

Adviser Guide - Commissions

Your handy reference for our commission arrangements

14 October 2022



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About this document

This document is part of the **MetLife Adviser Guide**, which is made up of the following documents:

- Adviser Administration
- Claims
- Commissions
- Product, MetLife Protect and MetLife Protect Super
- Policy Administration
- Underwriting

Together, these documents provide the information you need to help you understand and manage your clients' MetLife insurance policies.

While this document contains information in relation to commissions, it is a guide only. Full terms and conditions in relation to commission are contained in the Distribution Agreement between MetLife and the relevant Licensee, which shall prevail to the extent of any inconsistency.

Commission structures and rates

What we pay

- First Year commissions – paid as a lump sum when we receive the initial premium.
- Renewal commissions (year 2 onwards) – calculated on a pro-rata monthly basis, and only where premiums are received.
- Commissionable premium = ‘Premium’ means any amount (including any underwriting loadings) payable by or on behalf of a Policyholder for a Policy less any explicit stamp duty and payment frequency discount or payment frequency loadings included within that amount.



Remember! We only pay commissions to the AFSL holder (the ‘Licensee’)

Commission Rates				
	Hybrid Commission		Level Commission	
	First Year	Renewal	First Year	Renewal
Commission rates including GST	66%	22%	30.25%	30.25%

- Commission rates are effective as of 29 March 2021 and includes GST. MetLife may withhold paying a commission if, in its view, paying it may breach any Australian laws or regulations.
- Where one of the below dial down commission rates other than the standard commission rates are selected, a premium discount will apply to the policy.
- **Large premium policies:** Policies with annual premium value of \$60,000 or more are unable to have a Hybrid commission structure.
- **Variation of commission terms:** MetLife may impose conditions on its acceptance of an application or request as it sees fit, including conditions which provides for Remuneration on terms other than those set out in this adviser guide (including reducing commission to zero). In the event of a variation of the commission terms, MetLife will inform the Licensee in writing of any changes prior to the completion of the application or request.
- **Super rollover:** The policy cost for MetLife Protect Super that is partially funded via an External Rollover is deemed to be the full premium i.e. includes the 15% Rollover rebate. Therefore in this instance we will pay commission based on the premium before the rebate is applied and not the premium amount actually rolled over by the member.
- Policies where the Life Insured is aged 60 years or more – such policies can only have the Level commission structure.
- Where a Policy includes a Healthy Lives discount, Large Cover Amount discount, Multi-Policy discount or Introductory discount, commission is payable on the premium after the discount(s) are applied to the Policy.
- Commission is not payable on explicit government insurance charges such as stamp duty which varies depending on the state/territory of residence of the Life Insured.

Where alternative commission rates are used, a premium discount applies on first year and renewal premiums each year.

Hybrid Commission

Premium discount	Option 1		Option 2		Option 3	
	Year 1	Year 2+	Year 1	Year 2+	Year 1	Year 2+
0.00%	66.00%	22.00%				
2.50%	59.40%	20.90%	46.20%	22.00%	66.00%	19.80%
5.00%	52.80%	19.80%	25.30%	22.00%	66.00%	16.50%
7.50%	47.30%	17.60%	5.50%	22.00%	66.00%	14.30%
10.00%	40.70%	16.50%	0.00%	22.00%	66.00%	11.00%
12.50%	35.20%	14.30%			66.00%	8.80%
15.00%	28.60%	13.20%			66.00%	5.50%
17.50%	22.00%	11.00%			66.00%	0.00%
20.00%	15.40%	8.80%				
22.50%	8.25%	5.50%				
25.00%	2.75%	2.75%				
27.50%	0.00%	0.00%				

Level Commission

Premium discount	Year 1	Year 2+
0.0%	30.25%	30.25%
2.5%	27.50%	27.50%
5%	24.75%	24.75%
7.5%	22.00%	22.00%
10%	19.25%	19.25%
12.5%	16.50%	16.50%
15%	13.75%	13.75%
17.5%	11.00%	11.00%
20%	8.25%	8.25%
22.5%	5.50%	5.50%
25%	2.75%	2.75%
27.5%	0.00%	0.00%

Changes to commissions on in-force policies

Changes to commission structures and rates aren't available on in-force policies.

Pay runs and cut-off dates

We pay commissions weekly to your Licensee.

Our pay runs occur weekly and if that day coincides with a public holiday, the commission run will take place on the next business day.



