

THE A.F.C. GROUP, INC.

ADMINISTRATIVE GUIDELINES FOR ALL AGENTS

IN ORDER FOR AFC TO GIVE YOU THE SERVICE AND ATTENTION THAT YOU DESERVE, AND FOR US TO HAVE OR CONTINUE TO HAVE A GREAT WORKING RELATIONSHIP, IT IS NECESSARY THAT YOU UNDERSTAND THE INFORMATION HEREIN. FOR YOU TO RECEIVE OR CONTINUE TO RECEIVE ADVANCES/LEADS, YOU MUST READ AND SIGN THIS CONTRACT SUPPLEMENT AND RETURN IT TO AFC AT 11 SOUTH GUILFORD, CARMEL, IN 46032. THIS INFORMATION IS DUE NOT LATER THAN 30 DAYS FROM YOUR DATE OF HIRE IN ORDER TO INSURE NO INTERRUPTION IN YOUR ADVANCES/LEADS THROUGH THE AFC GROUP, INC. KEEP A COPY OF THIS AND ALL DOCUMENTS FOR YOUR RECORDS! SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR MANAGER IMMEDIATELY. WE LOOK FORWARD TO WORKING WITH YOU!

COMMISSIONS

1. ADVANCE COMMISSION GUIDELINES

A. Payment Mode

Applications must be set up for initial and subsequent monthly premium payment by automatic bank draft (EFT) or credit card in order for the application to be eligible for advance. Advance status on new business is assigned as applications are SUBMITTED. Payment mode changes after submission of the original application are eligible for review by AFC Accounting for advance reversals if the case is changed from EFT or credit card to direct billing within the first six months after the policy is issued.

B. Advance Commissions

Commission checks are cut each week on Thursday and mailed Thursday night for regular mail delivery. (Some exceptions are made for requested overnight mailing by Level 1 and Level 2 Managers for a minimal charge.) Review the enclosed "Advance Commission Guidelines".

C. Rate of Advance

The rate of advance varies by product and agent advance status. Check with your Manager for un-posted product rates.

D. Requirements

In order to remain **actively contracted** with AFC, regular production is required; i.e., at least one application must be submitted every 60 days. **To remain eligible for advance commissions /leads**, at least one major medical application per month must be submitted. Short-Term applications do not count toward this eligibility requirement.

E. Telephone Verification

All applications must be verified by AFC before advances can be processed. If a Delivery Receipt is received by 9a.m. EST on Tuesday, verified, and eligible for Advance, (e.g., mthly bank draft), that issued policy will be advanced that same week on Thursday. Submit Advances will be processed same week, assuming the application(s) was submitted by Noon (12:00pm) on Monday of the same week, upon review of submitting Agent's current accounts, and according to eligibility.

Every Agent who turns in a Certificate of Delivery must first make sure that the client has the policy in-hand prior to sending the delivery receipt to AFC and the Agent has reason to believe that the client intends on keeping the policy. Any Delivery Receipts that are verified as **UNDELIVERED** will be subject to review by The AFC Group and the Agent's commission on that case will be paid as **EARNED**.

F. Personal Business

Business on the agent or the agent's family, friends, or another AFC agent will be paid as Earned.

G. Third Party Payor

In order to be eligible for advance, each application must have its own individual premium check. AFC will not advance on business that has more than one application on one check. Multiple applications submitted with individual third party checks would be eligible for advance on placement. List Bills are not advanced.

H. Misrepresented Applications

Applications that have either omitted significant medical information or have misstated information will not be advanced. AFC requires agents to ask and carefully record the answers to all questions on the application.

I. Commission Charge Backs

Charge backs constitute an indebtedness to AFC which is payable upon demand. Such debt may be taken from the next available source of funds (i.e., the next advance or earned commissions).

2. WHAT ARE CHARGE BACKS?

If a Submit Advance application is not placed, the full amount of the initial Submit Advance will be reversed or charged back. This will reflect as a negative on the Agent's Commission report and will reduce the first available funds by the unpaid amount. If there are no commissions to cover the outstanding amount, it will be carried over into the Agent's Miscellaneous Adjustment report and will be held against future commissions due the Agent.

3. WHEN ARE CHARGE BACKS ASSESSED?

Chargebacks on Submit Advance applications not placed within 3 months of the date of the submission will be charged against the agent's next available funds. If anyone on the application is declined, the advance will be reversed and the case will be eligible for reinstatement of advance upon ISSUE. If there is a problem with the initial premium draft (i.e. credit card declined, NSF check, etc.), the advance will be reversed and will be eligible for reinstatement upon issue and premium payment verification with the carrier. If the issued policy closes within the first 6 months after issue, the case is charged back on a pro-rated basis. Chargebacks are levied only when the case violates any of the above criteria. The best way to ensure against chargebacks of advances is to verify premium payment mode, supply corrected information to the carrier as soon as possible, and to monitor the persistency of your issued business.

NEW BUSINESS

1. WHEN TO SUBMIT APPLICATIONS

All applications with any of AFC's endorsed carriers must be sent to AFC's home office and must be received not later than 12:00pm EST Monday to be considered for that week's production. (If agent or manager is using an overnight service, exceptions will be made for delivery time as long as it is delivered not later than 12:00 pm EST Monday.)

