

**Fallon Community Health Plan Broker Compensation**  
**Commission Schedule and Bonus Program**  
*Effective July 2010*

**Commission plan**

Fallon Community Health Plan's standard monthly commission schedule offers competitive compensation to our brokers, based on block of business:

<b>For fully-insured accounts with 51+ subscribers:</b>	
<u>Standard HMO commission schedule consists of:</u>	<u>Standard PPO commission schedule consists of:</u>
4% commission on the first \$300,000 of paid premiums	3% commission on the first \$300,000 of paid premiums
3% commission on the next \$200,000 of paid premiums	2% commission on the next \$200,000 of paid premiums
2% commission on the next \$1,600,000 of paid premiums	1% commission for additional received premium
1% commission over \$2,100,000 of paid premiums	
Once the \$50,000 commission threshold is met, FCHP will pay 1% thereafter.	

<b>For fully-insured HMO and PPO small group accounts with 1-50 subscribers, and at least five (5) eligible employees, the commission schedule consists of:</b>
\$16 per subscriber per month for accounts 1-4
\$23 per subscriber per month for accounts 5-25
\$28 per subscriber per month for accounts 26-50

**Bonus Program**

Chairman's Club and President's Club brokers must meet the revenue and account thresholds by December 31 of the prior year in order to be eligible for the bonus. Retention, new business premium and new accounts thresholds all must be met by December 31 of the current year in order to receive the bonus. Brokers receiving either the Chairman's Club or President's Club bonus are not eligible for the Director's Club bonus. Payment of the Director's Club bonus is based on annualized new business premium.

**Chairman's Club:**

	Revenue	Accounts	Retention	New premium	New accounts	Bonus earned
<b>Qualifiers</b>	\$3 million	10 existing accounts	Minimum persistency: 90% membership retention	Minimum annualized new sales premium: \$500,000	Minimum number of new sales accounts: 2	Bonus percentage: 2.0%

**President's Club:**

	Revenue	Accounts	Retention	New premium	New accounts	Bonus earned
<b>Qualifiers</b>	\$1 million	3 existing accounts	Minimum persistency: 90% membership retention	Minimum annualized new sales premium: \$500,000	Minimum number of new sales accounts: 2	Bonus percentage: 1.0%

**Director's Club:**

	New premium	New accounts	Bonus earned
<b>Qualifiers</b>	Minimum annualized new sales premium: \$1,500,000	Minimum number of new sales accounts: 5	Bonus percentage: 1.5%

## Additional terms

- This compensation schedule applies to FCHP/FHLAC fully insured non-COBRA accounts only.
- The compensation schedule is available to qualified brokers who are licensed by the Massachusetts Division of Insurance and in good standing with FCHP and FHLAC.
- This compensation schedule does not apply to Fallon Senior Plan™, non-group products, COBRA accounts or accounts written through intermediaries.
- Commissions will be calculated on actual premium payments received by FCHP/FHLAC.
- In determining group size for payment of per-subscriber commissions, FCHP/FHLAC will use the January membership file, and will assume that group size for the remainder of the year. Group-size determination will take place every January.
- All standard commissions and bonus plans are calculated and paid on a calendar year basis.
- FCHP may pay broker commissions retroactively if a Broker of Record letter is not processed correctly by FCHP.
- FCHP will not pay broker commissions on a retroactive basis beyond a period of 12 months.
- If FCHP receives multiple Broker of Record letters, the most current letter will be honored.
- Should broker designation change during the first policy year, the new Broker of Record will be paid commission upon account renewal.
- For Broker of Record changes that occur after the first policy year, the new broker will be paid commission coincident with the first billing date following FCHP receipt of employer notification.
- Qualified brokers who assume Broker of Record for existing “non-commissionable” FCHP/FHLAC accounts will be paid commission once there is a 25% increase in membership, measured from the date the broker is assigned Broker of Record.
- Chairman’s and President’s Club Bonus payments are calculated on eligible commissioned accounts only, and are paid based on received commissionable premium.
- On accounts with more than one broker, only the primary broker will be given credit in terms of measuring and paying bonus.
- A broker shall notify FCHP in writing of any acquisition or merger of/with any other broker. For the purpose of measuring and paying any earned broker bonus, FCHP will deem such acquisition as having occurred at the beginning of the year following the date of the acquisition.
- As of December 31 of the previous year, each broker’s beginning block of business determines their bonus program eligibility. Bonus payment will be determined by the following year’s production.
- Bonus program payments on yearly activity will be paid no later than April of the following year.
- FCHP and FHLAC reserve the right to review and change this compensation schedule at any time.
- Brokers are not eligible for payment under more than one bonus program at the same time.
- Brokers are required to secure a minimum of \$1 million in E & O coverage.
- All non-standard commission arrangements require full disclosure from the client, and approval by Keith Ledoux, FCHP Vice President of New Sales & Broker Relations.

**For more information, call your direct Broker line at 1-888-746-4823, or visit [fchp.org/brokers](http://fchp.org/brokers).**