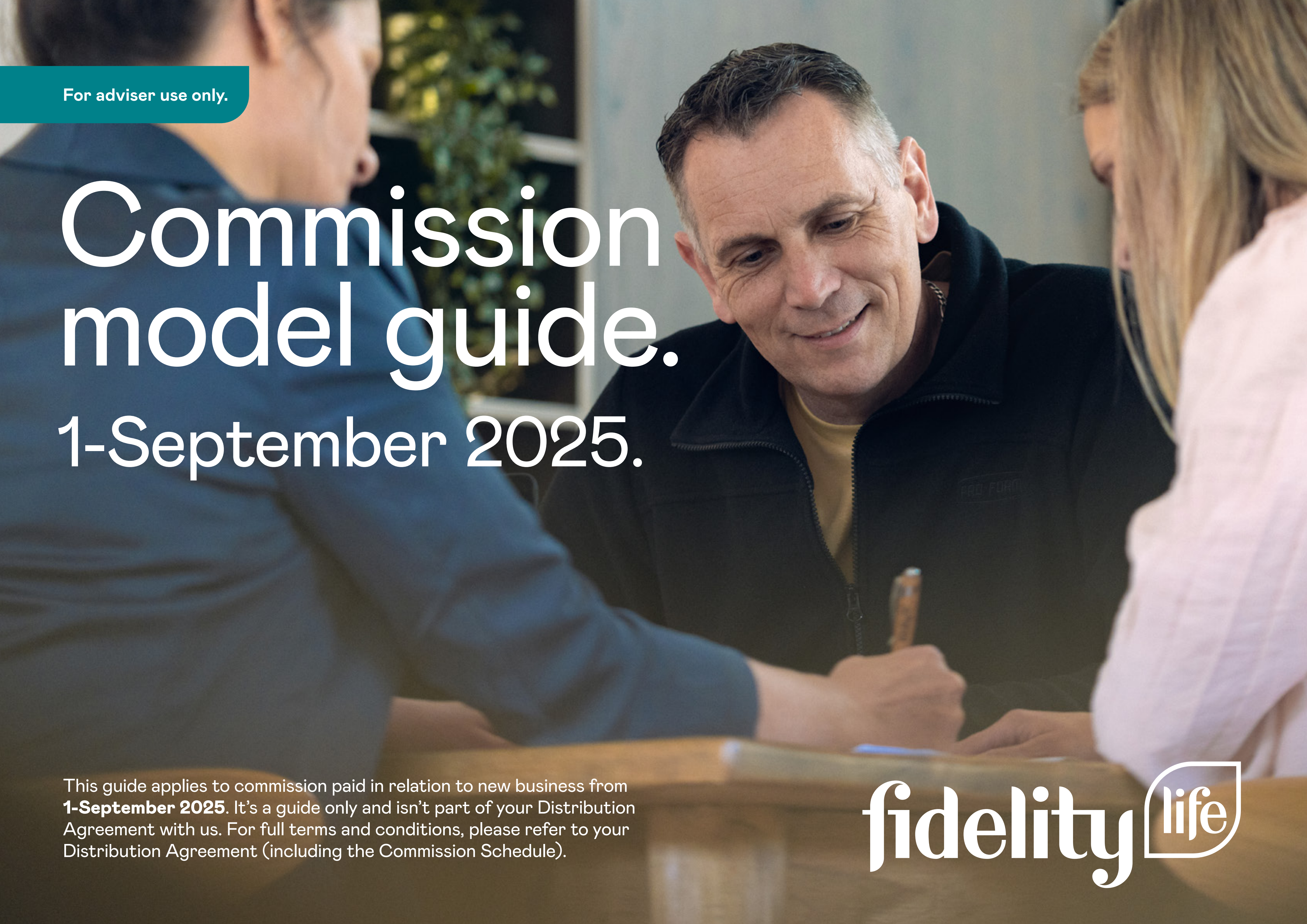

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Commission model guide.

1-September 2025.

This guide applies to commission paid in relation to new business from **1-September 2025**. It's a guide only and isn't part of your Distribution Agreement with us. For full terms and conditions, please refer to your Distribution Agreement (including the Commission Schedule).

Contents.

Overview.

We've put together this guide to help you understand how our commission model works.

Effective from 1-September 2025, our **initial commission rate** is 230% and our **servicing commission** will be 7.5%*. These changes are set out in the Commission Schedule in your Distribution Agreement with us.

