

BROKER REWARDS

## 2020 Broker Incentive Program Group & Voluntary

Thank you for the vital contribution you make to our group business. Deliver outstanding results, and we'll reward you for it with either our New Sales Award and/or our Block Management Award.

### Tier 1 – New Sales Award

**Plan design**

<b>Tier 1 – New Sales Award</b>			
Beginning BIF		<\$1,000,000	
<b>New Sales</b>		<b>New Coverage Min.</b>	<b>Award rate</b>
\$150,000–\$999,999	and	15	3.00%
\$1,000,000–\$1,999,999		-	3.00%
\$2,000,000–\$4,999,999		-	4.00%
\$5,000,000+		-	5.00%

Refer to the **Definitions** section at the end of this document for an explanation of capitalized terms used throughout.

### Tier 2 – New Sales Award/Block Management Award

**Plan design**

<b>Tier 2 – New Sales Award</b>			
Beginning BIF		\$1,000,000+	
<b>New Sales</b>		<b>New Coverage Min.</b>	<b>Award rate</b>
\$300,000–\$999,999	and	15	3.00%
\$1,000,000–\$1,999,999		-	3.00%
\$2,000,000–\$4,999,999		-	4.00%
\$5,000,000+		-	5.00%

<b>Tier 2 – Block Management Award</b>			
<b>Growth Min.</b>	<b>Growth Max.</b>	<b>Award %</b>	<b>Min. Beginning BIF</b>
98.00%	124.99%	1.50%	\$1,000,000
125.00%	134.99%	1.75%	\$1,000,000
135.00%	149.99%	2.00%	\$1,000,000
150.00%		2.25%	\$1,000,000

## Calculating the New Sales Award (Tiers 1 & 2)

The award amount is calculated based on new annualized premium, multiplied by the corresponding award rate, subject to the premium cap.

$$\text{New Sales Award} = ((\text{new sales} + \text{Additional Business}) \times \text{award rate percentage})$$

### New Sales Award example

**Beginning BIF:** \$1,500,000

**New sales and Additional Business during 2020 Production Year:** \$1,200,000

**New Sales Award:** \$1,200,000 x 3.00% = \$36,000

## Calculating the Block Management Award (Tier 2)

The award amount is calculated based on the Net Growth Percentage of your block, subject to the premium cap, and is calculated as follows:

$$\text{New Growth Percentage} = (\text{Ending BIF} / \text{Beginning BIF}) \times 100$$

The award rate percentage varies and is based on where your Net Growth Percentage falls.

The Net Growth of your account is calculated as follows:

$$\text{Block Management Award} = \text{Ending BIF} - (\text{new sales} + \text{Additional Business}) \times \text{Block Management Award rate \%}$$

### Block Management Award example

**Beginning BIF:** \$1,500,000

**New sales + additional business:** \$600,000

**Ending BIF:** \$2,200,000 (result of cancels and renewal rate changes throughout 2020)

**New Growth Percentage:** \$2,200,000/\$1,500,000 = 146%

**Block Management Award:** \$2,200,000 - \$600,000 x 2.00% = \$32,000

## New Sales Award/Block Management Award details

- To be eligible for the Tier 1 New Sales Award, you must, during the 2020 Production Year:
  - Have a Beginning Business in Force (Beginning BIF) of less than \$1,000,000;
  - Generate the new sales minimum requirement as outlined on page 1.
- To be eligible for the Tier 2 New Sales Award/Block Management Award, you must, during the 2020 Production Year:
  - Have a Beginning Business in Force (Beginning BIF) that is \$1,000,000 or greater;
  - Generate the new sales minimum requirement as outlined on page 1.
- Qualifying lines of coverages include<sup>1</sup> Life, Voluntary Life, Short-Term Disability, Voluntary Short-Term Disability, Long-Term Disability, Voluntary Long-Term Disability, SunAdvisor, Dental, Voluntary Dental, Group Indemnity Dental, Group Prepaid Dental, Accident, Critical Illness, Cancer and Vision.
- A line of coverage is considered to be a new sale, and new annualized premium is considered to be generated during the 2020 Production Year, if Sun Life (1) receives the application or the Benefit Confirmation email for the line of coverage in good order (as determined by Sun Life) by December 31, 2020, (2) completes its risk approval review of, and approves, the application on or before January 29, 2021, and (3) the effective date of coverage for the line of coverage is April 1, 2021, or earlier.
- Qualifying new lines of coverage include new lines of coverage sold to an existing or new policyholder.
- Additional Business counts toward the new annualized premium requirement if the increase does at least one of the following:
  - Extends coverage to employees of the policyholder’s affiliated or subsidiary companies not previously covered under the policy
  - Covers classes of employees not insured under the policy as of the policy’s effective date
  - Increases the amount of insurance provided under the policy
- A \$500,000 premium cap for Life, Voluntary Life, Short-Term Disability, Voluntary Short-Term Disability, Long-Term Disability, Voluntary Long-Term Disability, SunAdvisor, Dental, Voluntary Dental, Group Indemnity Dental, Group Prepaid Dental, Accident, Critical Illness, Cancer and Vision is applied to the awards in the following manner:
  - The premium cap does not apply to the annualized premium used to determine the eligibility for the award.
  - The total amount of the annualized premium for any coverage that is applied to the calculation of the award is \$500,000.
  - The premium cap is applied at the product level, rather than at the coverage level. Example: Life and Voluntary Life would be rolled together and would have one premium cap applied.
- Qualifying Premium for Dental products count 100% towards eligibility then is reduced to 50% of the total annualized premium before the cap is applied and before the award rate is applied.
- Qualifying Premium for **Accident, Critical Illness, and Cancer** counts 100% towards eligibility then is paid out at 125% of the total annualized premium before the cap is applied and before the award rate is applied.

