

# Supplemental Compensation Plan



**MetLife**



# 2012 Program



With our unmatched expertise across a wide range of employee benefits, MetLife is a recognized leader in benefits and retirement. Through a consultative and solution-based approach, we can help you tailor our best-in-class solutions to meet the diverse needs and business challenges of your clients. With our useful tools and resources and consistent, high-quality service experience, you can focus on building your client relationships. And, as always, MetLife has the financial strength to deliver on our benefits promises, so you can feel confident recommending MetLife.

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MetLife is pleased to present the 2012 Supplemental Compensation Plan,<sup>1</sup> a plan that pays brokers that qualify a fixed percentage of 2012 New Business and Renewal Business Received and Earned Premium.<sup>2</sup> MetLife offers its Supplemental Compensation Plan to all appropriately licensed and appointed brokers.<sup>3</sup>

This brochure provides details about how brokers can qualify and how Supplemental Compensation will be paid. This brochure is available at [www.metlife.com/brokercompensation](http://www.metlife.com/brokercompensation).

The terms and conditions of the Supplemental Compensation Plan are described in this brochure. MetLife has the sole discretion to interpret the terms and conditions of the Supplemental Compensation Plan.

If you have any questions, please contact your MetLife Sales Representative. MetLife also has a dedicated Broker Service Center, which you can reach at (866) 796-1800. If your clients have questions regarding broker compensation, they may call (800) ASK-4MET. You can always find more information about MetLife, our products and the sales office near you by visiting our Web site, [www.metlife.com/broker](http://www.metlife.com/broker).

<sup>1</sup> The 2012 Supplemental Compensation Plan shall be referred to in this brochure as the “Supplemental Compensation Plan.” Payments under the Supplemental Compensation Plan shall be referred to in this brochure as “Supplemental Compensation.”

<sup>2</sup> “Received and Earned Premium” and certain other terms are defined in the Definitions section beginning on page 15 of this Supplemental Compensation Plan brochure.

<sup>3</sup> General agents and third party administrators are not eligible to participate in the Supplemental Compensation Plan. However, a broker that is also a general agent or third party administrator may participate, but only business for which MetLife recognizes the broker as Broker of Record will be counted for qualification and payment purposes. In addition, either a broker or a customer may choose to Opt-out of the Supplemental Compensation Plan. Any broker that has previously chosen to Opt-out of MetLife’s supplemental compensation plan must notify MetLife of its decision to Opt-in to the 2012 Supplemental Compensation Plan by November 30, 2011. Such notice must be in writing to the address provided on page 12 of this brochure.

# SUPPLEMENTAL COMPENSATION PLAN QUALIFICATION

A broker may qualify for Supplemental Compensation based on specific qualification criteria which vary depending on the broker's Inforce Premium with MetLife.<sup>4</sup>

**Tier 1:** For brokers with greater than \$25 million of Inforce Premium

**Tier 2:** For brokers with \$5 million to \$25 million of Inforce Premium (see page 4)

**Tier 3:** For brokers less than \$5 million of Inforce Premium (see page 6)

## Tier 1

Brokers will participate in Tier 1 if their total book of business is greater than \$25 million of Inforce Premium on September 30, 2011.

A broker may qualify for Supplemental Compensation based on:

- (1) New business (New Business Premium or New Business Coverage Groupings) with an effective date between October 1, 2010 and September 30, 2011 (the "Qualification Period"),  
**AND/OR**
- (2) Inforce Premium Persistency as of September 30, 2011.

### NEW BUSINESS QUALIFICATION

A broker that has greater than \$25 million of Inforce Premium with MetLife may qualify for Supplemental Compensation based on the below table.

New Business Eligibility Determination				
New Business Premium		OR	New Business Coverage Groupings	New Business Supplemental Compensation Rate
Level 1	\$2,000,000		40	3.00%
Level 2	\$3,000,000	60	5.00%	
Level 3	\$4,000,000 +	70 +	7.00%	

New Business Premium is Annualized Billed Premium for new coverages with effective dates during the Qualification Period.

#### EXAMPLES:

During the Qualification Period, a broker produces \$4.5 million of New Business Premium consisting of 41 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 7%. The 7% New Business Supplemental Compensation payment will apply to Received and Earned New Business Premium in 2012.

During the Qualification Period, a broker produces \$1.1 Million of New Business Premium consisting of 55 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 3%. The 3% New Business Supplemental Compensation payment will apply to Received and Earned New Business Premium in 2012.

<sup>4</sup> In certain circumstances, MetLife may set the Supplemental Compensation percentage as a fixed percentage and the qualification criteria set forth in this brochure will not apply.

## PERSISTENCY QUALIFICATION

Tier 1 brokers can also qualify based on Persistency.

