

Appendix

2022 Producer Partnership Plan

The rules and provisions provided in this Appendix to the 2022 Producer Partnership Plan (Appendix) and the rules and provisions provided in the 2022 Producer Partnership Plan (PPP) constitute the PPP in its entirety.

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The PPP, Appendix and Contract are the property of Humana. Producer may view, copy and print the PPP, Appendix and Contract for Producer’s sole use. Producer may not otherwise use, reproduce, download, store, post, broadcast, transmit, modify, sell or make available to the public, content from Humana’s PPP, Appendix or Contract.

General

Compensation policies

Humana is the final arbiter of any issues related to Compensation, which includes commission, bonus, incentives, temporary bonus, recognition program, any other forms of remuneration or anything of monetary value for which Producer is eligible for the sale or renewal of products. Humana reserves the right to modify, increase, reduce or discontinue Compensation for which Producer is eligible for the sale or renewal of products, or any other part of the PPP at any time with 30 days' notice for all business, including existing or in force business, regardless of the effective date of coverage. If commissions are not shown in the schedule or if special premium rate quotes are made, commission may be negotiated by Humana. Producer is responsible for knowing and complying with all applicable local, state and federal requirements regarding licensing, appointment and sales activities. The provisions of the Humana Producer Contract apply to all Compensation programs identified herein and in the PPP.

Producer Full Disclosure Policy

Under Applicable Law, Producer may be required to disclose to the insured or applicant or responsible plan fiduciary the programs under which they are compensated including direct or indirect commissions, bonuses, incentives or other forms of remuneration for which Producer is eligible for the sale or renewal of insured products.

Base Commission Expressed as a Percentage of Paid Premium

Where applicable, base commissions are expressed as a percentage of Paid Premium. Paid Premium is defined as the premium paid by the customer, less any fees, posted to the customer's account. Commissions will be paid, only after 75% of the billed premium has been posted to a Case's Account, for that Billing Cycle.

Base Commission Expressed as a Dollar Amount Per Enrolled Employee Per Month

Where applicable, base commissions are expressed as a dollar amount per enrolled employee per month. The commission payment is generated for a coverage month when 75% of the billed premium has been posted to a Case's Account, for that Billing Cycle.

Compensation Eligibility

To receive Compensation, Producer must be recognized, by Humana, as Agent of Record. Only Lines of Coverage for which commissions are both (a) being charged to the customer and (b) being paid to the Agent of Record are eligible for Compensation programs. For self-funded cases, commission must be charged to and paid from the plan's administration fee to be eligible for Compensation programs. Humana reserves the right to exclude any Case or Line of Coverage from eligibility for Compensation programs at Humana's sole discretion. Commissions will be paid, only after 75% of the billed premium has been posted to a Case's Account, for that Billing Cycle.

Agent of Record Changes

Producers must be contracted and licensed, and appointed where required by law, to be recognized as the Agent of Record on any case. Any account gained via customer request and Humana approval to change the Agent of Record or merger and acquisition activity is not recognized as net growth under any compensation programs utilizing such a measure. If the coverage terminates after the Agent of Record change is executed, the termination is counted in net growth compensation program measures. Accounts lost by the Agent of Record via customer request and Humana approval to change the Agent of Record or merger and acquisition activity are excluded from any net growth measure.

General

Compensation policies

Policy lapse, surrender, rescission, cancellation or conversion

In the event a policy or coverage lapses because premium is not paid and the policy or coverage is reinstated, commission on the new or reinstated policy is payable only at Humana's discretion. If it is necessary to rescind coverage for any policy or coverage, Producer must promptly refund to Humana any commission or other Compensation received on account of the policy or coverage.

If a policy or coverage is surrendered, rescinded or canceled and premiums are refunded or waived, Producer will, in all cases, lose all rights to corresponding commissions or any other applicable Compensation and will repay commissions or any other applicable Compensation to Humana on demand. Commissions or any other applicable Compensation paid in error or overpayments must be repaid on request by Humana. Humana may withhold commissions or any other applicable Compensation otherwise due Producer until the overpayment is repaid in full.

