



**INSURING LIVES
SUPPORTING WOMEN
SERVING COMMUNITIESSM**

FIELD AGENT COMMISSION GUIDE

For internal and agent use only. Not for distribution to the public.



The purpose of this document is to communicate with independent agents contracted with Royal Neighbors of America the processes and policies affecting commissions and payments to the agents to aid in the understanding, tracking, and management of commissions. The Royal Neighbors "Contract to Represent," "Contract to Represent with Authority to Recruit," the "Annualized Financial Agreement," and other legal, marketing or sales materials supersede the information contained herein.

Form 1829; Rev. 10-2016

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Royal Neighbors of America Commissions

I. Payment Schedules

- a. Agents may receive commission payments on different schedules per agent number based on the agent's request, agent contract status, and/or type of payment sent.
- b. A minimum of \$50 must be accumulated on an agent number account prior to payment on the next scheduled payment date.
- c. Daily – Most active agents choose the daily payment option. Commission statements are available the business day following any commission activity.
 - Requirements for Daily Pay: Active agent status and direct deposit account on file.
- d. Weekly – Commission statements are available on Wednesdays for the previous week's commission activity (Wednesday through Tuesday).
 - Requirements for Weekly Pay: Active agent status.
- e. Monthly – Commission statements are available on the first business day of the calendar month.
 1. If an agent account is terminated or subject to garnishment, levy, or bankruptcy withholding, payments will be changed to a monthly payment schedule with no exception.
- f. Funds Availability:
 1. Funds listed as the "TOTAL Payment Amount" are available in the agent's direct deposit account 2-3 business days following the commission statement Run Date.
 2. Check payments are mailed the next Monday or Thursday following the commission statement Run Date.

II. Payment Type

- a. Direct Deposit – Most agents prefer to receive payments via direct deposit directly to a bank account on file. Commission payments are available in the direct deposit account 2-3 business days following the commission statement Run Date.
- b. The direct deposit account on file can be changed by agents up to (3) separate times per calendar year.
 1. To change direct deposit information, complete the Direct Deposit Authorization Form found on the agent website or requested from the Commission Department (contact information in [Section XI](#)).
 2. Return the form to the Commission Department via fax or email.
 3. Per the form instructions, include a copy of a voided check.
 4. In lieu of a voided check, remit a letter on bank letterhead, signed by a banking officer including a verification of the routing number, account number, and confirmation that the agent or entity contracted is an authorized owner/signor on the account.
 5. Voided checks or bank letters must have both the agent's name and account information printed to confirm payments are being sent to the contracted agent/agency.
 6. The individual/business on the check or letter must match the agent/agency contracted with Royal Neighbors.
 7. Starter checks or handwritten information is not acceptable.
- c. Check Payments – An agent may request to receive check payments. Check payments may only be sent on weekly or monthly payment schedules and will be sent via regular mail to the current address on file on the next Monday or Thursday following the commission statement Run Date.

III. Commission Terminology (see [Appendix](#) for full glossary)

- a. Advance – An advance is the estimated commission for all or a portion of the first-year commissions for a newly activated life certificate.
 1. There are (3) criteria necessary to be eligible for advance payments.
 - Agent must be approved for advance commission payments. This is a determination between Royal Neighbors and the IMO at the time of contracting.
 - Advances are only paid on certificates for which premiums are paid on a monthly basis via EFT. All others (quarterly, annual, etc.) will be paid as earned.
 - Advances are not paid on Personally Controlled Business: business written on an immediate family member, yourself, or another Royal Neighbors agent.
 2. Advance commissions are generated on the Activation Date of a certificate.
- b. Secured Advance Balance – An advance payment is “secured” if the associated certificate is active, and premium payments are expected to be received for the indefinite future. The expectation of premium payments serves as collateral for the advance.
 1. As premium payments are received for a certificate, the corresponding Secured Advance Balance is reduced by the commission calculated on the received premium.
 2. If the certificate terminates or lapses, the Secured Advance Balance becomes an Unsecured Advance, and is owed back to Royal Neighbors.
 3. The Secured Advance Balance is visible on Commission Statements (Earned Commission Statement section) when a premium payment is paid as the “Cert Adv Balance.” An example is provided in the [Appendix](#).
- c. Unsecured Advance – An Unsecured Advance is advance commission paid to the agent, but the respective certificate(s) has terminated/lapsed/surrendered and any unearned advance is immediately due back to Royal Neighbors.
- d. As Earned – Commissions are “earned” when premium payments are received by Royal Neighbors.
- e. Immediate / Charge-back / Debit / Unsecured Balance – The Immediate Balance is the current balance owed back to Royal Neighbors which must be fully recovered before any additional commission payment is sent. See [Section VI](#) for additional details.

IV. Commission Process Overview

- a. Advance Commission Process (if the agent/certificate is [eligible](#))
 1. Certificate is activated by underwriting.
 2. Advance is generated the same date as Activation Date.
 3. Commission statement is available the next scheduled payment date following Activation Date.
 4. Secured Advance Balance is issued on the agent account. Added into “Deferred (Secured Advance Balance)” and “Aggregate Balance” on Commission Summary page of statement. See the [Appendix](#) for examples of commission statements.
 5. Premium payments received reduce the Secured Advance Balance by the corresponding commission amount.
 6. Once the Secured Advance Balance is paid down to zero, remaining first-year and/or renewal commissions are paid “as earned” with the receipt of premium payment(s).
 7. If a certificate terminates or lapses at any time before the Secured Advance Balance is recovered in full, any outstanding balance is charged back as an Unsecured Advance and is immediately due back to Royal Neighbors.
- b. Earned Commission Process
 1. Certificate is activated by underwriting.
 2. Premium payment is received or drawn on date specified in contract.

3. Commission statement is available the next scheduled payment date following the receipt of a premium payment.
4. Earned commission is either 1) applied to the Secured Advance Balance corresponding to the certificate, 2) credited to the agent if the Secured Advance Balance is recovered in full, 3) paid* to the agent if he/she is only eligible to receive earned commissions, or 4) applied toward any charge-back balance or Immediate Balance.

*Cash pay-out is dependent upon the accumulated positive commission balance reaching the minimum \$50 threshold.

c. Commission Payment Process

1. Commission statements showing both the advance and earned commission activity during the current payment period is available on the next scheduled payment date.
2. The net pay-out for the commission statement activity is available on the commission statement Summary Page as the "TOTAL Payment Amount."
3. Funds listed as the "TOTAL Payment Amount" are available in the agent's direct deposit account 2-3 business days following the commission statement Run Date.
4. Check payments are mailed the next Monday or Thursday following the commission statement Run Date.

	Day 1	Day 2	Day 3-4
Daily Payments*	Commission Activity Processed Commission Statement "Run Date"	Commission Statement Available	Funds Available in Direct Deposit Account
<i>*Direct deposit required for daily payments on active agent accounts only</i>			

	Current Week (Wed-Tue)	Tuesday	Wednesday	Thursday/Friday
Weekly Payments	Commission Activity Processed	Commission Statement "Run Date"	Commission Statement Available	Funds Available in Direct Deposit Account or Check Mailed

	Previous Calendar Month	Final Day of Calendar Month	First Business Day of Calendar Month	1-2 Business Days Later
Monthly Payments	Commission Activity Processed	Commission Statement "Run Date"	Commission Statement Available	Funds Available in Direct Deposit Account or Check Mailed

V. Commission Calculations

- a. To calculate an advance:

$$\text{Annual Premium} * \% \text{ of Year Advanced} * \text{Commission Rate} = \text{Advance Amount}$$

OR

1. Calculate Monthly Premium.

$$\frac{\text{Annual Premium}}{12} = \text{Monthly Premium}$$

2. Calculate Monthly Commission.

$$\text{Monthly Premium} * \text{Commission Rate} = \text{Monthly Commission}$$

3. Calculate Advance Amount.

$$\text{Monthly Commission} * \text{Advance Months} = \text{Advance Amount}$$

- b. To calculate remaining Secured Advance Balance:

1. Calculate Advance Amount as shown above.
2. Determine number of successful premium payments paid.
3. Calculate Commissions Earned.

$$\# \text{ Premium Payments} * \text{Premium Amount} * \text{Commission Rate} = \text{Commission Earned}$$

4. Reduce Advance Amount by Commissions Earned.

$$\text{Advance Amount} - \text{Commissions Earned} = \text{Advance Balance}$$

- c. Agents can split commissions as long as split percentages equal 100%:

1. Ex: 50-50%, 25-75%, 60-40%.
2. Calculate split commissionable premium.

$$\text{Split \%} * \text{Premium Amount} = \text{Commissionable Premium}$$

3. Follow remaining calculations above.

VI. Charge-backs

- a. Any negative Immediate Balance on an agent account must be fully recovered with 100% of commissions before additional commissions will pay out to the agent.
- b. Earned Commissions may be charged back to the agent account if a premium payment is returned or reversed.
 1. Will result in an "Unpaid Commissions" balance.
 2. Earned Commissions, when charged back, are displayed on the commission statement, and transferred to the Unpaid Commissions balance on future commission statements until paid in full.
- c. Advances may be charged back for certificates that are cancelled or lapsed before the Secured Advance Balance is fully recovered with incoming premium payments.
 1. Will result in an "Unsecured Advance" balance.
 2. Unsecured Advances will remain segregated by certificate until recovered.
 3. Unsecured Advance balances are recovered before unpaid commissions.
- d. Immediate Balances are available on the agent website by looking at:
 1. The Commission Dashboard on the Home Page.
 2. The Commission Balance Report.
 3. The Balance Summary provided on each commission statement.

