



## BROKER REWARDS

# 2017 Broker Incentive Program

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 or our Net Growth Award.

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

## New Sales Award

To be eligible for this award, you must, during the 2017 Production Year:

- Have a Beginning Business in Force (Beginning BIF) of less than \$500,000 of annualized premium; and
- Generate \$300,000 or more in new annualized premium (new sales).

## Plan design

Tier 1 PREFERRED PLAN	
Beginning BIF	<\$500K
Premium Cap	\$500K
New Sales	Award rate
\$300,000–\$499,999	2.00%
\$500,000–\$999,999	2.50%
\$1,000,000–\$1,999,999	3.00%
\$2,000,000–\$2,999,999	3.50%
\$3,000,000+	4.00%

## Calculating the award

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

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

### New Sales Award example

Beginning BIF: \$400,000

New sales and Additional Business during 2017 Production Year: \$1,100,000

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



## Net Growth Award

The award is based on a three-tiered plan design (see below), calculated based on a percentage of net growth, and provides incentives for both in force business and new sales, with increasing benefits for increasing Business in Force.

To be eligible for this award, you must, during the 2017 Production Year:

- Have a Beginning Business in Force (Beginning BIF) that is \$500,000 or greater;
- Have an Ending Business in Force (Ending BIF) that generates an amount of annual premium that is at least 92.5% or greater of the annualized premium generated by your Beginning BIF; and
- Generate the new sales minimum requirement (varies by plan) as defined below based on your Beginning BIF of Life, Short-Term Disability, Long-Term Disability, Dental, Vision, Critical Illness, and Accident new annualized premium OR the new sales minimum requirement (varies by plan) as defined below based on your Beginning BIF of Stop-Loss new annualized premium.

### Plan design

Tier 2 PREMIER PLAN		
Beginning BIF	\$500,000 – \$1,999,999	
Premium Cap	\$750K	
New Sales Minimum	\$300K of Group/Vol <sup>1</sup> OR \$500K of Stop-Loss	
Growth %	In Force Award rate	New Sales Award rate
92.5%– 109.99%	1.00%	1.50%
110%–149.99%	1.25%	2.50%
150%–199.99%	1.75%	3.50%
200%+	2.25%	4.50%
Tier 3 PLATINUM PLAN		
Beginning BIF	\$2,000,000 – \$4,999,999	
Premium Cap	\$1M	
New Sales Minimum	\$400K of Group/Vol <sup>1</sup> OR \$750K of Stop-Loss	
Growth %	In Force Award rate	New Sales Award rate
92.5%– 100.99%	1.25%	1.50%
101%–129.99%	1.75%	2.50%
130%–149.99%	2.00%	3.50%
150%+	2.50%	4.50%
Tier 4 PLATINUM ELITE PLAN		
Beginning BIF	\$5,000,000+	
Premium Cap	\$1.5M	
New Sales Minimum	\$500K of Group/Vol <sup>1</sup> OR \$1M of Stop-Loss	
Growth %	In Force Award rate	New Sales Award rate
92.5%– 100.99%	1.50%	2.00%
101%–109.99%	2.00%	2.50%
110%–129.99%	2.25%	3.00%
130%+	2.75%	4.00%

1. Does not include Stop-Loss.



## Calculating the award

The award amount is calculated based on the Net Growth Percentage of your block and is calculated as follows:

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

### Net Growth Percentage example

Beginning BIF: \$1,000,000 (qualifies for Premier Plan)

Ending BIF: \$1,450,000

Net Growth Percentage =  $(\$1,450,000 / \$1,000,000) \times 100 = 145\%$

$$\text{Net Growth Award} = (\text{Ending BIF} - (\text{new sales} + \text{Additional Business}) \times \text{in force award rate}) + ((\text{new sales} + \text{Additional Business}) \times \text{new sales award rate})$$

### Net Growth Award example

Beginning BIF: \$1,000,000 (qualifies for Premier Plan)

Renewal rate change: \$20,000

Cancellations: -\$70,000

New sales and Additional Business during 2017 Production Year: \$500,000

Ending BIF: (Beginning BIF + new sales and Additional Business + renewal rate increases - cancellations)

$\$1,000,000 + \$500,000 + \$20,000 - \$70,000 = \$1,450,000$

Net Growth Award calculation:  $((\$1,450,000 - \$500,000) \times 1.25\%) + (\$500,000 \times 2.50\%)$

