



**COMPENSATION GUIDE  
for  
BROKERS under MGAs**

# Table of Contents

<b>1.</b>	<b>SCHEDULE OF COMMISSIONS .....</b>	<b>1</b>
1.1.	Life Insurance.....	1
a)	Permanent Life Insurance Products.....	1
b)	Temporary Life Insurance Product.....	1
c)	Participating Life Insurance Product .....	1
d)	Living Benefits Product .....	1
e)	Additional Benefit Riders .....	2
f)	Not Available for New Sales.....	2
1.2.	Group Insurance .....	2
a)	Group Products.....	2
1.3.	Investments and Retirement .....	3
a)	Individual Immediate Annuities .....	3
b)	Group Immediate Annuities.....	3
c)	Guaranteed Interest Accounts.....	3
d)	Segregated Funds.....	3
1.4.	Multi Employer Plan, Group Retirement Savings (Serie A).....	4
a)	Multi Employer – Segregated funds.....	4
b)	Multi Employer – Guaranteed Interest Accounts .....	4
c)	Group Retirement Savings – Segregated funds .....	4
d)	Group Retirement Savings – Guaranteed Interest Accounts .....	4
<b>2.</b>	<b>COMMISSION CALCULATIONS.....</b>	<b>5</b>
2.1.	Large Case Commission .....	5
<b>3.</b>	<b>CREDITS AND DEBITS .....</b>	<b>5</b>
3.1.	Life Insurance.....	5
a)	First-year commissions .....	5
b)	Renewal commissions.....	5
c)	Chargebacks upon modification, cancellation or lapse of a policy .....	5
3.2.	Group insurance .....	6
3.3.	Individual and group annuities .....	6
a)	Commissions upon issue .....	6
b)	Renewal commissions.....	6
<b>4.</b>	<b>BONUS .....</b>	<b>7</b>
4.1.	First Year Broker Bonus (Only for Essential Whole Life).....	7
<b>5.</b>	<b>SPECIAL PROVISIONS .....</b>	<b>8</b>
5.1.	Payment.....	8
5.2.	Rated Premium .....	8
5.3.	Automatic Loan.....	8
5.4.	Waiver of Premiums .....	8
5.5.	Prepaid Premiums.....	8
5.6.	Conversion .....	8
5.7.	Replacement.....	9
5.8.	Reinstatement and changes to the type of insurance.....	9
5.9.	Rider converted into a policy.....	9

## 1. SCHEDULE OF COMMISSIONS

### 1.1. LIFE INSURANCE

#### a) Permanent Life Insurance Products

Products	Years	Commissions	First Year Broker Bonus
Essential Whole Life (LifePay)	1 <sup>st</sup> year	45.0%	\$ -1,000.00 to \$ 4,999.99 5.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	6.0%	\$ 5,000.00 to \$ 19,999.99 15.0%
	6 <sup>th</sup> - 10 <sup>th</sup>	2.0%	\$ 20,000.00 to \$ 49,999.99 20.0%
			\$ 50,000.00 and over 25.0%
Essential Whole Life (20-Year-Pay & Pay to age 65)	1 <sup>st</sup> year	35.0%	\$ -1,000.00 to \$ 4,999.99 5.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	6.0%	\$ 5,000.00 to \$ 19,999.99 15.0%
	6 <sup>th</sup> - 10 <sup>th</sup>	2.0%	\$ 20,000.00 to \$ 49,999.99 20.0%
			\$ 50,000.00 and over 25.0%
No Medical Whole Life - Immediate	1 <sup>st</sup> year	45.0%	N/A
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	
	6 <sup>th</sup> - 10 <sup>th</sup>	2.4%	
No Medical Whole Life - Deferred	1 <sup>st</sup> year	35.0%	N/A
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	
	6 <sup>th</sup> - 10 <sup>th</sup>	2.4%	
Golden Protection (LifePay & 20-Year-Pay)	1 <sup>st</sup> year	45.0%	N/A
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	
	6 <sup>th</sup> - 10 <sup>th</sup>	2.4%	
Golden Protection – Deferred (LifePay & 20-Year-Pay)	1 <sup>st</sup> year	35.0%	N/A
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	
	6 <sup>th</sup> - 10 <sup>th</sup>	2.4%	
Total Protection	1 <sup>st</sup> year	40.0%	N/A
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	
	6 <sup>th</sup> - 10 <sup>th</sup>	2.4%	