- e. The Balance Summary on the commission statement provides a comprehensive balance of the agent account as of the Run Date of the statement.

Category	Reason	Taxable?
Unpaid Commission	Reversal of commission based on the reversal or return of premium payments	Yes
Unpaid Advance	Net charge-back of advance commission that was previously considered earned.	No
Unsecured Advance	Charge-back of unrecovered advance balances for lapsed or terminated certificates	No
Immediate Balance	Sum of Unpaid Commission, Unpaid Advance, and Unsecured Advance; represents the total current debit balance due back to RNA	
Deferred (Secured) Advance Balance	Unrecovered advance balances for active certificates which are secured by the active status and expectation of future premium payments	No
Aggregate Balance	Sum of Immediate Balance and Deferred (Secured) Advance Balance	
*If Unpaid Commission or Unpaid Advance balance is positive, commission balance has not reached minimum \$50 threshold to pay-out. Will continue to accumulate until \$50 is reached.		

- f. Charge-back Timelines: If a premium payment is returned or not received, the agent and the member are allowed a Grace Period to pay the certificate current and keep the coverage active. The timing of a charge-back depends on if the premium is the initial premium or not.

1. Initial Premium Returned

Initial Premium Returned			
RNA Notification	Grace Period	Agent & Member Notification	Advance Charge-back
Notice received from bank that premium payment not honored	Certificate enters 21-day grace period	Email notification to agent	If no payment after 21-days, advance balance charged-back as unsecured balance.
Results in unpaid commission charge-back	Grace Period report updated on agent website.	Returned Premium report updated on agent website	Certificate is "null and void"
See Commission Statement for charge-back details		Letter mailed to member	

2. Premium returned that is not the Initial Premium

Premium Returned (Not Initial or PAC account closed, unable to be found)			
RNA Notification	Agent & Member Notification	Grace Period	Advance Charge-back
Notice received from bank that premium payment not honored	Email notification to agent	If no reimbursement received 2 weeks later, PAC information removed	If no payment within 60-days from the paid-to date, advance balance charged-back as unsecured balance.
Results in unpaid commission charge-back	Returned Premium report updated on agent website	Certificate changed to Quarterly pay	Certificate lapses
See Commission Statement for charge-back details	Letter mailed to member to reimburse in 2 weeks	Quarterly Bill sent to member	
		Certificate enters 60-day grace period from "paid to" date.	

VII. Agent Website

- a. An extranet is available to Royal Neighbors' independent agents at <https://agent.royalneighbors.org>
- b. Register for a login/password by clicking the "Not Registered Yet?" link.
 1. Contact Sales Support for login information and website troubleshooting. Contact information is available in [Section XI](#).
- c. Commission information is available on the agent website:
 1. Commission Dashboard (Home Page) shows the most recent commission information.
 2. Reports available under "Reports" tab, including Commission Statements and the Commission Balance Report provide detail on the commissions paid and other aspects of business written.
 3. Webinars in "Training and Education" tab are available on topics such as "Commission Basics," "Reading and Understanding the Commission Statements," and "Charge-backs."
 4. Certificate Lookup tool in the "Tools/Illustrations" menu tab allows agents to copy or type in a certificate number to access details on certificates.
- d. Other information available on the agent website includes product information, forms and supplies, additional reports to help manage business, and many other tools.

VIII. Commission Statements

Statement Layout	
First Section	Commission Summary <i>Included on every statement</i>
Second Section	Advance Commission Statement <i>Only if advance activity</i>
Last Section	Earned Commission Statement <i>Only if earned activity</i>

- a. Summary Page
 1. Every commission statement will include the Summary Page.
 2. At the top of each page is a header including the agent information, Run Date, and Period Ending Date for the commission activity displayed
 - Contact the Agent Contracting department if address information is not correct. Contact Information can be found in [Section XI](#).
 3. The “Total Payment Amount” corresponds to the actual payment sent from Royal Neighbors to the agent.
 - The statement will indicate underneath whether the payment is sent by “EFT” (direct deposit) or “CHECK.” See timelines in [Section IV](#) to know when funds are available to the agent.
 4. The Balance Summary includes the year-to-date (YTD) earned activity in the indented fields. The figures include only earned commissions (based on premium actually received), and does not include advance commissions.
 - The YTD earned total displayed on the last statement for a calendar year corresponds to the amount on the 1099 (if it meets the minimum IRS reporting amount), but does not include earnings from other agent numbers or separate bonus/incentive programs.
 5. The remaining balance summary fields indicate current balances on the agent account, and whether they are immediate or deferred. See [Section IV](#) on charge-backs for more detailed descriptions regarding these fields.
 6. The balance information will not populate on a given commission statement if these three criteria are met:
 - There is a current Immediate Balance on the agent account.
 - Advance Activity only is processed on the current statement.
 - The Immediate Balance is not fully recovered with current transactions.
 7. See statement examples in the [Appendix](#) below for pictorial depictions of the Summary Page.
- b. Advance Commission Statement
 1. The second section is the Advance Commission Statement IF advance transactions are generated. If there are no advances, this section is skipped and not available for that statement date.
 2. Advance activity including advances credited and any charge-backs recovered are displayed.
 3. Each line item includes the name of the insured, certificate number, product ID, issue date, effective date, mode of premium payment, transaction description, annual premium, commission rate, and advance amount.
 4. Transactions are further organized to group by the writing agent.
 5. All line item details are subtotaled in the Advance Commission Summary section.

6. If there is earned activity, the net positive balance from the Advance Commission Statement is indicated as an “Unpaid Advance Amount” and the total is carried forward to the Earned Commission Statement.
 7. See statement examples in the [Appendix](#) below for pictorial depictions of the Advance Commission Statement.
- c. Earned Commission Statement
1. The last section of a commission statement represents all of the earned commissions paid on the statement date.
 2. Each line item includes the name of the insured, certificate number, product ID, issue date, mode of premium payment, paid-to-date, first-year or renewal indicator, split, modal premium, and earned amount.
 3. Some earned commissions may be applied to advance, as indicated in the “Applied to Advance” column, or paid out, as indicated in “Amount to Pay” column.
 4. Remaining Secured Advance Balances are found in the “Cert Adv Bal” column.
 5. Payments toward Unsecured Advances or recoveries of Unpaid Commissions expenses will be shown as separate negative line items.
 6. Transactions are further organized to group by the writing agent.
 7. Line items details are subtotaled in the Earned Commission Summary, and a final payment for all of the current period’s transactions is calculated in this section.
 8. See statement examples in the [Appendix](#) below for pictorial depictions of the Earned Commission Statement.