Commissions allowed on a conversion are to be determined by Humana when the conversion is effective, according to rates and practices of Humana then in effect. No commissions or other Compensation will be paid on state or federal continuation policies or coverages. Policies or coverages converted from one Humana subsidiary to another, or from one Product to another, are not considered new business for Compensation purposes.

Customer refunds and Producer commission deductions

Producer must pay over promptly to Humana all premiums received or collected on behalf of Humana, and may not deduct or retain commissions. No commissions or any other applicable Compensation will be payable on any amounts refunded for any reason. There will be no additional Compensation or reimbursement to the Producer for expenses incurred by Producer in performing services.

Off-cycle rate and coverage changes

Commission and bonus schedules are not affected by off-cycle premium changes or a coverage change to a different product within a product line if there is no lapse in coverage. The policy's initial effective date will continue to control commission and bonus schedules unless otherwise specified.

Compensation basis change requests

If approved by Humana, requests to change the basis for any Compensation payments will take effect with payments calculated after Humana implements all changes necessary to honor the request. This includes requests to combine agencies' books of business following acquisition or merger, rescission of prior requests to opt out of certain Compensation programs and any other request that changes the Compensation otherwise due Producer.

Combinations, assignments and transfers

Producer may not combine, assign or transfer business or change Agent of Record or writing agent status with another producer, for the purpose of earning or maximizing Compensation payments or pass on any portion of the Compensation as an inducement to combine business in these ways. Business for different producers will be combined for Compensation purposes only within a Humana market, and only if a valid business relationship exists. A valid business relationship means that the producers share most of their business expenses and revenues from all health insurance carriers. Separate locations of commonly owned agencies with office locations in multiple markets will be combined only within a Humana-defined market. Separate locations of agencies with office locations in multiple markets will be treated as separate entities for Compensation purposes, even if they share the same tax identification number. Humana may, at its sole discretion, disqualify Producer from the Compensation programs if they are determined to have violated these provisions, and recover from Producer (which will include offsetting from future Compensation) any Compensation obtained in violation of this paragraph.

General

Compensation policies

Bonus programs

Humana reserves the right to modify or terminate any Compensation program at any time without notice.

Third-party administrators

Humana-insured Products and Level-Funded Premium plans marketed or administered by a Third-Party Administrator (TPA) are not subject to the Compensation programs defined in the PPP, unless Humana or the TPA communicate in writing to Producer that the Compensation programs defined in these documents are applicable to that particular TPA's products. Humana-insured Products enrolled through a private exchange are subject to the Compensation programs defined in the PPP, even if the private exchange is operated by a TPA.

General agencies

Humana-insured Products and Level-Funded Premium plans marketed through General Agents representing Humana are subject to the Producer Compensation programs defined in the PPP, unless otherwise communicated in writing by Humana.

Compensation disputes

The amount of Compensation paid to Producer for a respective sale, policy or enrollment or the failure by Humana to pay Compensation for a respective sale, policy or enrollment shall be deemed final and correct unless Producer disputes either the amount paid or Compensation determination within 18 months from the date the Compensation was paid or would have been paid in the normal course of business.

Qualified Health Plans

For any Qualified Health Plan (QHP) of Humana offered through a federally facilitated marketplace, federal state partnership marketplace, state-based marketplace or any federally facilitated small business health options program (each, an "Exchange"):

Producer must meet any requirements imposed by the Exchange, including but not limited to fulfilling applicable registration and training requirements. Humana provides the same Compensation for QHPs offered through the Exchange as Humana does for similar health plans offered outside the Exchange pursuant to 45 C.F.R. 156.200(f). For more information, please refer to the Contract or contact a Humana licensed sales representative.

Minimum Business Production Standards

If Producer fails to meet at least one of the minimum business production standards, identified in A through F below, they will be invoiced (where allowed by law) and must reimburse Humana for the cost of all renewal appointment fees¹ for all states in, and for all Humana entities, subsidiaries or affiliates, under which Producer is appointed, to continue representing Humana as a producer. If Producer fails to meet at least one of these minimum business production standards and chooses not to reimburse Humana for all renewal appointment fees paid by Humana on their behalf, Producer's Contract will be either terminated or placed in an inactive status under an Inactive Status Amendment.