2. WHO CAN SEND APPLICATIONS

The manager's office will make the determination as to whether they wish their agents to send their business directly to AFC's home office, or if the agent will turn in business to the manager's office which will send the business to AFC.

3. WHAT APPLICATIONS GO TO AFC'S HOME OFFICE

All applications must be submitted through AFC's home office so that they can be recorded for commissions. If an application is not submitted through AFC's home office, when the carrier releases commissions on the application, AFC will not know who the agent is for commission purposes, nor will the agent be eligible for leads or advances for that application.

NOTE: Short term applications may be submitted directly to the carrier due to the effective dates, but a complete copy including a copy of the check **must be sent to AFC's home office within one week.** (This can be faxed due to the nature and urgency of Short-Term applications.)

4. INCOMPLETE

If the agent knows the submitted application is not complete, it is not to be sent to AFC's home office. All incomplete applications will be returned to the manager's office, where applicable, or directly to the writing agent.

5. WHERE TO SEND APPLICATIONS

American Financial Consultants, Inc.
Attn: New Business
11 S. Guilford
Carmel, IN 46032

CHECKING NEW BUSINESS

AFC's home office checks all new business for errors. If for any reason an application goes to the carrier incomplete, AFC will not be held responsible or liable in any manner. It is the responsibility of the agent to make sure his/her business is complete, and correct. All incomplete applications will be returned to the writing agent via his/her manager, where applicable.

A. Applications Will Be Returned to Your Manager:

1. If any form is missing;
2. If a question is not answered on the application;
3. If an agent knowingly sends in an incomplete application;
4. If an agent does not include his/her agent name and writing number on the application after the above information has been sent to the agent, and the request for the agent to use the number has been made;
5. Or, if there is obvious cause to believe that the application will be declined by the carrier, unless note attached to the application.

LEADS

1. WHO RECEIVES LEADS?

All agents within AFC are eligible to receive leads on most AFC endorsed individual products.

2. HOW MANY LEADS DOES AGENT RECEIVE?

The writing agent will receive 2 leads for every \$1,000.00 of commissionable annualized premium, with a maximum of six leads per issued policy, on placed individual major medical applications of the carriers listed below:

The AFC Group, Inc.—AFC Proprietary CompleteCare
American Select—Best Life & GTL Products
Avalon Healthcare (FL) and American Community Products

Note: No leads will be furnished in instances where in AFC or the Carrier's opinion, receipt of the policy is not verified; or the client has reservations about keeping the policy.

3. HOW TO FIGURE THE NUMBER OF LEADS FOR EACH APPLICATION?

EXAMPLE

- | | |
|---|-----------|
| 1. Monthly commissionable premium | \$250.00 |
| 2. Annualized premium | \$3000.00 |
| 3. Divide No. 2 by 1,000 | 3 |
| 4. Multiply No. 3 by 2 | 6 |
| 5. Number 4 will give you the total number of leads you would receive for that placed policy. | |

4. LEAD GUARANTEE

All information on each lead is guaranteed to be correct, and up-to-date. Each lead is asked whether they or anyone that will be covered has had a heart attack, or has cancer, diabetes, or is currently

pregnant. All of these questions should be answered 'NO' for the lead to be considered a qualified lead. If the lead is found by the agent not to be qualified, it must be returned within 3 weeks of receipt at the manager's office for the lead to be considered for replacement. Health qualification exceptions will be made in group situations.

NOTE: Understand that every effort is made to make sure all leads are of the highest standard, but on occasion some bad leads will get through the system. Please return these leads for replacement.

5. SOLD LEADS

AFC requests that all sold leads be returned to AFC's home office when the application is submitted so that these leads can be removed from the system.

6. LEADS FOR NEW AGENTS

AFC offers each new agent the option to purchase 10 leads at a reduced cost of \$12 per lead at the time the agent is appointed with AFC. Subsequent lead purchases are at \$9 per lead for proven writing agents.

7. WHEN ARE LEADS ORDERED

All lead orders are submitted to the telemarketing room on Tuesday mornings. Those leads are received the following Thursday (nine days later) and mailed out that day to each agent due leads.

8. LEAD REVERSALS/CHARGEBACKS

There are no charges associated with leads except in situations where leads are given on a policy that is not active through 12 months. For any policy that lapses in the first six months, all leads issued pertaining to that policy will be reversed. For any policy that lapses in months 7-8, 75% of all leads issued pertaining to that policy will be reversed. From 9-10 months, 50% of all leads issued pertaining to that policy will be reversed. From 11-12 months, 25% of all leads issued pertaining to that policy will be reversed. All reversed leads will be assessed against future leads due. However, if after one month these reversals are not offset, these outstanding leads will be charged at a cost of \$15 per lead and assessed against the agent's account.

BY SIGNING BELOW, I ACKNOWLEDGE THAT I HAVE RECEIVED, READ, AND UNDERSTAND THESE AFC GUIDELINES.

AGENT SIGNATURE: _____

DATE: _____

DATE CONFIRMATION RECEIVED BY THE AFC GROUP INC.

BY: _____

DATE _____