Persistency Eligibility Determination			
	Year End Persistency		Persistency Supplemental Compensation Rate
Level 1	82.00%	85.00%	0.25%
Level 2	85.01%	88.00%	0.50%
Level 3	88.01%	91.00%	0.75%
Level 4	91.01%	94.00%	1.00%
Level 5	94.01%	97.00%	1.25%
Level 6	≥ 97.01%		1.50%

### EXAMPLE:

During the Qualification Period, a broker has Persistency of 98%, and has \$27 million of Inforce Premium. The broker qualifies for an additional Supplemental Compensation percentage of 1.50% based on the Persistency Qualification. The 1.50% Persistency Supplemental Compensation payment will apply to 2012 Received and Earned Renewal Business Premium for the broker's book of Business.

### TIER 1 — EXAMPLE:

During the Qualification Period, a broker has New Business premium of \$2.3 million and 62 New Business Coverage Groupings along with Persistency of 98%. The broker qualifies for a New Business Supplemental Compensation rate of 5% and a Persistency Supplemental Compensation rate of 1.50%. The New Business Supplemental Compensation rate of 5% will be paid on all eligible Received and Earned New Business Premium received in 2012. The 1.50% Persistency Supplemental Compensation rate will apply to 2012 eligible Received and Earned Renewal Business Premium for the broker's book of business.

## Tier 2

**Brokers will participate in Tier 2 if their total book of business is between \$5 million and \$25 million of Inforce Premium on September 30, 2011.**

**A broker may qualify for Supplemental Compensation based on:**

- (1) New business (New Business Premium or New Business Coverage Groupings) with an effective date between October 1, 2010 and September 30, 2011 (the "Qualification Period"),

**AND/OR**

- (2) Inforce Premium Persistency as of September 30, 2011.

## NEW BUSINESS QUALIFICATION

A broker that has between \$5 million and \$25 million of Inforce Premium with MetLife may qualify for Supplemental Compensation based on the below table.

New Business Eligibility Determination				
New Business Premium		OR	New Business Coverage Groupings	New Business Supplemental Compensation Rate
Level 1	\$1,000,000			15
Level 2	\$1,500,000		20	5.00%
Level 3	\$2,000,000 +		30 +	7.00%

New Business Premium is Annualized Billed Premium for new coverages with effective dates during the Qualification Period.

### EXAMPLES:

During the Qualification Period, a broker produces \$1.7 million of New Business Premium consisting of 25 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 5%. The 5% New Business Supplemental Compensation payment will apply to Received and Earned New Business Premium in 2012.

During the Qualification Period, a broker produces \$900 thousand of New Business Premium consisting of 16 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 3%. The 3% New Business Supplemental Compensation payment will apply to Received and Earned New Business Premium for in 2012.

## PERSISTENCY QUALIFICATION

Tier 2 brokers can also qualify based on Persistency. However, a broker that does not qualify for New Business Supplemental Compensation can qualify based on Persistency but at 50% of the full rate.

Persistency Eligibility Determination				
Year End Persistency		Persistency Supplemental Rate*	Persistency Supplemental Compensation Rate**	
Level 1	82.00%    85.00%		0.25%	0.125%
Level 2	85.01%    88.00%	0.50%	0.250%	
Level 3	88.01%    91.00%	0.75%	0.375%	
Level 4	91.01%    94.00%	1.00%	0.500%	
Level 5	94.01%    97.00%	1.25%	0.625%	
Level 6	≥ 97.01%	1.50%	0.750%	

\* Persistency Supplemental Compensation Rate payable on all Received and Earned Renewal Business premium received for 2012 Calendar year billing periods **with qualification for New Business Supplemental Compensation.**

\*\* Persistency Supplemental Compensation Rate payable on all Received and Earned Renewal Business premium received for 2012 Calendar year billing periods **without qualification for New Business Supplemental Compensation.**

**EXAMPLE:**

**If New Business Qualification is met:**

During the Qualification Period, a broker qualified for New Business Supplemental Compensation, has Persistency of 96%, and has \$18 million of Inforce Premium. The broker qualifies for an additional Supplemental Compensation percentage of 1.25% based on the Persistency Qualification. The 1.25% Persistency Supplemental Compensation payment will apply to 2012 Received and Earned Renewal Business Premium for the broker’s book of Business.

**If New Business Qualification is not met:**

During the Qualification Period, a broker did not meet criteria for New Business Supplemental Compensation, has Persistency of 93%, and has \$18 million of Inforce Premium. The broker qualifies for an additional Supplemental Compensation percentage of 0.50% based on the Persistency Qualification. The 0.50% Persistency Supplemental Compensation payment will apply to 2012 Received and Earned Renewal Business Premium for the broker’s book of business.

## Tier 3

**Brokers will participate in Tier 3 if their total book of business is less than \$5 million of Inforce Premium on September 30, 2011.**

**A broker may qualify for Supplemental Compensation based on:**

(1) New business (New Business Premium or New Business Coverage Groupings) with an effective date between October 1, 2010 and September 30, 2011 (the “Qualification Period”),

**AND**

(2) Inforce Premium Persistency as of September 30, 2011.

### NEW BUSINESS QUALIFICATION

A broker that has less than \$5 million of Inforce Premium with MetLife may qualify for Supplemental Compensation based on the below table.

