



Fall Into More Earnings With The New Stop Loss Incentive+ Program

Producer Communication #766

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Message

Here is big news to close out your summer — earn up to \$150,000 through the Avalon® Stop Loss Incentive+ Program. Stop Loss Incentive+ is a great new initiative to reward producers on new stop loss business and other ancillary products through Consolidated Benefits, Inc. The program couples Avalon Insurance Company Stop Loss incentive with additional bonuses for producers who sell \$50,000 in combined annual premium for life, disability, long-term care, critical illness, or GeoBlue Travel insurance.

Stop Loss Incentive+ is available for new business with effective dates between July 1, 2016 and June 30, 2017.

A Block Management Incentive is also available to producers who grow their Avalon Stop Loss book of business through Consolidated Benefits, Inc.

See the attached flier for full details.

Questions

Contact your Preferred Agent with questions. Thank you.

STOP LOSS INCENTIVE+



Producer Reward Program

Avalon® Insurance Company is pleased to bring you Stop Loss Incentive+, a new program to reward you for Avalon Stop Loss sales and renewals.

- All producers must be appointed by Avalon Insurance Company and licensed by the Pennsylvania Insurance Department to be eligible for payment
- Payment is written to the producer of record (no split cases)
- The one-time incentive payment will be made within 60 days after the program concludes
- Applies to sales of large group business (100+) only
- Qualifying groups will be reviewed on a case-by-case basis
- For any qualifying stop loss, life, long-term care, critical illness, or GeoBlue® Travel Insurance plan sold, Avalon Insurance Company reserves the right to recoup bonus money if a group terminates coverage on or before the first renewal or contract period
- The incentive program is in addition to existing commission payments
- All incentive payments will be made through normal commission channels; all existing standard commissions and incentive programs remain unchanged
- All incentive payments must be fully disclosed by the receiving producer
- Avalon Insurance Company will make all final determinations regarding incentive payments, and reserves the right to change or discontinue this program at any time by giving advance written notice
- Incentive payment will be made on groups with commission built in as well as fee-based (consulting groups); in order to make payment on fee-based groups, we must receive a copy of a producer of record with zero percent commission and most current W-9 form within two weeks of the effective date to be eligible for payment
- Annual program maximum incentive payout not to exceed \$150,000

New Business Incentive

Stop Loss Incentive: To qualify for the 2016 new business incentive, each new stop loss sale must have a minimum of \$100,000 in annual premiums starting with a July 1, 2016 effective date.

Stop Loss Incentive+: Producers qualify for Stop Loss Incentive+ when combined new \$50,000 annual premium of life, disability, long-term care, critical illness, or GeoBlue Travel Insurance is sold through Consolidated Benefits, Inc., July 1, 2016 through June 30, 2017. Gap premium is not included.

Bonus amounts are based on projected annual premium per first month enrollment.

New Business (Effective July 1, 2016 – June 30, 2017)

Annual Premium Per Case	\$100,000 – \$299,999	\$300,000 – \$499,999	\$500,000+
Stop Loss Incentive	\$8,000	\$12,000	\$16,000
Stop Loss Incentive+	\$2,000	\$3,000	\$4,000
Total	\$10,000	\$15,000	\$20,000

Block Management Incentive

To qualify for the 2016 block management incentive, an agency must have at least two Avalon (100+) stop loss cases and \$1 million in annual premium as of June 30, 2016 and more than ten percent growth in Stop Loss Incentive and Stop Loss Incentive+ annual premium as of June 30, 2017.

New sales of Stop Loss Incentive and Stop Loss Incentive+ lines of business sold through Consolidated Benefits, Inc. July 1, 2016 through June 30, 2017 will count toward growth.

The incentive bonus amount will be based on annual premium as of last day of the bonus period.

Block Management Payment Chart

Stop Loss Incentive and Stop Loss Incentive+ Growth	>10%	>15%	>20%
Incentive	2%	3%	4%

Block Management Incentive Examples

Agency Block (as of 6/30/2016)	\$1 million annual premium	\$1 million annual premium	\$2 million annual premium
Agency Block (as of 6/30/2017)	\$1.11 million annual premium	\$1.16 million annual premium	\$2.42 million annual premium
Growth Amount	11%	16%	21%
Incentive %	2%	3%	4%
Incentive Amount	\$22,200	\$34,800	\$96,800

Block Management Example of Annual Premium Stop Loss Calculation

Case 1	Renewed 7/1/2015	\$800,000 (projected premium)
Case 2	Renewed 6/1/2016	\$400,000 (projected premium)
Qualifying Amount	As of 6/30/16	\$1,200,000

Case 1	Renewed 7/1/2016	\$880,000 (projected premium)
Case 2	Renewed 6/1/2017	\$440,000 (projected premium)
Case 3	New 1/1/2017	\$600,000 (projected premium)
Total Growth Amount	As of 6/30/17	\$1,920,000



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