

# HEALTH NET A Better Decision

## SBG BROKER BONUS PROGRAMS – 2009



### FOR EMPLOYER GROUPS 2-50

**EFFECTIVE JANUARY 1, 2009 THROUGH DECEMBER 31, 2009**

Health Net of the Northeast, Inc. is proud to announce our **2009 Broker Bonus Programs** for our talented and professional network of appointed brokers working to sell our small group products. We are pleased to offer these bonus programs in recognition of your continued support of Health Net. These programs are designed to increase commission payments for new business production and existing business retention.



### NEW BONUS PLAN - Here's how it works!

Brokers may earn a bonus of up to 3.5% of annualized premiums based on the schedule and terms below. Broker must have a **minimum of five new groups and 25 new enrolled employees** (subscribers) to be eligible for the new business bonus plan.

New Employee (Subscribers)	% of Premium Bonus
25 - 99	1.00%
100 - 174	2.50%
175+	3.50%

**EXAMPLE:**

- If Broker A has five new groups, 25 new employees (subscribers) and annualized premiums of \$250,000, then total bonus = \$2,500 or \$100 per subscriber!
- If Broker B has 10 new groups, 100 new employees (subscribers) and annualized premiums of \$720,000, then total bonus = \$18,000 or \$180 per subscriber!

### RETENTION BUSINESS BONUS - Here's how it works!

Brokers may earn a bonus of up to 1.25% of annualized premiums based on the schedule and terms listed. Broker must have a **minimum of five groups and 150 enrolled employees (subscribers) to be eligible for the retention bonus.** Retention Bonus is measured by the number of employees (subscribers) in groups that are in force on December 31, 2008 compared to the number of employees (subscribers) in those same groups on December 31, 2009.

Retention Level	% of Premium Bonus
87% - 94.9%	.70%
95% - 100%	1.25%

**EXAMPLE:**

- If Broker A has a \$1,000,000 renewal premium block with 87% retention, then total bonus = \$7,000!
- If Broker B has a \$2,000,000 renewal premium block with 95% retention, then total bonus = \$25,000!



## IMPORTANT INFORMATION AND TERMS:

- Bonus payments for these programs are in addition to the standard commission schedule and will be made in the second quarter of 2010 according to qualification.
- Maximum payment to any one brokerage house is \$400,000.
- Only groups on which commissions are paid are eligible under the program.
- Only groups with 2-50 eligible employees (subscribers) on proprietary groups count toward bonus qualification.
- New York Article 44 HMO business does not qualify for this bonus program.
- New employees (subscribers) counted toward qualification for the new business bonus are determined as of the effective date of the group.
- A group that terminates and comes back in less than a year does not qualify for new business bonus during this period.
- A group must be in force on 12/31/09 (retroactive terminations are not eligible) to count towards meeting the eligibility requirements.
- A new broker of record letter on in-force Health Net business does not count toward bonus.
- New business production excludes block transfers.
- Broker is responsible to disclose to their clients eligibility for this bonus program and amounts paid under bonus program as appropriate to meet legal and regulatory requirements.
- Tax reporting will be issued for the bonus compensation received.
- This bonus program is contingent upon regulatory filing and approval.
- Health Net reserves the right and sole discretion to change this bonus program at any time and without prior notice.
- Health Net shall have sole discretion to determine any disputes regarding application of the Bonus Program.

**IF YOU HAVE ANY QUESTIONS REGARDING THE 2009 BROKER BONUS PROGRAM, PLEASE CONTACT YOUR HEALTH NET ACCOUNT EXECUTIVE.**



**Health Net®**  
A Better Decision

Health Net of the Northeast, Inc.  
One Far Mill Crossing, Shelton, CT 06484  
[www.healthnet.com](http://www.healthnet.com)

NE54428 (10/08) 6018172

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