

Commission Structure

Words with special meanings

Some of the words that are used in the terms and conditions of this **agreement** have special meanings. These words are detailed below in **bold type** with their meanings shown alongside them, and when used in this **agreement** will be shown in **bold type**.

Where appropriate, the singular shall include the plural, the masculine shall include the feminine and vice versa.

Advanced Commission	means the advance payment of commission we have made to you on appropriate policies .
Annual Policies	a policy which has a 12 month period of insurance.
Commissionable Premium	the elements of premium upon which commission is payable.
Flat commission options	Accrual, Initial Indemnity and Annualised Indemnity commission options.
Free Cover Period	a period of insurance at the outset of a policy which has no cost to the policyholder .
Inception Date	the date at which cover on a policy commences.
Insurance End Date	the date at which cover on a policy expires.
Liability period	means the period of time during which commission remains subject to clawback .
Monthly Policies	a policy which has a 1 month period of insurance.
Non-Commissionable Premium	the element of premium upon which commission is not payable, being that element of premium , consisting of (i) insurance premium tax at the rate prevailing at the time the premium is received by us , (ii) the current administration charges payable by policyholders as shown below under “How we calculate commission”, (iii) charges for credit on the basis that the charges for credit element shall not exceed 10% charges and (iv) any part of the premium which is ring fenced due to a regulatory ruling.
Payment Free Period	a period of insurance at the outset of a policy where payment is deferred.
Premium	the cost to a policyholder to purchase a policy .

How we calculate commission

The total **premium** a **policyholder** pays for their insurance is made up of **commissionable premium** and **non-commissionable premium**.

We calculate **commission** due to **you** as a percentage of the **commissionable premium**.

The percentage of **commissionable premium** you will receive as **commission** is agreed when you set up a Paymentsshield agency. This will vary if you use the 'Premium Flex' option and may also vary by product sold.

Advanced commission on **monthly policies** is estimated using the initial monthly **premium** multiplied by the number of month's included in **your** chosen commission option.

Commission Clawback

Any **advanced commission** we pay to **you** has a **liability period**.

If a **policy** cancels during this **liability period** **you** are entitled to retain the proportion of the **advanced commission** which relates to the period prior to the **insurance end date**, the remaining balance will be subject to a **clawback**.

In the eventuality that the **policyholder** has underpaid for their cover when a **policy** cancels the **insurance end date** will be backdated to the last day we have received and cleared **premium** for, if any **premium** arrears are not settled.

At all times, **we** are entitled to **clawback** any **commission** **we** have paid in respect of any **premium** **we** refund to the **policyholder** where **we** are required to make a refund of **premium** under the terms of the **policy** issued to the **customer**, in line with ABI Guidelines, or are instructed to do so by any judicial or regulatory authority.

Free Cover Period

Monthly **policies** can be sold with an optional **free cover period**. During this time **commission** is due to **you** and will be paid in the month following the **inception date** of the **policy**.

The **policy** must remain in force for 12 months from the **inception date** to enable **you** to keep any **commission** paid during this **free cover period**. If the **policy** cancels within 12 months of the **inception date** we will **clawback** all **commission** **we** have paid in respect of any **free cover period**.

Payment Free Period

Annual **policies** can be sold with an optional two month **payment free period**. If a **policyholder** chooses the **payment free period** the first year's insurance will be paid for by the **policyholder** in 10 instalments rather than 12, starting from the expiry of the **payment free period**.

We do not pay any **commission** during the **payment free period**. **Commission** is paid in the month immediately following the expiry of **apayment free period**.

Commission is earned over the **liability period**, directly proportional to the **premium** paid by the **policyholder**.

Commission Payment Dates

Any **commission** due to **you** will be paid in arrears on or before the 21st day of the month immediately following the month **we** have received and cleared the appropriate **premium** which triggers the **commission** payment (or the month the **premium** would have been paid if the **policyholder** is receiving free cover).

Premium Flex

Facility provided by **us** which allows **participating members** to reduce the price of the **policy** to the customer by reducing the **commission** they earn on the sale of **policy**. This is only available on PSL's **B&C policies**. If **participating member's** current commission option on their agency is not set to one of the **flat commission options** then any **policy** sold using 'Premium Flex' facility will revert to Annualised Indemnity **commission** option.