IX. Universal Life Products

**Remember: The main benefit of the Universal Life products is the premium flexibility. Because of this feature, overall commissions depend on the actual premium experience with each certificate.*

- a. Advance commission on Universal Life Cash Value (ULCV) or Universal Life Death Benefit (ULDB) products is calculated on the target premium at the “Commission to Target” rate.
 1. UL Advance Commissions calculation:

Target Premium	*	% of Year Advanced	*	Commission Rate	=	Advance Amount (UL)
----------------	---	--------------------	---	-----------------	---	---------------------
 2. The advance Recovery Period and future commissions depend on the actual premium experience.
- b. Following the full recovery of advance commissions, remaining commissions will be paid as earned as premiums are received up to the target premium at the “Commission to Target” rate during the first 2 years (durations) of a certificate.
- c. Premiums in excess of the target premium within the 1st year of the certificate will be paid at the “Excess” commission rate per the agent’s commission addendum.
- d. Premiums in excess of the target premium in years 2-10 of the certificate will be paid at the “Renewal” commission rate per the agent’s commission addendum.
- e. If the target premium is not satisfied by the end of the second year of the certificate, commissions are forfeited on the difference between the target premium and the actual premium received at the target commission rate. Additional commission will be paid at the renewal rates.
- f. See Appendix for a [flow chart](#) useful for determining the applicable commission rate for Universal Life certificates.

X. Annuity Products

- a. Annualization (advance commission) is not available for annuity products.
- b. All commission for annuity products will be paid as earned on premium actually received.
- c. Reference the Commission Addendum for annuity commission rates and pay-out schedules.
- d. Annuity riders on life insurance products are not annualized. Earned commissions, however, are applied to Secured Advance Balances until recovered before additional commissions paid.

XI. Contact Information

Agent Website https://agent.royalneighbors.org																
Main Phone (800) 627-4762																
<table border="1"><thead><tr><th>Commissions</th></tr></thead><tbody><tr><td>P: Phone Menu Option 1 then 2</td></tr><tr><td>E: Commissions@royalneighbors.org</td></tr><tr><td>F: (877) 443-7068</td></tr></tbody></table>	Commissions	P: Phone Menu Option 1 then 2	E: Commissions@royalneighbors.org	F: (877) 443-7068	<table border="1"><thead><tr><th>Department Extensions</th></tr></thead><tbody><tr><td>Commissions</td><td>4359</td></tr><tr><td>Sales Support</td><td>4355</td></tr><tr><td>Agent Contracting</td><td>4361</td></tr><tr><td>Customer Service Call Center</td><td>4352</td></tr><tr><td>Agent Rapid Response Team (Underwriting/New Business)</td><td>4356</td></tr></tbody></table>	Department Extensions	Commissions	4359	Sales Support	4355	Agent Contracting	4361	Customer Service Call Center	4352	Agent Rapid Response Team (Underwriting/New Business)	4356
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P: Phone Menu Option 1 then 2																
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Customer Service Call Center	4352															
Agent Rapid Response Team (Underwriting/New Business)	4356															
<table border="1"><thead><tr><th>Sales Support Team</th></tr></thead><tbody><tr><td>P: Phone Menu Option 1 then 5</td></tr><tr><td>E: SalesSupport@royalneighbors.org</td></tr></tbody></table>	Sales Support Team	P: Phone Menu Option 1 then 5	E: SalesSupport@royalneighbors.org													
Sales Support Team																
P: Phone Menu Option 1 then 5																
E: SalesSupport@royalneighbors.org																

XII. Frequently Asked Questions

- a. What is my commission rate(s)?
 - See your current Commission Addendum for commission rates on current products, including renewals. If a copy is needed, contact the Commissions Department.
 - Each product has a separate commission rate and structure. Many products have different commission rates depending on the age of the insured or the amount of the certificate purchased.
- b. How do I change direct deposit?
 - See [Section II](#).
- c. Am I paid advance commission, or as earned?
 - Contact your direct upline, IMO, or the Commissions Department to discuss if you are eligible for advance commissions or paid as earned.
 - All agents, regardless of advance status, will be paid as earned on Personally Controlled Business or when premiums are not paid via monthly automatic withdrawal.
- d. How much was I paid?
 - Payments and related details are reflected on the Commission Statements on the agent website at <https://agent.royalneighbors.org>.
 - To access statements, go to Reports → Commission Statements. You can change the month/day/year to display up to (3) years of commission statement history.

- See [Section II](#) above to understand when the Total Payment Amount listed on the commission statement is available in your direct deposit account or mailed via check.
- e. Did certificate for [NAME] get issued? When will commissions pay?
- Reference the “Certificates by Agent” report on the agent website at <https://agent.royalneighbors.org> to see the status for all business written/submitted.
 - If eligible for advance, the advance payment should be available on the commission statement matching the “Certificate Activation Date” from this report.
 - If paid as earned, commissions will generate when premium payments are received.
 - Reference the “Certificate Lookup” tool for more in-depth views of specific certificates including the date premiums are paid or due.
- f. How do I read my commissions statement?
- Commission Statement examples are provided in the [Appendix](#) of this document.
 - You may contact the Commission Department for training on reading statements.
 - Recorded webinars are available from the agent website Training and Education menu.
 - Advance commission detail is available on the commission statement corresponding to the Activation Date of the certificate.
 - Earned commission detail is available on the commission statement(s) corresponding to the date premium payments are received.
- g. What is my charge-back balance?
- Your Personal Immediate Balance is available on the Commissions Dashboard on the home page of the agent website at <https://agent.royalneighbors.org>.
 - The Commission Balance report from the Reports menu tab shows the current Immediate Balance, but no corresponding detail.
 - The most current Commission Statement displays the Immediate Balance on the Commission Summary Page.
- h. How do I find what makes up my Immediate Balance?
- Unpaid Commission amounts represent charge-backs of commission related to premium payment(s) returned or reversed. The detail can be found by following commission statement history.
 - Unpaid Advance amounts represent charge-backs of advance commissions which were previously earned, often due to re-issuing the certificate at a lower face amount or terminating the certificate after a premium is received. The detail can be found by following commission statement history.
 - Unsecured Advance amounts represent charge-backs of unrecovered advance commissions on certificates that have terminated or lapsed. Monitor the status of certificates using the Certificates by Agent report on a regular basis.
 - Use the Grace Period Report, Lapse Report, and Returned Premium Report to monitor certificates that may have had charge-back of commissions or that may be in danger of charging back.
- i. Where is my 1099?
- In accordance with IRS regulations, 1099 forms are mailed to an agents’ most current mailing address on file before January 31.
 - Current IRS guidelines do not require filing of 1099 forms if earned commissions are under \$600. Agents earning under the minimal reporting threshold will not be mailed a form 1099.
 - Earnings included on form 1099 will include only Earned Commissions from all agent numbers associated with the social security number, including any bonuses or sales incentives.

XIII. Appendix

a. Commission Statement Examples

1. Commission Statement Report

The screenshot displays the 'Commission Statements' web application. At the top, there are input fields for 'Agent Number', 'Year' (set to 2016), 'Month' (set to 3), and 'Day' (set to 17). A red box labeled '1. Statement Options' encompasses these fields. To the right is a 'View Report' button, with a red box labeled '2. Refresh Report' around it. Below the input fields is an 'export' button and a dropdown menu labeled 'Select a format'. A red box labeled '3. Export Options' is around this dropdown, which lists: XML file with report data, CSV (comma delimited), PDF, MHTML (web archive), Excel, TIFF file, and Word. The main content area features the Royal Neighbors of America logo and the text 'INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™'. It also shows 'Run Date: 3/17/2016' and 'Period Ending: 3/17/2016'. Under 'Agent Earning Commission', it lists 'JOHN A DOE' with ID 'Z123 I01010' and address '123 MAIN ST, AMERICA CITY, IL 99999'. At the bottom, a 'Payment Summary' section shows 'TOTAL Payment Amount' as '\$0.00'. The page is titled 'Commission Summary Page'.

1. **Statement Options:** Choose the agent number, if agent has access to multiple agent numbers. Choose the month/day/year to display any commission statement generated in the past (3) years.
2. **Refresh Report:** Click “View Report” to refresh report with changes to the Statement Options.
3. **Export Options:** Export the commission statement to a different file format. Must export to print.

2. Commission Summary Page



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Agent Earning Commission

Agent Name Agent # Region Code
Agent Address

Royal Neighbors of America
Commission Statement

Run Date: 10/8/2015
Period Ending: 10/8/2015

1. Statement Date

Commission Summary Page

Payment Summary
TOTAL Payment Amount \$58.98
EFT

2. Net Payment Information

Balance Summary
YTD Earned Summary

1st Year	\$713.98
Renewal	\$0.00
Misc. Adj.	\$0.00
Deferred	\$0.00
Total	\$713.98

3. YTD Earned Summary

Unpaid Commission	\$0.00
Unpaid Advance	\$0.00
Unsecured Advance	\$0.00
Immediate Balance	\$0.00
Deferred (Secured Advance Balance)	(\$525.16)
Aggregate Balance	(\$525.16)

4. Current Debit Balance Detail

1. **Statement Date:** Date statement generated. Period Ending indicates that last day of the prior payment period, depending on the agent's pay frequency (daily, weekly, monthly).
2. **Net Payment Information:** Net payment derived from the detail on same day's commission statement. Will show if payment sent via "EFT" or "CHECK." See [Section II](#) for when funds are available to the agent.
3. **YTD Earned Summary:** Total of commissions earned based on premium actually received during current calendar year. Last statement of calendar year matches 1099, not including other agent numbers, bonuses, or other compensation.
4. **Current Debit Balance Detail:** Summary of current total debit balance. See [Section VI](#) for a description of each category.