1. The following products do not count toward qualification or inforce premium and are not eligible for payment under this program: Stop-Loss, ASO/CSO products provided by Union Security Insurance Company or Union Insurance Life Insurance Company, individual prepaid dental products, Group Hospital Confinement Indemnity “Gap” coverage underwritten by Fidelity Security Life Insurance Company, and business administered by Disability Reinsurance Management Services, Inc.

## Broker of record (BOR) changes

For new cases written on or after January 2, 2020:

- If a broker adds a new case during the 2020 Production Year and loses that case to another broker because of a BOR change, and the case remains with Sun Life throughout the 2020 Production Year, the original broker will be credited with the new business in the 2020 Production Year. We will add the case to the new broker's 2021 beginning block.
- If a broker adds a new case in the 2020 Production Year and loses that case to another broker because of a BOR change, and the case terminates from Sun Life during the 2020 Production Year, no broker will receive credit or a bonus award for this new business.

For in force cases written prior to January 2, 2020:

- If, prior to January 1, 2021, a broker loses an in force case from his or her block of business because of a BOR change, the case will be removed from the broker's 2020 Beginning BIF.
- If, prior to January 1, 2021, a broker adds an in force case to his or her block of business as a result of a BOR change, we will add the case to the new broker's 2020 Beginning BIF.
- Case cancellations that are effective on or prior to the date of a BOR change will be counted in the Net Growth Award calculation for the broker of record that is on the case on the effective date of the cancellations (as determined by Sun Life).

## Definitions

**"2020 Production Year"** means the period beginning January 2, 2020, through January 1, 2021.

**"Additional Business"** means additional premium generated by increasing the insurance provided under an existing line of coverage, and other policy events or circumstances that Sun Life, in its sole discretion, considers to be Additional Business.

**"Beginning BIF"** means the amount of annualized premium generated by the lines of coverage in your in force block of business with Sun Life as of January 2, 2020, and adjusted for broker of record changes that occur during the 2020 Production Year (adjustments will be made in accordance with the Broker of record changes section). In other words, broker of record changes that occur during the 2020 Production Year will impact Beginning BIF and, therefore, may impact a broker's eligibility for the New Sales Award or the Block Management Award.

**"Ending BIF"** means the amount of annualized premium generated by the lines of coverage in your in force block of business with Sun Life as of January 1, 2021.

**"Net Growth Percentage"** is a percentage amount based on the difference between the Beginning BIF and Ending BIF.

**To learn more, call your local Sun Life Employee Benefits Representative.**

The 2020 Broker Incentive Program is subject to state approvals and regulatory requirements. For New York-issued cases, producers must comply with the specific compensation requirements of New York Regulation 194.

If a broker is eligible for another bonus program offered through Sun Life, he/she is not eligible for this standard incentive program. The 2020 Broker Incentive Program is subject to change without advance notice. If a broker earns an award and owes any Sun Life company, Union Security Insurance Company or Union Security Life Insurance Company of New York any amount of money, the amount of the award will be reduced by the amount owed by the broker. All decisions regarding payment of commissions and awards are made by the underwriting insurance company and are final. Brokers must be properly licensed to sell insurance and be appointed with Sun Life and Health Insurance Company (U.S.), Sun Life Assurance Company of Canada, Union Security Insurance Company, Union Security Life Insurance Company of New York, Denticare of Alabama, Inc., United Dental Care of Arizona, Inc., UDC Dental California, Inc., United Dental Care of Colorado, Inc., Union Security DentalCare of Georgia, Inc., United Dental Care of Michigan, Inc., United Dental Care of Missouri, Inc., Union Security DentalCare of New Jersey, Inc., United Dental Care of New Mexico, Inc., UDC Ohio, Inc., United Dental Care of Texas, Inc., and United Dental Care of Utah, Inc. for products underwritten or offered by those companies to receive payment under this program.

We encourage brokers and their clients to discuss what commissions or other compensation may be paid in connection with the purchase of our products and services. To ensure accurate and timely commission payments, the policyholder is required to submit a completed premium statement with payment on or before the premium due date each month. To speed processing, we encourage the policyholder to write the group policy number on the check.

Group insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) in New York. Group insurance policies are underwritten by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all states except New York.

Prepaid dental products are provided by Denticare of Alabama, Inc., United Dental Care of Arizona, Inc., UDC Dental California, Inc., United Dental Care of Colorado, Inc., Union Security DentalCare of Georgia, Inc., United Dental Care of Michigan, Inc., United Dental Care of Missouri, Inc., Union Security DentalCare of New Jersey, Inc., United Dental Care of New Mexico, Inc., UDC Ohio, Inc., United Dental Care of Texas, Inc., and United Dental Care of Utah, Inc.

Product offerings may not be available in all states and may vary depending on state laws and regulations.

Insurance products underwritten by Union Security Insurance Company (Kansas City, MO) and administered by Sun Life Assurance Company of Canada (Wellesley Hills, MA). In New York, insurance products underwritten by Union Security Life Insurance Company of New York (Fayetteville, NY) and administered by Sun Life and Health Insurance Company (U.S.) (Lansing, MI).

Sun Life Assurance Company of Canada, Sun Life and Health Insurance Company (U.S.), Denticare of Alabama, Inc., United Dental Care of Arizona, Inc., UDC Dental California, Inc., United Dental Care of Colorado, Inc., Union Security DentalCare of Georgia, Inc., United Dental Care of Michigan, Inc., United Dental Care of Missouri, Inc., Union Security DentalCare of New Jersey, Inc., United Dental Care of New Mexico, Inc., UDC Ohio, Inc., United Dental Care of Texas, Inc., and United Dental Care of Utah, Inc. are members of the Sun Life group of companies.

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