

BROKER REWARDS

2021 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.

New Sales Award/Block Management Awards

To be eligible for the Tier 1 New Sales Award, you must have a Beginning Business in Force (Beginning BIF) of less than \$1,000,000 and generate the new sales minimum requirement.

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

Tier 1 – New Sales Award		
Beginning BIF		<\$1,000,000
New Sales Annualized Premium	New Coverage Minimum*	Award Rate
\$150,000–\$999,999	15	3.00%
\$1,000,000–\$1,999,999	-	3.00%
\$2,000,000–\$4,999,999	-	4.00%
\$5,000,000+	-	5.00%

To be eligible for the Tier 2 New Sales and Block Management Awards, you must have a Beginning BIF of \$1,000,000 or more **and** generate the New Sales minimum requirement.

Tier 2 – New Sales Award		
Beginning BIF		\$1,000,000+
New Sales Annualized Premium	New Coverage Minimum*	Award Rate
\$300,000–\$999,999	15	3.00%
\$1,000,000–\$1,999,999	-	3.00%
\$2,000,000–\$4,999,999	-	4.00%
\$5,000,000+	-	5.00%

Tier 2 – Block Management Award		
Net Growth Percentage	Award Rate	Min. Beginning BIF
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

*"New Coverage Minimum" means the minimum lines of group insurance coverage that must be sold during the 2021 Production Year to qualify for an Award.

Calculating the New Sales Award (Tiers 1 & 2)

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

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

Subject to premium cap.

New Sales Award example

Beginning BIF: \$900,000

New sales and Additional Business during 2021 Production Year: \$1,200,000

- Six policies sold: one generating annualized premium of \$600,000. Premium cap of \$500,000 is applied to the \$600,000 policy.

New Sales Award: \$1,100,000 x 3.00% = \$33,000

Calculating the Block Management Award (Tier 2)

The Award amount is calculated based upon the Net Growth Percentage of your block, which is used to determine the Award Rate, and then multiplied by the amount described below, subject to the premium cap.

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

The Award is calculated as follows:

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

Block Management Award example

Beginning BIF: \$2,500,000

Policy cancels: (\$10,000)

Renewal rate changes: \$120,000

New sales + Additional Business: \$600,000

Ending BIF: \$3,210,000

- Ending BIF includes one \$600,000 policy. Premium cap of \$500,000 is applied to it.

Net Growth Percentage: \$3,210,000/\$2,500,000 x 100 = 128%

Net Growth Percentage calculation:

Beginning BIF	\$2,500,000
Policy cancellations	(\$10,000)
Renewal rate changes	\$120,000
New sales and Additional Business	\$600,000
Ending BIF	= \$3,210,000
Net Growth Percentage	\$3,210,000/\$2,500,000 x 100 = 128% <i>128% = 1.75% for the Award Rate</i>

Block Management Award calculation:

*Ending BIF block includes one \$600,000 policy. Premium cap of \$500,000 is applied to it.

Ending BIF	\$3,210,000
Premium cap adjustment	(\$100,000)
New sales and Additional Business	(\$600,000)
Block Management Award Premium	= \$2,510,000
Block Management Award	\$2,510,000 x 1.75% = \$43,925

New Sales Award/Block Management Award details

- Qualifying lines of coverages include¹ 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, Hospital Indemnity and Vision.
- New sales annualized premium is considered to be generated during the 2021 Production Year, if Sun Life (1) receives the application for Group or Voluntary coverage or the Benefit Confirmation email for the line of coverage in good order (as determined by Sun Life) by December 31, 2021, (2) completes its risk approval review and approves the coverage on or before January 31, 2022, and (3) the effective date of the Group or Voluntary policy is March 1, 2022, or earlier.
- Qualifying new lines of coverage include new lines of coverage sold to an existing or new policyholder.

1. Premium generated by the following policies and products does not qualify for the New Sales or Block Management Awards: 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.

