

# Supplemental Commission Program for 2010



The Supplemental Commission Program (SCP) for 2010 from The Prudential Insurance Company of America (Prudential) gives you the chance to earn above and beyond your standard commissions. The program is open to all producers doing business with Prudential.

## Program Qualifications

The SCP for 2010 comprises four levels. A producer's 2010 level will be determined based on his or her 2009 aggregate annualized due premium on eligible cases on the qualification date (September 30, 2009), the number of eligible cases in force on the qualification date, the eligible new business premium with an effective date during the qualification period (October 1, 2008 through September 30, 2009), and the number of eligible new business coverage counts sold with effective dates during the qualification period. Once a producer's level is established, it will remain unchanged for the duration of the SCP for 2010. A producer can only qualify for one level per program year.

## Coverage Count Determination

One new business coverage count will be credited for the placement of one or all products within each of the following product groupings:

- Basic Life, Accidental Death & Dismemberment (AD&D), Business Travel Accident, and Dependent Life Insurance
- Optional Group Life, Group Universal Life (GUL), Group Variable Universal Life (GVUL), Optional AD&D, and Optional Dependent Life Insurance
- Long Term Disability and Voluntary Long Term Disability Insurance
- Short Term Disability, State Mandated Short Term Disability, and Voluntary Short Term Disability Insurance
- Group Long Term Care Insurance
- Dental Insurance
- Life Buyout
- Disability Buyout

A maximum of eight new business coverage counts can be credited per client. A new business coverage count will be credited for existing clients only when no products are in force with respect to the particular product grouping for the product(s) being placed.

**Example 1:** A producer places a new client with Basic Life, AD&D, and STD on November 1, 2008. The producer would be credited with two coverage counts for this sale: one for the Basic Life/AD&D and one for the STD.

**Example 2:** A producer places a new client with Basic Life, AD&D, and STD on November 1, 2008. The producer places Optional Group Life, LTD, and Long Term Care for the same client on January 1, 2009. The producer would be credited with a total of five coverage counts for this client for the qualification period: one for the Basic Life and AD&D, one for the STD, one for the Optional Group Life, one for the LTD, and one for the Long Term Care.

The producer's book of business will be consolidated based on the producer's Taxpayer Identification Number (TIN) on the qualification date. Prudential will not consolidate multiple TINs for qualification status or payment. The producer must be recognized by Prudential as the producer of record on the qualification date (September 30, 2009). Prudential will not prorate any payments.



**Real Challenges. Real Solutions. Real Results.**

If you have any questions about SCP, please:

- Send an e-mail to [scp@prudential.com](mailto:scp@prudential.com)
- Contact your Sales Representative
- Call 973-548-5100



For more information, contact your Prudential representative today or visit us at [www.prudential.com/gi](http://www.prudential.com/gi).

## Payments

- The 2010 SCP payment will be calculated on, and paid to, a single TIN.
- Payments are calculated quarterly by applying the percentage for the level established during the qualification period. The percentage for the level achieved will be applied to the aggregate annualized due premium at the end of the quarter in which payment is being calculated, then multiplied by 25% to represent one quarter's payment. For example, a producer who qualified for Level 1 with 14 new business coverage counts sold and an annual aggregate due premium of \$1,000,000 as of March 31, 2010, will receive a first-quarter 2010 supplemental commission payment of \$5,000 ( $\$1,000,000 \times 2\% \times 25\%$ ).
- The 2010 SCP payment will be paid quarterly, with the first-quarter payment being made during the second quarter of 2010. Remaining quarterly payments will be paid by the end of the subsequent quarters.

