

COMMISSIONS

COMMISSION PAYMENTS

The Company pays commissions according to the applicable commission schedule on a monthly basis. Commission payments, along with an accounting statement, will be provided monthly. Each payment will reflect those premiums that have been received and allocated by the Company as of the last working day of the preceding month for each line of coverage for each group and/or policy. If a group or subscriber does not pay its premium within the required time frames and thereby becomes delinquent, commission payments will be delayed until the next commission cycle following allocation of the premium.

The Producer is responsible for notifying the Producer Services Department of any address changes. Failure to do so may result in unnecessary delay in commission payments.

The Company will not accept "assignment" of commission payments except under certain limited circumstances. The Company will administer a "split commission" arrangement between producers upon request. A split commission on a group or individual policyholder may be created by naming the producers between whom the commission is to be divided on the group's or individual policyholder's Producer of Record letter. The Producer should also submit the same information on the application submitted for small groups and individual policyholders. In addition, the Producers must be licensed with the Texas Department of Insurance and have signed Agent Agreements and appointments with the Company. The Company will not accept "split commission" arrangements for Medicare Supplement and Blue MedicareRx policies.

COMMISSION SCHEDULES

Any commission schedules set forth in this manual are part of the Agent Agreement and are currently the standard commission rates for new business placed with the Company as of January 1, 2011. The commission percentage(s) may be changed by amendment to the Commission Schedules signed by the Producer and the Company or by written notice from Company to Producer sixty (60) days in advance of such change. Any such change made by written notice from the Company shall be effective by its terms to insurance/HMO programs with policy year effective dates beginning on or after the effective date of such a change in commission rates.

GROUP HEALTH/DENTAL AND LIFE PRODUCT SCHEDULES

The following schedule reflects commission rates for group health, dental, and life products and is shown as a percentage of the monthly premium paid per product.

Groups with 2-150 Lives

Group Size	Health Commission Rate	Dental Commission Rate	Life Commission Rate	Supplemental Life Commission Rate
2-9			15%	
10-50			15%-graded**	
2-50 (regulated)	4.5%	10%	15%-graded**	
51-150 (non-regulated)	5%*	7%	15%-graded**	15%-graded
150+	Negotiated	Negotiated	15%-graded**	15%-graded

*5% is the standard rate for non-regulated small groups; however, a lower or higher rate may be negotiated with the Company.

**15%-graded is the standard rate for life products with group size of 10 or more lives; however, a lower or higher rate may be negotiated with the Company.

The commission rates are ceilings and a lesser commission percentage may be requested by the group or the Producer. The new business or renewal commission rate will reflect the commission rate requested by the Producer. Any request to negotiate a commission rate change to an existing group should be made no later than 90 days prior to the group's renewal.

Commission rates may be negotiated depending on group size.

Group Long Term Disability Product*

Paid Annual Premium 1 st Year and Renewal	Group LTD Commission Rate
1 st \$15,000	15%
Next \$10,000	10%
Next \$25,000	5%
Next \$1,950,000	0.5%
Next \$2,000,000	0.1%

*Products and services marketed under the Dearborn National® brand and the star logo are underwritten and/or provided by Fort Dearborn Life Insurance Company® (Downers Grove, IL) in all states (excluding New York), the District of Columbia, the United States Virgin Islands, the British Virgin Islands, Guam and Puerto Rico. Fort Dearborn Life Insurance Company is a separate company that does not provide Blue Cross and Blue Shield of Texas products or services.

INDIVIDUAL HEALTH/DENTAL AND LIFE PRODUCT SCHEDULES

Commissions will be calculated based on premiums received and retained by the Company while the Agent Agreement is in effect. Commissions will cease to be paid at the end of the month in which the policy termination occurs or upon termination of the Agent Agreement according to the terms of the Agent Agreement, whichever occurs first. **It is the Producer's responsibility to ensure the accuracy of each monthly commission statement. BCBSTX limits commission adjustments to twelve (12) months for non-payment or under-payment of commissions.**

UNDER 65 COMMISSION RATES

Effective Dates on or after January 1, 2011

Under 65 First Year Rates		Under 65 Renewal Rates
All New Permanent Individual Health Contracts First Year	8% of Initial Preferred Premium	Under 65 products renew with a rate of 5% of Initial Preferred Premium with the exception of the Dental product which renews at a rate of 10% of premium.
All New Temporary Health Contracts	15% of Initial Preferred Premium	
Dental	10% of Premium	

OVER 65 COMMISSION RATES-Medicare Supplements

All Medicare Supplement commissions are based on the initial premium on the policy. No commissions are paid on Over 65 business that replaces an existing in-force Blue Cross and Blue Shield of Texas Medicare Supplement Policy unless the replacement is from the Producer's own book of business.