New Business Eligibility Determination				
New Business Premium		OR	New Business Coverage Groupings	New Business Supplemental Compensation Rate
Level 1	\$750,000			9
Level 2	\$1,000,000		15	5.00%
Level 3	\$1,500,000 +		20 +	7.00%

New Business Premium is Annualized Billed Premium for new coverages with effective dates during the Qualification Period.

**EXAMPLES:**

During the Qualification Period, a broker produces \$1.2 million of New Business Premium consisting of 29 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 7%. The 7% New Business Supplemental Compensation payment will apply to Received and Earned New Business Premium in 2012.

During the Qualification Period, a broker produces \$900 thousand of New Business Premium consisting of 11 New Business Coverage Groupings. The broker qualifies for a New Business Supplemental Compensation percentage of 3%. The 3% New Business Compensation payment will apply to Received and Earned New Business Premium in 2012.

**PERSISTENCY QUALIFICATION**

Tier 3 brokers that qualify for New Business Supplemental Compensation and have a minimum of \$100 thousand of Inforce Premium can also qualify based on their Persistency.

Persistency Eligibility Determination			
Year End Persistency			Persistency Supplemental Compensation Rate*
Level 1	82.00%	85.00%	0.25%
Level 2	85.01%	88.00%	0.50%
Level 3	88.01%	91.00%	0.75%
Level 4	91.01%	94.00%	1.00%
Level 5	94.01%	97.00%	1.25%
Level 6	≥ 97.01%		1.50%

\* Persistency Supplemental Compensation Rate payable on all Received and Earned Renewal Business premium received for 2012 Calendar year billing periods **ONLY with qualification for New Business Supplemental Compensation.**

**EXAMPLE:**

During the Qualification Period, a broker has Persistency of 98%, and has \$3.5 million of Inforce Premium, and has achieved at least the minimum level of New Business qualification. The broker qualifies for an additional Supplemental Compensation percentage of 1.50% based on the Persistency Qualification. The 1.50% Persistency Supplemental Compensation payment will apply to 2012 Received and Earned Renewal Business Premium for the broker’s book of business.

# ELIGIBLE GROUP PRODUCTS AND SERVICES

There are a number of different group products and services marketed by MetLife that a broker can sell to qualify for Supplemental Compensation. For qualification and payment purposes, coverages must have a minimum number of two eligible lives. The products fall into the following Coverage Groupings:

## Coverage Grouping 1

Basic Life, Core Life, Dependent Life, Accidental Death & Dismemberment (“AD&D”) both personal and dependent

## Coverage Grouping 2

Optional Group Term (Supplemental Life), Voluntary AD&D Both personal and dependent, Optional Life/AD&D, Buy-Up Life, Buy-Up AD&D

## Coverage Grouping 3

Group Universal Life – cost of insurance only

## Coverage Grouping 4

Group Variable Universal Life – cost of insurance only\*

## Coverage Grouping 5

Dental benefits products

## Coverage Grouping 6

Short Term Disability (“STD”), Voluntary STD, Mandated State Disability Plans

## Coverage Grouping 7

Long Term Disability (“LTD”), Voluntary LTD

## Coverage Grouping 8

Hyatt Group Legal Plans

\* Only a licensed broker-dealer may receive qualification credit and Supplemental Compensation for the sale of Group Variable Universal Life.

Administrative Services Only (“ASO”) business may be included only in Coverage Groupings 5, 6 and 7.

## EXCLUDED PRODUCTS

Any products or services not specifically included in the above section are excluded from the Supplemental Compensation Plan, and therefore will not be counted for qualification purposes, nor will a broker receive Supplemental Compensation on the premium or fees relating to those products.

# SUPPLEMENTAL COMPENSATION PAYMENT CALCULATION

MetLife pays Supplemental Compensation at a single Tax ID level. Payment is calculated in the following manner:

New Business Supplemental Compensation Rate x 2012 Received and Earned New Business Premium	New Business SCP Payment
Plus	
Persistency Supplemental Compensation Rate x 2012 Received and Earned Renewal Business Premium	Renewal Business SCP Payment
Equals	
Total SCP Payment	

## GENERAL PROGRAM GUIDELINES

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If the number of enrolled lives for a coverage increases or decreases for a customer following the effective date of the new business coverage, there will be no impact to the New Business Premium qualification calculation or the new Coverage Grouping count qualification calculation.

For a given customer, a broker will receive a single Coverage Grouping count for each New Business Coverage Grouping.

The Broker of Record on the date the Qualification Period ends will receive qualification credit for New Business Premium and New Business Coverage Grouping counts; there is no prorating of the qualification credit. If two or more brokers split base compensation, only the New Business Premium will be apportioned. This apportionment will be determined by MetLife in the same manner as the base compensation apportionment. Each of the recognized brokers splitting the compensation will receive full credit for the number of the customers Coverage Grouping(s) sold during the qualification.

All Premium is counted for qualification purposes. However, if a customer chooses to Opt-out of the Supplemental Compensation Plan, no Supplemental Compensation will be paid in relation to that customer's premium.