There's a glossary at the end of the guide to help you understand some of the common terms and your **Business manager** or **Key account manager** is also available to help if needed. Words in **bold** are defined in the glossary.

Let's start with the basics.

* Note, some legacy system policies may retain existing rates due to technical constraints.

Commission payment structure.

Our overall commission payment structure is made up of 5 components:

1. Initial commission.

Commission is paid once a **policy** goes in force. It can also be paid on the increase in **commissionable premium** value (i.e. total annualised premium less policy fees, GST and non-commissionable loadings) – such as if a new **cover** is added to a **policy** or if the sum insured is increased, or an alteration that results in an increase to a policy becomes effective including contractual increases (special event increases) – excluding CPI increases.

If you want to give a discount to your customer, you can dial down your **initial commission by contacting your Business manager**. However, you're still entitled to **servicing commission**, from month 13.

= **Initial commission rate** x **commission dial down %** x **commissionable premium**

The table below shows examples of the impact on a customer's premium discount when you reduce your Initial commission rate by reducing your commission dial down %. You can choose any percentage between 100% to 0%. Discount applies for the lifetime of the policy.

Premium discount	Commission dial down %
0%	100%
10%	66.6%
20%	33.3%
30%	0%

For example, you have 230% **initial commission rate** and you choose to take 33% **commission dial down** % to give your customer a 20% **premium discount**. Assuming **age-rated** spread isn't selected, and the premium period is over 10-years.

Commission = 230% x 33% x commissionable premium

2. Servicing commission.

Servicing commission is commission paid on an ongoing basis from month 13 from a **policy** going in force in line with your Distribution Agreement.

3. Spread commission.

Spread commission and **initial commission rates** are fixed for the life of the **cover**. For clarity, any alterations that start a new **cover** will apply the current **initial commission rate** and **spread commission**. When anything less than 100% **upfront initial commission** is taken, the difference goes into spread risk. However, a minimum of 50% **upfront initial commission** must be taken.

For example, an **initial commission rate** of 230%, you choose 80% **upfront initial commission**, spreading the remaining 20%. The basic calculation goes like this:

$$= \frac{\text{Initial commission rate} \times \text{spread percentage}}{\text{6 years}}$$

= (230% x 20%) / 6 years
= 7.66% **spread commission**

As above, payment frequency will be considered for spread as well.

4. Ongoing commission.

Ongoing commission is the total of **servicing commission** and **spread commission** that you'll earn from month 13 of a **policy**.

5. Age-rated vs level.

The maximum **initial commission rate** differs depending on the structure of the **cover** (**age-rated** or **level**) as per table below.

Premium	Max % of initial commission
Mortgage Protector/Platinum Plus **Age-rated**	100%
Platinum Plus Level	80%

Term of the cover.

Fidelity Life pays full commission on a minimum 10-year premium period (10-years at 10% = 100%). If the premium period of the **cover** is less than 10-years, it'll impact the **initial commission** calculation. There's 2 ways the premium period of a **cover** can be affected, resulting in reduced commission payable.

1. Time restrictions.

A **cover** with a **level** premium can have a **level** premium period anywhere from 5-years until the insured person reaches the maximum age as set out by the **cover**. The commission payable reduces by 10% for each year if the **level** premium period is less than 10-years.

For example, a **cover** with **level** premium and a **level** premium period of 5-years will pay 50% of 80%, which is multiplied by the **initial commission rate**.

= 230% **Initial commission rate** x 50% commission payable on a 5-year **level** premium period x 80%

= 92% total commission payable

2. Age of expiry.

Some **cover**s have age expiries. If the **cover** has less than 10-years remaining at the time of application, the **initial commission rate** payable reduces by 10% for each year less than 10 that the insured person has until the **age of expiry** at the time of application.

For example, most income protection **covers** expire at age 65 so if the insured person's 57 years and 6-months at the time of application, the **cover** will be issued at an 8-year **term**, or 80% commission payable. Again, assuming you have a 230% **initial commission rate**.

= 230% **Initial commission rate** x 80% commission payable based on an 8-year **term**

= 184% total commission payable

Note – although Life **cover** (including Survivor's income and Terminal illness booster) doesn't expire, unless it's a **level**, we pay full commission up to age 65 and then the **initial commission rate** reduces by 10% for each year less than 10 the insured person has until age 75 at the time of application.

Loadings.

An amount added to the **base commissionable premium**.

Percentage loading.

A percentage loading is applied on the total premium payable, determined by underwriting. Commission is payable on this loading.

