorsements, cancellations and rewritten policies entered.
Many differences that look like carrier errors are gaps in your own records.
- ☐ 04 Open last month's open-items log before any new statement.
This month starts where last month stopped: did the timing items and promised corrections arrive?

FOR EACH STATEMENT

- ☐ 05 Turn the statement into one row per line and check that the rows add back to the printed total.
On a PDF, lines get dropped, split across pages or doubled.
- ☐ 06 On direct bill, tie the statement to the deposit, net of chargebacks; one deposit can cover several statements.
It proves the money arrived, not that the statement is complete.
- ☐ 07 Match every line to a policy and to the transaction that produced it: new business, renewal, endorsement, cancellation or installment.
Matched to the policy alone, amounts get netted in the wrong place.
- ☐ 08 Normalize policy numbers with care, carrier by carrier.
Strip too little and nothing matches; strip too much and last year's term takes this year's payment.
- ☐ 09 Run the match the other way: list AMS transactions that should have paid and have no line.
A statement shows what the carrier paid, never what it left out.
- ☐ 10 On agency bill, check the account current both ways against your invoices and collections, and that gross minus commission equals net.
Otherwise you pay the carrier for premium you never billed or haven't collected.

AFTER MATCHING

- ☐ 11 Check each matched line: commissionable premium times the rate on your schedule.
A line can match its policy exactly and still be paid at the wrong rate, or on fees that aren't commissionable.
- ☐ 12 Classify every difference: missing, underpaid, overpaid, paid twice or not in your book.
Overpayments and duplicates matter too: the carrier is likely to take them back later.
- ☐ 13 Rule out the ordinary causes (installments, renewal rates, separate endorsement or cancellation lines, timing) and write down each decision, who made it and on what evidence.
A decision nobody recorded gets made again next month, possibly differently.

AT MONTH-END

- ☐ 14 Only when every line is matched or decided: on direct bill, post the receipt; on agency bill, remit the net you agree with. Release producer pay after that.
Producer splits are usually figured on commission received, so an undecided line flows into producer statements.
- ☐ 15 Raise carrier errors with the policy, insured, statement line, premium, schedule rate, expected, paid and difference. On agency bill, send the exceptions with the remittance.
Carriers act faster on a specific request than on a general complaint.
- ☐ 16 Carry every open item forward: policy, amounts, reason, date raised, owner, and the statement where the correction should appear.
The log is what lets next month start where this one stopped.

EVERY QUARTER

- ☐ 17 Review the age of the open-items log and escalate items raised and never cleared.
An item raised once and never followed up costs as much as one nobody noticed. A log that grows every month means the process isn't keeping up.
- ☐ 18 Trace chargebacks back to the commission they reverse and check the rate taken back.
Chargebacks can land months after the cancellation and are netted out of later deposits.
- ☐ 19 Re-check schedules, appointments and agency codes against your agreements.
Schedules change, not always with a notice, and a terminated appointment changes what you should still expect.

General information, not accounting, legal or tax advice; your agency agreements and carrier rules govern. Step-by-step guides behind each item: getlapidar.com/guides/commission-reconciliation-checklist/