Under all circumstances, the broker will not be entitled to Supplemental Compensation on and after the date the broker is deemed by MetLife or the customer to no longer be the Broker of Record.

## PAYMENT CAPPING

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MetLife will pay a maximum New Business Supplemental Compensation of \$200 thousand and Persistency Supplemental Compensation of \$200 thousand (the "Caps") per customer; the Caps apply to the aggregate of all Supplemental Compensation payments per customer. The Caps apply to all brokers regardless of total Inforce Premium. Notwithstanding any of the other provisions in this section, MetLife reserves the right to apply the Caps in instances where customers are deemed by MetLife, in its sole discretion, to be affiliated or under common ownership.

If more than one broker is eligible for Supplemental Compensation with respect to one customer and Supplemental Compensation is more than \$200 thousand, MetLife may apply the Caps per customer for each broker so long as the brokers are not affiliated or under common ownership or control. MetLife may, in its sole discretion, determine when a broker has an affiliation or common ownership with another broker.

If a MetLife customer acquires another company that does not have eligible MetLife group products prior to the acquisition, MetLife will treat the existing customer and the acquired company as separate companies for purposes of applying the Caps under the 2012 Supplemental Compensation Plan. MetLife reserves the right to consider the MetLife customer and the acquired company to be one MetLife customer in relation to any future supplemental compensation plans.

MetLife reserves the right to obtain written customer authorization before making any Supplemental Compensation payment and to determine in its sole discretion how the Caps are applied.

### EXAMPLE

A broker qualifies for 5.00% New Business Supplemental Compensation and 1.50% Persistency Supplemental Compensation. The broker is the Broker of Record for Company A and MetLife's Received and Earned Premium from Company A is New Business Premium of \$5 million for Life and Renewal Business Premium of \$15 million for Disability.

The Supplemental Compensation payments will be generated as premiums are received for Company A. Once New Business Supplemental Compensation payments total \$200 thousand, MetLife will cap the payment generated from Company A's New Business Premium and once the Persistency Supplemental Compensation payments total \$200 thousand, MetLife will cap the payment generated from Company A's Renewal Business Premium.

# SUPPLEMENTAL COMPENSATION PAYMENT CALCULATION (CONT.)

Company A – Premium and Payment							
Month	New Business Premium	New Business Payment	New Business Cumulative Payment	Renewal Business Premium	Persistency Payment	Persistency Cumulative Payment	Total Cumulative Payment
January	\$416,630	\$20,834	\$20,834	\$1,250,000	\$18,750	\$18,750	\$39,584
February	\$416,670	\$20,834	\$41,668	\$1,250,000	\$18,750	\$37,500	\$79,168
March	\$416,670	\$20,834	\$62,502	\$1,250,000	\$18,750	\$56,250	\$118,752
April	\$416,670	\$20,834	\$83,336	\$1,250,000	\$18,750	\$75,000	\$158,336
May	\$416,670	\$20,834	\$104,170	\$1,250,000	\$18,750	\$93,750	\$197,920
June	\$416,670	\$20,834	\$125,004	\$1,250,000	\$18,750	\$112,500	\$237,504
July	\$416,670	\$20,834	\$145,838	\$1,250,000	\$18,750	\$131,250	\$277,088
August	\$416,670	\$20,834	\$166,672	\$1,250,000	\$18,750	\$150,000	\$316,672
September	\$416,670	\$20,834	\$187,506	\$1,250,000	\$18,750	\$168,750	\$356,256
October	\$416,670	\$12,494	\$200,000	\$1,250,000	\$18,750	\$187,500	\$387,506
November	\$416,670	\$0	\$200,000	\$1,250,000	\$12,494	\$200,000	\$400,000
December	\$416,670	\$0	\$200,000	\$1,250,000	\$0	\$200,000	\$400,000
Total	\$5,000,000	\$200,000		\$15,000,000	\$200,000		

## ASO/PAR CUSTOMERS

For ASO and Participating (“PAR”) customers, MetLife will apply the full ASO fee or the PAR premium amount towards qualification. For the Supplemental Compensation payment calculation, however, ASO fees and PAR premium are reduced to 25% of the actual ASO fees and PAR premium prior to applying the applicable Supplemental Compensation percentage.

### EXAMPLE:

Assume that during the Qualification Period the broker qualified for Persistency Supplemental Compensation of 1.50% of Received and Earned Premium. In 2012, the broker is Broker of Record on cases for which MetLife earns and receives an eligible ASO fee of \$50,000 and an eligible PAR premium of \$25,000.