3. Advance Commission Statement (Page 2, if advance activity)



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

Royal Neighbors of America
Commission Statement

Run Date: 10/9/2015
Period Ending: 10/9/2015

Agent Earning Commission

Agent Name Agent # Region Code
Agent Address

ADVANCE Commission Statement

Insured's Name	Certificate	Product ID	Issue Date	Effective Date	Mode	Description	Premium	Comm%	Advance Amount
NAME	CERTIFICATE #	ULCV2013	10/28/2015	10/28/2015	MO	1ST YEAR ADVANCE -TAR	\$1,533.00	60.0000 %	\$689.85
Subtotals for Agent							\$1,533.00		\$689.85

1. Certificate Details

2. Advance Details

ADVANCE Commission Summary

Previous Unpaid Advance Amount	\$0.00
Adjust Advance Due Company	\$0.00
Advance Amount	\$689.85
Recovery of Expenses/Comms Due Company	\$0.00
Advance Amount Before Payment	\$689.85
Advance Payment	\$0.00
Unpaid Advance Amount	\$689.85

3. Advance Summary

1. **Certificate Details:** Each advance issued will be listed separately by line item, providing some details on the certificate. Advances issued for downline agents will be listed separately and subtotaled by agent number.
2. **Advance Details:** Provides the calculation (not including the annualization percentage) of the respective advances.
3. **Advance Summary:** Advance Detail amounts are subtotaled by transaction type to provide a summary. Note that the net payment for advances is included in the "Unpaid Advance Amount" field as this will be carried forward to the next page, the "Earned Commission Statement" in order to calculate one payment per statement.

Note: If no advance activity, this page is NOT included in complete Commission Statement for that period's (day/week/month) activity.

4. Advance Commission Statement, with Recovery of Expenses



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Royal Neighbors of America
Commission Statement

Run Date: 10/2/2015
Period Ending: 10/2/2015

Agent Name Agent # Region Code
Agent Address

ADVANCE Commission Statement

Insured's Name	Certificate	Product ID	Issue Date	Effective Date	Mode	Description	Premium	Comm %	Advance Amount
NAME	CERTIFICATE #	SIWL2013	11/01/2015	11/01/2015	MO	1ST YEAR ADVANCE -TAR	\$394.92	120.0000 %	\$355.42
NAME	CERTIFICATE #		07/01/2015	10/02/2015	UN	Adv Appl to Unsec	\$0.00	0.0000 %	(\$176.92)
Subtotals for Agent							\$394.92		\$178.50

ADVANCE Commission Summary

Previous Unpaid Advance Amount	\$0.00
Adjust Advance Due Company	\$0.00
Advance Amount	\$355.42
Recovery of Expenses/Comms Due Company	(\$176.92)
Advance Amount Before Payment	\$178.50
Advance Payment	\$0.00
Unpaid Advance Amount	\$178.50

1. Unsecured Advance Recovery

2. Advance Amount

3. Recovery of Charge-backs

1. **Unsecured Advance Recovery:** Unsecured advance recoveries will remain segregated by the original certificate that caused the Unsecured Advance. The "Advance Amount" will show the negative amount of commissions that were recovered within the current statement.
 - If recovery of expenses shows "999999999999" as the certificate number, indicates either unpaid commission or unpaid advance, and detail is available on prior statements.
2. **Advance Amount:** All positive advances added up and subtotaled.
3. **Recovery of Charge-backs:** All negative charge-back amounts added up and subtotaled.

Note: 100% of commissions will pay toward "Immediate Balance" until zero. If total "Immediate Balance" exceeds Advance Amount, only amount of recovered charge-backs shown. Reference the "Immediate Balance" on Commission Summary Page for current debit balance.

5. Commission Summary Page – No Information

Agent Earning Commission

Agent Name
Agent Address

Agent #

Region Code

Commission Summary Page

Payment Summary
TOTAL Payment Amount

Balance Summary
YTD Earned Summary

1st Year	
Renewal	
Misc. Adj.	
Deferred	
Total	\$0.00

Unpaid Commission	
Unpaid Advance	
Unsecured Advance	
Immediate Balance	\$0.00
Deferred (Secured Advance Balance)	
Aggregate Balance	\$0.00

No payment
Balances not updated

1. The Commission Summary page will not include a payment amount or update the Balance Summary when all three of the following criteria are met:
 - Charge-back balance on account (Reference previous statement for Immediate Balance)
 - Advance Activity only
 - Charge-back is not fully recovered
2. Payment is \$0.00 because charge-back is being recovered.
3. The YTD Earned Summary remains the same as the previous statement because this figure never includes advances.
4. The Immediate Balance can be calculated by determining the Immediate Balance from the previous statement, and deducting the positive transactions from current statement.

6. Earned Commission Statement

Earned Commission Statement														
Insured's Name	Certificate	Prod ID	Issue Date	Mode	Paid To Date	1st Yr Rnwl	Split %	Prem	Comm %	Earned	Applied to Advance	Amt To Pay	Cert Adv Balance	Comment
			02/18/2015	MO	12/18/2015	F	100.0000	\$91.01	1.2000	\$109.21	\$0.01	\$109.20	\$0.00	
			02/18/2015	MO	12/18/2015	F	100.0000	\$74.13	1.0500	\$77.84	\$0.00	\$77.84	\$0.00	
			09/16/2015	MO	12/16/2015	F	100.0000	\$28.04	1.2000	\$33.65	\$33.65	\$0.00	\$201.88	
Subtotals for Agent								\$193.18		\$220.70	\$33.66	\$187.04		
EARNED Commission Summary														
Unpaid Commission Balance as of 11/17/2015					\$0.00									
Adjust Commission Due Company					\$0.00									
Commission Earned					\$220.70									
Commission Reversed					\$0.00									
Manual Adjustments					\$0.00									
Recovery of Commissions Due Company					\$0.00									
Recovery of Expenses					\$0.00									
Applied to Unsecured Advance					\$0.00									
Applied to Deferred (Secured) Advance					(\$33.66)									
Commission Balance Before Payment					\$187.04									
Payment Amount					\$187.04									
Unpaid Commission Amount					\$0.00									

1. Earned Commissions

2. Cert Adv Balance

3. Commission Earned Summary

4. Applied to Deferred (Secured) Advance

5. Commission Balance Before Payment

1. Earned Commissions

2. Cert Adv Balance

3. Commission Earned Summary

4. Applied to Deferred (Secured) Advance

5. Commission Balance Before Payment

- Earned Commissions:** Are either 1) applied to the Secured Advance Balance corresponding to the certificate, 2) credited to the agent if the Secured Advance Balance is recovered in full, 3) credited to the agent if he/she is only eligible to receive earned commissions, or 4) applied toward any charge-back balance or Immediate Balance.
- Cert Adv Balance:** Represents the remaining Secured Advance Balance for each line item certificate.
- Commission Earned Summary:** Represents the total of positive transactions in the "Earned" column.
- Applied to Deferred (Secured) Advance:** Represents the total amount of earned commissions that are applied to Secured Advance Balance(s), and therefore are not paid out because were already pre-paid in original advance for certificate(s).
- Commission Balance Before Payment:** Net of all transactions of current statement. Will be paid out if greater than \$50. If less than \$50, will accumulate in the "Unpaid Commission Amount" until it reaches \$50.