Policies effective prior to 01/01/09

Persons aged 65-79 Rates		Persons aged 80+ Rates	
Years 1-6	10%	Years 1-6	5%
Years 7-10	5%	Years 7-10	2.5%
Years 10+	0%	Years 10+	0%

Policies Effective 01/01/09 - 12/01/10

Persons aged 65-69 Rates		Persons aged 70-79 Rates		Persons aged 80+ Rates	
Years 1-6	16%	Years 1-6	10%	Years 1-6	5%
Years 7-10	5%	Years 7-10	5%	Years 7-10	2.5%
Years 10+	0%	Years 10+	0%	Years 10+	0%

Policies Effective 01/01/11 and after

Persons aged 65-69 Rates		Persons aged 70-79 Rates		Persons aged 80+ Rates	
Years 1-7	16%	Years 1-7	10%	Years 1-7	5%
Years 8-10	5%	Years 8-10	5%	Years 8-10	2.5%
Years 10+	0%	Years 10+	0%	Years 10+	0%

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Blue MedicareRx Sales

Policies Effective Prior to 01/01/08	Policies Effective 01/01/08 - 12/01/08	Policies Effective 01/01/09 - 12/01/09	Policies Effective 01/01/10 and after
<p>First year compensation of \$50 shall be paid by the Company to the Producer in the month following receipt and allocation of the Blue MedicareRx enrollee's 3rd consecutive monthly premium.</p> <p>Renewal compensation of \$15 shall be paid to the Producer consecutively each 13th month following twelve consecutive months of active enrollment of each Blue MedicareRx enrollee, through the 5th policy year.</p>	<p>First year compensation of \$50 shall be paid by the Company to the Producer in the month following receipt and allocation of the Blue MedicareRx enrollee's 2nd consecutive monthly premium.</p> <p>Renewal compensation of \$25 shall be paid to the Producer consecutively each 13th month following twelve consecutive months of active enrollment of each Blue MedicareRx enrollee, through the 5th policy year</p>	<p>Compensation of \$25 shall be paid by the Company to the Producer in the month following receipt and allocation of the Blue MedicareRx enrollee's 3rd consecutive monthly premium. If the policy is confirmed by CMS as a first year policy, the first payment will be adjusted to \$50.</p> <p>Renewal compensation of \$25 shall be paid to the Producer consecutively each 13th month following twelve consecutive months of active enrollment of each Blue MedicareRx enrollee, through the 6th policy year.</p>	<p>The renewal rate of \$27 shall be paid by the Company to the Producer in the month following receipt and allocation of the Blue MedicareRx enrollee's 3rd consecutive monthly premium. If the policy is confirmed by CMS as a first year policy after the initial payment, an additional payment of \$27 will be made. If the policy is confirmed by CMS as a first year policy prior to the receipt and allocation of the 3rd consecutive monthly premium, the compensation payment would be a single \$53.</p> <p>Renewal compensation of \$27 shall be paid to the Producer consecutively each 13th month following twelve consecutive months of active enrollment of each Blue MedicareRx enrollee, through the 6th policy year.</p>

Due to CMS requirements, effective January 1, 2010, any Producer who does not recertify with CMS in subsequent years after an initial sale cannot receive renewal commissions.

Example:

Certified for 2009, sold Part D plan effective 1/1/09, and was paid commission for sale. He did not recertify for 2010, and therefore cannot be paid a renewal in 2010. This guideline does not affect renewals for business sold in previous years.

Blue MedicareRx Referrals

Due to CMS requirements, Producers participating in the Blue MedicareRx Producer Referral Program are not allowed to sell, market, provide literature or explain the Blue MedicareRx Plans. For each referred client that remains enrolled in the Blue MedicareRx plan for 90 days, the referring Producer will be entitled to a one-time \$45 Referral Payment, subject to additional Terms and Conditions of the Producer Referral Program outlined in the Participation Agent Agreement signed by the Producer .

Voluntary Group Term Life, AD&D, Dep. Life, STD, & LTD*

A commission rate of 20% of the monthly premiums will be paid by the company for the sale of Voluntary Term Life, AD&D, Dependent Life, Short Term Disability (STD), or Long Term Disability (LTD) and 10% of the monthly premiums for Voluntary Dental according to the terms of the Agent Agreement. Commissions will cease to be paid at the end of the month in which termination of the policy occurs, or when the policyholder is no longer a member of the group through which the policy was sold, or upon termination of the Agent Agreement, whichever occurs first.