	Dental ASO	LTD PAR
MetLife ASO Fee/PAR Premium	\$50,000	\$25,000
Eligible ASO Fee/PAR Premium Percentage	25%	25%
Amount Eligible for Supplemental Compensation	\$12,500	\$6,250
Supplemental Compensation Percentage	1.50%	1.50%
Total Supplemental Compensation Payment for 2012	\$187.50	\$93.75

# SUPPLEMENTAL COMPENSATION PAYMENT

MetLife intends to pay Supplemental Compensation on a monthly basis in the month after premium is received by MetLife. Supplemental Compensation shall be earned by the broker only so long as MetLife deems the premium to be Received and Earned Premium, and provided MetLife and the customer continue to recognize the broker as the Broker of Record. The broker shall immediately return to MetLife any overpayment of Supplemental Compensation the broker receives from MetLife. Any Supplemental Compensation paid to a broker that is not earned by the broker shall be immediately returned to MetLife and MetLife reserves the right to offset any funds payable by a broker to MetLife against any funds payable by MetLife to the broker. By cashing any check from MetLife or otherwise accepting any payment from MetLife, including any Supplemental Compensation payment, the broker thereby agrees that MetLife may offset any funds payable by MetLife to the broker in order to recover an overpayment or any other funds payable by the broker to MetLife.

In instances where multiple payee codes exist for a single Tax ID, MetLife will require a duly authorized representative of the broker to designate in writing a primary payee. When a primary payee is designated, it will remain in effect until MetLife receives and approves a written change request.

No Supplemental Compensation payments shall be made in advance of when they are due under the Supplemental Compensation Plan.

## ADDITIONAL OPPORTUNITIES TO EARN SUPPLEMENTAL COMPENSATION

**A broker may earn Supplemental Compensation for the following additional opportunities as follows:**

<b>Additional Opportunities</b>	<b>Supplemental Compensation Percentages</b>	<b>Cap Amount</b>
General Account Life Insurance Fund Account ("GA LIFA")	0.25%	\$25,000
Guaranteed Life Insurance Fund Account ("GLIFA")	0.25%	\$25,000
Long Term Disability Reserve Buy-out ("LTD RBO")	0.25%	\$100,000

MetLife will pay Supplemental Compensation in an amount equal to 0.25% of new assets for a GA LIFA or GLIFA, provided the new assets are from a source other than MetLife or its affiliates. MetLife will only pay Supplemental Compensation to one broker with regard to new GA LIFA or GLIFA assets. For example, should the Broker of Record change after MetLife pays Supplemental Compensation on new GA LIFA or GLIFA assets, MetLife will not pay Supplemental Compensation to the new Broker of Record unless additional new assets are deposited with MetLife, in which case MetLife will only pay Supplemental Compensation to the new Broker of Record on the additional new assets. MetLife will not pay any Supplemental Compensation on GA LIFA or GLIFA in excess of \$25 thousand per customer. Separate caps apply to assets for each of GA LIFA and GLIFA.

For an LTD RBO, MetLife will pay Supplemental Compensation in an amount equal to 0.25% of the reserve assets; MetLife will not pay Supplemental Compensation on LTD RBO of more than \$100,000 per customer.

GA LIFA and GLIFA assets and LTD RBO reserve assets will not count towards New Business Supplemental Compensation or Persistency Supplemental Compensation for qualification purposes. In addition, the Supplemental Compensation percentages for the New Business and the Persistency qualification do not apply to assets for GA LIFA and GLIFA or reserve assets for LTD RBO.

Supplemental Compensation for these products will be paid in the month following receipt of the assets associated with those products.

The terms and conditions set forth in this brochure govern the Supplemental Compensation Plan. There will be no changes to the Supplemental Compensation Plan unless set forth in writing and signed by an Executive Vice President of MetLife.

Eligibility for payment under the Supplemental Compensation Plan requires the broker to be appropriately licensed and appointed and to comply with all applicable laws and regulations, including, without limitation, those that apply to disclosure of compensation. In addition, in order for the broker to be eligible for Supplemental Compensation with respect to any given customer's business, the broker must be recognized by MetLife and the customer as Broker of Record. MetLife reserves the right to notify its customers of a broker's eligibility to receive compensation under the Supplemental Compensation Plan and the amount of any payment made or to be made, and to obtain written customer authorization prior to making any payment.

MetLife reserves the right to change the terms of the Supplemental Compensation Plan or to discontinue the sale of any product. It is not MetLife's practice to specifically factor Supplemental Compensation into the price of a customer's group insurance plan. However, Supplemental Compensation is a component of MetLife's US Business distribution expenses and, like other expenses, is factored into the price structure of MetLife's US Business products.

## A. CUSTOMER AUTHORIZATION FORM

MetLife requires customer consent by means of the Customer Authorization Form in order to include a Zero Commission Coverage for qualification and/or payment purposes. MetLife will only pay Supplemental Compensation on Zero Commission Coverages with an effective date on or after January 1, 2010, provided MetLife has previously received or receives a Customer Authorization Form by November 30, 2011, and MetLife recognizes the broker as the Broker of Record as of the effective date of the coverage. Both the broker and customer must sign the Customer Authorization Form.