Net Growth Award = **\$24,375**



## New Sales Award and Net Growth Award details

- Qualifying lines of coverages include<sup>2</sup> Life, Voluntary Life, Short-Term Disability, Voluntary Short-Term Disability, Long-Term Disability, Voluntary Long-Term Disability, SunAdvisor, Dental, Voluntary Dental, Accident, Critical Illness, Cancer, Stop-Loss, Vision, Group Indemnity Dental and Group Prepaid Dental
- A line of coverage is considered to be a new sale, and new annualized premium is considered to be generated during the 2017 Production Year, if Sun Life Financial (1) receives the application or the Benefit Confirmation e-mail for the line of coverage in good order (as determined by Sun Life Financial) by January 2, 2018, (2) completes its risk approval review of, and approves, the application on or before January 31, 2018, and (3) the effective date of coverage for the line of coverage is April 1, 2018, 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
- An applicable premium cap (See Plan design section) for Life, Short-Term Disability, SunAdvisor, Long-Term Disability, Dental, Vision, Accident, Critical Illness/Cancer, and Stop-Loss is applied to the award 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 new line of coverage that is applied to the calculation of the award amount is the applicable premium cap amount (See Plan design section) for Life, Short-Term Disability, SunAdvisor, Long-Term Disability, Dental, Vision, Accident, Critical Illness/Cancer, and Stop-Loss.
  - 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 (both group indemnity and group prepaid) is reduced to 50% of the total annualized premium before the cap is applied and before the award rate is applied.
- Qualifying Premium for Stop-Loss is reduced to 70% of the total annualized premium before the cap is applied and before the award rate is applied.
- For the Premier, Platinum and Platinum Elite plans, cases that terminate due to policyholder bankruptcy, merger, or acquisition will not be included in the award calculation.

2. The following products do not count toward qualification or inforce premium and are not eligible for payment under this program: 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. Sun Life Stop-Loss business issued or transferred under any captive program is excluded from any and all Sun Life incentive, bonus or override programs.



## Broker of record (BOR) changes

For new cases written on or after January 2, 2017:

- If a broker adds a new case during the 2017 Production Year and loses that case to another broker because of a BOR change, and the case remains with Sun Life Financial throughout the 2017 Production Year, the original broker will be credited with the new business in the 2017 Production Year. We will add the case to the new broker's 2018 beginning block.
- If a broker adds a new case in the 2017 Production Year and loses that case to another broker because of a BOR change, and the case terminates from Sun Life Financial during the 2017 Production Year, no broker will receive credit or a bonus award for this new business.

For in force cases written prior to January 2, 2017:

- If, prior to January 1, 2018, 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 2017 Beginning BIF.
- If, prior to January 1, 2018, 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 2017 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 Financial).

## Definitions

**"2017 Production Year"** means the period beginning January 2, 2017, through January 1, 2018.

**"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 Financial, 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 Financial as of January 2, 2017, and adjusted for broker of record changes that occur during the 2017 Production Year (adjustments will be made in accordance with the Broker of record changes section above). In other words, broker of record changes that occur during the 2017 Production Year will impact Beginning BIF and, therefore, may impact a broker's eligibility for the New Sales Award or the Net Growth 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 Financial as of January 1, 2018. Ending BIF includes premium changes resulting from new sales renewal rate changes, changes in plan design, Additional Business, and case cancellations that occur during the 2017 Production Year.

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

**"Net Growth"** is an amount of annualized premium that is calculated by subtracting Beginning BIF from Ending BIF plus new sales and Additional Business.



## Important information regarding awards

The award described in this document applies to:

- Products issued by Sun Life Assurance Company of Canada and Sun Life and Health Insurance Company (U.S.) (collectively "Sun Life Financial").
- Prepaid dental products (excluding individual Prepaid Dental) provided by the following prepaid dental companies:
  - 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.
- Products issued or provided by:
  - Union Security Insurance Company and administered by Sun Life Assurance Company of Canada
  - Union Security Life Insurance Company of New York and administered by Sun Life and Health Insurance Company (U.S.)

To learn more, call your local Sun Life Employee Benefits Representative or our Employee Benefits Internal Sales Desk at 877-736-4739.

The 2017 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.

The 2017 Broker Incentive Program is subject to change without advance notice. If a broker earns an award and owes any Sun Life Financial 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 underlying 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.

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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 Financial group of companies.

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