New sales

Humana has no predefined schedule to evaluate Producer's performance as it relates to these minimum business production standards, but will do so periodically at Humana's sole discretion, against those measurements identified in the New Sales, and In Force sections below.

For any prior 12-month period, as either the writing agent or Agent of Record, Producer must place at least:

- A. Three or more **Medicare** coverages from any of the following: Medicare Advantage, Medicare Advantage with Prescription Drug, Prescription Drug or Humana Medicare Supplement Plans in total in any combination; or
- B. Two or more new **Group** coverages from any of the following: Medical, Dental, Vision, Life, Pharmacy, Medicare Advantage, Medicare Advantage with Prescription Drug, Prescription Drug Plan; or
- C. Three or more new **Individual** coverages from any of the following: Dental or Vision in total in any combination.

In Force

As either the writing agent or Agent of Record, Producer must have the following in force business as of the end of the prior month in which Humana is valuating performance.

- D. Six or more in force **Medicare** coverages from any of the following: Medicare Advantage, Prescription Drug or Humana Medicare Supplement Plans in total in any combination; or
- E. Three or more in force **Group** coverages from any of the following: Medical, Dental, Vision, Life, Pharmacy, Medicare Advantage, Medicare Advantage with Prescription Drug or Prescription Drug Plan; or
- F. Six or more **Individual** coverages from any of the following: Dental or Vision in total in any combination.

¹Where permitted by law.

Compensation policies

Specific to group sales

The following policies apply to Group policy sales only and do not apply to Individual policy sales. Commissions will be paid, only after 75% of the billed premium has been posted to a Case's Account, for that Billing Cycle.

Case size assignments

Case sizes of less than 51, 51–99 or 100+ are, for Medical Commission purposes, determined at the time of initial application and redetermined prior to the policy anniversary. Case size remains in effect until the next policy anniversary, regardless of changes in enrolled employee counts which occur after the case size has been determined by Humana prior to the next policy anniversary. The case size for new Medical business will be determined in the following manner:

1. The number of employees eligible to enroll for Medical coverage is used to determine if the case size is defined for purposes of this document as 100+, 51–99 or 1–50.
2. If case size is 100+, the commission is negotiated by the Producer on a “per case” basis. The case's commission will continue to be negotiated on a “per case” basis while it remains with Humana. Humana reserves the right to set commissions on cases with eligible employee counts that fall below 51 or for other compliance purposes. Commissions payable on negotiated commission cases shall not exceed the commission load charged to the customer.
3. If case size is 51–99, the first year commission is determined from state-specific schedules.
4. If case size is 1–50, the first-year commission is determined from state-specific schedules. Where commissions vary by enrolled employee count within this case size, the number of enrolled employees, at the time the bill for the period is generated, determines the commission.

The case will remain in that assigned case size category until the next policy anniversary. Employee counts of affiliated groups will be combined for the purposes of determining the case size.

After the case size has been determined for the plan year, Medical commission payments are based on a specific dollar amount per enrolled employee are calculated using the employer's initially billed enrolled employee counts each month.

The case size for Group Dental, Vision and Life plans are determined by Humana on a date prior to the policy anniversary, and are assigned according to the number of enrolled employees.

Level Funded Premium plans

In instances where Level-Funded Premium compensation is calculated as a percentage of billed premium, Compensation for a Level-Funded Premium plan is paid as a percentage of the plan administration fee, stop loss premiums and claims funding amounts. Under federal law, Producers may be required to disclose Compensation for Level-Funded Premium plans to plan fiduciaries.

Case size for in-force Medical

The case size for in-force Medical cases will remain as assigned in the prior policy year, unless any of the following apply:

1. Humana finds that a case previously on a negotiated “per case” commission arrangement now has fewer than 51 eligible employees and/or must be amended for compliance purposes.
2. Humana finds that a case previously determined to have 51–99 eligible employees now has more than 100 enrolled employees. At Humana's discretion, or upon the Producer's request and Humana approval, the case may be considered a large group as of the policy anniversary and be assigned a negotiated “per case” commission agreement. The existing commission may be amended or maintained at the policy anniversary (election must be made prior to delivery of customer's renewal rates).

