

*Approved by Life Commissions Working Group - Final version*

**Standard Usage**

**First Year Override and Renewal Year Override**

**First Year Override** – Additional compensation on any premium payment received within the first policy year for certain distributors.

**Renewal Year Override** – Additional compensation on any premium payment received after the first policy year for certain distributors.

**Commission Schedule**

	<b>First Year</b>	<b>Renewal 2 +</b>
Base Coverage*	80%	10%
First Year Override	4%	
Target Premium	50%	7%
First Year Override	4%	
Excess over Target	10%	1%
First Year Override	1%	
ERA	2%	
Renewal Year Override		5%

\*non-target premium products

**Standard Usage for including ‘Commission Extension’ with the Payment Override CBRC:**

When the Payment Override Code (First year or Renewal) is the same for both the Target and Excess commissionable events, carriers should populate the ‘Commission Extension’ field item (2074) with a pre-defined value to supply the distributor with information to differentiate the commissionable events.

**Scenario 1: First Year Commission on Base Coverage Premium**

The distributor submits \$10,000.00 gross premium (paper) on a new contract and does not net any commissions.

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
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)	Commission Extension (Item 2074)
Base	PPP	0.80	10000.00	8000.00	0.00	8000.00	Spaces
FYO	POF	0.04	10000.00	400.00	0.00	400.00	Spaces
ERA	PMI	0.02	10000.00	200.00	0.00	200.00	Spaces

**Scenario 2: First Year Commission on Target Premium and Excess over Target Premium**

The distributor submits \$10,000.00 target premium and \$2,000.00 excess over target premium on a new contract and does not net any commissions.

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
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)	Commission Extension (Item 2074)
Target	PY1	0.50	10000.00	5000.00	0.00	5000.00	Spaces
FYO on Target	POF	0.04	10000.00	400.00	0.00	400.00	Target
Excess	PE1	0.10	2000.00	200.00	0.00	200.00	Spaces
FYO on Excess	POF	0.01	2000.00	20.00	0.00	20.00	Excess
ERA	PMI	0.02	12000.00	240.00	0.00	240.00	Spaces

**Scenario 3: Renewal Commission on Base Coverage Premium**

The distributor submits \$10,000.00 renewal premium (paper) on a contract and does not net any commissions.

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
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)	Commission Extension (Item 2074)
Base	PIR	0.10	10000.00	1000.00	0.00	1000.00	Spaces
RYO	POR	0.05	10000.00	500.00	0.00	500.00	Spaces

Scenario 4: Renewal Commission on Target Premium and Excess over Target Premium

The distributor submits \$10,000.00 target premium and \$2,000.00 excess over target premium on a contract and does not net any commissions.

Column No:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
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)	Commission Extension (Item 2074)
Target	PY2	0.07	10000.00	700.00	0.00	700.00	Spaces
RYO on Target	POR	0.05	10000.00	500.00	0.00	500.00	Target
Excess	PE2	0.01	2000.00	20.00	0.00	20.00	Spaces
RYO on Excess	POR	0.05	2000.00	100.00	0.00	100.00	Excess