Remember! Your Licensee may not release commissions as often as we pay, so check with them about their pay runs.

The payment process

Commission payments leave our bank account each week on the pay run day.

We start the commission pay run process 2 business days before the payment day, which means that commissions for any policies placed in-force or altered during that 2-day period may be paid at the next weekly commission run.

We'll send you an email notification on the business day after commission payments leave our bank account, to let you know that commissions have been paid and that your payment statements are ready to download from the Adviser Portal.



Commissions payable

The type and level of commission we pay you depends on the nature of the policy application or policy alteration or a specific policy event.

The table below outlines the type of commission (First year commission vs Renewal commission) based on the nature of the policy application, policy alteration or policy event.

Policy event	Details	Payable commission structures
New business application	Application for a new MetLife Protect policy.	First year commission: Hybrid and Level commission structures available. Renewable commission: Hybrid and Level commission structures available.
Customer-requested business increase**^	A customer-requested change to cover e.g. cover increase or decrease, adding Extras Cover etc.	First year commission: Hybrid and Level commission structures available. Commission is calculated on increased premium only. Where an existing premium is reduced due to an alteration, commission clawback may apply within the responsibility period.
External replacement (not transfer terms)	Replacement of a policy held by another insurer.	First year commission: Hybrid and Level commission structures available.
External replacement (transfer terms)	Replacement of a policy held by another insurer, under the Transfer Terms policy feature. For more information, please refer to the Transfers section in the Adviser Guide - Underwriting.	Hybrid and Level commission structures are available unless the Life Insured is 60 years or over, in which case only a Level commission structure applies.
Internal replacement	Replacement of an existing MetLife policy via Cancel and Replace.	First year commission: not payable. Renewal commission: Hybrid and Level commission structures available.
Continuation Option	Exercising a Continuation Option by moving cover from a MetLife Group Insurance policy to a MetLife Protect policy.	First year commission: Level commission structure available. Renewable commission: Level commission structure available.

* Where an internal replacement is requested in conjunction with a sum insured increase, the replacement benefit portion will be set up as a separate cover to the increase benefit portion. Both covers will be created on the same Policy. Underwriting applies to the increase benefit portion only.

^ Only renewal commission is payable on Indexation increases.

Commissions payable during claim

Here's how we treat premiums and commissions for each cover type:

Claim event	Premiums	Initial commission paid upfront in the 1st year	Renewal Commission paid in the second year onwards when the customer pays their premium
Income Cover claim	<p>We'll waive premiums from the date that the Monthly Benefit become payable, after the applicable Waiting Period has been met.</p> <p>Any premiums debited during and after this date will be refunded while we are waiving premiums.</p>	Any first year commission paid will not be clawed back.	<p>Renewal commission will cease while we are waiving premiums.</p> <p>The renewal commission will be clawed back on any refunded premiums.</p>
Total and Permanent Disability (TPD) Cover claim	<p>We'll waive premiums from the date the Life insured meets the TPD Cover definition.</p> <p>Any premiums debited after will be refunded to the Policy Owner.</p>	Any first year commission paid will not be clawed back.	<p>Renewal commission will cease while we are waiving premiums.</p> <p>The renewal commission will be clawed back on any refunded premiums.</p>
Life/Terminal Illness Cover claim	<p>We'll suspend premiums on notification of the claim.</p> <p>We'll refund any premiums from the date of death or second terminal illness certification.</p>	Any first year commission paid will not be clawed back.	<p>Renewal commission will cease from the date of death or second terminal illness certification.</p> <p>The renewal commission will be clawed back on any refunded premiums.</p>
Trauma Cover claim	We don't suspend premiums for trauma claims, since claims for other trauma conditions can still be made during this time.	Any first year commission paid will not be clawed back.	Commissions will continue to be paid.

If a claim is declined, we won't seek to recover any premiums that were suspended or refunded during the assessment period. Commissions will become payable again when we re-commence premium collection.

Clawbacks

From time to time, we may need to reclaim – or ‘clawback’ – commission on policies or benefits.

We pay commissions on the basis of the premiums we receive. A commission clawback applies following any event that reduces the in-force premium within the responsibility period. An exception is where a Policy cancellation results from claim.

A two-year responsibility period applies to all first year commissions paid on a Hybrid commission structure. This includes first year commissions paid on customer requested increases and the addition of new benefits.