Compensation policies

Specific to group sales

3. Humana finds that a case previously determined to have 51–99 eligible employees now has less than 35 enrolled employees and less than 51 eligible employees. At Humana’s discretion, or upon Producer’s request and Humana approval, the case may be considered a 1–50 case account as of the policy anniversary and assigned to the appropriate commission within the 1–50 segment based on the number of enrolled employees.
4. Humana finds that a case previously determined to have less than 51 eligible employees now has 51 or more enrolled employees. If there are less than 100 enrolled employees, at Humana’s discretion, or upon Producer’s request and Humana approval, the case may be assigned to the 51–99 commission schedule. If there are more than 99 enrolled employees, at Humana’s discretion, or upon Producer’s request and Humana approval, the case may be deemed as Large Group and be assigned a negotiated “per case” commission agreement.

Accumulated Dental, Vision, Life and AD&D commission and First-Year and Subsequent Year commission

Group Dental, Life and Vision commissions are applied to accumulated annual premium on a per-case basis. For Group Medical, First-year commission means monthly commissions payable during the initial 12-month term of a policy’s coverage. Subsequent Year means monthly commissions payable during the term of a policy’s coverage, other than the initial 12-month term.

Split commissions and Cases

Cases that are split between producers for commission purposes also are considered split for all Compensation program calculations, unless otherwise noted. Premiums for Cases split into subgroups for the purpose of segmenting distinct business units or multiple locations will be accumulated as one Case for all Compensation purposes.

Opting out of Compensation Programs

Producers who elect to forgo receipt of any form(s) of Compensation described in the PPP may rescind such elections, prospectively, at any time, subject to Humana approval. Such changes will be processed for the next performance measurement period following the performance period in which Humana receives and approves the request and has implemented all changes necessary to honor the request. Humana will not retroactively adjust past payments. For example, to participate in a bonus described in the PPP based on performance measurements as of December 31, the Producer must notify Humana of intent to rescind the prior election no later than December 31.

Medical Growth Bonus

Program Provisions

Defining calendar quarters

The Medical Growth Bonus is paid quarterly within 60 days after the end of each calendar quarter, starting on March 31, 2022.

Eligible Cases

HumanaOne and other non-group individual policies are not eligible for the Medical Growth Bonus Program. Only Group Medical plans for which base commissions are being charged to the customer and the Agent of Record is receiving base commissions are considered Eligible Cases. Humana reserves the right to categorize specific cases as Small Business or Large Group, or exclude specific cases from bonus calculations.

Applying Per-Case Enrolled Employee Maximums and Group Size Determination

Enrolled employee counts that are broken into subgroups will be aggregated as a total enrolled employee count for purposes of applying the applicable per-case enrolled employee maximum. There is a maximum of 1,000 enrolled employees per case in the Medical Growth Bonus.

Medical cases with more than one Agent of Record assigned

Where a Medical case is split between two or more agents of record, a percentage is assigned each applicable Agent of Record on the Employer Group Application and may be subsequently revised in writing if accepted by Humana. Case count and enrolled employee counts for the split case are adjusted by the applicable Agent of Record split percentage. Example: An Agent of Record listed with a 40% split on a Group Medical case with 10 enrolled employees receives credit for four-tenths of a Medical case and four enrolled employees.

Specialty Growth Bonus

We will soon be unveiling an exciting new bonus program that can increase your reward for growing your Humana dental, vision and life business! We can't wait to introduce the new program in January of 2022.

The Specialty Growth Bonus payment based on your January 31, 2022 in force cases will be paid based on the Bonus as described in the 2021 Producer Partnership Plan.

Leaders Club

Provisions

Additional rules and provisions for the Leaders Club Program may apply and are detailed in other sections of the Producer Partnership Plan.