#### b) Temporary Life Insurance Product

Products	Years	Commissions
FlexTerm (T10, T15, T20, T25, T30 & T35)	1 <sup>st</sup> year	45.0%
	2 <sup>nd</sup> - 5 <sup>th</sup> of each term	2.4%
	6 <sup>th</sup> to the end term	1.6%
	Renewal	32.0%
	At the time of the switch	25.0%
Switch of Insurance Term		
	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	2.4%
FlexOptions (T15, T20 & T25)	6 <sup>th</sup> - 10 <sup>th</sup>	1.6%
	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> - 5 <sup>th</sup> of each term	3.0%
No Medical Immediate & Deferred <sup>1</sup> (T10 & T20)	6 <sup>th</sup> - 10 <sup>th</sup> of each term	1.6%
	Renewal	32.0%
	1 <sup>st</sup> year	42.5%
<sup>1</sup> deferred coverage is non-renewable Youth Plus	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%
	6 <sup>th</sup> over	2.4%

#### c) Participating Life Insurance Product

Products	Years	Commissions
ParPlus (LifePay)	1 <sup>st</sup> year	60.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%
	6 <sup>th</sup> - 10 <sup>th</sup>	2.0%
ParPlus (20-Year-Pay) & ParPlus Junior	1 <sup>st</sup> year	55.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%
	6 <sup>th</sup> - 10 <sup>th</sup>	2.0%

#### d) Living Benefits Product

Products	Years	Commissions
Critical Protection (T15, T20 & T25)	1st year	45.0%
	2nd - 5th of each term	3.0%
	6th and up of each term	2.0%
	Renewal	20.0%
Critical Protection (T75 & T75 20-Year-Pay)	1st year	50.0%
	2nd - 5th	4.0%
	6th - 10th	3.0%

**e) Additional Benefit Riders**

Products	Years	Commissions	Upon switching of term on FlexTerm
Accidental Death/ Accidental Death & Dismemberment Linked to existing coverage		Same rate as the linked coverage	
Accidental Death/ Accidental Death & Dismemberment Separate coverage	1 <sup>st</sup> year	50.0%	25.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%	2.4%
Accidental Fracture Rider	1 <sup>st</sup> year	36.5%	25.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%	2.4%
Child Insurance Rider	1 <sup>st</sup> year	32.5%	20.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%	2.4%
Critical Illness Rider	1 <sup>st</sup> year	45.0%	25.0%
	2 <sup>nd</sup> - 5 <sup>th</sup> of each term	3.0%	3.0%
	6 <sup>th</sup> and up of each term	2.0%	2.0%
	renewal	20.0%	20.0%
Disability Income (based on a loan or income)	1 <sup>st</sup> year	35.0%	25.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	2.4%	2.4%
	6 <sup>th</sup> - 10 <sup>th</sup>	1.6%	1.6%
Return of Premiums – upon death		Same rates as the linked coverage	
Return of Premiums – flexible	1 <sup>st</sup> year	30.0%	20.0%
	Renewal	Same rates as the linked coverage	Same rates as the linked coverage
Waiver of premium (death or disability)	1 <sup>st</sup> year	35.0%	25.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	2.4%	2.4%
	6 <sup>th</sup> -10 <sup>th</sup>	1.6%	1.6%

**f) Not Available for New Sales**

Products	Years	Commissions
InstaTerm 10/ InstaTerm deferred 10 <sup>1</sup>	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> -5 <sup>th</sup> of each term	2.4%
	6 <sup>th</sup> and up of each term	1.6%
	renewal <sup>1</sup>	32.0%
<sup>1</sup> InstaTerm deferred is non-renewable		
InstaTerm 20 InstaTerm deferred 20 <sup>1</sup>	1 <sup>st</sup> year	40.0%
	2 <sup>nd</sup> -5 <sup>th</sup> of each term	2.4%
	6 <sup>th</sup> and up of each term	1.6%
	renewal <sup>1</sup>	32.0%
<sup>1</sup> InstaTerm deferred is non-renewable		

