



**COMPENSATION GUIDE  
for  
BROKERS under MGAs**

## TABLE OF CONTENTS

<b>1. SCHEDULE OF COMMISSIONS .....</b>	<b>1</b>
<b>2. COMMISSION CALCULATIONS .....</b>	<b>4</b>
2.1 Large Case Commission .....	4
<b>3. CREDITS AND DEBITS .....</b>	<b>4</b>
3.1 Life Insurance .....	4
3.2 Group insurance .....	5
3.3 Individual and group annuities .....	6
<b>4. SPECIAL PROVISIONS.....</b>	<b>6</b>
4.1 Payment .....	6
4.2 Rated Premium .....	7
4.3 Automatic Loan .....	7
4.4 Waiver of Premiums .....	7
4.5 Prepaid Premiums .....	7
4.6 Conversion.....	7
4.7 Replacement .....	7
4.8 Reinstatement and changes to the type of insurance .....	8
4.9 Rider converted into a policy .....	8

## 1. SCHEDULE OF COMMISSIONS

Life Insurance		
Products	Years	Commissions
Critical Protection 15-20-25	1 <sup>st</sup> year	45.0%
	2 <sup>nd</sup> - 5 <sup>th</sup> of each term 6 <sup>th</sup> and up of each term	3.0% 2.0%
	renewal	20.0%
Critical Protection 75	1 <sup>st</sup> year	50.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	3.0%
FlexOptions 15-20-25	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	2.4%
	6 <sup>th</sup> -10 <sup>th</sup>	1.6%
FlexTerm 10-15-20-25-30-35  Renewals of FlexTerm after 1 <sup>st</sup> term: <ul style="list-style-type: none"> <li>• 10 year term</li> <li>• 15 year term</li> <li>• 20 year term</li> <li>• 25 year term</li> <li>• 30 year term</li> <li>• 35 year term</li> </ul>	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%
	11 <sup>th</sup> , 21 <sup>st</sup> , 31 <sup>st</sup> , etc.	32.0%
	16 <sup>th</sup> , 31 <sup>st</sup> , 46 <sup>th</sup> year, etc.	32.0%
	21 <sup>st</sup> , 41 <sup>st</sup> year, etc.	32.0%
	26 <sup>th</sup> year, etc.	32.0%
	31 <sup>st</sup> year, etc.	32.0%
	36 <sup>th</sup> year, etc.	32.0%
	Switch of Insurance Term	At the time of the switch
Golden Protection / Golden Protection 20-Year-Pay	1 <sup>st</sup> year	45.0%
	2 <sup>nd</sup> -5 <sup>th</sup>	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%
Golden Protection – Deferred	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> -5 <sup>th</sup>	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%
No Medical Term 10 years - immediate No Medical Term 10 years – deferred <sup>1</sup>  <sup>1</sup> deferred coverage is non-renewable	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> -5 <sup>th</sup> of each term	3.0%
	6 <sup>th</sup> -10 <sup>th</sup> of each term	1.6%
	renewal <sup>1</sup>	32.0%
No Medical Term 20 years - immediate No Medical Term 20 years – deferred <sup>1</sup>  <sup>1</sup> deferred coverage is non-renewable	1 <sup>st</sup> year	35.0%
	2 <sup>nd</sup> -5 <sup>th</sup> of each term	3.0%
	6 <sup>th</sup> -20 <sup>th</sup> of each term	1.6%
	renewal <sup>1</sup>	32.0%
No Medical Whole Life - immediate	1 <sup>st</sup> year	45.0%
	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%
	2 <sup>nd</sup> -5 <sup>th</sup>	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%
ParPlus	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%
Total Protection	1 <sup>st</sup> year	40.0%
	2 <sup>nd</sup> - 5 <sup>th</sup>	4.0%
	6 <sup>th</sup> -10 <sup>th</sup>	2.4%
Youth Plus	1 <sup>st</sup> year	42.5%
	2 <sup>nd</sup> -5 <sup>th</sup>	4.0%
	6 <sup>th</sup> over	2.4%

<b>Life Insurance (not available for new sales)</b>		
<b>Products</b>	<b>Years</b>	<b>Commissions</b>
<i>InstaTerm 10/ InstaTerm deferred 10<sup>1</sup></i>	<i>1<sup>st</sup> year 2<sup>nd</sup> -5<sup>th</sup> of each term 6<sup>th</sup> and up of each term</i>	<i>35.0% 2.4% 1.6%</i>
<i><sup>1</sup> InstaTerm deferred is non-renewable</i>	<i>renewal<sup>1</sup></i>	<i>32.0%</i>
<i>InstaTerm 20 InstaTerm deferred 20<sup>1</sup></i>	<i>1<sup>st</sup> year 2<sup>nd</sup> -5<sup>th</sup> of each term 6<sup>th</sup> and up of each term</i>	<i>40.0% 2.4% 1.6%</i>
<i><sup>1</sup> InstaTerm deferred is non-renewable</i>	<i>renewal<sup>1</sup></i>	<i>32.0%</i>

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

<b>GROUP INSURANCE</b>		
<b>Annualized premiums</b>	<b>Rate</b>	<b>Association Plan Special Agreement</b>
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.

Investments and Retirement		
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.

Guaranteed Interest Accounts	
	At issue date and at each term renewal
On all deposits	0.25% x term
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%

Segregated Funds		
	1 <sup>st</sup> Year	
On all annuities (including deposits in <b>Series A</b> )	2.00%	
Deposits in <b>Series B</b> – no load (contracts with an issue date after December 31, 2001) <b>Option 1: Regular rate</b>	<b>1<sup>st</sup> Year</b>	<b>Renewals (trailers)</b>
	4.00% <sup>1</sup>	0.45% <sup>1</sup>
<b>Option 2: High trailer<sup>2</sup></b>	0%	1.00% <sup>1</sup>
Deposits in <b>Series C</b> – back-end load (contracts with an issue date after December 31, 2001)	<b>1<sup>st</sup> Year</b>	<b>Renewals (trailers)</b>
	4.00% <sup>1</sup>	0.45% <sup>1</sup>

<sup>1</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 / AGF Total Return Bond Fund
- Assumption Life Conservation Portfolio

<sup>2</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).

<b>MULTIEMPLOYER PLAN</b>	
<b>Segregated funds and Guaranteed Interest Accounts</b>	
New deposits on contracts with an issue date between February 26, 1996 and December 31, 2001	<b>1<sup>st</sup> year</b>
	1.00%
New deposits on contracts with an issue date after December 31, 2001	<b>1<sup>st</sup> year</b>
	2.00%

## 2. COMMISSION CALCULATIONS

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

<b>Year</b>	<b>Payment type</b>
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 is 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.

Notwithstanding 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:

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

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	See chart 1
Transfer of fund with full commission to fund with half the commission (back-end load and no load funds)	See chart 2
Transfer of fund with reduced commission to fund with full commission (back-end load and no load funds)	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 Investment and Retirement Department

## 4. SPECIAL PROVISIONS

### 4.1 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.

#### 4.2 Rated Premium

For life insurance, the following procedure is applicable:

- temporary no commission on rated premium
- permanent regular commission

#### 4.3 Automatic Loan

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

#### 4.4 Waiver of Premiums

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

#### 4.5 Prepaid Premiums

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

#### 4.6 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.

#### 4.7 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.

**4.8 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.

**4.9 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---*