

# Commissions.



# Introducing Fidelity Life's new commission scorecard.

Effective July 2021.

Effective from July 2021, the new commission scorecard will determine the level of upfront initial commission you receive.

We'll combine renewal and service commissions into one rate of 10% which we'll be referring to as 'servicing commission'. Your ability to increase your ongoing commission remains an option under our revised spread model.

We'll share more detail closer to the time, including how this relates to spread models, but wanted to give you a heads-up now so you can see how these changes fit in the broader context of what we've got planned for 2021.

## Why we're changing.

We're transforming Fidelity Life to deliver sustainable growth and continue to deliver on our promise to customers over the long term. The commission scorecard is just one aspect of our broader transformation.

We know commissions can get complicated, so we've designed ours to be as simple and transparent as possible.

We've created several resources to help you familiarise yourself with the new scorecard and understand how you can maximise your initial commission rate.

## How it works at a glance.

We appreciate you'll want the opportunity to talk through how these changes will apply to you specifically, however in the meantime, here's a high-level overview of how it works.

The scorecard is calculated at Financial Advice Provider (FAP)\* level and assigns each FAP with an initial commission rate based on three key metrics. The weighting assigned to each is shown in brackets:

1. Persistency rate (60%),
2. Conversion rate (10%), and
3. In force policy count (30%).

\*If your FAP's total in force annual premium income (API) is greater than \$4m we'll calculate the commission rate at Authorised Body level, where applicable.

Here's an example:

**Step 1** – calculate your FAP's persistency rate, conversion rate and in force policy count. Your Business Manager or Business Account Manager will be able to talk you through the rate that will apply to you but for the purpose of this example let's say your metrics are: 91% persistency, 70% conversion and 50 in force policy count.

**Step 2** – determine what scorecard band applies for each metric.

Metric	Scorecard band				
	0	1	2	3	4
Persistency rate (91%)	Under 85%	85%	88%	90%	91% and over
Conversion rate (70%)	Under 50%	50%	60%	70%	80% and over
In force policy count (50)	Under 50	50	150	300	500 and over

The figures shown in bands 1-3 represent the min threshold for the band. So for example - with Persistency, band 3 shows 90%, which means band 3 applies for scores from 90% up to the start of band 4.

**Step 3** – multiply the corresponding scorecard band by the relevant weighting for each metric to get the weighted score, then add them to get your overall score.

Metric	Scorecard band	Weighting	Weighted score
Persistency rate (91%)	4	60%	2.4
Conversion rate (70%)	3	10%	0.3
In force policy count (50)	1	30%	0.3
Overall score			3.0

**Step 4** – your overall score determines your initial commission rate.

Overall score	Commission rate
0 – 0.99	150%
1 – 1.99	180%
2 – 2.99	210%
3 – 4.00	240%

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\*Fidelity Life has an A- (Excellent) financial strength rating from A.M. Best. The rating scale that this forms part of is available for inspection at our offices. For more information please visit [fidelitylife.co.nz/about-fidelity-life/our-financial-strength](http://fidelitylife.co.nz/about-fidelity-life/our-financial-strength).

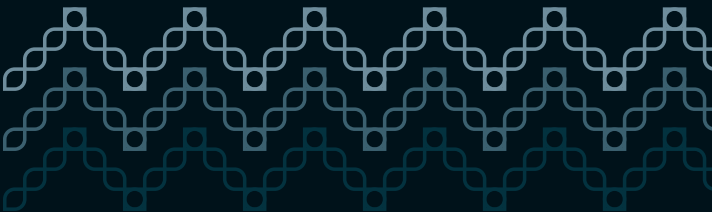


## Commission on submission.

To deliver a new commission model that recognises the effort put in by advisers when onboarding customers, we're excited to introduce a new feature, commission on submission, which is unique in market. Stand by for more detail in the coming months.

We'll give you plenty of time to familiarise yourself with the new scorecard and how it determines your initial commission.

If you've got any questions, please contact your Business Manager or Business Account Manager.



This flyer is intended as a summary and guide only for the upcoming changes to your commission. Your Agency Agreement, including the commission supplement, sets out all the applicable terms and conditions and is the exclusive source for the commission we pay you (as updated from time to time).