

**COMPENSATION
ADMINISTRATIVE RULES
(BROKERAGE)**

Revised 06/01/2021

**MUTUAL OF OMAHA INSURANCE COMPANY
OMAHA INSURANCE COMPANY
OMAHA SUPPLEMENTAL INSURANCE COMPANY
UNITED OF OMAHA LIFE INSURANCE COMPANY
UNITED WORLD LIFE INSURANCE COMPANY**

Table of Contents

1.0 COMPENSATION ADMINISTRATIVE RULES.....	3
2.0 DOCUMENT DEFINITIONS.....	3
3.0 UNITED OF OMAHA.....	4
3.1 Life Conversions.....	4
3.2 Life Replacements.....	4
3.3 Legacy Single Premium Life Conversions/Replacements.....	5
3.4 Life Conversion/Replacement Combinations.....	5
3.5 Life Additions/Decreases and Death Benefit Options.....	5
3.6 Annuity Conversions, Replacements, Rollovers and 1035 Exchanges.....	5
3.7 Additional Annuity and Life Information.....	6
4.0 MUTUAL OF OMAHA.....	7
4.1 Health Conversions.....	7
4.2 Health Replacements.....	7
4.3 Health Coverage Changes.....	7
5.0 UNITED WORLD.....	7
6.0 OMAHA INSURANCE COMPANY.....	8
7.0 OMAHA SUPPLEMENTAL INSURANCE COMPANY	8
8.0 OTHER COMPENSATION ADMIN RULES (ALL COMPANIES)	7
8.1 Agent of Record (Producer) Change	7
8.2 Reinstatements	8
8.3 Medicare Part B Deductible Offset Information.....	9
8.4 Policy Fee Information.....	10
9.0 EXAMPLES OF TERM LIFE TO UNIVERSAL LIFE	10
9.1 Term Life within its level term period (with or without conversion privileges) to Universal Life.....	10
9.2 Term Life within its level term period (with or without conversion privileges) to Universal Life	12
9.3 Term Life (outside of level term period) to Universal Life:	13

1.0 COMPENSATION ADMINISTRATIVE RULES

Compensation administrative rules listed herein are supplementary to Compensation/Product schedules and are meant to be used only as a general guide. Rules may be amended or modified by Mutual of Omaha or any of its Affiliates at any time.

2.0 DOCUMENT DEFINITIONS

Throughout this document, the definitions set forth below shall apply to both the singular and plural versions of the defined term.

Additions – means an increase in coverage or face amount.

Affiliates – means any company that Mutual of Omaha controls, is controlled by or is under common control with Mutual of Omaha, including any subsidiary of Mutual of Omaha.

Companion – means Companion Life Insurance Company of New York.

Conversion – means changing policies from one product type to another as provided by the provisions of the policy being converted. (e.g., Term Life Policy to a Permanent Life Policy).

Mutual of Omaha – means Mutual of Omaha Insurance Company.

Omaha Insurance – means Omaha Insurance Company.

Omaha Supplemental – means Omaha Supplemental Insurance Company

Permanent Life Policy – means a Universal Life Policy or Whole Life Policy, based on cash value.

Replacement – means changing policies within the same product type (e.g., Term-to-Term or Permanent-to-Permanent).

Term Life Policy – means a policy with life coverage at a fixed premium amount for a specified period.

United of Omaha – means United of Omaha Life Insurance Company.

United World – means United World Life Insurance Company.

Universal Life Policy – means a type of permanent life insurance that is guaranteed for the life of the insured provided enough premium is paid to offset the cost of the insurance. This product allows for flexible premium payments as long as there is enough to cover the monthly charges.

