



### **Guidelines for Commission Annualization for IMOs, MGAs and IGAs**

- a). Satisfactory Credit Report. The Credit report should not indicate any of the following: bankruptcy in last 3 years, outstanding collection accounts in past 36 months.
- b). No active Vector Reports.
- c). Acceptable Business Background Summary.
- d). Proof of Satisfactory Persistency from prior primary company. The minimum satisfactory persistency is 90% at 13 months; 90% at 24 months; 85% at 36 months.
- e). Once approved, total debit balance not to exceed \$12,500 for IGAs & MGAs and \$50,000 for IMOs. The minimum satisfactory persistency, with Lafayette Life, is 90% at 13 months; 90% at 24 months; 85% at 36 months.
- f). Annualized Commissions terminated for any producer with an uncollateralized debit balance exceeding \$2500.
- g). Immediate Uncollateralized Debit Balance Repayment ,if uncollateralized debit balance exceeds \$2500 for an IGA, MGA or IMO.



**Application for Annualized Commissions**

Please print your name: \_\_\_\_\_

**Required Documentation.**

- 1). Current Persistency Reports from prior primary company.
- 2). Production records for last full calendar year.

**Companies Represented**

Company	Contract Type	Total First Year Commission*	Current Debit Balance
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\*At end of last full calendar year

**Persistency Measurement with Prior Company**

Name of Company: \_\_\_\_\_  
 Persistency Rate: \_\_\_\_\_ or Lapse Rate: \_\_\_\_\_  
 Basis of calculation: (Premium, Volume, # of Policies) \_\_\_\_\_  
 # of Months used in exposure for persistency calculation: \_\_\_\_\_

**Statement of Understanding**

I understand that I must produce a minimum of \$6,250 paid annualized premium each calendar quarter and my 36 month persistency must be at 85% or above to remain on annualization. I acknowledge that The Lafayette Life Insurance Company may obtain information, as authorized by me in the Certification and Authorization Section of the Business Background Summary, to evaluate my request for Annualized Commissions. I agree to immediately repay any debit balances if requested by The Lafayette Life Insurance Company.

\_\_\_\_\_  
 Signature of Independent General Agent

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Approval of Marketing General Agent

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Approval of Independent Marketing Organization

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Home Office Approval

\_\_\_\_\_  
 Date

**COMMISSION ADVANCE  
SUPPLEMENT TO MARKETING  
GENERAL AGENT AGREEMENT**

THE LAFAYETTE LIFE INSURANCE COMPANY (“we”, “us” or “our”), and \_\_\_\_\_, Marketing General Agent (“you” or “your”), enter into this Supplement, together with \_\_\_\_\_, Independent Marketing Organization (“IMO”), and if assigned to another Marketing General Agent, also with \_\_\_\_\_ (“MGA”), at Lafayette, Indiana effective as of the date set forth below. This Supplement is a supplement to and amends the Marketing General Agent Agreement dated \_\_\_\_\_, yr \_\_\_\_\_, between you and us (“Agent’s Contract”).

**1. Amount and Payment of Advance.** We agree to make an advance payment to you, against your commissions to be earned on eligible policies and riders (defined below), an amount equal to 75% of the total anticipated first policy year commissions (for whole life and term policies and riders) and 75% of the total anticipated target commissions (for universal life policies and riders), which would be earned by you under your Agent’s Contract, assuming the anticipated first year annual premium (defined below) will be paid (for whole life and term policies and riders) or assuming the anticipated target premium will be paid (for universal life policies and riders). Any advance payment to you pertaining to whole life and term policies and riders that are eligible policies and riders shall be based upon the first year annual premium for such policies and riders. However, the advance payment for payroll deduction and list bill payment frequencies will be equal to 50% of the total anticipated first policy year and target commissions. The advance payment will be made when you place in force an eligible policy or rider which you have solicited, or when an agent assigned to you places in force an eligible policy or rider which the agent has solicited. An eligible policy or rider is placed in force by you when you solicit an application upon which we issue the eligible policy or rider, which the applicant accepts and pays the full initial premium to us. An eligible policy or rider is placed in force by an agent assigned to you when that agent solicits an application upon which we issue the eligible policy or rider, which the applicant accepts and pays the full initial premium to us.

**2. Eligible Policies and Riders.** Policies and riders eligible for advance payments are all whole life policies, universal life policies, term policies, and all other riders except the paid-up additions riders, on which the premium payment frequency and manner is other than annual. Commission on policies and riders on which the premium payment frequency and manner is annual will be paid as earned. Likewise, commissions on annuities and on single premium policies and riders will be paid as earned.

