COMMISSIONS

Advance and First Year Earned Commission

AGENDA

ADVANCE COMMISSIONS

- When we pay a commission before it is earned we consider it to be "advanced" to the agent in consideration of the expected future earned commissions[1].
- Commissions can be paid up to 6, 9, 12, and 15 months in advance[2].
- Commissions will only be advanced if the policy's premiums are electronically drafted from the client's bank. Advances are also based on the billing frequency For example, a policy that is billed quarterly will only generate advance commissions on a quarterly basis and not the full 6, 9, 12, 15 months that may have been requested.

[1]The company charges interest on the loaned or advanced funds at a rate of 1.0% per month.
[2]12 &15 month advances are only available for Medicare Supplement products.

ADVANCE PAYMENTS

- Once the policy has been activated, the advance will be generated overnight. If the amount equals or exceeds $100.00, it is sent to your bank for direct deposit the next business day*.
- The advance statement posts to Agent View the next business day as well.

Advance Example	
Monthly Premium	$106.34
Annualized Premium	$1276.08
Commission Rate	22.00%
Advance Rate	12 Months or 100%
Advance Amount	$280.74

*The check minimum for ARLIC, UTA, and Loyal is $50.00

SECURED ADVANCES

- Advances are secured by the future first year commissions the company expects the agent to earn as the premium due on the policy is received by the company.

- As long as the policy on which an agent was paid an advance is still in force and in its first 12 months the advance balance owed by the agent to the company is deemed to be a “Secured Advance.”

- Secured advances are paid off by the earned commission from the policy that the agent was advanced on, i.e. we do not take earned commissions or other advances payable to pay off the secured advance balance on a policy that is still in force.

UNSECURED ADVANCES

- If a policy on which an advance has been paid terminates prior to the advance being fully recovered from earned commissions on the policy, the remaining advance balance is charged back against the agent and becomes an "Unsecured Advance."

- Once a policy advance balance is unsecured, we will hold all commissions payable to the agent to reduce or payoff the advance balance*.

*This includes new advances and earned commissions on policies that do not have an advance balance and would otherwise be payable to the agent.

EARNED COMMISSION DETAIL

- When the company receives a premium payment in a policy's first year, the commission earned on that premium payment is a "first year earned commission" and is credited to the biweekly commission statement.
- For plans of insurance that the company advances 9 months, the first year earned commission for the first nine months will go to pay off the advance. Earned commissions for months 10, 11 and 12 are called "deferred first year commissions" because payment of these first year earned commissions is deferred until the advance is paid off.
- When the company receives premium on a policy in its second or renewal years the commission earned is called a "earned renewal commission" and is credited to the biweekly or what is also called the "Standard" commission statement.

THANK YOU