If a customer submits a Customer Authorization Form to MetLife for the 2012 Supplemental Compensation Plan, it will remain in effect for subsequent MetLife supplemental compensation plans unless the customer notifies MetLife in writing of its intention to terminate the authorization. In addition, if MetLife has received a Customer Authorization Form for either the 2010 or 2011 Supplemental Compensation Plan, this authorization is effective under the terms and conditions of the 2012 Supplemental Compensation Plan unless the customer notifies MetLife in writing of its intention to terminate the authorization. MetLife may provide annual notices to customers who have submitted the Customer Authorization Form describing changes to its supplemental compensation plan from the prior year.

The customer may terminate the authorization at any time. Termination of the authorization will take effect within thirty (30) days after notification is received by MetLife and no payments in relation to that customer's premium will be made thereafter under any MetLife supplemental compensation plan.

The Customer Authorization Form must be completed and submitted via U.S. Mail, overnight delivery service, fax, or e-mail to one of the following contact points below by November 30, 2011:

**Fax:** (800) 556-9430

**E-mail:** [ins\\_compensation\\_inquiries@metlife.com](mailto:ins_compensation_inquiries@metlife.com)

**Mail to:** MetLife

P.O. Box 30160

Tampa, FL 33630

Supplemental Compensation will apply to the first billing date in 2012, after the date of receipt of the Customer Authorization Form by MetLife. MetLife will not consider the Customer Authorization Form to be received by MetLife until the fully completed form is received at one of the contact points listed above. If the form is submitted to another area of MetLife (for example, a MetLife sales office), MetLife will not consider the form to be received until it is received by MetLife at one of the contact points listed above, and the business may not be counted for Supplemental Compensation purposes. Any Customer Authorization Forms received by MetLife at one of the contact points listed above after November 30, 2011, will apply to payment only and will not affect the broker's Supplemental Compensation percentage for the 2012 Supplemental Compensation Plan. In addition to using the Customer Authorization Form in this brochure, you can photocopy the form, or download a PDF version of the form at [www.metlife.com/brokercompensation](http://www.metlife.com/brokercompensation).

**EXAMPLE:**

Broker A and Broker B each have a book of business with \$12 million (Tier 2), which includes new and inforce business with a 95% persistency. For each broker, the only new business during 2012 qualification is one Zero Commission Coverage effective July 1, 2011, with \$1.5 million in New Business Premium. Broker A submits the Customer Authorization Form to MetLife on September 1, 2011, and Broker B submits the form to MetLife on January 5, 2012.

	<b>Broker A CAF received Sept. 1, 2011</b>	<b>Broker B CAF received Jan. 5, 2012</b>
New Business Premium for Qualification	\$1,500,000	\$0.00
New Business Supplemental Compensation	5.00%	0.00%
Persistency Supplemental Compensation (@ 95%)	1.25%	0.625%

The coverage subject to the Customer Authorization Form submitted by Broker A will result in \$1.5 million in New Business Premium being counted for Supplemental Compensation qualification purposes. Broker A's New Business Supplemental Compensation percentage will be 5%. Broker A would also qualify for the Persistency Award of 1.25%.

The coverage subject to the Customer Authorization Form submitted by Broker B is not counted towards qualification and Broker B will not qualify based on New Business Premium. Instead, Broker B will qualify based on the Persistency Award and his Supplemental Compensation percentage will be 0.625%.

Compensation paid under the MetLife Supplemental Compensation Plan is an overhead expense of MetLife and MetLife does not add the cost of Supplemental Compensation to the price of a customer's MetLife product except as an allocation of overhead expense. The price of a MetLife product and the impact broker compensation may have on price or premium depends on a variety of factors, and is determined solely by MetLife. MetLife reserves the right to exclude from its supplemental compensation plans any business where a broker may have represented that broker compensation paid under MetLife's supplemental compensation plans with respect to a customer's MetLife coverage will reduce the price or premium rates with respect to the customer's coverage.

**B. CONTACTING METLIFE**

Your MetLife representative is available to answer any questions. Brokers may also contact MetLife's dedicated Broker Service Center at the number below.

When contacting MetLife by fax or e-mail, please state the topic of your request in the subject line and include pertinent details in the body of the message. Information needed to respond to your request may include the broker's name, address, e-mail address, phone number, broker number, customer name and coverages.

**Phone:** (866) 796-1800

**Fax:** (800) 556-9430

**E-mail:** ins\_compensation\_inquiries@metlife.com

**Mail to:** MetLife

P.O. Box 30160

Tampa, FL 33630

**C. INTERMEDIARY COMPENSATION NOTICE**

Working with MetLife, you can be assured of MetLife's commitment to disclosure of information about MetLife's compensation plans to customers and potential customers. Certain customer and prospect communications will include a compensation notice similar to the notice below explaining to customers and prospects how MetLife compensates brokers.