General Provisions and official rules for rewards and prizes

Eligibility. Producer must be actively contracted and in good standing with Humana at the time Producer earns and receives any reward other than a trip to the Leaders Club Event, and must be actively contracted and in good standing with Humana on Dec. 31, 2022, to receive a trip whether by reward or by winning the contest to Drive the Highest Percentage of Go365® Engagement. To be eligible to win the contest Prize, Producer must have (i) at least 1,000 Go365 participants in effect on Oct. 31, 2022, in plans for which Producer is recognized as Agent of Record by Humana and (ii) at least 50% Silver Status or greater attainment.

Participation period and how to participate. Only new Lines of Coverage with effective dates of coverage from Jan. 1, 2022–Dec. 31, 2022, (the Participation Period) qualify to earn New Sales Leader Points. Premiums and credit for all lines of business are based upon the original effective date of each respective line of business. All individual products are excluded from the Leaders Club Program. Normal underwriting criteria for determining Cases' effective dates apply. Affiliated cases, or large accounts split into subgroups for the purpose of segmenting distinct business units or out-of-area locations, will be aggregated to count as one case and Line of Coverage. New Lines of Coverage placed for which no commissions are paid are not eligible to earn New Sales Leader Points. Leader Point maximums are reduced by the commission split percentage. Where necessary, Leader Points earned via the New Sales method will be rounded up to the next whole point value.

Rewards and prizes

Rewards may be earned by accumulating Leader Points, and are awarded to each Producer who attains the required number of Leader Points. Producer may earn one (1) Reward at each level. Approximate retail values reflect information available at printing; actual retail values may be different at the time Rewards are earned or awarded. The Rewards by level are:

Tier 1 – 2,300 points, Producer will earn:

- Your choice of a variety of our fitness awards*—Approximate retail value is \$290–\$360.

Tier 2 – 2,700 points, Producers will earn:

- Your choice of one additional award**, select from travel packages and leisure and fitness merchandise. The travel packages include a 3-day, 2-night stay at your choice of selected hotels (approximate retail value is \$800–\$1,000).

Tier 3 – 3,000 points, Producers will earn:

- 12 months access to our exclusive Agent Concierge Unit.

Tier 4 – 3,500 points, Producer will earn:

- An invitation for the Leaders Club trip for two to attend Humana's 2023 Leaders Club event (approximate retail value \$10,000).

Tier 5 – 7,000 points, Producer will earn:

- A second invitation for two to Humana's 2023 Leaders Club event (approximate retail value \$10,000).

*Exact prize information is not available at the time of printing. Previous prizes have included an Avari foldable treadmill, a Yeti ice bucket, a Brookstone foot massager, etc. These are provided as examples for illustrative purposes only, to demonstrate the variety and types of prizes. Humana does not represent or guarantee that any specific items or models will be available at the time of redemption.

**Exact prize information is not available at the time of printing. Previous prizes have included hotel packages in San Diego and San Antonio, a camping package, a Trek Fitness bike, an Ocean Kayak paddleboard, etc. These are provided as examples for illustrative purposes only, to demonstrate the variety and types of prizes. Humana does not represent or guarantee that any specific destinations or items will be available at the time of redemption.

Leaders Club

Provisions

Prizes

Two (2) trips for two to the Leaders Club Event will be awarded, one to each of the two Agents of Record with the highest percentages of Silver Status or greater attainment in Go365 participants in their entire blocks of Go365 business (approximate retail value of each trip for two is \$10,000). Qualification via this criterion is limited to Agents of Record with at least 1,000 Go365 participants in their respective blocks of business. Leaders Club Events are intended for active, licensed agency principals and high-volume Humana group insurance producers and are transferrable only by written permission of Humana.

Rewards and Prizes are taxable to recipient. The taxable value of all Rewards and Prizes will be included on a 1099 form sent to the tax identification number of the recipient, regardless of who actually attends the Leaders Club Event.

Recipients will be required to sign an Affidavit of Eligibility and Compliance with Official Rules and a Release of Liability before claiming Rewards or Prizes. Anyone attending a Leaders Club Event (including Reward and Prize recipients as well as their guests) may be asked to complete an authorization form for Humana or its representative or agent to conduct a criminal background check in advance of the Event and to obtain security clearance as needed to attend the Event. Failure to comply will result in disqualification.