**1.2. GROUP INSURANCE**

**a) Group Products**

Annualized premiums	Rate	Association Plan Special Agreement
First \$5,000	10%	8.00%
Next \$10,000	10%	6.00%
Next \$10,000	8%	6.00%
Next \$5,000	8%	3.50%
Next \$20,000	6%	3.50%
Next \$50,000	4%	1.50%
Next \$100,000	2%	0.75%
Next \$50,000	2%	0.50%
Over \$250,000	1%	0.50%

**Note:**

- The above schedule applies to all groups: Life, AD&D, Dep., W.I., LTD, Health, Dental
- Where, for any reason, an agent is no longer the authorized agent, the Company may, by written notice, stop payment of commissions payable hereunder. Commissions will cease to be credited to the agent on the date on which the agent ceases to be the authorized agent.
- The Company reserves the right to provide a special schedule of commissions for certain group plans, comprising rates different from those above.
- No amount will be credited on group life insurance conversion.

### 1.3. INVESTMENTS AND RETIREMENT

#### a) Individual Immediate Annuities

Product	Years	Commissions
Immediate annuity with funds from external sources.	1 <sup>st</sup> year	3% on the first \$100,000 1.5% on amounts exceeding \$100,000
Immediate annuity from internal sources except those from defined contribution pension plan.	1 <sup>st</sup> year	1.5% on the first \$100,000 0.75% on amounts exceeding \$100,000
Immediate annuity for all contracts originating from defined contribution plan.		\$50 service fees for the agent of record on the plan

Upon conversion from an RRSP to an RRIF and from a LIRA to a LIF, a commission of 1% will be payable on the market value of the conversion amount, excluding new deposits made within 24 months preceding the conversion date.

#### b) Group Immediate Annuities

Product	Years	Commissions
Group Immediate Annuities	1 <sup>st</sup> year	Negotiable rate up to a maximum of 2.00%, upon approval from Assumption Life

#### c) Guaranteed Interest Accounts

	At issue date and at each term renewal	Annual Bonus
On all deposits	0.25% x term	0.125% of the assets from contracts in force on June 30 of each year
GIA 1-year redeemable (The commission will be payable at the maturity date of the GIA and will be based on its value at that time.)	0.25%	0.125% of the assets from contracts in force on June 30 of each year

#### d) Segregated Funds

	1 <sup>st</sup> Year	Annual Bonus
On all annuities (including deposits in <i>Series A</i> )	2.00%	0.25% <sup>1</sup> of the assets from contracts in force on June 30 of each year
	1 <sup>st</sup> Year	Renewals (trailers)
Deposits in <i>Series B</i> – no load (contracts with an issue date after Dec. 31, 2001) <i>Option 1: Regular rate</i>	4.00% <sup>2</sup>	0.45% <sup>2</sup>
<i>Option 2: High trailer</i> <sup>3</sup>	0%	1.00% <sup>2</sup>
	1 <sup>st</sup> Year	Renewals (trailers)
Deposits in <i>Series C</i> – back-end load (contracts with an issue date after Dec. 31, 2001)	4.00% <sup>2</sup>	0.45% <sup>2</sup>

**Note:**

<sup>1</sup> For RRIFs and LIFs, the bonus rate is **0.10%** of the assets from contracts in force on June 30 of each year.

<sup>2</sup> First year and renewal (trailers) commissions will be reduced by half on the following funds :

- Louisbourg Money Market Fund
- Louisbourg Fixed Income Fund
- CI Signature Canadian Bond Fund
- Assumption Life Conservation Portfolio
- Jarislowsky Fraser Fixed Income Core Plus
- CI Signature Corporate Bond Fund

<sup>3</sup> Should a broker or his GA wish to convert a block of business to the High Renewal option, a chargeback will apply as illustrated in Table 3.3 b. All conversion requests are applied to the entire block of business and should be directed to Assumption Life's Investment and Retirement Department at 1-888-577-7337.

0.75\$ per month per participant is generated on group deferred annuities (groups issued before January 1<sup>st</sup>, 2002).

