



BlueCross BlueShield of Texas

Experience. Wellness. Everywhere.®

BLUE RIBBON
Producer Bonus Program

RISE

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FOCUS

Rewards and Incentives

We greatly appreciate the continued efforts of our producers who are going the distance and selling more and more each year. Therefore, it is our pleasure to announce the launch of the 2011 Blue Ribbon Producer Bonus Program.

The annual Blue Ribbon Producer Bonus Program offers generous rewards and incentives for acquiring new Blue Cross and Blue Shield of Texas (BCBSTX) group health and group dental business, and for retaining your existing BCBSTX group health and group dental book of business.

Features of the 2011 Bonus Program include:

- Rewards for new sales of group health and group dental contracts
- Recognition for the retention of group health and group dental contracts
- Inclusion of group health contracts and group dental contracts from all group sizes
- Recognition for both fully insured and self-insured new sales and retention

The following pages outline incentives offered to all producers appointed and contracted with BCBSTX. Any questions regarding the Blue Ribbon Producer Bonus Program may be directed to your local sales office.

We recognize and value the important role that the producer community plays in our success, and want to reward you for helping us reach our goals.



STRATEGY

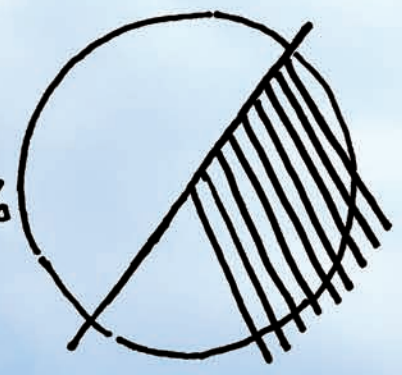
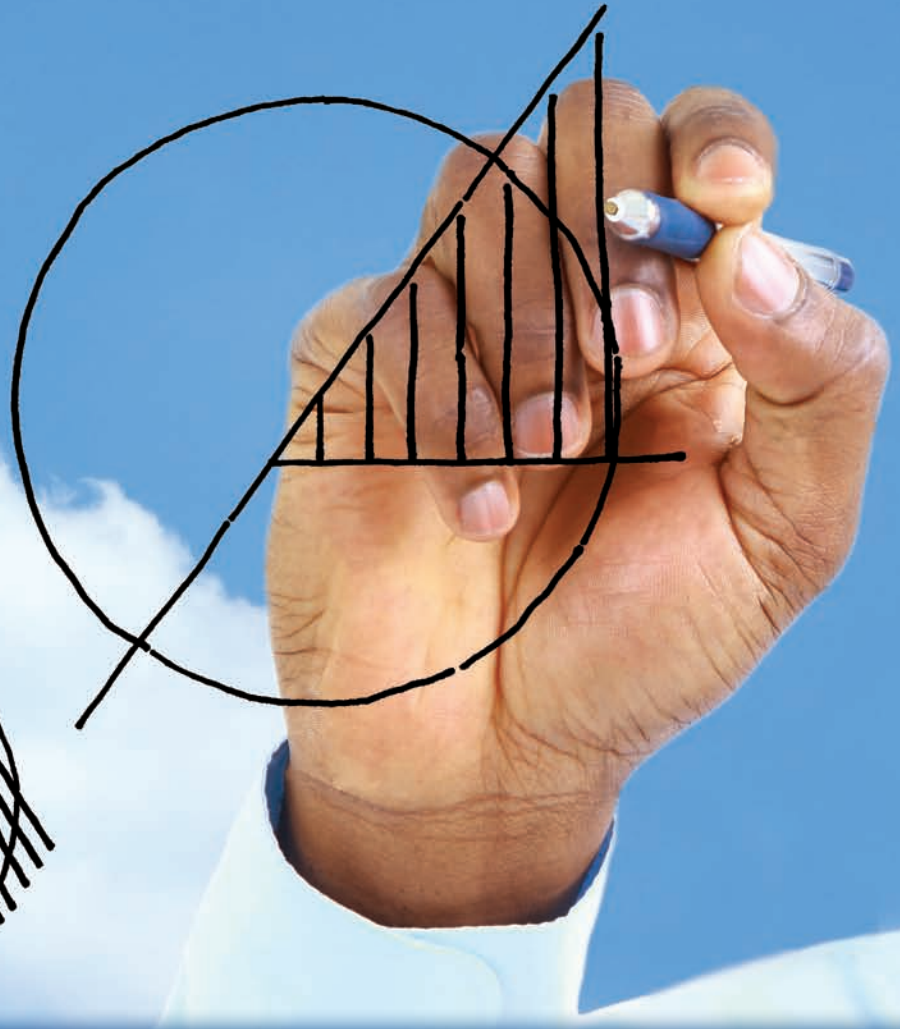
- INNOVATION
- GROWTH

