

PRODUCER INCENTIVE PROGRAMS

HMO Bonus Rewards

- **New Business**
- **Existing Business**



JANUARY 1, 2000 – DECEMBER 31, 2000



CIGNA HealthCare
A Business of Caring.



Built to Succeed

CIGNA HealthCare's Producer Incentive Programs focus on rewarding producers who grow their book of business through qualifying sales of our HMO and CIGNA HealthCare Access (CHA) products. CIGNA's HMO products and your sales expertise are a combination built to succeed in today's competitive market.

CIGNA HealthCare is committed to working with you to develop new business while enhancing existing business. We know that both require skill, dedication and effort and we believe that your hard work should be rewarded. Our incentive programs are an important part of our partnership approach to this business of caring. All commissioned producers are eligible to participate.

Two Ways to Win

CIGNA's Producer Incentive Programs offer two ways to win rewards:

- 1) **New Business** **Up to \$50,000 Bonus**
- 2) **Existing Business** **Up to \$80,000 Bonus**

Both programs enable producers to increase their compensation through qualifying HMO sales. CIGNA HealthCare believes that results should be rewarded. Our Producer Incentive Programs begin on January 1, 2000 and conclude on December 31, 2000. Winning producers will receive their bonuses during the first quarter of the following year.

HMO Bonus Rewards

Eligible Participants:

All commissioned producers are eligible for the HMO Bonus Programs subject to the terms and conditions set forth below. Each local market office will be considered separately; national and regional brokers' offices will not be aggregated. General agents are not considered eligible producers and therefore sales initiated through general agents will not be considered Qualifying Sales.

Term of Programs:

The term of the Programs is from January 1, 2000 to December 31, 2000.

Eligible Products for Compensation:

The only products that are eligible for compensation under the Programs are Medical HMO and CHA products. The Programs will comply with all applicable state laws regarding limits on producer compensation. The rates and calculations will be reduced, to zero if necessary, to comply with such laws.

Schedule A Disclosure (Form 5500):

Compensation under the Programs is subject to disclosure as a separate line item on Form 5500 and will state:

"The Producer was provided these monies for sales on an aggregate basis and this amount was not charged to this account."

PROGRAM 1: HMO New Business Bonus

Qualifying Sales:

A Qualifying Sale under the Program must meet the following requirements:

- (a) A sale of CIGNA HealthCare commercial products: CIGNA Health Access (CHA) or HMO.
- (b) Sale must result in the enrollment of 25 individuals (members) or more. Enrollment will be determined by the number of members enrolled on the date that producer compensation under the Program is calculated.
- (c) The effective date of the policy or group service agreement must be during the period of the program (January 1, 2000 – December 31, 2000).
- (d) The sale must not be a sale to an existing customer or a division of an existing customer.
- (e) It must be a commissioned sale (non-commissioned fee arrangements are excluded).

Connecticut General may defer to its Field Sales Compensation Manual for additional guidance regarding whether a sale is a Qualifying Sale.

Compensation:

Subject to the terms and conditions of the Program set forth below, eligible producers will be paid \$10¹ per new member for Qualifying Sales. Total bonus rates across multiple programs not to exceed \$25¹/member.

¹Rate will be adjusted to comply with New York's 4% limit on commission for HMO and in-network CHA.

Limits, Minimums and Maximums

- (a) The maximum compensation to be paid under the Program during the Term is **\$50,000**.
- (b) For compensation under the program, a producer must make a minimum of **three** Qualifying Sales during the Term AND a minimum of **500** members in the aggregate must be enrolled as a result of the producer's Qualifying Sales during the Term.
- (c) There is a **2,500** member limit in determining compensation for each Qualifying Sale.

Payment:

Payment will be made in the quarter following the commission payment for a Qualifying Sale.

PROGRAM 2: HMO Existing Business Bonus

Qualifying Existing Business:

The following requirements must be met to qualify for compensation:

- (a) A producer must be eligible and receive compensation for Qualifying Sales under the HMO New Business Program for the Term.
- (b) The producer must have as of the beginning of the Term and maintain throughout the Term at least **5 HMO** cases (excluding any new business sold during the Term).
- (c) The producer's book revenue (for cases with greater than 25 members) must be at least **\$3 million** as of the beginning of the Term.
- (d) It must include HMO commissioned cases only (no fee-based).
- (e) The existing business must result in the enrollment of no less than 25 members per case.

Compensation:

Subject to the terms and conditions of the Program set forth below, eligible producers will be paid the following rates as applied to their renewing book (producer's book revenue as reported in CIGNA's billing & financial processes).

| MEMBERSHIP GROWTH & PERSISTENCY ¹ | BONUS FACTOR APPLIED TO BOOK REVENUE ² |
|--|---|
| 90% – 99% | 0.50% |
| 100% – 115% | 0.75% |
| 116%+ | 1.0% |

¹ Growth & Persistency measures existing case persistency and member enrollment increases on existing business.

² Rate will be adjusted to comply with New York's 4% limit on commission for HMO and in-network CHA.

Limits, Minimums and Maximums

- (a) The maximum compensation to be paid under the Program during the Term shall be **\$80,000**.
- (b) A producer with less than 90% membership persistency will not be paid under the Program.
- (c) The Program will comply with all applicable state laws regarding limits on producer compensation. The rates stated above will be reduced, to zero if necessary, to comply with such laws.

Payment:

Payment will be made approximately 3 months following the end of the calendar year.

Producer Incentive Programs

Working Together...

Rewarding Results...

Recognizing Achievement.



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