First Year Commissions (FYC) are paid on new deposits to Assumption Life (essentially, amounts coming from outside of Assumption Life and/or outside of any wealth assets products at Assumption Life) in an existing policy or when opening a new policy. It is not in the spirit, nor the intention, of a segregated fund contract to pay FYC on existing assets after it was once paid in the past in a wealth assets product at Assumption Life.

Renewal fees will be calculated at the end of each calendar month based on the market value of the deferred annuities contracts in effect on the first day of the month. One-twelfth of the calculated renewal commission rate will be generated. The reduced rates also apply to the fund renewal fees indicated above.

#### 1.4. MULTI EMPLOYER PLAN, GROUP RETIREMENT SAVINGS (SERIE A)

##### a) Multi Employer – Segregated funds

	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date between February 26, 1996 and December 31, 2001	1.00%	0.10% of the assets from contracts in force on June 30 of each year
	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date between January 1 <sup>st</sup> , 2002 and December 31, 2017	2.00%	0.50% of the assets from contracts in force on June 30 of each year
	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date after December 31 <sup>st</sup> , 2017	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Assumption Life	0.50%** ** negotiable rate up to a maximum of 2.00%, upon approval from Assumption Life

##### b) Multi Employer – Guaranteed Interest Accounts

	At issue date and at each term renewal	Annual Bonus
On all deposits	0.25% x term	0.125% of the assets from contracts in force on June 30 of each year
GIA 1-year redeemable <sup>1</sup>	0.25%	0.125% of the assets from contracts in force on June 30 of each year

<sup>1</sup> The commission will be payable at the maturity date of the GIA and will be based on its value at that time.

##### c) Group Retirement Savings – Segregated funds

	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date between February 26, 1996 and December 31, 2001	1.00%	0.10% of the assets from contracts in force on June 30 of each year
	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date between January 1 <sup>st</sup> , 2002 and December 31, 2017	2.00%	0.50% of the assets from contracts in force on June 30 of each year
	1 <sup>st</sup> year	Bonus (yearly)
New deposits on contracts with an issue date after December 31 <sup>st</sup> , 2017	2.00%* *negotiable rate up to a maximum of 2.00%, upon approval from Assumption Life	0.50%** ** negotiable rate up to a maximum of 2.00%, upon approval from Assumption Life

##### d) Group Retirement Savings – Guaranteed Interest Accounts

	At issue date and at each term renewal	Annual Bonus
On all deposits	0.25% x term	0.125% of the assets from contracts in force on June 30 of each year
GIA 1-year redeemable <sup>1</sup>	0.25%	0.125% of the assets from contracts in force on June 30 of each year

<sup>1</sup> The commission will be payable at the maturity date of the GIA and will be based on its value at that time.

## 2. COMMISSION CALCULATIONS

Commissions are calculated by applying to the premiums the percentages indicated in the Schedule of Commissions.

Year	Payment type
First Year	Annualized premium
Renewal	Paid premium

### 2.1. LARGE CASE COMMISSION

Where total annualized first year commission including life insurance bonus on a single policy or a group of related policies is above a threshold set by Assumption Life, Assumption Life reserves the right to pay commissions as follows:

**A) For policies with a total of First Year Commission (FYC) and Life Insurance Bonus between \$10,000 and \$30,000:**

- I. within the month of the policy being placed (month 1), 25% of the total compensation (FYC + Bonus) will be credited.
- II. in the months 2 to 9 inclusive, after the policy has been placed, 25% of the total compensation (FYC + Bonus) will be credited in equal amounts over those months.
- III. in the months 10 to 18 inclusive, after the policy has been placed, 50% of the total compensation (FYC + Bonus) will be credited in equal amounts over those months.

**B) For policies with a total of First Year Commission (FYC) and Life Insurance Bonus of \$30,000 and more:**

- I. within the month of the policy being placed (month 1) one month of the policy being placed, the amount credited for month 1 will be the greater of \$10,000 or 25% of NAFYC . The Life Insurance bonus will be based on the FYC generated.
- II. in the months 2 to 12 inclusive after the policy has been placed, 50% of the NAFYC less the amount credited in A) in equal amounts over those months. The Life Insurance bonus will be based on the FYC generated.
- III. in the months 13 to 24 inclusive, after the policy has been placed, the remaining balance of the NAFYC in equal amounts over those months. The Life Insurance bonus will be based on the FYC generated.