When we clawback commissions

We clawback commissions when cover is cancelled or premiums are reduced within 2 years of cover commencement. Please refer to **How much we clawback** (below).

Events that would result in a commission clawback include:

- Cancellation of a policy or cover due to:
 - Policy Owner request
 - Policy lapse (including lapses resulting from non-receipt of premium)
 - Cancel From Inception ((CFI) including MetLife avoidance).
- Any alteration that reduces the premium, including:
 - decrease in cover
 - cancellation of cover.

We can clawback commissions at any time if the policy is cancelled from inception or voided due to misrepresentation or failure to comply with the duty to take reasonable care not to make a misrepresentation.

Clawbacks on cancellations

The type of cancellation determines whether a commission clawback applies.

Cancellation type	Event	Commission clawback
Policy Owner request	Policy Owner requests cancellation of an in-force cover or Policy	Clawback applies
Lapse	Policy lapses due to non-receipt of premiums	Clawback applies
CFI	Benefit or Policy is cancelled from inception (including MetLife avoidance)	Clawback applies
Claim cancellation	Expiry of the cover/Policy following claim admission	No clawback

How much we clawback

Months in force	Hybrid structure	Level structure
1 – 12	100%	100%
13 – 24	60%	0%

The clawback will be calculated against the total policy cost (or reduction in the total policy cost), rather than for each component of the policy that may be cancelled, not continued or cost reduced.

For example:

New policy commencement date: 15 February 2021:

- Death cover only.
- Policy cost at policy commencement is \$1200 per year.
- Premium frequency is monthly.
- Commission style is Hybrid. Initial commission rate is 60% paid upfront.
- Commission paid = premium x initial commission rate = \$1200 × 60% = \$720.
- Clawback period is 15 February 2021 – 14 February 2023.

New cover commencement date: 15 July 2021 (5 months later):

- TPD cover added.
- Cost for the new cover is \$240 per year.
- Commission paid = cover premium x initial commission rate = \$240 × 60% = \$144.
- Clawback period for this cover is 15 July 2021 – 14 July 2023.

In April 2022 the customer reduces their sum insured for both covers and premium decreases. Total clawback for the sum insured decrease on both covers is \$108 + \$28.80 = \$136.80. The table below illustrates how the clawback is calculated.

	Cover 1 Death cover	Cover 2 TPD
Annual premium before decrease	\$1200	\$240
Annual premium after the decrease	\$900	\$192
Commission paid upfront	\$720	\$144
Commission clawback rate	60% (second year)	100% (still within 12 months of the cover commencement date)
Clawback calculation: ((Before premium – after premium)/ before premium) x commission paid upfront x clawback rate = clawback amount.	$((1200-900)/1200) \times 720 \times 60\% = \108	$((240-192)/240) \times 144 \times 100\% = \28.80

Important! if we cancel a policy from inception (CFI) either at the Policy Owner’s request during the cooling off period, or for any other reason outside of the cooling off period, no commissions are payable. In this instance, we will claw back 100% of the commissions paid, irrespective of how long the policy has been in force.



How we process clawbacks

We process commission clawbacks each week, in parallel with the commission payments process.

Where commissions are clawed back, the Licensee will receive a net commission payment in that week (that is, total commissions payable less any commissions clawed back).

Where commission clawbacks exceed the payable commissions, MetLife may liaise with the Licensee to recover the payable prior to our next payrun.

We’ll itemise any commission clawback amounts on the weekly commission statement.



For more information

Call 1800 523 523 Monday to Friday 9:00am to 5:00pm AEDT

metlife.com.au

This document is for adviser use only and is not for public distribution. It has been prepared as a guide only - for full terms and conditions in relation to MetLife Protect and MetLife Protect Super, please refer to the MetLife Protect and MetLife Protect Super Product Disclosure Statement and Policy document (PDS).

To the extent of any inconsistency between this document and the PDS, the PDS shall prevail.

For the class of consumers whom MetLife Protect and MetLife Protect Super is likely to be suitable for, and any conditions around how the product can be distributed, please refer to the Target Market Determinations for MetLife Protect (prepared by MetLife Insurance Limited) (ABN 75 004 274 882, AFSL 238096) and MetLife Protect Super (prepared by Equity Trustees Superannuation Limited) (ABN 50 055 641 757, AFSL 229757) at www.metlife.com.au.

This document was prepared by MetLife Insurance Limited.



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