**INTERMEDIARY AND PRODUCER COMPENSATION NOTICE**

MetLife enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related products ("Products") with brokers, agents, consultants, third-party administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such Products (each an "Intermediary"). MetLife may pay your Intermediary compensation, which may include base compensation, supplemental compensation and/or a service

fee. MetLife may pay compensation for the sale, servicing and/or renewal of Products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your Products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your Products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. In addition, supplemental compensation may be payable to your Intermediary. Under MetLife's current supplemental compensation plan, the amount payable as supplemental compensation may range from 0% to 7% of premium. The supplemental compensation percentage may be based on: (1) the number of Products sold through your Intermediary during a prior one-year period; (2) the amount of premium or fees with respect to Products sold through your Intermediary during a prior one-year period; (3) the persistency percentage of Products inforce through your Intermediary during a prior one-year period; (4) a fixed percentage of the premium for Products as set by MetLife. The supplemental compensation percentage will be set by MetLife prior to the beginning of each calendar year and it may not be changed until the following calendar year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 7% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our Products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium from you in relation to your Products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (e.g., consulting or reinsurance arrangements).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife's base compensation and supplemental compensation plans can be found on MetLife's Web site at [www.metlife.com/brokercompensation](http://www.metlife.com/brokercompensation). Questions regarding Intermediary compensation can be directed to [ask4met@metlifeservice.com](mailto:ask4met@metlifeservice.com), or if you would like to speak to someone about Intermediary compensation, please call (800) ASK-4MET.

In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your MetLife sales representative. Compensation paid to your MetLife sales representative is for participating in the sale, servicing, and/or renewal of Products, and the compensation paid may vary based on a number of factors including the type of Product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your MetLife sales representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your MetLife sales representative or calling (866) 796-1800.

For any new business (including new customers or new coverages added for an existing customer) having an effective date on or after January 1, 2008, MetLife requires evidence of a customer's receipt of MetLife's compensation notice prior to paying Base Compensation, Supplemental Compensation or service fees.

MetLife will send to all group insurance customers an annual statement indicating all compensation MetLife paid to the customer's Broker of Record in the prior year.

## D. KEY DATES

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### Qualification Period

New business with an effective date between October 1, 2010 and September 30, 2011

Inforce Premium Persistency from October 1, 2010 to September 30, 2011

### Customer Authorization Form

Completed and received by MetLife by November 30, 2011 – for qualification and payment purposes

Completed and received by MetLife after November 30, 2011 – will apply to payment only

## Notification of Qualification

Estimate of Qualification – intended to be mailed in November 2011 to brokers qualifying for 2012 Supplemental Compensation

Broker book of business corrections – due to MetLife by November 30, 2011

Official Notification of qualification – mailed in January 2012 to brokers qualifying for 2012 Supplemental Compensation

## E. DEFINITIONS

In addition to the defined terms below, some terms may be defined where they first appear in this brochure.

1. **“Annualized Billed Premium”** – the billed premium amount during the Qualification Period, which is calculated as a monthly average and multiplied by twelve.

### EXAMPLE:

This example assumes a January 1 effective date with an initial bill due on January 1. The total billed premium (\$6,100) is divided by the total number of bills (7) to calculate an average monthly bill (\$871.43). The average bill is multiplied by 12, which provides the Annualized Billed Premium (\$10,457.16).

Billing Month	Estimated Monthly Billed Amount
January	\$1,000
February	\$900
March	\$1,100
April	\$1,000
May	\$800
June	\$700
July	\$600
<b>Total</b>	<b>\$6,100</b>

2. **“Broker of Record”** – the broker recognized to support and service the coverage by both the customer and MetLife for the customer’s eligible group insurance coverage.
3. **“Division Number” and “Experience Number”** – terms used internally by MetLife. A Division Number or Experience Number may be used to identify sub-groups within a customer. For example, a customer may choose to have one sub-group of its employees covered for basic life insurance benefits under one Experience Number and another sub-group of its employees covered for basic life insurance benefits under a different Experience Number. MetLife reserves the right to determine in its sole discretion whether to permit multiple Division Numbers or Experience Numbers under one customer.
4. **“Inforce Premium”** – the Annualized Billed Premium for customers whose group coverages are in force on the last day of the Qualification Period. Inforce Premium does not include premium for Zero Commission Coverages where MetLife has not received a signed Customer Authorization Form by the deadline set forth in this brochure. If MetLife receives a Customer Authorization Form by the deadline set forth in this brochure for a Zero Commission Coverage, then the Zero Commission Coverage will be included in Inforce Premium.
5. **“New Business Coverage Grouping”** – one or more coverages or group products or services marketed by MetLife that are eligible for qualification and payment under the Supplemental Compensation Plan.
6. **“New Business Premium”** – Premium received by MetLife to credit a billing cycle that occurs within the first twelve (12) months following the coverage effective date.

7. **"Opt-in"** – the act of a broker electing to include the broker's Tax ID, customer, Division Number, Experience Number and/or coverage(s) to participate in the Supplemental Compensation Plan.
8. **"Opt-out"** – the act of electing to exclude a broker's Tax ID, customer, Division Number, Experience Number and/or coverage(s) from participating in the Supplemental Compensation Plan. This can be accomplished by contacting the Broker Service Center.
9. **"Persistency"** – Broker inforce coverages that remain inforce through the duration of the qualification period. The Persistency is calculated by dividing the broker's September 30, 2011 Inforce Premium for customer coverages by the broker's October 1, 2010 Inforce Premium for the same coverages. The coverage must be inforce on October 1, 2010 in order to be factored into the calculation. Those coverages that were effective after October 1, 2010 will be excluded. Also any coverage(s) that resulted in Broker of Record change during the qualification period will be excluded from the calculation.