**C) Charge-back on large case**

Charge-back on large case with commission treated as indicated in section 3) must be repaid within 6 months of the termination of a single policy or a group of related policies.

**D) Assumption Life's threshold amount**

Assumption Life's total compensation threshold is \$10,000 (FYC and Life Insurance Bonus).

## 3. CREDITS AND DEBITS

### 3.1. LIFE INSURANCE

**a) First-year commissions**

**policies:** First-year commission on new issues are credited when the policy is placed and paid. The credit is equal to the rate of commission indicated in the Schedule of Commissions multiplied by the premium, according to the basis described in the above subsection 2.

**riders:** First -year commission on riders added to an existing policy are credited when the rider is placed. The credit s calculated on the same basis as a new policy.

**b) Renewal commissions**

Renewal commissions are equal to the renewal rate indicated in the Schedule of Commissions multiplied by the premium, according to the basis described in the above subsection 2. The commission is credited when the premium is paid.

Not withstanding paragraph c) below, when a policy is cancelled or lapses during a year for which the renewal commission has been credited to the Broker, an amount equal to the commissions paid on refunded premiums is debited from the Broker's account.

**c) Chargebacks upon modification, cancellation or lapse of a policy**

- I. In the event that a life policy lapses or otherwise terminates (*except* for the acceptance of a death claim by Assumption Life) and less than two full years' premiums are paid on that policy, part of the first-year commission previously paid or credited

in respect of such policy will be charged back against the account of the Broker for immediate repayment, and the Broker will be entitled to retain:

$$\frac{\text{Annualized first-year Commissions}}{24} \times \text{Number of months premiums paid}$$

Any charge back will be the difference between the amount of First Year Commissions previously paid or credited to the Broker and the amount calculated in the above formula.

Bonuses will also be charged. If the policy has a past terminated date (retroactive to a past date), renewal commissions could also be charged.

The above formula is also used when a death claim is refused; the policy is terminated with a past date (different than the issue date) and net premiums paid to Assumption Life are equivalent to less than 24 months (even after a reimbursement of premiums). In those situations, bonuses and renewal commissions will also be charged.

- II. When a life insurance is rescinded (cancelled at issue date) and premiums are reimbursed to the client, the entire compensation (commission and bonus) is debited from the account of the Broker who initially received the compensation.
- III. Total Protection / Golden Protection Deferred / InstaTerm Deferred / No Medical Term – Deferred / No Medical Whole Life – Deferred / Any other deferred product

Notwithstanding any provision to the contrary:

- When the entire premiums are refunded following the death of the insured within two (2) years following the date of issue of the policy, the entire compensation (first year commission, renewal commission, bonuses) credited to the Broker's account who initially received the commissions are debited from the account.
  - When part of the premiums is reimbursed by Assumption Life following the refusal of a death claim and the equivalent of less than 24 months of premiums have been paid, the provisions of above paragraph c) I. apply. Any charge back will be the difference between the amount of First Year Commissions previously paid or credited to the Broker and the amount calculated in the above formula. Renewal commissions and bonuses will also be debited.
  - Where the policy lapses or otherwise terminates and less than two full years' premiums are paid on the policy, the provisions of above paragraph c) I. apply. Any charge back will be the difference between the amount of First Year Commissions previously paid or credited to the Broker and the amount calculated in the above formula.
- IV. When a change on a policy premium is effected, the debit or the credit will be equal to the difference between the commissions paid or credited to the Broker and the amount calculated as shown in the above formula.

For policies effected by or through the Broker, this charge back provision will continue to operate until the premiums on Life policies have been paid in full for a period of 24 months.

### 3.2. GROUP INSURANCE

First-year and renewal commissions are equal to the rate of commission indicated in the Schedule of Commissions multiplied by the premium according to the basis described in the above subsection 2.

At the issue or renewal of a Contract, when at least 80% of the first monthly premium is received for the Group (branches included), a commission on 90% of the estimated annual premium will be credited.

