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# Partners Life Commission Schedule

1 July 2020

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## The Commission Schedule contains the following information:

1. Commission Payment Terms
2. Adviser Commission Options
3. Bonus Commission Payment Terms
4. Customer Outcomes Matrix
5. Commission Clawback Terms



# Commission Schedule

## Introduction



**The Partners Life commission structure has been carefully designed to appropriately remunerate advisers for the business they place with Partners Life, and to incentivise the delivery of good customer outcomes.**

All defined terms used in this Schedule are as set out in your Adviser Business Agreement.

Commission payments will be made on each business day.

Partners Life will maintain a commission account for you, the net amount credited or debited to your commission account will be the total of all Upfront Initial, Bonus, Renewal and As Earned commissions earned since the last commission run, less any commission clawbacks incurred.

This amount will be adjusted for any debt repayments made by you, interest charged on commission debts, withholding tax, GST, or any other associated costs for which you are responsible.

Partners Life will pay by Direct Credit to your nominated bank account(s) any credit balance in excess of \$20 at the close of each business day.

If the balance of your commission account is a debit, it will be either deducted from your next commission run or Partners Life may demand repayment as per its rights under the terms of your Adviser Business Agreement.

## 1. Commission Payment Terms

Upfront Initial and Bonus commission is payable on policy issue or the non-contractual increase of premium on an existing policy, subject to the commission structure utilised.

- No commission is payable on policy fees.
- No commission is payable on the GST portion on any non-life premiums.
- No commission is payable on any per mille premium loadings.

While commission is not payable on these components of the total policy premium, they are all included in the calculation of issued production net of lapses.

Partners Life reserves the right to limit the commission options (at its sole discretion) for policies with very large premiums, where it arranges facultative reinsurance for substandard lives, or for policies where the policy duration is (in Partners Life's sole opinion) likely to be less than 10 years.

Renewal commission is payable from month 13 onward, and is paid on the same frequency as the premium being received for the duration of the policy. Renewal commission is not subject to clawback unless the full premium is not collected or retained.

As Earned commissions, including As Earned bonus commission, are payable on the same frequency as the premiums being received for the policy. As Earned commissions commence from receipt of the first premium post-issue of the policy or increase of cover, and are payable for the duration of the policy. As Earned commissions are not subject to clawback unless the full premium is not collected or retained.

### **GST**

Commission amounts earned under your Adviser Business Agreement are stated as exclusive of GST (if any).

### **Withholding**

Partners Life is entitled to deduct any applicable withholding tax (including fines, penalties and interest) that may be imposed or levied in connection with your Adviser Business Agreement.

# Commission Schedule

## 2. Adviser Commission Options

### Full Commission Options

Product	Option	Upfront Initial Commission as % of Commissionable Annual Premium	Renewal Commission	As Earned Commission	Eligible for Bonus Commission
Personal & Business Cover	Standard or Full upfront	100%	10%	n/a	Yes
	Pendulum 25	25%	25%	n/a	Yes
	Pendulum 75	75%	15%	n/a	Yes
	As Earned	n/a	n/a	25%	Yes
Medical & Hospital Cash Cover with Personal Cover	Full upfront or Pendulum 25 or Pendulum 75	100%	7.5%	n/a	Yes
	Standard or As Earned	n/a	n/a	25%	Yes
Medical Standalone	Full upfront or Pendulum 25 or Pendulum 75	100%	7.5%	n/a	Yes
	Standard	0%	25%	n/a	Yes
	As Earned	n/a	n/a	16.5%	Yes

### Reduced Commission Options

Product	Option	Upfront Initial as % of Commissionable Annual Premium	Renewal Commission	Premium Discount	Eligible for Bonus Commission
Personal & Business Cover	Partial	50%	10%	10%	Yes
	Nil	0%	10%	20%	Yes
	Fee	n/a	n/a	35%	n/a
Medical & Hospital Cash Cover	Partial	25%	7.5%	10%	Yes
	Nil	0%	7.5%	17.5%	n/a
	Fee	n/a	n/a	22.5%	n/a
Rural Partners - Risk	Rural	25%	10%	20%	Yes
Rural Partners - Medical	Rural	5%	n/a	20%	Yes

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## 3. Bonus Commission Payment Terms

### Bonus commission from 1 April 2020 until 31 March 2021

- With effect from 1 October 2019, Partners Life removed the new business volume criteria from bonus commissions. If you held an Adviser Business Agreement as at 1 October 2019, the applicable rate of bonus commission for the period from 1 April 2020 to 31 March 2021 will be the rate that applied immediately prior to 1 October 2019.

Cover Type	Upfront Bonus Commission rate	As Earned Bonus Commission rate
Risk	80% - 100% *All new Adviser Business Agreements bonus rate is capped at 80%	7% - 8.5% *All new Adviser Business Agreements bonus rate is capped at 7%
Medical	25%	8.5%

#### Please note:

- Upfront Bonus Commission rate – is applicable where an Upfront Initial Commission is payable (i.e. not “n/a”) and where Eligible for Bonus Commission is “Yes”.
- As Earned Bonus Commission rate – is applicable where an As Earned Commission is payable (i.e. not “n/a”) and Eligible for Bonus Commission is “Yes”.