Whole Life Policy – means a type of permanent life insurance that is guaranteed for the life of the insured provided fixed premium amounts are paid as required. The policy typically accumulates cash value the longer it remains in force.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

3.0 UNITED OF OMAHA – LIFE and ANNUITY PRODUCTS

The following rules summarize the United of Omaha administrative rules for conversions, replacements and additions/decreases that are not outlined in Compensation/Product Schedules. All conversion and replacement rules are based on internal policies or contracts. Unless otherwise stated in the Compensation/Product Schedules, all external policies or contracts will be treated as new business.

3.1 Life Conversions

Term Life to Permanent Life (with and without policy conversion privileges)

For a term policy being converted, at any time during its level term period, new business compensation rates will be applied to the increase in the annualized modal commissionable premium only (up to the target premium for Universal Life).

For a term policy being converted after its level term period, renewal compensation rates will be applied to the commissionable modal premium.

See examples in section 8 beginning on page 10

Permanent Life to Term Life

Permanent Life to Term Life conversions should not be pursued; however, if necessary to issue, renewal compensation rates only will apply. New business compensation is only allowed on an increase in premium (annualized modal premium amount).

3.2 Life Replacements

Term Life to Term Life

Term Life to Term Life replacements should not be pursued; however, if necessary to issue, renewal compensation rates only will apply. New business compensation is only eligible on an increase in premium (annualized modal premium amount). However, if the original Term policy is a specified Term policy (10, 15, 20, 30) and the application for the new Term policy is written during the last year of the term (i.e. Year 9 of a 10-year term) then New Business will apply.

Whole Life to Universal Life

New business compensation will be calculated on the new Universal Life premium, less the old Whole Life premium (annualized modal premium amount) and less any cash values released. The old Whole Life adjusted premium will receive renewal rates. Any cash values rolled over will receive **no** compensation.

Universal Life to Universal Life

Universal Life to Universal Life replacements should be discouraged. The policyowner has paid first-year loads and expenses and it may be in his or her best interest to keep the old policy due to surrender charges. If the replacement of a Universal Life Policy cannot be avoided, no compensation will be calculated on cash values rolled over. New business compensation (up to target) will be calculated on the new Universal Life premium, less the old Universal Life premium (annualized modal premium) and less any cash values released. The old Universal Life adjusted premium (up to the lesser of new planned or target) will receive renewal rates.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

3.3 Legacy Single Premium Life (SPL) Conversion/Replacement

Legacy Single Premium Life policy to any Life policy

No compensation will be payable on any cash values from the Legacy Single Premium Life product applied towards any new Life policy.

3.4 Life Conversion/Replacement Combinations

When multiple policies are being converted or replaced, the method for calculating compensation is a combination of the methods already described.

3.5 Life Additions/Decreases and Death Benefit Options

Term Life and Whole Life – Face Amount Increases and Decreases

The amount of a decrease will be reflected in premium paid. The compensation rate will be based on the current duration (policy year) of the policy. Increases are not applicable, but a new policy, for the additional face amount, may be applied for.

Universal Life - Specified Face Amount Increases

Increases in face amount, with or without increased premium, will calculate new business compensation on any premiums applied, until the policy's next anniversary date, that exceed the highest prior target up to the new target. Any premium over the new target will be calculated at the excess commission rate.

Universal Life - Specified Face Amount Decreases

Compensation may be adjusted accordingly for decreases made within the first two policy years.

Universal Life - Rider Information

Premiums for certain riders, such as the Additional Insured Rider for Spouse or a Child Rider, are included with the base policy in the target premium. Rider premiums such as the Additional Insured Rider – Self do not increase the target premium; therefore, these premiums will be considered as excess premiums and use the excess compensation rate.