7. Earned Commission Statement, with Advance Payment

Earned Commission Statement														
Insured's Name	Certificate	Prod ID	Issue Date	Mode	Paid To Date	1st Yr Rnwl	Split %	Prem	Comm %	Earned	Applied To Advance	Amt To Pay	Cert Adv Balance	Comment
	999999999999	2013WL121	05/10/2014	MO	11/10/2015	R	100.0000	\$0.00	.0000	\$689.85	\$0.00	\$689.85	\$0.00	
			05/10/2014	MO	11/10/2015	R	100.0000	\$110.06	.0200	\$2.20	\$0.00	\$2.20	\$0.00	
Subtotals for Agent								\$110.06		\$692.05	\$0.00	\$692.05		
EARNED Commission														
Unpaid Commission Balance as of 10/01/2015					\$8.80		2. Unpaid Commission Balance							
Adjust Commission Due Company					\$0.00									
Commission Earned					\$692.05		3. Commission Earned Summary							
Commission Reversed					\$0.00									
Manual Adjustments					\$0.00									
Recovery of Commissions Due Company					\$0.00									
Recovery of Expenses					\$0.00									
Applied to Unsecured Advance					\$0.00									
Applied to Deferred (Secured) Advance					\$0.00									
Commission Balance Before Payment					\$700.85		4. Commission Balance Before Payment							
Payment Amount					\$700.85									
Unpaid Commission Amount					\$0.00									

- 1. Net transaction from advance statement:** "Unpaid Advance Amount" from Advance Commission Statement carried down into Earned Commission Statement in order to combine the two sections and calculate one payment per day.
- 2. Unpaid Commission Balance:** Balance of "Unpaid Commission" from previous statement. In this example, was positive, less than \$50 balance amount to be included in current payment.
- 3. Commission Earned Summary:** Represents the total of positive transactions in the "Earned" column.
- 4. Commission Balance Before Payment:** Net of all transactions of current statement. Will be paid out if greater than \$50. If less than \$50, will accumulate in the "Unpaid Commission Amount" until it reaches \$50.

8. Earned Commission Statement, with Charge-Back

Earned Commission Statement														
Insured's Name	Certificate	Prod ID	Issue Date	Mode	Paid To Date	1st Yr Row	Split %	Prem	Comm %	Earned	Applied to Advance	Amt To Pay	Cert Adv Balance	Comment
	999999999999	SIWL2013	04/24/2016	MO	04/24/2016	F	100.0000	\$0.00	.0000	\$593.62	\$0.00	\$593.62	\$0.00	
			01/03/2016	MO	03/03/2016	F	100.0000	(\$134.51)	.0000	(\$107.61)	\$0.00	(\$107.61)	\$0.00	NSF Stop Payment
Subtotals for Agent								(\$134.51)		\$486.01	\$0.00	\$486.01		
EARNED Commission Summary														
Unpaid Commission Balance as of 03/09/2016										\$0.00				
Adjust Commission Due Company										\$0.00				
Commission Earned										\$593.62				
Commission Reversed										(\$107.61)				
Manual Adjustments										\$0.00				
Recovery of Commissions Due Company										\$0.00				
Recovery of Expenses										\$0.00				
Applied to Unsecured Advance										\$0.00				
Applied to Deferred (Secured) Advance										\$0.00				
Commission Balance Before Payment										\$486.01				
Payment Amount										\$486.01				
Unpaid Commission Amount										\$0.00				

1. Reversal of Premium, including comment

2. Commission Earned Summary

3. Commission Reversed

4. Commission Balance Before Payment

1. Reversal of Premium, including comment

2. Commission Earned Summary

3. Commission Reversed

4. Commission Balance Before Payment

- 1. Reversal of Premium, including comment:** Premium is reversed, resulting in a reversal of commissions. Will either be 1) recovered on current statement if enough positive paid commissions or 2) carried forward as "Unpaid Commission." Includes a comment indicating reason for reversal (i.e. NSF, Stop Payment, Error, etc.).
- 2. Commission Earned Summary:** Represents the total of positive transactions in the "Earned" column.
- 3. Commission Reversed:** Represents the total of reversed commissions from the current statement.
- 4. Commission Balance Before Payment:** Net of all transactions of current statement. Will be paid out if greater than \$50. If less than \$50, will accumulate in the "Unpaid Commission Amount."

b. Agent Website Reports
1. Reports Menu

The screenshot shows the 'Reports' section of an agent website. At the top right, there is a 'Large Print: OFF' toggle. Below it is a search bar with a magnifying glass icon. The main text area contains a paragraph about reports and a note about Adobe Acrobat Reader. A red circle highlights the link 'FAQ's for reports' in the first paragraph, with an arrow pointing to a red box labeled '1. FAQ'. A red oval encircles a vertical column of question mark icons next to various report names. An arrow points from this oval to a red box labeled '2. Help'. The reports are organized into sections: Agent Field Report, Book of Business, Agent Balance, Agent Balance Dataset, Agent Watch Report, Persistency Report, Quality of Business, Commissions, Commission Balance Report, Commission Statements, Leads, Lead Report for Member Profile Update, New Business, Final Action Report, Pending Report, Notifications, Grace Period Report, Lapse Report, Returned Premium Report, PAC, PAC Report, Production, Certificates by Agent, and Paid Business.

Reports

Large Print: ☐ OFF

Take advantage of the reports offered below to manage your business. Refer to [FAQ's for reports](#) for more detailed information on how to use this feature. Click on the help icon (?) beside each report to see glossary and refresh rate.

Note: You must have Adobe Acrobat Reader to view downloaded reports. Click [here](#) to get your free copy.

Agent Field Report

[Agent Field Report](#) ?

Book of Business

[Agent Balance](#) ?

[Agent Balance Dataset](#)

[Agent Watch Report](#)

[Persistency Report](#) ?

[Quality of Business](#) ?

Commissions

[Commission Balance Report](#) ?

[Commission Statements](#) ?

Leads

[Lead Report for Member Profile Update](#) ?

New Business

[Final Action Report](#) ?

[Pending Report](#) ?

Notifications

[Grace Period Report](#) ?

[Lapse Report](#) ?

[Returned Premium Report](#) ?

PAC

[PAC Report](#) ?

Production

[Certificates by Agent](#) ?

[Paid Business](#) ?

1. FAQ

2. Help

1. **FAQ:** Link to frequently asked questions regarding reports available for agents.
2. **Help:** Question mark icons are links that will generate a pop-up box with a brief explanation of the respective report, and may include a glossary of terms for that report.

2. Paid Business Report

Paid Business

Agent Start Date End Date

1 of 1 Select a format Export

Paid Business Report
2/1/2016 - 3/24/2016

Agent Number Region Code - I01040

Certificate Number	Insured/Annuitant Name	Product ID/Coverage ID	Activated Date	Face Amount	Annualized Premium	First Dur. Target Premium	SPA or Excess UL
1.00	CHAMBERS, BEJAY	SIWL2013	02/10/2016	\$10,000.00	\$746.52	\$124.42	\$0.00
Totals for Agent CHAMBERS, BEJAY				\$10,000.00	\$746.52	\$124.42	\$0.00

2. Subtotal by Agent

Agent Number Region Code - I01040

Certificate Number	Insured/Annuitant Name	Product ID/Coverage ID	Activated Date	Face Amount	Annualized Premium	First Dur. Target Premium	SPA or Excess UL
1.00	THE SATVIA GROUP LLC	SIWL2013	02/26/2016	\$15,263.30	\$720.00	\$60.00	\$0.00
Totals for Agent THE SATVIA GROUP LLC				\$15,263.30	\$720.00	\$60.00	\$0.00

3. Activation Date

Summary of Paid Business by Product ID

SIWL2013

Certificates	Annualized Premium	First Dur. Target Premium	SPA or Excess UL
2.00	\$1,466.52	\$184.42	\$0.00

4. Subtotal by Product

* - Split commission case(s)

Page 1 of 1

3/24/2016

- Choose Date Range:** The Paid Business Report will display all certificates that have been activated within the chosen date range.
- Subtotal by Agent:** Certificates written by each agent and activated within the chosen date range will be subtotaled by the agent.
- Activation Date:** Each certificate listed will include the activation date. If the certificate is eligible for an advance, commission detail is available on the commission statement corresponding to the specific activation date.
- Subtotal by Product:** Certificates activated within the chosen date range will be subtotaled by the product.

3. Certificates by Agent

Certificates by Agent							
1 of 1 Select a format Export							
Agt	Name	Cert #	Product ID	Current Contract Status	Current Contract Status Reason	Application Entry Date	Certificate Activation Date
1. Sorting Arrows in Columns				2. Activation Date			

The Certificates by Agent report will list all business that has been written OR submitted by the respective agent number, and includes high-level information including the name of the insured, certificate number, product, and contract status.