When at least 80% of the last contractual payment is received, a commission adjustment will be processed for the Group (branches included).

Where a policy is cancelled or lapses after having been in force for less than four months, all commissions credited on the policy are debited from the Broker's account.

Where a policy is cancelled or lapses after having been in force for at least four months, the unearned commissions are debited from the Broker's account.

### 3.3. INDIVIDUAL AND GROUP ANNUITIES

#### a) Commissions upon issue

Commissions on a new issue are credited when the contract is issued. The credit is equal to the rate of commission indicated in the Schedule of Commissions multiplied by the amount of deposit, calculated on the basis described in the above subsection 2.

#### b) Renewal commissions

Renewal commissions are equal to the rate of renewal indicated in the Schedule of Commissions multiplied by the value of the funds accumulated to the date of renewal, calculated on the basis described in the above subsection 2.



**Chart explaining the treatment on segregated fund withdrawals and transfers**

Segregated Funds	
Withdrawal on segregated funds, including external transfer of groups	See chart 1
Transfer of fund with full commission to fund with half the commission <i>(back-end load and no load funds)</i>	See chart 2
Transfer of fund with reduced commission to fund with full commission <i>(back-end load and no load funds)</i>	See chart 3

CHART 1 First year commissions chargeback is applicable based on the duration of each deposit	
<u>Deposit withdrawn</u>	<u>Commission chargeback</u>
less than 1 year after deposit	100%
1 – 2 years after deposit	75%
2 – 3 years after deposit	50%
CHART 2 First year commissions chargeback is applicable based on the duration of each deposit	
<u>Deposit transferred</u>	<u>Commission chargeback</u>
less than 1 year after initial deposit	50%
1 – 2 years after initial deposit	37.5%
2 – 3 years after initial deposit	25%
CHART 3 First year commissions adjustment is applicable based on the duration of each deposit	
<u>Deposit transferred</u>	<u>Positive adjustment of FYC</u>
Less than 1 year after initial deposit	100%
1 – 2 years after initial deposit	75%
More than 2 years after initial deposit	50%
The FIFO method will be applied to determine which amount is withdrawn first	
No chargeback on renewal commissions	
For additional information on internal transfers or on redeemable GIA, contact the Investments and Retirement Department	
No charge of commission (chargeback) will apply in the case of a deceased policy holder, unless the policy holder was age 80 or older at the time of deposit and/or when the deposit happened less than 12 months preceding the death of the policy holder.	

**4. BONUS**

The Broker must be in the Company's employ on the date on which a bonus is to be credited in order to be entitled to such bonus, except with regard to the termination clause of the contract.

**4.1. FIRST YEAR BROKER BONUS (ONLY FOR ESSENTIAL WHOLE LIFE)**

**Calculation**

The applicable rate in calculating the first-year broker bonus (FYBB) is set according to the total net Life Insurance premiums placed. The applicable rate is based on the highest amount of Net Life Insurance premiums placed on the previous year or Net premiums placed since January 1st of the current. The applicable rate is updated the first of every month.

Here are the rate schedule:

Net Life Insurance Premiums Placed	Rate
\$ -1,000.00 to \$ 4,999.99	5.0 %
\$ 5,000.00 to \$ 19,999.99	15.0 %
\$ 20,000 to \$ 49,999.99	20.0 %
\$ 50,000 and over	25.0 %

**Credit**

The first-year broker bonus is credited to the broker's account at the same time as the first-year commission. This bonus is only payable to the broker.

**Debit**

- I. In the event that a life policy lapses or otherwise terminates (except for the acceptance of a death claim by Assumption Life) and less

than two full years' premiums are paid on that policy, part of the first-year broker bonus previously paid or credited in respect of such policy will be charged back against the account of the Broker for immediate repayment, and the Broker will be entitled to retain:

$$\frac{\text{First-year broker bonus} \times \text{Number of months premiums paid}}{24}$$

Any charge back will be the difference between the amount of First-year broker bonus previously paid or credited to the Broker and the amount calculated in the above formula.

The above formula is also used when a death claim is refused; the policy is terminated with a past date (different than the issue date) and net premiums paid to Assumption Life are equivalent to less than 24 months (even after a reimbursement of premiums). In those situations, the bonus will also be charged.

