**Section 903.20 Commission and Brokerage**

a) Direct

1) Include:

A) All payments, reimbursements and allowances, on direct writings, computed as a percentage of premiums for production, management or other services to:

i) Managers

ii) Supervising general agents

iii) General agents

iv) Regional and district agents

v) Local agents

vi) Office agents

vii) Brokers

viii) Solicitors

ix) Other producers and agents

B) Commissions and brokerage to employees when the activities for which the commissions are paid are not a part of their duties as employees.

2) Exclude:

A) Compensation to employees except as noted above (see Salaries).

B) Allowances, reimbursements and payments not computed as a percentage of premiums (see Allowances to Managers and Agents).

C) Expenses involved in transactions between insurance companies (see Joint Expenses; Commission and Brokerage-Reinsurance Assumed and Ceded; Expenses for Account of Another; and Income from Special Services).

D) Contingent commission (see Commission and Brokerage-Contingent).

E) Fees of investment counsel (see Legal and Auditing).

F) Expenses includible in Boards, Bureaus and Associations.

G) Taxes on premiums (see Taxes, Licenses and Fees).

H) Commission received for special services such as loss adjustment and inspection not related to policies issued by the company (see Income from Special Services).

b) Reinsurance Assumed

1) Commission and allowances of every nature on reinsurance assumed including tax and board allowances and reinsurance brokerage, except contingent commission, shall be included in Commission and Brokerage-Reinsurance Assumed.

2) Exception: Where commission and allowances under reinsurance assumed take the form of accurate proportions of actual expenses incurred, as in some quota share and pooling agreements, entries shall be made to the actual expenses.

c) Reinsurance Ceded

1) Commission and allowances of every nature on reinsurance ceded including tax and board allowances and reinsurance brokerage, except contingent commission, shall be included in Commission and Brokerage-Reinsurance Ceded.

2) Exception: Where commission and allowances under reinsurance ceded take the form of accurate proportions of actual expenses incurred, as in some quota share and pooling agreements, entries shall be made to the actual expenses.

d) Contingent-Net

 Include:

1) Contingent or profit commission paid.

2) Contingent or profit commission received.

3) Contingent commission to employees when the activities for which the contingent commission is paid are not a part of their duties as employees.

e) Policy and Membership Fees

 Include:

1) Policy and membership fees retained by, or paid to, agents.

2) Policy and membership fees to employees when the activities for which the policy and membership fees are paid are not a part of their duties as employees.