1. **Sorting Arrows in Columns:** The report defaults to being sorted by the Name column, alphabetically by first name. The sorting can be changed by clicking on the little up/down arrows in each column to sort the list by that column. If you click one time, it is re-sorted A-Z. If you click a second time, it is re-sorted Z-A.
2. **Activation Date:** Each certificate listed will include the activation date. If the certificate is eligible for an advance, commission detail is available on the commission statement corresponding to the specific activation date.

The differences between the Certificates by Agent Report and the Paid Business Report:

1. The Certificates by Agent report does not require a date range and shows all certificates regardless of status. Paid Business only shows certificates activated within the chosen date range.
2. The Certificates by Agent report only shows business written by the signed-in agent. The Paid Business report will list business activated by the signed-in agent and all downline agents.

4. PAC Report

PAC Report

Agent Number: PAC Run Date:



Agent Notification of PAC Withdrawals February 11, 2016 for

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<u>Payer</u>	<u>Insured</u>	<u>Cert #</u>	<u>Withdrawal Frequency</u>	<u>Withdrawal Amount*</u>	<u>Withdrawal Day</u>
☐ PAC Withdrawal Dates			M	\$62.21	11

Report Execution: 3/24/2016 11:37:09 AM

*When a new certificate is added to an existing PAC account, the withdrawal amount quoted above reflects the total to be processed for the certificates attached to that group.

- 1. Choose Date:** A drop-down menu provides options of dates when premiums were drawn for certificates related to the agent number. Choose an available date to see all premiums drawn for members on that specific date.
- 2. Premium Withdrawal:** Remember that earned commissions are calculated on premiums received. Details of earned commissions will be available on the corresponding commission statement date that matches the withdrawal date.

5. Grace Period Report

Report Key:

- Last Action Date: The date coverage will be terminated.
- First Premium Indicator: First Premium Has Not Been Received.
- Premium Needed: The Amount of Premium Needed

Report Date: 7/20/2016 10:20:32 AM

Certificate Number	Contract Status Reason	Insured	Payor	Payor Address	Payor Phone	Face Amount	Modal Premium	Mode	Premium Needed	Split Percentage	Paid to Date	Last Action Date	First Premium Indicator
Z987 - DOE, JOHN													
LC84 - CARTER, PEGGY	Active	ROMANOV, NATASHA	BANNER, BRUCE	7777 AVENGER RD SAN DIEGO, CA 02880	(555) 301-0378	\$5,000.00	\$204.85	QUARTERLY	\$204.85	50%	5/26/2016	7/25/2016	
BOA3 - WINFREY, OPRAH													
CIZ6 - HEPBURN, AUDREY													
CSP3 - PARKS, ROSA													
DDL8 - CURIE, MARIE													
KL92 - MORRISON, TONI													

The Grace Period Report provides a list of certificates for which premiums are not paid current. Certificates on this report are subject to the grace period the respective product allows, and may be dependent on whether the premium required is the initial premium or not.

If payment is not received before the expiration of the grace period, the certificate will terminate or lapse, and any unearned commissions previously paid will be charged back.

1. **Organized by Writing Agent:** If the agent has access to information regarding multiple agent numbers (i.e. downline agents), information for each agent is provided by clicking the “+” sign to open more detail.
2. **Payor Contact Information:** The report provides easy access to the contact information for the payor on the specific certificate to help the agent in contacting and conserving business in the grace period.

6. Lapse Report

Lapse Report

Agent Number Past Due End Date

1 of 1 Select a format Export

 **Lapse Report** Report Date: 4/27/2016 12:12:50

Period	Certificate Number	Insured	Payor	Payor Address	Payor Phone	Face Amount	Mode	Premium Amount	Due Date	Extended Term Insurance Amount	Extended Term Insurance Expiry Date	Reduced Paid Up Face Amount
Lapse									April 15, 2016			

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The Lapse Report provides a list of current certificates which have left the grace period and are now in a Lapsed status.

Certificates on this report have been charged back, if unearned commissions were paid.

1. **Report Date (Weekly):** This report is updated every Monday for lapse activity during the previous week.
2. **Payor Contact Information:** The report provides easy access to the contact information for the payor on the specific certificate to help the agent in contacting and conserving business in the grace period.

7. Returned Premium Report

Returned Premium Report

Agent Number Returned Premium End Date

1 of 1 Select a format Export

Report Key:

- » Last Action Date: The date coverage will be terminated.
- » First Premium Indicator: First Premium Has Not Been Received.

Report Date: 4/27/2016 12:27:42 PM

Returned Premium Report

Certificate Number	Reversal Reason	Insured	Payor	Payor Address	Payor Phone	Face Amount	Premium Reversed	Split Percentage	Paid to Date	Last Action Date
	NSF Check					\$25,000.00	\$133.11	100 %	4/1/2016	5/31/2016

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Callouts in image:

- 1. Report Date: Points to the 'Returned Premium End Date' field.
- 2. Reversal Reason: Points to the 'Reversal Reason' column header.
- 3. Payor Contact Information: Points to the 'Payor', 'Payor Address', and 'Payor Phone' columns.

The Returned Premium Report provides a list of current certificates for which a premium payment was not honored by the payor's bank. Commission reversed due to a reversal of premium is available on the commission statements corresponding to the date of the reversal.

1. **Report Date:** This report is updated nightly.
2. **Reversal Reason:** Provides a description, based on the bank's return notification, regarding the reason for the return of the premium.
3. **Payor Contact Information:** The report provides easy access to the contact information for the payor on the specific certificate to help the agent in contacting and conserving business.

8. Commission Balance Report



[Excel Friendly Report](#)

Commission Balance Report

Agent name is followed by agent status
(A) = Active
(T) = Terminated

Report Date: 7/20/2016 3:22:05 PM

Agent	Effective Date	Balance
Z987 - DOE, JOHN A - (A)	5/31/2016	(\$507.31)
LC84 - CARTER, PEGGY - (A)	8/16/2010	(\$1,123.44)
BOA3 - WINFREY, OPRAH - (A)	7/5/2016	\$8.58
CIZ6 - HEPBURN, AUDREY - (T)	6/30/2016	\$2.80
CSP3 - PARKS, ROSA - (T)	6/30/2016	\$24.18
DDL8 - CURIE, MARIE - (A)	7/1/2016	\$1.54
KL92 - MORRISON, TONI - (T)	4/30/2010	(\$480.21)
		(\$2,073.86)

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1. **Agent Information:** Lists available agents by agent number, and includes an indicator whether the agent is active (A) or terminated (T).
2. **Effective Date:** Represents that last date the balance was updated.
3. **Balance:** Current Immediate Balance on the respective agent account. Details need to be derived from the Commission Statements and other reports available.
 - If in parentheses (), Immediate Balance is negative and is due back to Royal Neighbors.
 - If balance is positive, it is under the \$50 minimum threshold. Commissions will pay to the agent once \$50 has accumulated.