3.6 Annuity Conversions, Replacements, Rollovers and 1035 Exchanges

Annuity to Annuity

Any previous cash values or deposits rolled over will receive new business compensation.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

ANNUITY INTERNAL REPLACEMENT RULES	
1 Yr Guarantee Flexible Premium Deferred Annuity ("FPDA") Products Effective for Internal Replacements processed 01/01/2020 and after	
Remaining Surrender Charges	Compensation
YES	NONE
NO	FULL
Multi-Year Guaranteed Annuity ("MYGA") Products Ultra Secure Plus 5 & 7 and Ultra Premier 5 & 7	
Remaining Surrender Charges	Compensation
YES	NONE
NO	Same as Re-up Commission Rate shown on applicable Compensation/Product Schedule

Life to Annuity

If cash values from a life product are transferred to an annuity, no compensation will be calculated on the cash values or deposits rolled over.

Annuity to Life

- No compensation on cash values of annuity products less than 5 years old,
- One-half compensation on cash values of annuity products less than 10 years old but must be at least 5 years old.
- Full compensation on cash values of annuity products 10 or more years old.

3.7 Additional Annuity and Life Information

Conversions, Replacements, and Transfers between Affiliates

Conversions, replacements, and transfers between Affiliates (Example: Companion and United of Omaha) will be treated the same as internal business and the administrative rules will be applied.

Policy Loans, Surrenders or Withdrawals

When the cash values of either an existing life insurance policy or annuity contract are taken as a policy loan, surrender or withdrawal, and these values are used as a source for premium payment on a new or existing life insurance policy or annuity contract, no commission will be calculated on the amount applied.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

The new policy or contract will be deemed as paid by cash values if:

- (a) the new policy is applied for within thirteen months of the loan, surrender or withdrawal; or,
- (b) the policy loan has not been or is not currently being paid off on a regularly scheduled basis.

NOTE: The following sections, 4 through 6, **do not** include rules for Medicare Supplement, Medicare Select, Mutual Income Solutions, or Long-Term Care products. (See the applicable product's Compensation/Product schedules for details.)

4.0 MUTUAL OF OMAHA

The following rules summarize the Mutual of Omaha administrative rules for conversions, replacements and coverage changes that are not outlined in Compensation/Product schedules. All conversion and replacement rules are based on internal policies or contracts, unless otherwise stated; all external policies or contracts will be treated as new business.

4.1 Health Conversions

Health conversions (example: Critical Illness to Disability Income) do not generally have any conversion privileges. The new policy will be issued as new business and receive new business compensation.

4.2 Health Replacements

Health replacements (example: Disability Income to Disability Income) will be based upon the policy duration of the former policy and compensation rates will be based accordingly. If two or more former policies are being replaced then the oldest policy will be used for duration placement.

4.3 Health Coverage Changes

Coverage Change with an Increase or Decrease in Premium

When there is a coverage/benefit change that results in an increase or decrease in the amount of premium paid, any associated increase in premium will be calculated at the compensation rate based on the current duration (policy year) of the policy. If the premium decreases due to a coverage/benefit change, the amount of the "commissionable paid premium" is also reduced.

Premium Rate-Up or Rate-Down without a Coverage Change

A premium rate-up, not related to a coverage change, does **not** result in increased compensation. Compensation will be calculated using the prior "commissionable" premium amount which does not include the increased premium amount. If there is a premium rate-down, commission will be calculated on the prior "commissionable premium" less the reduced modal premium amount. In either situation, the compensation rate will continue to be based on the current duration (policy year) of the policy.

5.0 UNITED WORLD

For United World administrative rules see Compensation/Product schedules for details.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

6.0 OMAHA INSURANCE

For Omaha Insurance administrative rules see Compensation/Product schedules for details.

7.0 OMAHA SUPPLEMENTAL

For Omaha Supplemental administrative rules see Compensation/Product schedules for details.