Commission Option	Transaction	Monthly Policies	Annual Policies
Accrual	Payment	<p>Accrual commission pays you an agreed commission percentage of any commissionable premium we receive from or on behalf of the policyholder in the month immediately following the month in which we receive and clear that premium.</p> <p>For monthly policies sold with a free cover period, commission will be paid during the free cover period based on the commissionable premium which would be charged to the policyholder if we were charging for cover at this time. Commission during this period will be paid monthly in arrears.</p>	<p>Accrual commission is calculated by multiplying your agreed commission percentage by the annual commissionable premium at inception, renewal or adjustment.</p> <p>Commission is paid to you directly proportional to the amount of premium we receive from or on behalf of the policyholder in the month immediately following the month in which we receive and clear that premium.</p> <p>Any under or over payment of commission due to rounding caused by the policyholder paying premium by monthly instalments is carried forward to your next commission statement.</p>
	Clawback	<p>The only clawback on accrual commission is for:</p> <ul style="list-style-type: none"> Any commission we have paid to you in respect of any free cover period if the policy is cancelled within 12 months of the policy inception date Any commission we have paid to you in respect of any premium we refund to the policyholder where we are required to make a refund of premium under the terms of the policy issued to the customer, in line with ABI Guidelines, or are instructed to do so by any judicial or regulatory authority. 	<p>The only clawback on accrual commission is for:</p> <ul style="list-style-type: none"> Any commission we have paid to you in respect of any premium we refund to the policyholder where we are required to make a refund of premium under the terms of the policy issued to the customer, in line with ABI Guidelines, or are instructed to do so by any judicial or regulatory authority
Annual	Payment	<p>Commission is calculated as a percentage of the initial monthly commissionable premium multiplied</p>	<p>Commission is calculated as a percentage of the annual commissionable premium.</p>

Indemnity		<p>by 12.</p> <p>Commission is paid in the month immediately following the policy inception date.</p> <p>Adjustments will be made to your commission for any amendments made by the policyholder during the liability period.</p> <p>We will then pay further annual advances of commission equivalent to a percentage of the monthly commissionable premium multiplied by 12 in the month immediately following each annual policy anniversary date.</p>	<p>Commission is paid in the month immediately following the policy inception date, or the month immediately following a payment free period if this option has been selected.</p> <p>Adjustments will be made to your commission for any amendments made by the policyholder during the course of the year.</p> <p>We will then pay further annual advances of commission calculated as a percentage of the annual commissionable premium in the month immediately following each annual policy anniversary date.</p>
	Clawback	<p>We will clawback all commission we have paid in respect of any free cover period and clawback 1/12th of any annual indemnity commission we have paid for each month we have not received and cleared the appropriate premium.</p> <p>For every subsequent annual indemnity commission payment made where a policy is cancelled within 12 months of its anniversary date we will clawback 1/12th of any annual indemnity commission we have paid for each month we have not received and cleared the appropriate premium.</p>	<p>We will clawback 1/365th* of any annual indemnity commission we have paid for each day we have not received and cleared the appropriate premium.</p> <p>For every subsequent annual indemnity commission payment made where a policy is cancelled within a year from the anniversary date we will clawback 1/365th* of any annual indemnity commission we have paid for each day we have not received and cleared the appropriate premium.</p>
Initial Indemnity	Payment	<p>Initial indemnity commission is calculated as a percentage of the initial monthly commissionable premium multiplied by 12.</p> <p>Commission is paid in the month immediately following the policy inception date.</p>	<p>Initial indemnity commission is calculated as a percentage of the annual commissionable premium in year one.</p> <p>Commission is paid in the month immediately following the policy inception date, or the month immediately following a payment free period if this option has been selected.</p>

		<p>Adjustments will be made to your commission for any amendments made by the policyholder during the liability period.</p> <p>From month 13 we will pay you an agreed commission percentage of any commissionable premium we receive from the policyholder in the month immediately following the month in which we receive and clear that premium.</p>	<p>Adjustments will be made to your commission for any amendments made by the policyholder during the liability period.</p> <p>From year two Accrual commission is calculated by multiplying your agreed commission percentage by the annual commissionable premium on renewal or adjustment.</p> <p>Commission is paid to you directly proportional to the amount of premium we receive from or on behalf of the policyholder in the month immediately following the month in which we receive and clear that premium.</p> <p>Any under or over payment of commission due to rounding caused by the policyholder paying premium by monthly instalments is carried forward to your next commission statement.</p>
	Clawback	<p>We will clawback all commission we have paid in respect of any free cover period and clawback 1/12th of any initial indemnity commission we have paid for each month we have not received and cleared the appropriate premium.</p> <p>From month 13 onwards the only liability you have with us is for any commission we have paid to you in respect of any premium we refund to the policyholder where we are required to make a refund of premium under the terms of the policy issued to the customer, in line with ABI Guidelines, or are instructed to do so by any judicial or regulatory authority.</p>	<p>We will clawback 1/365th* of any initial indemnity commission we have paid for each day we have not received and cleared the appropriate premium.</p> <p>After the first year the only liability you have with us is for any commission we have paid to you in respect of any premium we refund to the policyholder where we are required to make a refund of premium under the terms of the policy issued to the customer, in line with ABI Guidelines, or are instructed to do so by any judicial or regulatory authority (comment: drafting missing in new schedule).</p>