PLAN

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TARGET
MARKET
SHARE

GROWTH %



GROUP New Health and Dental Sales Bonus Program

How It Works

A new-business bonus will be paid to eligible producers who sell a minimum of 150 new **group health** contracts or 150 new **group dental** contracts through BCBSTX with an effective date during calendar year 2011 as shown in the chart below.

Additionally, when you sell a minimum of 150 new group health or new group dental contracts, payment will be made for group health or dental contracts 1 through 149 as follows: **\$15 per contract** for fully insured group health contracts, **\$7 per contract** for self-insured contracts, and **\$3 per contract** for group dental contracts.

New Group Health and Dental Sales Bonus Qualifications

Contracts	Bonus Per New Group Health Contract (Fully Insured)	Bonus Per New Group Health Contract (Self-Insured)	Bonus Per New Group Dental Contract
150 to 349	\$25.00	\$12.00	\$8.00
350 to 499	\$30.00	\$15.00	\$11.00
500 to 749	\$35.00	\$17.00	\$14.00
750 to 999	\$45.00	\$20.00	\$17.00 ¹
1,000+	\$55.00 ²	\$25.00 ³	\$20.00 ¹

¹There is a maximum new-business bonus of \$10,000 per dental group.

²There is a maximum new-business bonus of \$50,000 per **fully insured** health group.

³There is a maximum new-business bonus of \$35,000 per **self-insured** health group.

Note: The maximum bonus payable under the 2011 Blue Ribbon Producer Bonus Program is limited to \$250,000 per producer for any combination of new-business and retention bonus.

- If you sell at least 150 new **group health** or new **group dental** contracts, your sold-contract counts as of December 31, 2011, will be used for bonus calculation.
- If you sell at least 150 new **group health** contracts, you will be paid a bonus for new group health contracts 1 through 149.
- If you sell at least 150 new **group dental** contracts, you will be paid a bonus for new group dental contracts 1 through 149.
- New-business bonus results will be calculated cumulatively by effective date. All contracts sold during 2011 and still on the books as of December 31, 2011, will be used to calculate the bonus.
- In the event of split commissions on any groups, the same split ratio is applied to each producer's group health or group dental contracts.
- Only new group health and new group dental contracts with effective dates during calendar year 2011 will be included for calculating the new-business bonus.
- If a new group cancels within calendar year 2011, it will not be included for new-business bonus purposes.

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LAUNCH



GROUP New Health and Dental Sales Bonus Program continued

The following will not be considered new business for the purposes of the New Health and Dental Sales Bonus Program:

- Acquisition or addition of new enrollees to a group that was effective prior to January 1, 2011 (the Retained Health and Dental Group Sales Bonus Program may apply)
- An existing BCBSTX group for which you are the takeover producer
- Life contracts, long-term disability contracts, short-term disability contracts, individual health contracts or individual dental contracts

Note: The maximum bonus payable under the 2011 Blue Ribbon Producer Bonus Program is limited to \$250,000 per producer for any combination of new-business and retention bonus.

Sales Bonus Example

If you have sold 421 new fully insured group health contracts, you will be paid \$25 each for the 150th through the 349th contract, and \$30 each for the 350th through the 421st contract. Because the 150-contract threshold was met, you will be paid an additional \$15 each for contracts 1 through 149. Your total bonus would be \$9,395. The same method will be used for calculating new group dental business.