**3. First Policy Year Commissions on Eligible Policies and Riders.** Notwithstanding any term to the contrary, for eligible policies and riders upon which you receive an advance payment of commissions pursuant hereto, the first policy year commissions that we shall pay you on such eligible policies and riders shall be calculated as a percentage of paid first year annual premium (for whole life and term policies and riders) and paid target premium (for universal life policies

and riders), and not as a percentage of premiums paid. “First year annual premium” for whole life and term policies and riders means the appropriate quantity discount factor, if any, plus that amount of premium calculated by applying the appropriate premium rate per thousand dollars shown for the kind of whole life or term policies being issued for the primary insured's age times the number of thousands of dollars of face amount stated in the policy or rider. First year annual premium is paid only once for each policy or rider. First year annual premium rates per \$1,000 for each of the various whole life and term policies and riders listed in the Schedule of Compensation are contained in our most recently issued rate cards.

**You hereby acknowledge and agree that the total amount of first policy year commissions on eligible policies and riders that are whole life and term policies and riders upon which you receive an advance payment of commissions pursuant hereto shall be less than the total amount of first policy year commissions that you would have earned on such policies and riders if such eligible policies and riders did not have any first policy year commissions advanced pursuant hereto but such commissions were paid as earned.**

**4. Further Conditions on Advance Payments.** Advance payments are subject to the following conditions:

i. An advance payment shall be made only in connection with a bona fide eligible policy or rider for which not less than the full initial premium has been paid by the policyowner and remitted to us.

ii. The maximum dollar amount of any advance payment on any eligible policy or rider shall be \$1,000. The minimum advance payment on any eligible policy or rider shall be \$25. If the advance payment would be less than \$25, no advance payment will be made, and commissions payable on such policy or rider will be paid as earned, as long as there is no uncollateralized debt (hereafter defined).

iii. An advance payment shall be made only in connection with one eligible policy or rider per insured. No advance payments will be made on subsequent policies or riders on the life of that insured issued within the next 12 months.

iv. No advance payment shall be made on any eligible policy or rider on your own life or on the lives of members of your immediate family residing in the same household as you.

**5. Your Representations to Us.** By remitting to us the full initial premium, whether with the application or upon delivery of the eligible policy or rider, you represent to us that: (1) the application was bona fide; (2) the entire initial premium was paid in cash by the applicant; and (3) in “C.O.D.” cases, the eligible policy or rider was delivered to and unqualifiedly accepted by the insured or owner, unless you notify us of non-delivery within 30 days after receipt of the policy or rider for delivery.

**6. Premium Remittance.** Neither you or agents assigned to you shall advance or pay all or any part of the premium on any policy or rider, nor shall you or an agent assigned to you accept or retain commissions advanced hereunder on policies or riders which were not delivered and unqualifiedly accepted. Violation of such prohibitions shall be additional causes for immediate termination of your Agent’s Contract upon

written notice to you, with no further compensation payable. In such case, we shall also have the right to take such other legal action as is appropriate under the circumstances.

**7. Creation and Repayment of Debt.** Each advance payment shall be a debt to us secured by all compensation and other amounts payable to you under your Agent's Contract. Commissions which are earned by you for a particular policy or rider will first be applied toward repayment of the debt created by the advance payment for that particular policy or rider. Commissions in excess of the advance payment for a particular policy or rider, and other amounts payable to you under your Agent's Contract, shall be paid to you as long as each existing debt created by each advance payment to you is a collateralized debt. Collateralized debt means that for a particular policy or rider on which an advance payment is made to you, such policy or rider is in force and each anticipated premium which has become due on such policy or rider has been timely paid.

If any existing debt created by an advance payment to you becomes an uncollateralized debt, all compensation and other amounts payable to you under your Agent's Contract or this Supplement shall first be applied to satisfy the uncollateralized debt. Uncollateralized debt means that for a particular policy or rider on which an advance payment is made to you, the anticipated premium which has become due has not been timely paid, or the policy or rider is no longer in force. No compensation or amounts otherwise payable to you under your Agent's Contract or this Supplement shall be paid to you as long as there is any uncollateralized debt which remains unpaid. However we may, in our sole discretion, release to you from time to time such portion of your compensation as we see fit under the circumstances then existing. After your total uncollateralized debt has been fully satisfied, we shall pay you compensation and other amounts payable under your Agent's Contract, if any.

In the event this Supplement or your Agent's Contract is terminated, all compensation and other amounts payable to you under your Agent's Contract shall first be applied to satisfy your total indebtedness to us. No compensation or other amounts payable to you under your Agent's Contract shall be paid to you until such indebtedness has been fully satisfied. However, in the event this Supplement is terminated but your Agent's Contract remains in effect, we may, in our sole discretion, release to you from time to time such portion of your compensation as we see fit under the circumstances then existing.

