

Suggested Usage**Suggested Expanded CBRC's for Policy Year Targets***Approved by Commission Working Group*

<u>Positive Commissions</u>	<u>Description</u>	<u>Negative Commissions</u>	<u>Description</u>
PY1	Commission Payment for 1 st Policy year on premium up to Target	CY1	Reversal of Commission Payment for 1 st Policy year on premium up to Target
PE1	Commission Payment for 1 st Policy year on premium in excess of Target	CE1	Reversal of Commission Payment for 1 st Policy year on premium in excess of Target
PY2	Commission Payment for 2 nd Policy year on premium up to Target	CY2	Reversal of Commission Payment for 2 nd Policy year on premium up to Target
PE2	Commission Payment for 2 nd Policy year on premium in excess of Target	CE2	Reversal of Commission Payment for 2 nd Policy year on premium in excess of Target
PY3	Commission Payment for 3 rd Policy year on premium up to Target	CY3	Reversal of Commission Payment for 3 rd Policy year on premium up to Target
PE3	Commission Payment for 3 rd Policy year on premium in excess of Target	CE3	Reversal of Commission Payment for 3 rd Policy year on premium in excess of Target
PY4	Commission Payment for 4 th Policy year on premium up to Target	CY4	Reversal of Commission Payment for 4 th Policy year on premium up to Target
PE4	Commission Payment for 4 th Policy year on premium in excess of Target	CE4	Reversal of Commission Payment for 4 th Policy year on premium in excess of Target
PY5	Commission Payment for 5 th Policy year on premium up to Target	CY5	Reversal of Commission Payment for 5 th Policy year on premium up to Target
PE5	Commission Payment for 5 th Policy year on premium in excess of Target	CE5	Reversal of Commission Payment for 5 th Policy year on premium in excess of Target
PY6	Commission Payment for 6 th Policy year on premium up to Target	CY6	Reversal of Commission Payment for 6 th Policy year on premium up to Target
PE6	Commission Payment for 6 th Policy year on premium in excess of Target	CE6	Reversal of Commission Payment for 6 th Policy year on premium in excess of Target
PY7	Commission Payment for 7 th Policy year on premium up to Target	CY7	Reversal of Commission Payment for 7 th Policy year on premium up to Target
PE7	Commission Payment for 7 th Policy year on premium in excess of Target	CE7	Reversal of Commission Payment for 7 th Policy year on premium in excess of Target
PY8	Commission Payment for 8 th Policy year on premium up to Target	CY8	Reversal of Commission Payment for 8 th Policy year on premium up to Target
PE8	Commission Payment for 8 th	CE8	Reversal of Commission Payment for

	Policy year on premium in excess of Target		8 th Policy year on premium in excess of Target
PY9	Commission Payment for 9 th Policy year on premium up to Target	CY9	Reversal of Commission Payment for 9 th Policy year on premium up to Target
PE9	Commission Payment for 9 th Policy year on premium in excess of Target	CE9	Reversal of Commission Payment for 9 th Policy year on premium in excess of Target
PY0	Commission Payment for 10 th Policy year on premium up to Target	CY0	Reversal of Commission Payment for 10 th Policy year on premium up to Target
PE0	Commission Payment for 10 th Policy year on premium in excess of Target	CE0	Reversal of Commission Payment for 10 th Policy year on premium in excess of Target
PYX	Commission Payment for 11 th + Policy year on premium up to Target	CYX	Reversal of Commission Payment for 11 th + Policy year on premium up to Target
PEX	Commission Payment for 11 th + Policy year on premium in excess of Target	CEX	Reversal of Commission Payment for 11 th + Policy year on premium in excess of Target

Policy Target Example

Product A Imaginary Commission Schedule

Duration	Up to target	Excess of target
Policy year 1	95%	3%
Policy year 2-5	5%	3%
Policy year 6+	1%	3%

Example 1

Commission target premium is \$10,000 in every policy year.

Payment Date: 1st policy year

Client pays \$11,000

Result:	DTCC CBRC	Rate Paid
\$10,000 is up to Target 1 st policy year	PY1	95%
\$1,000 is excess of Target 1 st policy year	PE1	3%

Suggested Usage:

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code (Item 2060)	Commission Rate (Item 2062)	Commission Basis Amount (Item 2061)	Commission Earned or Calculated (Item 2063)	Commission Previously Netted or Advanced (Item 2064)	Commission Due - NSCC Settling Amount (Item 2096)
Up to Target	PY1	0.9500	(10000.00)	(9500.00)	0.00	(9500.00)
Excess of Target	PE1	0.0300	(1000.00)	(30.00)	0.00	(30.00)

Example 2

In same scenario client pays premium of \$5,000 in 2nd policy year.

Result: DTCC CBRC Rate Paid
\$5,000 is up to Target 2nd policy year PY2 5%

Suggested Usage:

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code (Item 2060)	Commission Rate (Item 2062)	Commission Basis Amount (Item 2061)	Commission Earned or Calculated (Item 2063)	Commission Previously Netted or Advanced (Item 2064)	Commission Due - NSCC Settling Amount (Item 2096)
Up to Target	PY2	0.0500	(5000.00)	(250.00)	0.00	(250.00)

Example 3

In same scenario client pays premium of \$23,000 7th policy year.

Result: DTCC CBRC Rate Paid
\$10,000 is up to Target 7th policy year PY7 1%
\$13,000 is excess of Target 7th policy year PE7 3%

Suggested Usage:

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code (Item 2060)	Commission Rate (Item 2062)	Commission Basis Amount (Item 2061)	Commission Earned or Calculated (Item 2063)	Commission Previously Netted or Advanced (Item 2064)	Commission Due - NSCC Settling Amount (Item 2096)
Up to Target	PY7	0.0100	(10000.00)	(100.00)	0.00	(100.00)
Excess of Target	PE7	0.0300	(13000.00)	(390.00)	0.00	(390.00)

Example 4

In same scenario client pays premium of \$60,000 in policy year 12.

Result: DTCC CBRC Rate Paid
\$10,000 up to Target 12th policy year PYX 1%
\$50,000 excess of Target 12th policy year PEX 3%

Suggested Usage:

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code (Item 2060)	Commission Rate (Item 2062)	Commission Basis Amount (Item 2061)	Commission Earned or Calculated (Item 2063)	Commission Previously Netted or Advanced (Item 2064)	Commission Due - NSCC Settling Amount (Item 2096)
Up to Target3	PYX	0.0100	(10000.00)	(100.00)	0.00	(100.00)
Excess of Target	PEX	0.0300	(50000.00)	(1500.00)	0.00	(1500.00)