There is a limit of two (2) trips for two to the Leaders Club Event awarded to any Agent of Record, regardless of method of qualification. Agent of Record earning two trip rewards by Leaders Points is not eligible to win the prize trip(s) awarded based on highest percentage of Engagement. Should any Reward or Prize be unavailable, Humana reserves the right to substitute a Reward or Prize of equal or greater value at its sole discretion.

General conditions and limitation of liability

Humana remains the final arbiter of any issues related to the Leaders Club Program, including determination of qualification via any method of qualification offered, and Humana expressly reserves the right not to credit any Line of Coverage not placed in good faith. Rewards and Prizes are not transferable without permission from Humana. Humana makes no warranties of any kind, express or implied, including without limitation, implied warranties of merchantability fitness for a particular purpose or non-infringement with respect to the Rewards or Prizes. Some jurisdictions may not permit limitations or exclusion of liability for incidental or consequential damages or exclusion of implied warranties. Check Producer's local laws to determine if any of the above limitations or exclusions may not apply to Producer. Should Humana, in its sole discretion, determine that the contest has been compromised by causes beyond its control, Sponsor reserves the right to terminate the contest and choose the winners in a fair and reasonable manner from among all eligible entries submitted prior to termination.

Contest winner's list

For the names of the Prize winners, write to Humana no later than Feb. 28, 2023, at Humana Inc., Attn: Bill Runkel, 500 West Main Street, 17th Floor, Louisville, KY 40202.

Agent of Record Changes

If an Agent of Record change request is honored for a Case that qualifies as a new sale for Leaders Club, the Leader Points earned via the New Sales method will be credited to the Agent of Record in effect on last day of the initial month of coverage. For a review of how Agent of Record changes impact Leader Points earned via Growth, review the Agent of Record Changes section the General Compensation policies section of this Appendix to the Producer Partnership Plan.

Annualized Premium Re-Statement

For all Specialty Lines of Coverage annualized premium will be determined by annualizing (multiply by 12) the paid premium applicable to the initial effective month of coverage. This premium will be re-stated if the annualized premium determined based on the third effective month of coverage is greater than +/- 5% from the annualized premium determined based on the initial effective month of coverage.

General policies

For Humana's promotional bonuses

Periodically, Humana offers Producers additional earning opportunities outside those outlined in the Producer Partnership Plan. The following rules and provisions apply to such Compensation offerings unless explicitly stated otherwise. Humana may modify or terminate any additional earning offering at any time without notice. Humana is the final arbiter of any issues related to these promotions.

Timing of payment

For Compensation offerings, the aggregate performance across two or more calendar months (including but not limited to net growth), the payment will be paid approximately 60 days after the last calendar month in which performance is being evaluated. For Compensation offerings that pay per qualifying sales event (including, but not limited to a per sale bonus), the payment will be paid approximately 60 days after the end of the coverage month in which the qualifying sales event occurred.

Performance and payment to the Agent of Record

Performance is measured and paid to the Agent of Record and production across Agents of Record will not be combined.

Commission splits

For Compensation offerings not contingent on the measurement of multiple sales, if commissions are split between two or more Agents of Record, the bonus amount is prorated according to the commission split percentages. For Compensation offerings that aggregate performance across multiple sales or calendar months, credit will aggregate to each Agent of Record in proportion to the applicable commission splits.

Cases split into subgroups

Cases split into subgroups to segment business units or locations are combined as one case to determine eligibility.

Bonus Chargeback

Bonuses will be charged back for qualifying business that terminates before its first annual policy anniversary.

Agent of Record changes

Producer business gains via the transfer of an in-force Humana coverage do not qualify toward performance evaluation or payment.

How “zero commission” or “fee-based” Cases credit toward Humana's promotional bonuses

For fully insured Cases, only Lines of Coverage for which base commissions are both (a) being charged to the customer and (b) being paid to the Agent of Record are eligible for payment. For self-funded Cases, only Lines of Coverage for which base commissions are charged to and paid from the plan's administration funds are eligible for payment.

Lines of Coverage for which the Agent of Record is not receiving base commissions will count only toward qualification or attainment volume measurement requirements, including but not limited to Line of Coverage counts, enrolled employee counts and premium qualification levels.

