

FINANCIAL ADVISER COMMISSION

April 2022

For policies that commence prior to 1 January 2018, commission will continue to be paid on the previous basis when an application is accepted and the first premium is paid. This commission is built into the premium rates. The commission varies depending on:

- the commission type you choose (upfront, level)
- the number of years to maximum entry age
- whether you choose dial-down commission. (If you choose dial-down commission, the premium payable by the policy owner will be reduced).

Commission on the same basis will also be paid on increases and new covers under these policies even where these changes occur on or after 1 January 2018. Please refer to the current Adviser Guide available at onepath.com.au/onecareforms for pre 1 January 2018 commission rates.

Changing your commission structure

Once the application is accepted, under no circumstances can you change the commission structure. This includes all dial-down options and Fee for Service.

Standard commission rates

Standard commission rates apply when the life insured's cover commences at least five years before maximum entry age. Upfront (H4ybrid) rates 66%/22% and Level (L2evel) rates 30%/30% (including GST).

Standard commission is paid on the following components of the premium:

- base stepped or level premium (depending on what premium type is selected by the policy owner)
- options
- underwriting loading and \$ per mille loadings
- other loadings, e.g. occupation, smoker status

Where a policy includes a multi-cover, multiple life, size, staff and platform discount, the commission is payable on the premium **after** the discount is applied, i.e. the lower amount.

Commission is not paid on components of premium that represent stamp duty paid at general insurance rates or frequency loadings.

Fee for Service is available as an alternative to receiving commissions, replacing commission paid by OnePath Life with a fee payable directly by the client.

A commission type or Fee for Service default will be set for each adviser (as determined by their dealer group) with an option to change at a policy level.

Year one commission (i.e. new business commission) is payable on:

- the first year premium
- underwritten increases in the first year
- Increasing Income, Increasing Expenses, Future Insurability and Business Guarantee Option increases
- additional benefits.

It is not payable on:

- indexation
- frequency loading
- stamp duty paid at general insurance rates
- Life Cover Buy Back, Life Cover Purchase Option, Trauma Cover Reinstatement Option or Conversion Options if exercised.#

New business commission is payable on completion (i.e. after the application has been accepted and the policy is issued). You will receive this as an upfront payment.

Year two onward commission (i.e. renewal commission) is payable as a percentage of the premium (as defined above), excluding any premium on which year one commission has been paid in the same year.

This is payable on receipt of premium.

Please note, year two onward commission is payable in the first year.

Premium pause

If premium pause is applied for, commission will also cease until cover recommences.

High entry age commission rates

If the life insured applies for the cover with less than five years to maximum entry age, the year one commission is reduced.

High entry age commission rates will be applied to individual covers under the OneCare policy where the life insured applies with less than five years to the maximum entry age for the selected cover, except where level commissions apply.

Renewal commission rates for year two onward will be the same as standard commission rates for renewal, as set out above.

High entry age commission rates by type for year one (including GST)

No. of years to maximum entry age for cover*	Upfront	Level
4	63.13%	30%
3	60.26%	30%
2	54.52%	30%
1	45.91%	30%
0	37.30%	30%

* To determine whether reduced commission rates apply, use the maximum entry age for the cover selected for stepped premiums, regardless of whether the premium type selected is level or stepped.

Responsibility period for level commission

The responsibility period for level commission is 1 year. If a policy lapses or is cancelled, we may clawback commission depending on the premium paid. Where cover is reduced, or the premium type changed from level to stepped, the clawback applies to the premium difference.

The amount of clawback will be a percentage of the commission credited for that cover, or portion of that cover, as outlined in the table below.

Month*	Clawback	Month*	Clawback
0	100.0%	7	41.7%
1	91.7%	8	33.3%
2	83.3%	9	25.0%
3	75.0%	10	16.7%
4	66.7%	11	8.3%
5	58.3%	12	0.0%
6	50.0%		

* Month refers to the complete calendar month(s) since the effective date of the cover where a premium has been received, therefore creating the year one commission credit.