- II. When a life insurance is rescinded (cancelled at issue date) and premiums are reimbursed to the client, the entire compensation (commission, bonus, overrides) is debited from the account of the Broker who initially received the compensation.
  - III. When a change on a policy premium is effected, the debit or the credit will be equal to the difference between the bonus paid or credited to the Broker and the amount calculated as shown in the above formula.
- For polices effected by or through the Broker, this charge back provision will continue to operate until the premiums on Life policies have been paid in full for a period of 24 months.

## 5. SPECIAL PROVISIONS

### 5.1. PAYMENT

Pay cycles are generated twice a week on Monday and Wednesday. The amount due is credited to the Broker or to the MGA each Thursday and Monday. The Company reserves the right to set a minimum amount for any compensation deposit.

### 5.2. RATED PREMIUM

For life insurance, the following procedure is applicable:

- temporary no commission on rated premium
- permanent regular commission

### 5.3. AUTOMATIC LOAN

Regular commissions are credited to the Broker's account when a premium is paid by automatic loan.

### 5.4. WAIVER OF PREMIUMS

Regular commissions are credited to the Broker's account on premiums waived under a waiver of premium benefit.

### 5.5. PREPAID PREMIUMS

Where premiums are paid in advance, commissions are credited to the Broker's account on the premium due date.

### 5.6. CONVERSION

When a term insurance is converted to a permanent policy under a conversion option, first year commissions are adjusted.

Calculation:

- If the new policy (permanent policy) is issued less than one year following the issue date of the first policy (term policy), the first year commission of the new permanent policy will be calculated as follow:

**Regular first year commission on the new permanent policy less the net\* commission paid on the previous policy (term policy).**

*\*The net commission includes the initial commission (+) and any charge back of commission (-) related to the termination of the term policy.*

- If the new policy (permanent policy) is issued between one year and two years following the issue date of the first policy (term policy), the first year commission of the new permanent policy will be calculated as follow:

**Regular first year commission on the new permanent policy less 50% of the net\* commission paid on the previous policy (term policy).**

*\*The net commission includes the initial commission (+) and any charge back of commission (-) related to the termination of the term policy.*

- If the new policy (permanent policy) is issued more than two years following the issue date of the first policy (term policy), there will be no adjustment of first year commission on the new permanent policy.

The Broker who effects the conversion will be named servicing and commissioning agent on the new policy. He will also be transferred the old policy before it is terminated. The Agent having received the commissions on the old policy will be responsible for any charges made to it.

**Conversion of FlexOptions**

The right to convert terminates 5 years before the end of the term of the policy or at age 65, whichever is the closest date. The compensation payable on the conversions of the FlexOptions will be the same as internal replacement. After having reached the age of 50, the conversion without proof of insurability will be reduced to 50% of insured capital.

**5.7. REPLACEMENT**

When a new life insurance policy is issued to an insured within twelve (12) months preceding or following the cancellation or lapse of a policy in the same line of business, the new policy is considered a replacement.

The first year commission payable on the new policy is calculated as follow:

- replacement of a policy having an issue date of 5 years or less:  
first year commission on the new policy less the FYC generated on the previous policy
- replacement of a policy having an issue date of more than 5 years:  
regular first year commission

The Broker who effects the replacement will be named servicing and commissioning agent on the new policy. He will also be transferred the old policy before it is terminated. The Broker having received the commissions on the old policy will be responsible for any charges made to it.

**5.8. REINSTATEMENT AND CHANGES TO THE TYPE OF INSURANCE**

The Broker requesting the reinstatement or the change of type of insurance will become servicing and commissioning agent on the policy effective on the date the request for reinstatement or for change in type is made. If a charge-back is done before the changes are effective, it will be debited to the account of the agent having received the initial commission.

**5.9. RIDER CONVERTED INTO A POLICY**

The commissions will continue to be credited on the amount of the transformed premium. A commission will also be credited on the additional premium as of the date of the change. The rate of commission will be equivalent to the rate actually paid on the premium.

---ASSUMPTION MUTUAL LIFE INSURANCE COMPANY---