8.0 OTHER COMPENSATION ADMIN RULES (ALL COMPANIES)

8.1 Agent of Record (Producer) Change

- When an Agent of Record change request is received from an insured, we will not change a vested writing agent (i.e. Master General Agency or General Agent). When a writing agent's compensation is fully vested, we cannot remove him/her without his/her consent. For Agent of Record change requests received on Life business from an insured, we will only change the *servicing agent** not the Agent of Record.
- Requests from the writing agent (i.e. Master General Agency or General Agent) or compensation owner** to change the Agent of Record on a policy will only be considered when the up-line hierarchy is the same as the original writing agent's up-line at the time of the application. Requests that meet this requirement must be completed and signed by the writing agent (i.e. Master General Agency or General Agent) or compensation owner**.
- The new Agent of Record must have an active contract and appointment at the time the Agent of Record request is processed.
- We will not allow Agent of Record changes when it is apparent the agent is trying to circumvent the E&O insurance requirement.
- If the writing agent is on a Special Agent (License only Agent) contract, then the Agent of Record can be changed if the new Agent of Record has the same compensation owner**.

*Servicing Agent – The servicing agent assigned to a policy receives policy information only, no compensation. Compensation is for the compensation owner only.

**Compensation Owner – For business written by a producer on a Special Agent contract, the compensation owner is the General Agent or Master General Agency based on the terms and conditions of the applicable Compensation/Product Schedule.

8.2 Reinstatements

Once reinstated then compensation will be calculated based on the following:

- The compensation rate will be based on the reinstatement duration (policy year) of the policy.
- A gap of coverage could apply to the reinstatement duration (policy year) of the policy; if applicable no compensation will be paid for the skipped premiums.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

8.3 Medicare Part B Deductible Offset Information

Note: This information does **not** keep track of when states are available for sale under Affiliates.

Note: This information applies only to Plans C, F, and any state special plans/riders.

MEDICARE SUPPLEMENT PART B ANNUAL DEDUCTIBLE AMOUNTS APPLIES ONLY TO PLANS C and F	
State	ANNUAL AMOUNT
MUTUAL of OMAHA	
All States	\$200
OMAHA INSURANCE COMPANY	
All States	\$200
OMAHA SUPPLEMENTAL INSURANCE COMPANY	
All States	\$200
UNITED of OMAHA	
WA	\$0
FL	\$170
All States except (FL, WA)	\$200
UNITED WORLD	
IN	\$0
All States (except IN)	\$200

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

8.4 Policy Fee Information

Note: This information does not list all policy fees, only for products where fees are not eligible for commission.

United of Omaha: (Term Life Answers)

<u>Date Range</u>	<u>STATE:</u>	<u>POLICY FEE \$:</u>	<u>COMMENT:</u>
Pre 12/01/2009	All	\$60	Deducted for all Face Amounts
12/01/2009 - 07/31/2010	All	\$65	Policy fee deducted for \$500,000+ Face Amounts only
08/01/2010 - 03/31/2011	All	\$62.50	Policy fee deducted for \$500,000+ Face Amounts only
04/01/2011 – Current	All	\$62.50	Policy fee deducted for \$250,000+ Face Amounts only

Mutual of Omaha: (Critical Illness)

<u>Date Range</u>	<u>STATE:</u>	<u>POLICY FEE \$:</u>	<u>COMMENT:</u>
Current	All	\$50	If 2 people apply together then \$25 each

Mutual of Omaha: (Disability Income)

<u>Date Range</u>	<u>STATE:</u>	<u>POLICY FEE \$:</u>	<u>COMMENT:</u>
Current	All	\$50	Only Policy Form D81 and D81M have a policy fee deduction

9.0 EXAMPLES OF TERM LIFE TO UNIVERSAL LIFE CONVERSION

Example 9.1 and 9.2, Term Life with or without conversion privileges

9.1 Example of Term Life within its level term period to Universal Life (Term policy within 1st year):

A \$50,000 term policy is being converted to a \$50,000 Universal Life Policy. Total 1st year premium paid on the term policy prior to conversion = \$300.00.

The term policy is still in 1st year at the time of the conversion:

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

A) When new planned annual premium is \$800 and target premium is \$1,000.