Responsibility period for upfront commission

The responsibility period for upfront commission on OneCare policies commencing on or after 1 January 2018 is 2 years. Clawbacks will be applied to upfront commission paid if the policy:

- is cancelled;
- lapses; or
- has a premium reduction;

within 2 years of the policy issue, or policy change, we paid upfront commission on.

If these occur in the first 12 months from the policy issue, or policy change, we paid upfront commission on, there will be 100% clawback of the commission (or portion of that commission attributed to the premium reduction).

If these occur in the subsequent 12 months, there will be 60% clawback of the commission (or portion of that commission attributed to the premium reduction).

There are some limited exceptions provided by legislation to these clawbacks such as policy cancellation on payment of a claim.

Clawback obligations may be deducted from future commission payments or requested separately at our option. You agree to pay these requested amounts within 14 days of our request.

Please note, clawback applies to the servicing adviser of the policy at the time of the clawback, even if they did not originally submit the cover or have acquired the commission entitlement as a result of, for example, a transfer of servicing rights. Where there is no current servicing adviser for the policy, we will clawback year one commission from the previous servicing adviser for the policy.

Dial-down commission and premium discount

Dial-down commission may be used for New Business only.

Once the application is accepted, under no circumstances can you change the dial-down options.

You can dial down the commission payable with the two standard commission types. There are two dial-down options which allow you to tailor your commission and premium to suit your client. These are:

Dial-down option	Commission reduced	Premium discount
A	All years	All years
B	Year one	All years

How to exercise the dial-down option using Illustrator

- Select the commission type – upfront (H4ybrid) or level (L2level).
- Select the dial-down option – either A or B.
- Select the dial-down rate (as a percentage). This must be a whole number between 1% and 100%.

Illustrator will show you the resulting discounted premium. See page 3 for some examples.

Under all options, the dial-down percentage cannot be added or altered after the cover start date.

In the case of commission splits, the dial-down factor applies to both splits.

Option A

If you choose option A, the dial-down and premium discount apply each year the cover is in force.

The following table provides examples of dial-down commission for option A.

Discount applying to all years' premiums

Dial-down % applying to all years' commissions	Upfront	Level
20%	5.14%	5.45%
40%	10.29%	10.91%
60%	15.43%	16.36%
80%	20.57%	21.82%
100%	25.71%	27.27%

Option B

The dial-down only applies to year one commission while year two onward commission is preserved. However, the premium will be discounted each year while the cover is in force.

The following table provides examples of dial-down commission for option B.

Discount applying to all years' premiums

Dial-down % applying to year one commission only	Upfront	Level
20%	1.71%	0.78%
40%	3.43%	1.56%
60%	5.14%	2.34%
80%	6.86%	3.12%
100%	8.57%	3.90%

Commission opt out/opt in

You have the option of reducing your clients' premiums by the amount of renewal commission you were due to receive in that year by opting out of receiving future commission on the policy.

This will trigger a premium discount on the policy depending on original commission type chosen:

Upfront: 17%

Level: 25%

You are able to opt back into receiving renewal commission. This will increase your client's premium and therefore requires your clients' consent.

Commission opt-out is not available on policies that already have a commission dial down and can only be exercised after the first anniversary of the policy.

Fee for Service and premium discount

The following table shows the commission reduction and premium discount applicable on policies with Fee for Service. The Fee for Service model removes all commission and provides a premium discount for all years.

	Commission reduced	Premium discount
Fee for Service	All years – 100%	All years – 27.27%

Note that once a policy is accepted with Fee for Service, under no circumstances can the policy (or any replacement policy) be changed to a Commission model, and vice versa. If a reduction in commission is required in the first year only, or at a reduced level for future years, then dial-down commission may be used.

How to exercise the Fee for Service option using Illustrator

Illustrator offers two options for remuneration which include commission and Fee for Service. If Fee for Service is selected, commission options are removed and no commission will be paid.

Policy Summary

Remuneration

Commission ▼

Commission

Fee for Service

Cancel and Replace

Where we consider that you have cancelled and then replaced any policy, we will not pay new business commission on the new policy and any trail commission on the new policy will be limited to the rate of trail commission paid on the cancelled policy immediately prior to cancellation.

Adviser Administration



Call
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