|                | Annualized Aggregate Premium Requirement on 9/30/09 | New Business Requirement                                                                              | Case Requirement on 9/30/09             | % of Premium                                                                                     | Case Maximum |
|----------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------------------|--------------|
| <b>Level 1</b> | \$100,000 to \$9,999,999                            | New business coverage counts placed with effective dates between 10/1/08 and 9/30/09                  | 3 eligible cases in force as of 9/30/09 | <b># of New Business Coverage Counts</b><br>45+ 7%<br>30-44 5%<br>21-29 3%<br>12-20 2%<br><12 0% | \$30,000     |
| <b>Level 2</b> | \$10,000,000+                                       | N/A                                                                                                   | 3 eligible cases in force as of 9/30/09 | 1% on all premium                                                                                | \$100,000    |
| <b>Level 3</b> | \$5,000,000+                                        | \$1,000,000 to \$9,999,999 new business premium sold with effective dates between 10/1/08 and 9/30/09 | 3 eligible cases in force as of 9/30/09 | 2% on 1st \$5M, and 1.75% on remaining premium                                                   | \$150,000    |
| <b>Level 4</b> | \$10,000,000+                                       | \$10,000,000 new business premium sold with effective dates between 10/1/08 and 9/30/09               | 3 eligible cases in force as of 9/30/09 | 2% on all premium                                                                                | \$200,000    |

## General Provisions

- For qualification purposes, buyout premium sold during the qualification period will be included at 100%. For payment purposes, buyout premium will be included at 30% of the buyout premium, subject to case maximum.
- Prudential will only issue a supplemental commission payment to a producer who is properly licensed and appointed in accordance with applicable producer licensing laws and Prudential's licensing and appointment to Prudential on the date of payment.
- Prudential intends to provide a 2010 Supplemental Commission Program Disclosure Representation form to the producer by November 1, 2009. Clients/policyholders must be identified on this form. Provided that Prudential receives the completed form by December 31, 2009, the premium for the identified cases will be included in the producer's SCP calculation and payment.



For more information, contact your Prudential representative today  
or visit us at [www.prudential.com/gi](http://www.prudential.com/gi).

- Producers who have elected to not participate in the 2009 SCP program must opt into the 2010 SCP program in writing by December 31, 2009, to participate in the 2010 program.
- An eligible case is defined as any case, except any portion of a case related to the excluded products identified below:
  - All securities products are excluded with the exception of Group Variable Universal Life Insurance cost of insurance placed after September 30, 2008, and premium deposits from Variable Insurance Continuation Funds
  - Group Universal Life Insurance Side Funds (GUL cost of insurance is eligible)
  - Individual Long Term Care Insurance
  - Asset transfers
  - Administrative Services Only arrangements
  - Family Medical Leave Administration fees
  - Ceded insurance premiums on any eligible case (including premiums ceded to a captive reinsurer)
  - The premium collected for the purpose of underwriting a special/unusual hazard or risk that would not be covered under the normal premium rating process

Excluded cases include:

- Non-group accounts
- Union or union management groups
- Any case in which Prudential has received written notification from the client 1) to exclude their case from the SCP or 2) otherwise objecting to the payment of supplemental commissions for their case under the terms of this program
- Any case the producer has expressed in writing to Prudential to exclude from the SCP
- Prudential reserves the right to terminate or modify any of the terms of the SCP at any time.
- The program is subject to obtaining approval by the New York State Department of Insurance and other regulatory bodies.
- Producers who do not wish to participate in the SCP for 2010 are required to submit in writing their desire to opt out of the program by e-mailing [scp@prudential.com](mailto:scp@prudential.com). A producer who elects not to participate will be excluded from this program until written notification is received by Prudential reversing the decision.

## Disclosure Policy

As part of our Request for Group Insurance process, we will disclose to the client any commissions and/or fees that will be payable to a producer. The client and the producer must sign the Request for Group Insurance form before any payment will be made under the program.

A general notification is sent annually to existing clients in which we will disclose the SCP and request that any questions or concerns be forwarded to their account representative.

A disclosure will also be required upon acknowledgment of a Producer of Record change, as well as at the time of a renewal.

In addition, in accordance with U.S. Department of Labor requirements, the ERISA report information that is produced by Prudential will include disclosure of any and all commissions and fees paid to the producer or other third-party expenses attributable to that client's account.