### Bonus commission from 1 April 2021

From 1 April 2021, bonus commission rates for all advisers will be determined using the Customer Outcomes Matrix, as described in Section 4 below.

# Commission Schedule

## 4. Customer Outcomes Matrix

From 1 April 2020, Partners Life will collect the information set out in the Customer Outcomes Matrix below in respect of all advisers who are party to an Adviser Business Agreement, or who provide advice on behalf of an adviser business that is party to an Adviser Business Agreement.

Each adviser will be measured against each separate criterion at least once per annum. In any given quarter, at least 2 criteria will be measured for each adviser.

Points will be assessed at the end of each quarter and, from 1 April 2021, bonus commission levels will be adjusted for the following quarter (and all subsequent quarters) depending on the number of points issued to each adviser or adviser business (as applicable).

Partners Life will regularly review the criteria, and may change or replace any of the criteria from time to time at our sole discretion.

What	When	Why
Customer Advice Complaints	Any time	Indicates quality of customer advice experience
Initial Advice Process	Application	Indicates effectiveness of initial advice processes
Replacement Advice Process	Application	Indicates effectiveness of inwards replacement advice processes
Cancellation Advice	Cancellation	Indicates effectiveness of retention and outwards replacement advice processes
Non-Disclosure and Misstatements	Claim	Indicates effectiveness of application completion processes
Service Activity	Any time	Indicates active servicing of clients' ongoing needs

## 5. Commission Clawback Terms

Upfront Initial and bonus commissions are subject to clawback if the policy discontinues or premiums reduce in circumstances where less than 24 months of premiums are received and retained by Partners Life.

The commission clawback percentage is dependent on the number of monthly premiums paid and retained at the time of cancellation or premium reduction. The calculation is as follows:

Less than 6 months:	100%
6 to 24 months:	$\frac{(24 - \text{number of months})}{19} \times 100\%$

Where the premium frequency is other than monthly, the commission clawback percentage will be calculated based on the equivalent number of monthly premiums paid. For example, if the client has paid 49 weekly premiums and their policy is lapsed or cancelled the commission clawback percentage will be based on 11 months, being the rounded number of monthly premiums paid.

Renewal Commission or As Earned Commission clawback will occur if the policy (or any policy increase or addition) is cancelled from inception.

Any life or policy voided due to client non-disclosure or misstatement will be treated as if the life or policy was cancelled from inception and will result in a full clawback of all Upfront Initial, As Earned, Renewal and Bonus commissions paid for the policy.

If the commission was split when paid, then any clawbacks that occur will be split in the same proportions.

### Discontinuance of premium

The following will be classed as discontinuances of premium and are subject to clawback:

- Cancelled from inception
- Void Cover
- Lapsed or Cancelled
- Premium reduction - only the discontinued amount of premium will be counted, and commission will be clawed back in proportion to the amount of discontinued premium
- Premium reduction due to changing the life assured's personal details (including, but not limited to, smoker status or occupation class change), made within 3 months post commencement of the benefit
- Premium reduction caused by reduction or removal of premium loadings made within 3 months post commencement of the benefit

## 5. Commission Clawback Terms

### Discontinuances not included

The following will not be classed as discontinuances of premium and are not subject to clawback:

- Premium reduction resulting from a benefit expiry or claim
- Premium reduction due to changing the life assured's personal details (including, but not limited to, smoker status or occupation class change), as long as the reduction is made more than 3 months post commencement of the benefit
- Premium reduction caused by reduction or removal of premium loadings, as long as the reduction is made more than 3 months post commencement of the benefit

### Persistency Formula

Partners Life measures the quality of your business through Persistency Rates.

Persistency Rates are determined by the Persistency Formula as follows:

$$\left[ 1 - \left( \frac{\text{sum}(\text{Movements Off for each Month})}{\text{sum}(\text{In Force at Start of each Month} + \text{All Movements On in each Month})} \right) \right]^{12}$$

The Persistency Formula annualises the rate regardless of the Calculation Period.

Quality of Business/Book Persistency is measured monthly (the Measurement Date) and the Calculation Period will commence from the effective date of your Adviser Business Agreement and ends three months prior to the Measurement Date. This is how Partners Life measures the quality of your business. The minimum Book Persistency rate is 85%. This is the minimum requirement for you to continue to be eligible to write Partners Life business.

Quality of Business/Book Persistency includes all business issued since the inception of your Adviser Business Agreement and the associated Movements On and Off for the Calculation Period.

Partners Life reserves the right to aggregate adviser codes whether they are under one or more Adviser Business Agreements, where such business relates to the same adviser or adviser business.