Commission rates on life insurance products may be negotiated depending on group size.

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DIRECT DEPOSIT (EFT)

A Producer may elect to have their commission payments sent as a Direct Deposit (Electronic Funds Transfer) directly to their bank account. The account must be a checking or savings account. An Electronic Funds Transfer (EFT) form is required to establish or change Direct Deposit. The EFT form is available directly from the Producer Service Center, or can be obtained on the BCBSTX Producer Portal at www.bcbstx.com/producer. A copy of a blank check marked "void" from the account the Producer intends the deposit to be made to must be attached with the EFT form. The Company cannot accept Deposit Slips in place of the blank check marked "void" as the routing numbers are often different from that of the check. Accounts that are deposit only, such as a savings account, may not have checks. This should be noted on the EFT form. A separate EFT form must be completed for Fort Dearborn Life. The form is located at www.dearbornnational.com.

Establishing/Changing Direct Deposit

To establish Direct Deposit, or change account information on Direct Deposit, the must complete and fax an EFT form along with a blank check marked "void" to the Producer Service Center (see page 7 for contact information). The Producer should be certain that the account information listed on the check correctly matches the account number listed on the form to avoid delays in the processing of the Direct Deposit request. If the account number on the check is different from the actual number of the account, the Producer should include the correct account number on the EFT form and note the variation on the EFT form.

Terminating Direct Deposit

A Producer may terminate their Direct Deposit at any time by faxing a signed request to the Producer Service Center (see page 7 for contact information). Termination of Direct Deposit will automatically result in the Producer receiving a paper check.

REWARDS AND INCENTIVES

THE BLUE RIBBON BONUS PROGRAM

The annual Blue Ribbon Producer Bonus Program offers generous rewards and incentives for acquiring new Blue Cross and Blue Shield of Texas (BCBSTX) group health and group dental business, and for retaining your existing BCBSTX group health and group dental books of business.

Features of the Bonus Program include:

- Rewards for new sales of group health and group dental contracts
- Recognition for the retention of group health and group dental contracts
- Inclusion of group health contracts and group dental contracts from all group sizes
- Recognition for both fully insured and self-insured new sales and retention

The following link takes you to the brochure that outlines incentives offered to all Producers appointed and contracted with BCBSTX. Any questions regarding the Blue Ribbon Producer Bonus Program may be directed to your local BCBSTX sales office.

[Link to 2011 Blue Ribbon Brochure on the Producer Portal](#)

THE DEARBORN NATIONAL BONUS PROGRAM

The following link takes you to the insert that outlines incentives for the Dearborn National Bonus Program. Contact your BCBSTX representative or your Dearborn National sales representative for more information concerning the Dearborn National Producer Bonus Program.

[Link to 2011 Dearborn National Bonus Program](#)

BCBSTX reserves the right to discontinue or change this bonus program at any time without notice.

COMPENSATION POLICIES

Agent/Producer

The Texas Insurance Code prohibits an agent/producer who receives compensation from a customer for the placement or renewal of an insurance product from receiving compensation from BCBSTX for the same placement or renewal, unless the agent/producer: (i) provides advance written disclosure to the customer of the method and factors used by BCBSTX to compute the compensation, and (ii) receives documented acknowledgement from the customer that the compensation will be received by the agent/producer .

Agent/Producer and Life and Health Insurance Counselor (“LHIC”)

The Texas Insurance Code prohibits a person who is licensed as both an agent/producer and an LHIC from receiving compensation from BCBSTX for a service performed as an agent/producer if the person has received or will receive compensation from the customer for that same service.

Reporting

All payments made pursuant to bonus and recognition programs are subject to federal and state income tax reporting and withholding by BCBSTX (if applicable).

BCBSTX will report to an ERISA plan the value of all remuneration paid by BCBSTX to a producer representing an ERISA plan with 100 or more participants to include in its preparation of ERISA Form 5500 schedules. Reporting will also be provided upon request by non-ERISA plans or plans with fewer than 100 participants.

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Blue Cross and Blue Shield of Texas refers to HCSC Insurance Services Company, which is a wholly owned subsidiary of Health Care Service Corporation, a Mutual Legal Reserve Company. These companies are independent licensees of the Blue Cross and Blue Shield Association and offer or provide stand-alone prescription drug plans with a Medicare contract under contract number S5715 with the Centers for Medicare and Medicaid Services. A stand-alone prescription drug plan with a Medicare contract.

Contents of this document are current as of October 2011.