

October 20, 2005

SUGGESTED USAGE

Approved by Commissions Working Group

ERA (Expense Reimbursement agreement) Example Policy Number – XYZ

Product A : Imaginary Commission Schedule

Target Premium 1 st year Producer (writing agent)	40% of premium
Target Premium 1 st year GA (general agent)	20% of premium
ERA (65% of combined base commission(40+20))	39% of premium

Example:

Client's target premium is \$663.00.

Client pays \$663.00 in the 1st year of the contract

The following records would be generated in the **current** looping structure.

Target commissions - GA:

2201 record for the target 1st year commissions

NSCC settling amount (field 2096) = $20 * 663 / 100 = \$132.60$

Commission Basis Amount Debit/Credit Indicator (field 2065) = 2

Commission Basis amount (field 2061) = \$663.00

Commission basis reason (field 2060) = PY1

Product Type Code (field 2076) = TRM

Trail Frequency Indicator (field 2077) = Spaces

2202 record

Commission rate (field 2062) = 20%

Calculated Commission amount (field 2063) = \$132.60

Total Premium amount (field 2072) = \$663.00

Total Premium Amount Debit/Credit Indicator (field 2073) = 2

2205 record

Recipient Commission amount (field 2412) = \$132.60

Recipient Commission percentage (field 2414) = 20%

ERA Commissions – GA

2201 record for the ERA commissions

NSCC settling amount (field 2096) = \$258.57

Commission Basis Amount Debit/Credit Indicator (field 2065) = 2

Commission Basis amount (field 2061) = \$663.00

Commission basis reason (field 2060) = PMI (com payment for marketing allowance related to a specific contract).

Product Type Code (field 2076) = TRM

Trail Frequency Indicator (field 2077) = Spaces

2202 record

Commission rate (field 2062) = 39%

Calculated Commission amount (field 2063) = \$258.57

Total Premium amount (field 2072) = \$663.00

Total Premium Amount Debit/Credit Indicator (field 2073) = 2
2205 record
Recipient Commission amount (field 2412) = \$258.57
Recipient Commission percentage (field 2414) = 39%

Target commissions for Producer (writing agent)

2201 record for the target 1st year commissions
NSCC settling amount (field 2096) = \$265.20
Commission Basis Amount Debit/Credit Indicator (field 2065) = 2
Commission Basis amount (field 2061) = \$663.00
Commission basis reason (field 2060) = PY1
Product Type Code (field 2076) = TRM
Trail Frequency Indicator (field 2077) = Spaces
2202 record
Commission rate (field 2062) = 40%
Calculated Commission amount (field 2063) = \$265.20
Total Premium amount (field 2072) = \$663.00
Total Premium Amount Debit/Credit Indicator (field 2073) = 2
2205 record
Recipient Commission amount (field 2412) = \$265.20
Recipient Commission percentage (field 2414) = 40%