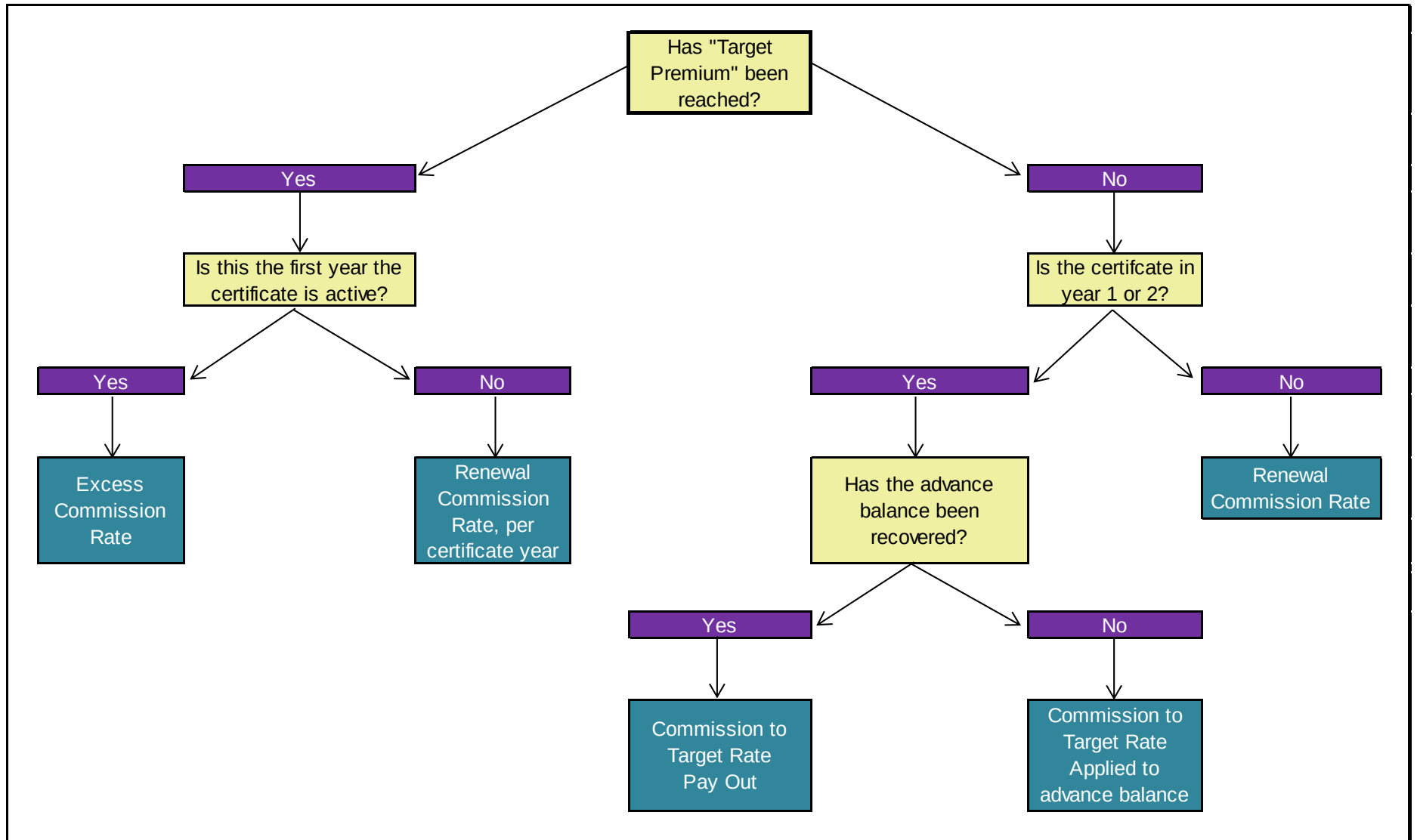
9. Certificate Lookup Tool

The screenshot shows the 'Certificate Lookup' page. At the top is a navigation bar with tabs: Home, Our Products, Servicing Members, Forms and Supplies, Reports, Training and Education, Working With Us, and Tools/Illustrations. Below this is a breadcrumb trail: Home » Servicing Members » Certificate Lookup. On the right, a sidebar contains links for Product Illustrations, Product Comparison Tool, and Certificate Lookup (which is circled in red). A box labeled '1. Menu Option' points to this link. The main content area has the title 'Certificate Lookup' and a description: 'Here you can view in-depth information on all of your issued certificates. Search by either certificate number or insured name. Refer to [Certificate Lookup Help](#) for more detailed information on how to use this feature.' Below this, a box labeled '2. Search Options' points to two search methods: 'Search by Name' and 'Search by Number', both circled in red. The 'Search by Name' section has a text input field labeled 'Name of Insured: (Last Name, First Name)' and a 'SUBMIT' button. The 'Search by Number' section has a text input field labeled 'Certificate Number:' and a 'SUBMIT' button. A search bar with a magnifying glass icon is also visible in the sidebar.

The Certificate Lookup tool provides agents with in-depth information regarding each certificate written. Information includes contact information for the insured, premium information, certificate values, and other useful knowledge.

- 1. Menu Option:** Find the Certificate Lookup tool under “Tools/Illustrations,” → “Certificate Lookup.”
- 2. Search Options:** Search for a certificate by the name of the insured OR the certificate number.

c. Universal Life Product – Commission Flow Chart



* "Commission to Target," "Excess," and "Renewal" commission rates are available from each agent's Commission Addendum.

XIV. Glossary

Activation Date: The date which the Underwriting Department confirms approval and completeness of an insurance certificate and changes the status from pending to active. Also corresponds to the date on which advance commission, if eligible, is generated.

Active: Certificate status. Certificate is currently active, paid to-date or billed to-date, and future premiums are expected to be paid.

Advance: Portion of estimated first-year commission paid before receipt of the premium(s) upon which the commission is based. When Royal Neighbors pays an advance for a newly activated certificate, a Secured Advance Balance is created on the agent account.

Agent Number: Identifying number assigned to each agent, specific to a single contract. Agents may have more than one agent number if 1) previous agent contracts were terminated and new contract(s) are in force, or 2) agent has different commission schedules depending on type of business written (i.e. retail vs. wholesale), managed by the independent marketing organization (IMO).

Aggregate Balance: Total secured and unsecured balance on an agent account. To calculate, add the Immediate Balance and Secured (Deferred) Advance Balance.

Amt To Pay: Column on the Earned Commission Statement. Represents earned commissions paid to the agent, assuming no debit balance on the agent account. If immediate balance is on the agent account, "Amt To Pay" applied to debit balance until paid in full.

Annualization: Process of calculating commissions by paying a specified percentage of first-year commissions up front. See Annualized Financial Agreement.

Annualized Financial Agreement: Form included with the agent "Contract to Represent" which specifies how and when commission will be advanced to agents.

Annuity: Fixed annuities are a financial tool that guarantees you a predictable future balance, providing an income for life or a set number of years when you retire. For details on Royal Neighbors' annuity products, contact the Sales Support team. For commission rates on Royal Neighbors' annuity products, consult your Commission Addendum.

Applied to Advance: Column on the Earned Commission Statement. Represents earned commissions which are applied to reduce the outstanding secured advance balance on a specific certificate. The payment of commission was already included in the original advance.

Band: Commission rates may be banded or grouped by age or amount of the certificate purchased. Each "band" will pay a different commission rate.

Cert Adv Balance: Column on the Earned Commission Statement. It represents the current remaining balance on secured or unsecured advances for specific certificates.

Commission Addendum: Document that specifies the full commission structures and rates for products which are managed by the Royal Neighbors home office.

Commission Level: The commission level corresponds to the commission schedule from which agent commissions are available. The level number is arbitrary and does not reflect the commission rate earned. See also Contract Level.

Contract Level: A unique number that identifies the type of contract held with Royal Neighbors. This numeric identifier does not correspond to a specific commission percentage.

Contract Status / Contract Status Reason: Current status of the life insurance or annuity contract and why it is currently identified with that status.

Contract to Represent: Contractual agreement between agent/agency and Royal Neighbors of America.

Contract to Represent with Authority to Recruit: Contractual agreement between agent/agency and Royal Neighbors of America which contains provisions regarding downline agents.

Debit Balance: Depending on the context, this could either be interpreted as the Aggregate Balance or the Immediate Balance. Most agents use the term “debit balance” to reference the immediate balance due.

Declined: Certificate status reason. Royal Neighbors is unable to approve the application for life insurance. No commission is paid if never active.

Deferred Advance: Outstanding advance balance on active certificates. Represents a debit balance which is not immediately due; it is secured by the active status of certificates based on expected incoming premium payments. See also Secured Advance Balance.

Deferred Annuity: Annuity product that provides annuity payments in the future. Compare to Immediate Annuity.

Direct Deposit: Payments are sent directly to the agent’s bank account via Electronic Funds Transfer (EFT). EFT payments are available to the receiving agent 2-3 business days following the date of a commission statement.

Earned Commission: Commission paid or credited to the agent based on premium payments actually received at Royal Neighbors.

Effective Date (Commission Balance Report): The date of the last change in the agent’s commission balance, as reported on the Commission Balance Report.

Electronic Funds Transfer (EFT): The method of sending agent commission payments via direct deposit. EFT payments are available to the receiving agent 2-3 business days following the date of a commission statement.

Error Correct: Comment may be found on Earned Commission Statement for transactions which were conducted for the purpose of correcting an error.

Excess Premium: Premium remitted to Royal Neighbors above the target premium.

Final Expense: A type of life insurance product to protect against out-of-pocket costs associated with death, such as funeral and burial expenses. The Royal Neighbors Simplified Issue Whole Life product is a type of final expense insurance product.

First Premium Indicator: Flag on agent reports to indicate whether the respective premium is an initial premium, and therefore required to complete the insurance contract.