**8. Management Review.** Your continued participation in the commission advance program is at our discretion, and is subject to periodic review by our management. Among other factors, we expect that your 36 Month Current Persistency or your partial period persistency, based upon our published formula, when less than 36 months production is available, will not be less than 85%. We also expect that your total indebtedness to us will not exceed \$12,500. However, satisfying these guidelines will not guarantee your continued participation in the commission advance program.

**9. Termination of Advance Payments.** You may terminate advance payments on new business at any time by written request to us.

We may terminate advance payments on new business at any time, in our sole discretion, by giving you written notice.

**10. Your Indebtedness To Us.** You acknowledge that any advance payments made to you under the terms of this Supplement, or under the terms of any other agreement between you and us for advance payment of commissions, do not constitute the payment of a salary, but are strictly advances against commissions earned or to be earned, and constitute your debt to us. Upon termination of the advance payment of commissions or at any time thereafter, when requested by us, you promise to pay us, upon demand, the amount of your then existing debt to us. Upon demand, your debt shall bear interest at the same rates as set forth in your Agent's Contract for debts payable on demand.

Future unearned compensation shall not be anticipated or considered to reduce present, then existing debt. We may also continue to apply all compensation as earned and other amounts payable to you under your Agent's Contract toward liquidation of your debt, while also collecting payments from other assets of yours, until the total amount of your debt is fully satisfied. After your total debt has been fully satisfied, we shall pay you compensation and other amounts payable under your Agent's Contract, if any.

**11. Previous Contract.** Any existing debt of yours incurred under a similar supplement to a previous agent's contract, and the application by us of compensation and other amounts payable to you under a previous agent's contract to existing and future debt, shall hereafter be governed by this Supplement.

**12. Agreements with IMO, Us and You.** The IMO acknowledges its consent to this Supplement and confirms its obligation, as guarantor, to us for any debt incurred by you under this Supplement. In furtherance of this obligation, we shall have the following rights, in addition to the rights set forth in the Independent Marketing Organization Agreement with us:

- (a) We may, at our option, take all compensation earned under the Independent Marketing Organization Agreement from or attributable to, directly or indirectly, premiums on policies written by you and apply such monies to reduce the amount of your debt; or
- (b) We may, at our option, take all compensation earned by the IMO from or attributable to, directly or indirectly, premiums on policies written by the IMO, or from or attributable to, directly or indirectly, premiums on policies written by other agents assigned to the IMO, and apply such monies to reduce the amount of your debt.

Whenever the IMO pays any portion of your debt, you shall thereupon become indebted to the IMO for the amount of your debt paid to us by the IMO.

**13. Agreements with MGA, Us and You. (Applicable if you are assigned to another Marketing General Agent).** The MGA hereby acknowledges its consent to this Supplement and confirms its obligation, as guarantor, to us for any debt incurred by you under this Supplement. In furtherance of this obligation, we shall have the following rights, in addition to the rights set forth in the MGA's Marketing General Agent Agreement with us:

- (a) We may, at our option, take all compensation earned under the MGA's Marketing General Agent Agreement from or attributable to, directly or

indirectly, premiums on policies written by you and apply such monies to reduce the amount of your debt; or

- (b) We may, at our option, take all compensation earned by the MGA from or attributable to, directly or indirectly, premiums on policies written by the MGA, or from or attributable to, directly or indirectly, premiums on policies written by other agents assigned to the MGA, and apply such monies to reduce the amount of your debt.

Whenever the MGA pays any portion of your debt, you shall thereupon become indebted to the MGA for the amount of your debt paid to us by the MGA.

**14. Obligation of IMO and MGA. (Applicable if you are assigned to another Marketing General Agent).** The IMO and MGA shall be jointly and severally liable for any debt incurred by you.

**15. Miscellaneous.** Except as amended hereby, all the terms and provisions of the Agent's Contract shall remain in full force and effect. Unless otherwise defined herein, terms used in this Supplement shall be defined as in the Agent's Contract. This Supplement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

This Supplement shall take effect on the effective date shown below after it has been signed by the Company.

You:

THE LAFAYETTE LIFE INSURANCE  
COMPANY

\_\_\_\_\_  
Marketing General Agent

\_\_\_\_\_  
Vice President

IMO:

\_\_\_\_\_  
Independent Marketing Organization

\_\_\_\_\_  
Effective Date of Supplement

MGA (If Applicable):

\_\_\_\_\_  
Marketing General Agent