THE ART AGENCY

# Producer Compensation Plan

Full-Time W-2 Employee | Effective January 1, 2025 | Revised June 2026

## PART 1 — ONBOARDING PERIOD (MONTHS 1–2)

During your first 60 days, a **15% commission floor** applies — you earn commission on every policy from day one, with no volume minimum, and you can earn past it.

| Component | Detail |
|---|---|
| **Base Salary** | $38,000 per year (W-2, guaranteed regardless of production) |
| **Commission Floor** | **15% of agency commission** on every policy written, regardless of monthly volume. This replaces the 0% bottom tier during your first 60 days only. |
| **Earning Past the Floor** | If your monthly production reaches a tier in Part 2 that pays more than 15%, the **higher tier rate applies** for that month. The floor is a minimum, never a cap. |
| **How It Works** | Carrier pays agency commission on each policy. You earn your rate as a percentage of that amount.<br>*Example: $2,000 policy at 13.5% carrier rate = $270.00 agency commission. At the 15% floor, your commission = $40.50. Write 35 policies that month and the 20% tier applies instead = $54.00 per comparable policy.* |
| **Graduation** | After 60 days, the 15% floor is removed and the standard tiered schedule below applies in full — including the 0% tier below 30 policies per month. |

## PART 2 — TIERED COMMISSION SCHEDULE (MONTH 3 ONWARD)

Your commission rate is determined by your monthly new policy count. Higher production unlocks higher rates.

| Production Tier (policies/month) | Producer Rate (% of agency comm) | Example Policies | Monthly Comm | Annual Comm | Total Annual Comp |
|---|---|---|---|---|---|
| Under 30 (base only) | 0% *(15% during months 1–2)* | 25 | $0 | $0 | $38,000 |
| 31 – 40 | 20% | 35 | $1,890 | $22,680 | $60,680 |
| 41 – 55 | 22% | 48 | $2,851 | $34,214 | $72,214 |
| 56 – 70 | 24% | 63 | $4,082 | $48,989 | $86,989 |
| 71 – 85 | 26% | 78 | $5,476 | $65,707 | $103,707 |
| 86 – 99 | 28% | 92 | $6,955 | $83,462 | $121,462 |
| 100+ | 30% | 100 | $8,100 | $97,200 | $135,200 |

*Commission examples assume $2,000 average policy premium and 13.5% carrier commission rate.*

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## PART 3 — RENEWAL COMMISSION & RETENTION BONUS

Renewal compensation has two layers: a **guaranteed base** paid monthly on every renewal, plus an **annual retention bonus** earned by keeping your book on the books. All rates are a percentage of agency renewal commission — the same basis as your new business tiers in Part 2.

| Component | Detail |
|---|---|
| **Base Renewal Rate** | **2% of agency renewal commission** on every policy renewed by this producer — paid monthly following the renewal effective date, tracked in AMS 360. Paid on every renewal, unconditionally, regardless of book retention, and only on commission actually received by the agency. |
| **Retention Bonus** | An annual bonus that increases your effective renewal rate up to **8% of agency renewal commission** — your rate doubles at each retention level — based on the policy retention of your book (schedule below). Calculated once per calendar year and paid as a lump sum by **February 15** of the following year. |
| **Qualification** | No minimum threshold — every producer participates from their first renewal cycle. |

| Book Retention (policy count, calendar year) | Annual Bonus (% of agency renewal comm) | Effective Total Renewal Rate |
|---|---|---|
| **90% and above** | **+6%** | **8%** |
| 85% – 89.9% | +2% | 4% |
| 80% – 84.9% | +0% | 2% |
| Below 80% | +0% | 2% (base only) |

| Measurement | Detail |
|---|---|
| **Formula** | Policies renewed ÷ policies eligible to renew during the calendar year, for all policies where you are the producer of record. |
| **Counts as Renewed** | A policy is renewed once it remains in force **30 days past its renewal effective date**. Rewrites to a different carrier within the agency count as retained — keeping the client is what matters. |
| **Exclusions** | Carrier-initiated cancellations and carrier non-renewals are excluded from the eligible count, consistent with the chargeback waiver in Part 4. These are not held against your retention. |
| **Bonus Calculation** | Your earned bonus percentage is applied to the **total agency renewal commission** received on your book during the measurement year.<br>*Example: 400 policies eligible, 368 retained = 92% retention. $800,000 renewed premium at a 13.5% carrier rate = $108,000 agency renewal commission → $2,160 base paid through the year + $6,480 retention bonus in February = $8,640 total (8% effective).* |
| **Payment Condition** | The retention bonus is earned upon completion of the full measurement year and requires active employment on the payment date. |

## PART 4 — CHARGEBACK POLICY

| Component | Detail |
|---|---|
| **Chargeback Window** | Producer chargebacks mirror the agency chargeback. If the carrier charges back a pro-rata percentage to the agency, the same percentage is charged back to the producer. For example, if a policy cancels halfway through and the carrier charges back 50% of commission to the agency, the producer's commission is charged back 50% as well. |
| **Recovery Method** | Chargeback amounts are deducted from future commission payments — never invoiced back to the producer. Any outstanding balance is carried forward until recovered. |

## PART 5 — ACTIVITY STANDARDS & EXPECTATIONS

| Metric | Daily | Weekly | Monthly |
|---|---|---|---|
| Quotes Issued | 10 | 50 | 200 |
| New Policies Written | — | — | 30 minimum |
| Bundle Rate (PBR) | — | — | 90% minimum |
| Referrals Requested per Sale | 4 | 20 | 80 |

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## TERMS & CONDITIONS

This compensation plan is a guideline for producer compensation and does not constitute an employment contract or guarantee of employment for any specific duration. Employment with The Art Agency is at-will, meaning either party may terminate the employment relationship at any time, with or without cause or notice. Commissions are earned on a full calendar-month basis; if employment is separated for any reason before the end of a calendar month, no commission will be paid for that month's production. The annual retention bonus described in Part 3 is earned only upon completion of the full measurement year and is payable only if the producer is actively employed on the bonus payment date.

The Art Agency reserves the right to modify, amend, or discontinue this compensation plan at any time, in whole or in part, at the sole discretion of agency ownership. The Company will make reasonable efforts to provide thirty (30) days written notice of material changes; however, notice is not required where changes are necessitated by carrier contract modifications, regulatory requirements, or business conditions beyond the Company's control.

Commission rates, tier thresholds, retention bonus schedules, activity standards, bonus structures, and all other plan components are subject to periodic review and adjustment. Any changes will apply prospectively and will not affect commissions already earned and payable under the prior terms. All policies remain subject to commission chargebacks per carrier terms as outlined in Part 4 of this plan. This plan supersedes all prior verbal or written compensation agreements, representations, or understandings between the Employee and the Company. No oral modification of this plan shall be binding.

## ACKNOWLEDGMENT

By signing below, I acknowledge that I have received, read, and understand the terms of this compensation plan. I understand that this plan does not constitute an employment contract, that my employment is at-will, and that the Company reserves the right to modify this plan at any time as described above.

Employee Name: _____ Date: _____

Manager Name: _____ Date: _____