Per mille loading.

A **per mille loading** is a dollar amount charged per $1,000 of sum insured as determined by underwriting. You can choose whether to take commission on the **per mille loading**. The commission payable on the **per mille loading** reduces by 10% for each year if the **per mille loading** period is less than 10-years. If you choose to take commission on a **per mille loading** your customer's premium will increase.

Here's an example of how it's calculated.

A life **policy** of $100,000 and a $2 **per mille loading** would yield $330 as the additional **per mille loading premium**. This amount would then be added to the **base commissionable premium** of the customer.

= **initial commission rate** x **per mille loading premium** x **per mille loading period**

= 230% x $330 **per mille loading premium** x 3/10 **per mille loading period**

= $227.6 per mille commission (plus **initial commission**)

Note - some products don't have commission on **per mille loading**.

Writebacks.

We operate a 24-month responsibility period for **initial commission. Writeback** terms are applicable to policies that are cancelled from inception or if a customer wishes to reduce or discontinue their **cover** within the 24-month responsibility period.

A **writeback** is an offset against future commission that would be paid to the account to which the commission was paid. We won't **writeback** commission if your customer's smoker status changes from smoker to non-smoker.

If you take 50% **upfront initial commission**, which is also 50% spread, the responsibility period is reduced from 24-months to 12-months.

Premiums paid	% of **upfront initial commision** taken in first year	
	50%	51-100%
0-4 months	100.0%	100%
5-months	87.5%	95%
6-months	75.0%	90%
7-months	62.5%	85%
8-months	50.0%	80%
9-months	37.5%	75%
10-months	25.0%	70%
11-months	12.5%	65%
12-months	0	60%
13-months	0	55%
14-months	0	50%
15-months	0	45%
16-months	0	40%
17-months	0	35%
18-months	0	30%
19-months	0	25%
20-months	0	20%
21-months	0	15%
22-months	0	10%
23-months	0	5%
24-months	0	Nil

Ongoing writebacks.

Ongoing **writebacks** are applicable to policies where the customer has paid their premium in advance and later cancels or reduces during the **term** of the **cover** to which the payment relates. In this instance we refund the premium that we're not entitled to and **writeback** the portion of **ongoing commission** in relation to the premium refunded. This includes **servicing commission** and **spread commission**.

Debt and interest charges.

Interest will be charged on debt balances based on the number of days from the last commission run. If the balance remains unpaid, interest will also be calculated on the previous interest charge/s.

Own life business.

We don't pay commission on business written on your own life, the life of a spouse or partner, your children, or your parents. Business written on the lives of your siblings will receive 50% **upfront initial commission**, with the balance being put into spread.

Legacy products.

This guide outlines commission applicable to products available for new business only (a current product list is published and updated at www.advisers.fidelitylife.co.nz). Information on commission for legacy products or products closed to new business is available on request.

Glossary.

Age of expiry: the age at which the cover expires.

Age-rated: covers issued with a premium type of age-rated increase in premium year on year.

Base commissionable premium: commissionable premium before any commissionable loadings are added.

Business manager/Key account manager (BM/KAM): Your main Fidelity Life contact.

Commission dial down %: the ability to reduce initial commission to give the customer a premium discount.

Commissionable premium: total annualised premium, less policy fee, GST and non-commissionable loadings.

Cover: benefits and features relating to the different types of insurances Fidelity Life provides e.g. Life cover, Trauma multi cover, Key person cover.

Initial commission: the commission paid as described in Section 1, 'initial commission' paragraph 1.

Initial commission rate: which is used to determine the initial commission payments.

Level: covers issued with a premium type of level have a level premium period ranging from 5 to 100-years.

Ongoing commission: a collective term that refers to the total of servicing commission and spread commission.

Per mille loading: the dollar amount charged per $1000 of sum insured as determined by underwriting.

Per mille loading premium: additional premium charged to the customer from per mille loading.

Policy fee: a standard fee the customer pays for policy administration.

Policy: a contract between the insurer and policy holder.

Premium discount: a discount you give to a customer by reducing your initial commission.

Servicing commission: commission paid from month 13 until the policy is no longer in force.

Spread commission: deferred initial commission that's paid on an ongoing basis from month 13 until the policy's no longer in force.

Term: the amount of time a product or cover is to remain in-force.

Upfront initial commission: the initial commission that you choose to take upfront.

Writebacks: commission debt created because of policies that're cancelled from inception, reduced or discontinued within the responsibility period.