First-Year Commission: Commission paid during the first year of an active certificate. Higher commission rates than renewal commission rates. May be paid in advance or as earned as premium is received. Consult the Commission Addendum for first-year commission rates on Royal Neighbors products.

Fully-Underwritten: Life insurance products which undergo a complete underwriting process. Compare to simplified issue.

Grace Period: Allowance of time following a missed or returned payment for a member to reimburse the premium to Royal Neighbors. The grace period allowed depends on product specifications and whether the respective premium is the initial premium.

Immediate Annuity: Annuity product that provides annuity payments immediately. Compare to Deferred Annuity.

Immediate Balance: Total unsecured debit balance owed back to Royal Neighbors. To calculate, add the Unpaid Commission, Unpaid Advance, and Unsecured Advance fields.

Incomplete: Certificate status reason. Certificate may be terminated if application or underwriting requirements are incomplete for a specified period of time. No commission is paid if never active.

Issue Date: Date a certificate is issued by the Underwriting department.

Lapsed: Certificate terminated due to non-payment of premium that extends beyond the terms of the grace period, as specified by the product’s grace period allowed.

Last Action Date: Final date that any premium due must be received at Royal Neighbors to prevent termination of the life insurance coverage or to reinstate any suspended or lapsed certificates.

Matured: Contract status reason. Maturity is specified in the insurance contract. Maturity happens when a certificate has reached the designed growth of the cash value, a specified length of time, or a specific age of the insured. Any earned commission paying would be discontinued as premiums discontinue.

Modal Premium: The premium payment made by the member adjusted for her/his pay frequency. For example, if a member pays a \$1,000 annual premium in monthly installments, the “modal premium” is $(\$1,000/12 \text{ months}) \$83.33$ per month. If a member pays a \$1,000 annual premium in semi-annual installments, the “modal premium” is $(\$1,000/2) \$500$ per payment.

Mode: Frequency of premium payments on a certificate. Can be monthly, quarterly, semi-annually, annually, or single premium.

Not Taken (NT): Certificate is activated and presented to the owner for acceptance. The owner of the certificate, however, chooses to decline during the free-look period. Any premiums received are refunded to the payor and the agent is charged back for any commissions paid or credited. The free-look period depends on product specifications.

NSF Acct Clsd: Premium paid was returned by payor’s bank because the account is now closed. A replacement payment must be received within the grace period to keep the certificate active, and banking information should be updated with Royal Neighbors to continue automatic withdrawals.

NSF Check Returned: Premium paid was returned by payor’s bank for insufficient funds. A replacement payment must be received within the grace period to keep the certificate active.

NSF Stop Payment: Premium paid was returned by payor’s bank because a stop payment was issued. A replacement payment must be received within the grace period to keep the certificate active.

Override Commission: Commission paid to agents for business written by downline agents to subsidize the recruitment and training costs necessary. It is calculated at the commission rate per the Commission Addendum, less any commission paid to downline agents.

PAC (Pre-authorized check): Payors authorize Royal Neighbors to auto-debit a bank account at specified dates for premium payments.

Paid To Date: Date through which premiums are paid, and therefore through which the certificate is in force, not including a grace period.

Pending: Certificate status. Certificate has not been issued or activated by underwriting. Access underwriting requirements using the agent mobile app or check with the Underwriting department for details.

Period Ending: Date on a commission statement that corresponds to the last date of commission activity included on the statement. Each statement includes all activity processed following the previous statement’s “Period Ending” to the current statement’s “Period Ending.”

Personally Controlled Business (PCB): Life insurance certificates written on an immediate family member (mother, father, siblings, children, step-family members, adopted family members), yourself, or another Royal Neighbors agent. PCB business is not eligible for advance commissions.

Plan Premium: Premium on a universal life certificate that a member plans to remit, vs. the target premium. Plan premium may be more or less than the target premium, but advance commission is always based on target. Earned commission is always based on premium received.

Premium: Payment for insurance certificate. All commission calculated from premiums.

Recovery Period: Refers to the advance period, the time when incoming premium payments and the calculated commissions are applied to the outstanding Secured Advance Balance of a specific certificate. Corresponds to advance percentage, percent of year advanced, or number of months advanced, assuming all premiums are received as expected.

Reinstatement: Certificate status reason. Certificate was previously terminated, but re-activated with the original contract terms. Not eligible for advance commissions; commission will be paid as earned from the reinstatement date.

Re-Issue: Certificate may be re-issued to process any change in the agreement of a certificate. Commission on reissues of certificates previously advanced will not cause recalculation of the advance.

Renewal Commissions: Commissions paid out during subsequent years of an active certificate to incentivize persistent business. Always paid as earned based on premium received. Consult your Commission Addendum for renewal commission rates on Royal Neighbors products.

Reporting Level: The reporting level is a three character acronym for the commission level that the agent holds.

Reversal Reason: Status codes for reversal of premiums indicate why a premium was reversed. Ex: NSF, NSF Acct Clsd, Error Correct.

Rider: An amendment to an insurance certificate that becomes part of the insurance contract, and either expands or limits the benefits payable under the contract.

Run Date: Date a commission statement is generated. The commission statement is available on the agent website the business day following the Run Date.

Secured Advance Balance: During the Advance Recovery Period, this is the outstanding advance balance on active certificates. Represents a debit balance which is not immediately due; it is secured by the active status of certificates based on expected incoming premium payments. See also Deferred Advance.

Service Fee: A small commission that, if offered, provides additional commissions to the servicing agent in advanced years of an active certificate (years 11+). Servicing fees are not vested if the agent contract is terminated.

Simplified Issue: Name of a Royal Neighbors final expense life insurance product, but indicates a simpler, faster underwriting experience. Generally does not require a medical exam. Compare to “fully underwritten” life insurance.

Split: Commissions are shared between two or more agents and indicated as such on insurance or annuity applications. Commissions are calculated on a percentage of the premium payment, and must total 100% to all agents in aggregate.

Street Level Commissions: Average commission level an insurance company offers to independently contracted agents. Royal Neighbors does not have “street level” commissions since all agents are contracted through an IMO.

Surrender: Certificates terminated by the owner of a certificate in exchange for a return of the cash value of the certificate. The key difference between surrendered and lapsed is surrender was an intentional and voluntary action. Any unearned commission previously paid will be charged-back to the agent following the process of a surrender.

Suspended: Certificate status. Certificate was previously activated but now suspended. May indicate a returned premium and that the certificate is currently in within the grace period, or may be suspended due to some other pending change.

Target Premium: Amount of annual premium for a Universal Life certificate on which advance commission is based, and is within the minimum and maximum premium allowed for the Universal Life product.

Term Conversion: Term life certificates are converted into a whole life or universal life certificate. Consult your Commission Addendum for eligibility for commission on conversion, depending on the duration of the specific certificate.

Terminated: Certificate status. Certificate has been terminated or cancelled either due to a request by the owner of the certificate or non-payment. No additional premiums expected to be received and therefore no further commissions paid. Any commissions paid, but not earned are subsequently charged back.

Universal Life: Universal life insurance adds flexibility to the benefits of permanent life insurance. With Royal Neighbors SecureLife universal life products, members can tailor premium payments to their specific circumstances, build cash value and death benefit, and enjoy the security that permanent life insurance brings.

Unpaid Advance (negative): Represent the charge-back of commissions which were previously earned, but following the original activation, the certificate is re-issued at a lower premium amount or the certificate is not taken following the payment of a premium. The earned commissions previously credited are no longer earned, and become an unpaid advance due back to Royal Neighbors.

Unpaid Advance (positive): Advance commissions accumulating on the agent account until \$50 minimum threshold is reached for cash payment.

Unpaid Commission (negative): Commissions reversed due to the return or reversal of premium payments. Generally due to non-sufficient funds payments.

Unpaid Commission (positive): Earned commissions accumulating on the account until \$50 minimum threshold is reached for cash payout.

Unsecured Advance: Outstanding advance balance on inactive, terminated, or lapsed certificates. Represents a portion of the immediate debit balance. It is unsecured because premium payments are no longer expected on the terminated/lapsed certificates and must be paid back to Royal Neighbors or recovered from future commissions.

Vesting: Vested commissions are owned by the writing agent, even after termination of the Agent Contract. Such commissions will continue to be remitted to the agent as long as conditions specified in Agent Contract are met.

Withdrawn: Applications submitted for consideration, but withdrawn prior to a final underwriting decision. No commission is paid if never active.