

Suggested Usage

Approved by Commissions Working Group

Target and Excess – Multi Agent (1 internal, 1 external) Example

Product I Universal Life Commission Schedule

Target Premium 90% of premium payable in total for product
 Excess Over Target 4.5% of premium payable in total for product

Example 1

Client's target premium is \$13,710.
 Payment Due Date: Oct 15,2004
 Policy Date: Oct. 15,2004
 Client pays \$1,208.13 on Oct. 16,2004

Result:
 \$1,208.13 is applied against the target premium of \$13,710

Commissions are calculated in the following manner:
 Agent 1 writing agent rates are set at 85% for 12 months and 2% for 999(means forever)
 Agent 2 general agent rates are set at 5% for 12 months and 2.5% for 999

\$1,208.13 X 85% = \$1,026.91 to agent 1 Comm payment code of PY1
 \$1,208.13 X 5% = \$60.41 to agent 2 Comm payment code of PY1

Option 1

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	Commission Rate	Commission Basis Amount	Commission Earned or Calculated	Commission Previously Netted or Advanced	Commission Due - NSCC Settling Amount
	Record 22-01 (Item 2060)	Record 22-02 (Item 2062)	Record 22-01 (Item 2061)	Record 22-02 (Item 2063)	Record 22-01 (Item 2064)	Record 22-01 (Item 2096)
Record Group 1	PY1	0.8500	1208.13	1026.91	0.00	1026.91
Record Group 2	PY1	0.0500	1208.13	60.41	0.00	60.41

Option 2

Suggested Usage with Agent Team Split (04/28/05):

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code	Commission Rate	Commission Basis Amount	Commission Earned or Calculated	Commission Previously Netted or Advanced	Commission Due - NSCC Settling Amount
	Record 22-01 (Item 2060)	Record 22-02 (Item 2062)	Record 22-01 (Item 2061)	Record 22-02 (Item 2063)	Record 22-01 (Item 2064)	Record 22-01 (Item 2096)
Record Group 1	PY1	0.9000	1208.13	1087.32	0.00	1087.32

22-05 record

Column No:	Column 1	Column 2	Column 3
What's in this Column:	Recipient Name (Item 2405-2409)	Recipient Commission Amount (Item 2412)	Recipient Commission Split (Item 2414)
Record Group 1	Agent 1	1026.91	94.44%
	Agent 2	60.41	5.56%

$$1208.13 * .85 = 1026.91$$

$$1208.13 * .05 = 60.41$$

$$1026.91 / 1087.32 = .9444$$

$$60.41 / 1087.32 = .0556$$

Example 2

In same scenario client pays additional first year premium on Nov. 1,2004 of \$21,006.87.

Result:

\$12,501.87 is applied against the target premium of \$13,710

\$8,505.00 is Excess Over Target

Commissions are calculated in the following manner:

Agent 1 writing agent rates are set at 85% for 12 months and 2% for 999(means forever) Excess rate is 2% in all years

Agent 2 general agent rates are set at 5% for 12 months and 2.5% for 999 Excess rate is 2.5% in all years

\$12,501.87 X 85% = \$10,626.59 to agent 1 Comm payment code of PY1

\$8,505.00 X 2% = \$170.10 to agent 1 Comm payment code of PE1

\$12,501.87 X 5% = \$625.09 to agent 2 Comm payment code of PY1

\$8,505.00 X 2.5% = \$212.63 to agent 2 Comm payment code of PE1

We define target premium as the first year target premium. Anything after the first year is considered renewal premium. In most instances our excess rates are equal to the renewal premium payable on the product.

Option 1

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	Commission Rate	Commission Basis Amount	Commission Earned or Calculated	Commission Previously Netted or Advanced	Commission Due - NSCC Settling Amount
	Record 22-01 (Item 2060)	Record 22-02 (Item 2062)	Record 22-01 (Item 2061)	Record 22-02 (Item 2063)	Record 22-01 (Item 2064)	Record 22-01 (Item 2096)
Record Group 1	PY1	0.8500	12501.87	10626.59	0.00	10626.59
Record Group 2	PE1	0.0200	8505.00	170.10	0.00	170.10
Record Group 3	PY1	0.0500	12501.87	625.09	0.00	625.09
Record Group 4	PE1	0.0250	8505.00	212.63	0.00	212.93

Option 2

Suggested Usage with Agent Team Split (04/28/05):

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
What's in this Column:	Commission Basis Reason Code	Commission Rate	Commission Basis Amount	Commission Earned or Calculated	Commission Previously Netted or Advanced	Commission Due - NSCC Settling Amount
	Record 22-01 (Item 2060)	Record 22-02 (Item 2062)	Record 22-01 (Item 2061)	Record 22-02 (Item 2063)	Record 22-01 (Item 2064)	Record 22-01 (Item 2096)
Record Group 1	PY1	0.9000	12501.87	11251.68	0.00	11251.68
Record Group 2	PE1	0.0450	8505.00	382.73	0.00	382.72

22-05 record

Column No:	Column 1	Column 2	Column 3
What's in this Column:	Recipient Name	Recipient Commission Amount	Recipient Commission Split
	(Item 2405-2409)	(Item 2412)	(Item 2414)
Record Group 1	Agent 1	10626.59	94.44%
	Agent 2	625.09	5.56%
Record Group 2	Agent 1	170.10	44.45%
	Agent 2	212.63	55.55%

$$12501.87 * .85 = 10626.59$$

$$12501.87 * .05 = 625.09$$

$$8505.00 * .02 = 170.10$$

$$8505.00 * .025 = 212.63$$

$$10626.59 / 11251.68 = .9444$$

$$625.09 / 11251.68 = .0556$$

$$170.10 / 382.72 = .4445$$

$$212.63 / 382.72 = .5555$$

Example3, Option 3

Notes: This option is similar to Option 1 methodology with the addition of the 22-05 record to define an agent split.

Assume: Commission rate is 50% for target premium for Agents 1 and 2
 Commission rate is 2.5% for excess premium for Agents 1 and 2

ERA = Expense Reimbursement Allowance

Policy 7123456 Spilt between 2 Agents (25%/75%)

ERA is earned by both Agents

Premium paid = \$4994.00
 Target =
 \$3050.00
 Excess = \$1944.00

COM Record #	Basis Amount	Commission Rate	% Split	Calculated Commission Amount	Net Prepaid Commission Amount	NSCC Settling Amount	CBRC
2201	3050.00				0	381.25	PY1
2202		50%		381.25			
2205 Agent 1			25%				
2201	3050.00				0	1143.75	PY1
2202		50%		1143.75			
2205 Agent 2			75%				
2201	1944.00				0	12.15	PE1
2202		2.50%		12.15			
2205 Agent 1			25%				
2201	1944.00				0	36.45	PE1
2202		2.50%		36.45			
2205 Agent 2			75%				
2201	381.25				0	152.50	PMI
2202		40%		152.50			
2205 Agent 1			25%				
2201	1143.75				0	457.50	PMI

2202		40%		457.50			
2205	Agent 2		75%				
2201					0	4.86	PMI
2202		40%		4.86			
2205	Agent 1		25%				
2201					0	14.58	PMI
2202		40%		14.58			
2205	Agent 2		75%				