<p>Double Indemnity</p>	<p>Payment</p>	<p>Double indemnity commission is calculated as a percentage of the first month's commissionable premium multiplied by 24 and discounted by 0.9091.</p> <p>Commission is paid in the month immediately following the policy inception date.</p> <p>No adjustments will be made to your commission for any amendments made to the policy during the course of the first 24 months.</p> <p>From month 25 onwards, commission is calculated as a percentage of the initial monthly commissionable premium multiplied by 12 in the month immediately following each annual policy anniversary date.</p>	<p>Double indemnity commission is calculated as a percentage of the first year annual commissionable premium as at the policy inception date, multiplied by 2 and discounted by 0.9091.</p> <p>Commission is paid in the month immediately following the policy inception date, or the month immediately following a payment free period if this option has been selected.</p> <p>No adjustments will be made to your commission for any amendments made to the policy during the course of the first two years.</p> <p>From year 3 we will then pay further commission payments, calculated as a percentage of the annual commissionable premium in the month immediately following each annual policy anniversary date.</p>
	<p>Clawback</p>	<p>The initial double indemnity commission payment is subject to a 2 year liability period.</p> <p>When we have paid double indemnity commission and a policy is cancelled within 12 months of the policy inception date we shall be entitled to clawback the amount of double indemnity commission paid with respect to any free cover period and the amount of double indemnity commission paid for each month that we have not received and cleared the appropriate policy premium.</p> <p>If a policy is cancelled more than 12 months after the policy inception date but before the expiry of the initial liability period, we shall be entitled to clawback the amount of double indemnity</p>	<p>The initial double indemnity commission payment is subject to a 2 year liability period.</p> <p>We will clawback 1/730th* of any double indemnity commission we have paid for each day we have not received and cleared the appropriate premium during the liability period.</p> <p>For every subsequent annual indemnity commission payment made from year 3 where a policy is cancelled within a year from the anniversary date we will clawback 1/365th* of any annual indemnity commission we have paid for each day we have not received and cleared the appropriate premium.</p>

		<p>commission paid for each month that we have not received and cleared the appropriate policy premium.</p> <p>For every subsequent annual indemnity commission payment made from month 25, where a policy is cancelled within 12 months of it's anniversary date we will clawback 1/12th of any annual indemnity commission we have paid for each month we have not received and cleared the appropriate premium.</p>	
Enhanced Indemnity	Payment	<p>Enhanced indemnity commission is calculated as a percentage of the initial monthly commissionable premium multiplied by 12 and multiplied by 1.6364. Commission is paid in the month immediately following the policy inception date.</p> <p>Adjustments will be made to your commission for any amendments made by the policyholder during the course of the year.</p> <p>From month 13 onwards, commission is calculated as a percentage of the renewal monthly commissionable premium multiplied by 12 and further multiplied by 0.5455 in the month immediately following each annual policy anniversary date.</p>	<p>Enhanced indemnity commission is calculated as a percentage of the annual commissionable premium multiplied by 1.6364. Commission is paid in the month immediately following the policy inception date or the month immediately following a payment free period if this option has been selected.</p> <p>Adjustments will be made to your commission for any amendments made by the policyholder during the course of the year.</p> <p>From year 2 we will then pay further advances of commission calculated as a percentage of the annual Commissionable Premium multiplied by 0.5455 in the month immediately following each annual policy anniversary date.</p>
	Clawback	<p>The initial enhanced indemnity commission payment is subject to a 2 year liability period.</p> <p>When we have paid enhanced indemnity commission and a policy is cancelled within 12 months of the policy inception date we shall be</p>	<p>The initial enhanced indemnity commission payment is subject to a 2 year liability period.</p> <p>We will clawback 1/730th* of any enhanced indemnity commission we have paid for each day we have not received and cleared the appropriate premium during the</p>

		<p>entitled to clawback the amount of enhanced indemnity commission paid with respect to any free cover period and the amount of enhanced indemnity commission paid for each month that we have not received and cleared the appropriate policy premium.</p> <p>If a policy is cancelled more than 12 months after the policy inception date but before the expiry of the initial liability period of 2 years from inception of the policy, we shall be entitled to clawback the amount of enhanced indemnity commission paid for each month that we have not received and cleared the appropriate policy premium.</p> <p>For every subsequent annual indemnity commission payment made from month 13 where a policy is cancelled within 12 months of its anniversary date we will clawback 1/12th of any annual indemnity commission we have paid for each month we have not received and cleared the appropriate premium.</p>	<p>liability period.</p> <p>For every subsequent annual indemnity commission payment made from year 2 where a policy is cancelled within a year from the anniversary date we will clawback 1/365th* of any annual indemnity commission we have paid for each day we have not received and cleared the appropriate premium.</p>
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