

Non-Medical Insurance

2010 Bonus Program

The Non-Medical Bonus Program rewards you for placing and maintaining your group non-medical insurance business with Principal Life Insurance Company.

Eligible coverages

A non-medical coverage is eligible for the bonus program if:

- Issued to an employer/employee group
- Includes at least five lives as of 12/31/10
- You receive at least 50% of the commissions as of 12/31/10
- A bill has been generated to the policyholder
- It does not have a termination date during 2010
- You are the broker of record as of 12/31/10

You earn one coverage credit for each new voluntary or non-voluntary dental, short-term disability (STD), long-term disability (LTD), employer-sponsored individual disability insurance, life or vision coverage sold.

Coverage credit is not given if an active coverage is changed from non-voluntary to voluntary or voluntary to non-voluntary. If a case includes both voluntary and non-voluntary coverages, you receive coverage credit for only the non-voluntary coverages, except for voluntary term life, which receives separate coverage count.

Premium credit

The premium for a voluntary and non-voluntary line of coverage (i.e. non-voluntary STD and voluntary STD) is added together to determine annualized first-year premium, except for voluntary term life, which is considered separate from group term life. The premium for employer-sponsored individual disability insurance is not included in the bonus calculation.

Premium is credited at 100% for all lines except vision and voluntary vision, which are credited at 50%. Premium for accidental death and dismemberment, dependent life, and supplemental life when sold with life coverage is included in annualized first-year premium but receives no coverage credit. Net of commission cases also receive coverage credit for the bonus programs, and premium is included in the bonus calculation.

Additional information

All bonus payments are paid in March of the following year. Non-Medical Administrative Services Only (ASO) business is included in the Group Medical Performance Bonus. Bonus factors for career agents of Principal Life Insurance Company are 50% of the amounts shown for all bonuses.

For general compensation questions or information on how to calculate the bonus, call Principal Life at 800-388-4793.

Coverage Production Bonus

You can qualify for a production bonus based on new coverages or premium production. If you qualify for both, your bonus is based on the bonus formula that results in the higher compensation.

A minimum of \$50,000 in new premium and a minimum new coverage count of eight are required to qualify for the non-medical coverage bonus.

COVERAGE BONUS FORMULA		
Bonus Factor x Annualized First-Year Premium = Production Bonus		
Number of New Coverages	Bonus Factor*	
	First \$50,000	Over \$50,000
8 – 13	1.5%	1.5%
14 – 18	2.5%	1.5%
19 – 23	3.5%	2.0%
24 and up	5.0%	3.0%

* The bonus factor is applied to a maximum of \$500,000 of annualized first-year premium per coverage, per case.

Premium Production Bonus

A minimum of three new coverages is required to qualify for the non-medical premium production bonus.

PREMIUM BONUS FORMULA	
Bonus Factor x Annualized First-Year Premium = Production Bonus	
Premium	Bonus Factor*
\$500,000 – \$749,999	1.0%
\$750,000 – \$999,999	1.5%
\$1,000,000 and up	2.0%

* The bonus factor is applied to a maximum of \$500,000 of annualized first-year premium per coverage, per case.

Persistency Bonus

- Minimum of \$50,000 in new premium; and
- Minimum of eight active non-medical coverages in-force as of January 1, 2010; and
- Retain at least 85% of those coverages in-force through January 1, 2011; and
- Write a minimum of four new non-medical coverages during the current calendar year; and
- Have \$100,000 in-force non-medical premium as of January 1, 2011.

PERSISTENCY BONUS FORMULA	
Bonus Factor x Renewal Premium* = Persistency Bonus	
Bonus Factor**	Persistency Percentage
3.0%	98% – 100%
2.0%	94% – 97.9%
1.5%	90% – 93.9%
0.65%	85% – 89.9%

* Renewal premiums are based on the average monthly billed premium multiplied by the number of renewal months in the bonus year.

** The bonus factor is applied to a maximum of \$500,000 of annualized renewal premium per coverage, per case.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

Final determination of the bonus amount and/or payment rests solely with Principal Life. The bonus formula may change or terminate at any time without prior notice. Please remember to abide by the company's policy on disclosure of compensation. You can obtain more information, as well as a sample disclosure form, at www.principal.com.

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