Planned Premium	\$800.00
	— <u>\$300.00</u> (Premium from converted term policy)
	\$500.00 (New business premium up to planned)
	x <u>.50</u> (Example new business rate)
Maximum Planned 1 st year Compensation	\$250.00
Premium from Converted Term Policy	\$300.00
	x <u>.02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$6.00
Total Compensation	\$256.00

B) When new planned annual and target premiums are \$1,000.

Planned to Target Premium	\$700.00
	x <u>.50</u> (Example new business rate)
Maximum Target 1 st year Compensation	\$350.00
Premium from Converted Term Policy	\$300.00
	x <u>.02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$6.00
Total Compensation	\$356.00

C) When new planned annual premium is \$1,200 and target premium is \$1,000.

Planned to Target Premium	\$700.00
	x <u>.50</u> (Example new business rate)
Maximum Target 1 st year Compensation	\$350.00
Premium from Converted Term Policy	\$300.00
	x <u>.02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$6.00
Premium in Excess of Target	\$200.00 (Example if paid beyond target = \$1,200 - 1,000)
	x <u>.02</u> (Example excess rate)
Excess Premium Compensation	\$4.00
Total Compensation	\$360.00

9.2 Example of Term Life within its level term period to Universal Life (Term policy out of 1st year):

A \$50,000 term policy is being converted to a \$50,000 Universal Life Policy. Total 1st year premium paid on the term policy prior to conversion = \$600.00.

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

The term policy is out of 1st year at the time of the conversion:

A) When new planned annual premium is \$800 and target premium is \$1,000.

Planned Premium	\$800.00
	— <u>\$600.00</u> (Premium from converted term policy)
	\$200.00 (New business premium up to planned)
	<u>X .50</u> (Example new business rate)
Maximum Planned 1 st year Compensation	\$100.00
Premium from Converted Term Policy	\$600.00
	<u>X .02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$12.00
Total Compensation	\$112.00

B) When new planned annual and target premiums are \$1,000.

Planned to Target Premium	\$400.00
	<u>X .50</u> (Example new business rate)
Maximum Target 1 st year Compensation	\$200.00
Premium from Converted Term Policy	\$600.00
	<u>X .02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$12.00
Total Compensation	\$212.00

C) When new planned annual premium is \$1,200 and target premium is \$1,000.

Planned to Target Premium	\$400.00
	<u>X .50</u> (Example new business rate)
Maximum Target 1 st year Compensation	\$200.00
Premium from Converted Term Policy	\$600.00
	<u>X .02</u> (Example renewal rate)
Maximum Planned 1 st year Compensation	\$12.00
Premium in Excess of Target	\$200.00 (Example if paid beyond target = \$1,200 - \$1,000)
	<u>X .02</u> (Example excess rate)
Excess Premium Compensation	\$4.00
Total Compensation	\$216.00

9.3 Example of Term Life outside of level term period to Universal Life:

A \$50,000 term policy is being converted to a \$50,000 Universal Life Policy.

All commission is calculated at the renewal rate

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.

A) When new planned annual premium is \$800 and target premium is \$1,000.

Target Premium	\$800.00
	<u>X .02</u> (Renewal rate)
Maximum Compensation	\$16.00
Total Compensation	\$16.00

B) When new planned annual and target premiums are \$1,000

Target Premium	\$1,000.00
	<u>X .02</u> (Renewal rate)
Maximum Target 1 st year Compensation	\$20.00

C) When new planned annual premium is \$1,200 and target premium is \$1,000.

Target Premium	\$1,000.00
	<u>X .02</u> (Renewal rate)
Maximum Target 1 st year Compensation	\$20.00
Premium in Excess of Target	\$200.00 (Example if paid beyond planned = \$1,200 - \$1,000)
	<u>X .02</u> (Example excess rate)
Excess Premium Compensation	\$4.00
Total Compensation	\$24.00

NOTE: See Compensation/Product schedules for detailed commission rates, rules, exclusions, and state special rates.