ACHIEVE

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GROUP Retained Health and Dental Sales Bonus Program

How It Works

- A retention bonus will be paid to eligible producers who have a minimum of 300 group health or 300 group dental contracts as of December 31, 2010, **and** retain at least 80 percent of their total group health or group dental contracts from December 31, 2010, through December 31, 2011.
- Retention is defined as retaining a group for 12 months during the period from December 31, 2010, through December 31, 2011.
- To qualify, a group must be in your book of business on December 31, 2010, and on December 31, 2011, and the monthly premium from the next anniversary date must have been paid and allocated.
- In the event a group that was in effect on December 31, 2010, cancels coverage during 2011, the contract count removed for purposes of calculating the bonus will be the number of group health and group dental contracts associated with the group on December 31, 2010.
- In the event that an existing group changes to another producer during 2011, the group will not be considered a cancellation in the calculation of the 80 percent minimum requirement for retention percentage bonus purposes. It will not qualify for a retention bonus, however, because it will not be in the original producer's book of business on December 31, 2011.
- If you are the takeover producer of an existing BCBSTX group during 2011, that group will not be included for retention bonus purposes, as it would not have been in your book of business as of December 31, 2010.
- Retention percentage will be determined by removing any cancelled groups from your December 31, 2010, base total contracts. This new contract total will then be divided by the original December 31, 2010, contract total to obtain your retention percentage.
- If commissions are split on any groups, the same split ratio is applied to each producer's health and/or dental contracts

Retention %	Bonus Per Renewed Group Health Contract	Bonus Per Renewed Group Dental Contract
90% or greater	\$12.00 ¹	\$2.00 ²
80% to 89.99%	\$9.00 ¹	\$1.50 ²
Less than 80%	\$0.00	\$0.00

A retention bonus will be paid to eligible producers who have a minimum of 300 group health or 300 group dental contracts as of December 31, 2010, **and** retain at least 80 percent of their total group health or group dental contracts from December 31, 2010, through December 31, 2011.

¹There is a maximum retention bonus of \$25,000 per fully insured health group. There is a maximum retention bonus of \$10,000 per self-insured health group.

²There is a maximum retention bonus of \$2,000 per dental group.

The following will not be considered retained groups for the purposes of the Retained Health and Dental Sales Bonus Program:

- Groups with anniversary date premium not paid and allocated when the retention bonus is calculated.
- New group contracts with effective dates of January 1, 2011, or later.
- Life contracts, long-term disability contracts, short-term disability contracts, individual health contracts or individual dental contracts.

Note: The maximum bonus payable under the 2011 Blue Ribbon Producer Bonus Program is limited to \$250,000 per producer for any combination of new-business and retention bonus.

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EXCEL



COMPENSATION POLICIES

Agent/Producer

The Texas Insurance Code prohibits an agent who receives compensation from a customer for the placement or renewal of an insurance product from receiving compensation from BCBSTX for the same placement or renewal, unless the agent

- (i) provides advance written disclosure to the customer of the method and factors used by BCBSTX to compute the compensation, and
- (ii) receives documented acknowledgement from the customer that the compensation will be received by the agent.

Agent and Life and Health Insurance Counselor (LHIC)

The Texas Insurance Code prohibits a person who is licensed as both an agent and an LHIC from receiving compensation from BCBSTX for a service performed as an agent if the person has received or will receive compensation from the customer for that same service.

Reporting

All payments made pursuant to bonus and recognition programs are subject to federal and state income tax reporting and withholding by BCBSTX if applicable.

BCBSTX will report to an ERISA plan the value of all remuneration paid by BCBSTX to a producer representing an ERISA plan with 100 or more participants to include in its preparation of ERISA Form 5500 schedules. Reporting will also be provided upon request by non-ERISA plans or plans with fewer than 100 participants.

BCBSTX encourages you to inform your customers about the compensation you receive.

BCBSTX reserves the right to discontinue or change this bonus program at any time without notice.

bcbstx.com/producer

BCBSTX appreciates the essential role that you play in our success and we look forward to a tremendous year in 2011!



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RISE