- Additional Business counts toward the new sales annualized premium requirement if the Additional Business does at least one of the following:
 - Extends coverage to 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
- Premium cap: 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, Hospital Indemnity and Vision is applied to the New Sales and Block Management Awards in the following manner:
 - The premium cap does not apply to the annualized premium used to determine the eligibility for either award.
 - The premium cap is applied to the calculation of the award amount such that the maximum annualized premium amount that will be counted toward the award for any one policy is \$500,000 notwithstanding the actual premium generated by the policy.
 - The premium cap is applied at the product level, and not at the line of coverage level. For example, the annualized premium generated by Life and Voluntary Life for a case would be combined and the premium cap would apply to it. The premium cap would not be applied separately to the Life and Voluntary lines of coverage for a case.
- Qualifying premium for Dental products counts 100% towards eligibility for the awards. When calculating the awards, the annualized premium is reduced by 50% before the premium cap and award rate are applied.
- Qualifying premium for Accident, Critical Illness, Cancer, and Hospital Indemnity counts 100% towards eligibility for the awards. When calculating the awards, the annualized premium is increased 25% before the premium cap and award rate are applied.
- Inforce policies that terminate during 2021 Production Year due to a policyholder bankruptcy, merger or acquisition will not be included in the Block Management Award calculation if documentation is provided to Sun Life that demonstrates that the bankruptcy, merger or acquisition occurred during the 2021 Production Year.

Broker of Record (BOR) changes²

For new cases with an effective date on or after January 2, 2021:

- If a broker adds a new case during the 2021 Production Year and the case is transferred to another broker because of a BOR change, and the case remains with Sun Life throughout the 2021 Production Year, the original broker will be credited with the new business in the 2021 Production Year. The case will be added to the new broker’s block of business on January 2, 2022.
- If a broker adds a new case during the 2021 Production Year and the case is transferred to another broker because of a BOR change, and the case terminates prior to the end of the 2021 Production Year, no broker will receive credit or a bonus award.

2. These rules also apply to General Agent changes.

For cases with an effective date prior to January 2, 2021:

- If, prior to January 1, 2022, a broker loses an in force case because of a BOR change, the case will be removed from, and not considered part of, the original broker's 2021 Beginning BIF.
- If, prior to January 1, 2022, a broker adds an in force case to their block of business because of a BOR change, Sun Life will add the case to the new broker's 2021 Beginning BIF.
- Case cancellations that are effective on or prior to the date of a BOR change will be counted as part of the Net Growth Award calculation for the broker who was the BOR on the case effective date of the cancellations (as determined by Sun Life).

Definitions

"2021 Production Year" means the period beginning January 2, 2021, through January 1, 2022.

"Additional Business" means premium generated by adding lines of coverage to an existing case, and other case related events and/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 Group and Voluntary cases in your in force block of business with Sun Life as of January 2, 2021, and adjusted for any broker of record changes that occur during the 2021 Production Year in accordance with the "Broker of Record (BOR) changes" section. In other words, BOR changes that occur during the 2021 Production Year will affect Beginning BIF and, therefore, may affect a broker's eligibility for the New Sales Award or the Block Management Award. Any policy that qualified as a new sale under the 2020 Group & Voluntary Broker Incentive Program will be considered part of your in force block as of January 2, 2021.

"Ending BIF" means the amount of annualized premium generated by the Group and Voluntary cases in force block of business with Sun Life as of January 1, 2022.

"Net Growth Percentage" is the percent change between your Beginning BIF and Ending BIF.

Important Notice

The 2021 Broker Incentive Program is subject to change without advance notice. All decisions regarding the administration of the Program and the payment of any award are made by Sun Life and are final.

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

The 2021 Broker Incentive Program is subject to state approvals and regulatory requirements. For New York–issued policies, 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 with respect to qualifying lines of coverage listed above, they are not eligible for this standard incentive program.

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.

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 and by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all other states.

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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