For qualification purposes, Long Term Care (LTC) will be excluded from the Persistency Eligibility Determination.

<b>Broker Z Persistency Example</b>				
	<b>Coverage Effective Date</b>	<b>10/1/2010 Premium</b>	<b>9/30/2011 Premium</b>	<b>Customer Persistency</b>
Customer A	1/1/2006	\$100,000	\$125,000	125.00%
Customer B	10/1/2008	\$5,000,000	\$4,900,000	98.00%
Customer C*	8/1/2005	\$200,000	\$0	0.00%
Customer D**	11/1/2009	\$350,000	\$0	N/A
Customer E***	12/1/2010	\$0	\$1,000,000	N/A
<b>Total</b>		<b>\$5,300,000</b>	<b>\$5,025,000</b>	<b>94.81%</b>

MetLife will round the calculation to the nearest 1/100th (Two decimal places) of a percent.

**Persistency Award Calculation = "9/30/2011 Premium" / "10/1/2010 Premium"**

\* Customer C – Cancelled coverage during the qualification period.

\*\* Customer D – Broker of Record change, Customer remained inforce with MetLife; therefore, excluded from Persistency calculation.

\*\*\*Customer E – "N/A" because the coverage was not inforce on 10/1/2010.

10. **"Received and Earned Premium"** – the premium paid by a customer to MetLife and allocated by MetLife to loss experience, expense and profit for the customer's case, and used to calculate base compensation.
11. **"Renewal Business Premium"** – Premium received by MetLife to credit a billing cycle that occurs after the first twelve (12) months following the coverage effective date.
12. **"Tax ID"** – an individual's social security number or a firm's taxpayer identification number.
13. **"Zero Commission Coverage"** – group coverage where the Broker of Record is not receiving base compensation from MetLife, whether or not MetLife or the customer pays any amount to that broker. Both the broker and customer must sign the Customer Authorization Form to include a Zero Commission Coverage in the Supplemental Compensation Plan for purposes of determining eligibility and Supplemental Compensation payable. Once a Customer Authorization Form is completed and submitted to MetLife for the 2012 Supplemental Compensation Plan, it will remain in effect for subsequent MetLife supplemental compensation plans unless a customer notifies MetLife in writing of its intention to terminate the authorization.

### Important Information for MetLife Customers:

MetLife requires that this form be completed when a customer obtains MetLife group insurance products through a licensed and appointed insurance intermediary, such as a broker or consultant ("Broker"), where the customer wishes to permit MetLife to include each of the customer's MetLife coverages for determining the Broker's eligibility for payment of Supplemental Compensation with respect to MetLife's 2012 Supplemental Compensation Plan and future MetLife supplemental compensation plans, and where MetLife is not paying the Broker base compensation in connection with the customer's coverages. A customer's signature on this form will permit MetLife to include each of the customer's MetLife coverages for determining the Broker's eligibility for payment of Supplemental Compensation with respect to the 2012 Supplemental Compensation Plan offered by MetLife, as well as in any future supplemental compensation plan offered by MetLife unless a customer advises MetLife in writing that such authorization is terminated. MetLife may provide to each customer who submits this form an annual notice describing any changes to its supplemental compensation plan from a prior year. MetLife will only accept this form in relation to a coverage that has an effective date on or after January 1, 2010, and if MetLife recognizes the broker as Broker of Record as of the effective date of such coverage.

Sections I and II of this form **MUST** be completed in their entirety and received by MetLife by **November 30, 2011**, at one of the contact points listed below. Any Customer Authorization Forms received by MetLife at one of the contact points listed below after **November 30, 2011**, will apply to payment only and will not affect the Broker's 2012 Supplemental Compensation Percentage.

**SECTION I** must be completed and signed by the **broker**. **SECTION II** must be completed and signed by the **customer**.

PERF RULE DOES NOT PRINT

<b>Broker Information</b> (To be completed by Broker)	<p><b>SECTION I</b></p> <p>Printed Name and Tax I.D. of Broker: _____</p> <p>Address: _____</p> <p>Broker Code: _____</p> <p>Name and Tax I.D. of Individual writing agent: _____</p> <p>Effective date of coverage: _____ Contact Phone Number: _____</p> <p>E-mail address: _____</p> <p><b>Signature of Broker or of authorized representative of Broker, if Broker is a firm:</b></p> <p>_____ Date: _____</p>									
<b>Customer Information</b> (To be completed by customer)	<p><b>SECTION II (Initial where applicable)</b></p> <p>On behalf of the MetLife customer identified below, I authorize MetLife to include each MetLife coverage identified below for the purposes of determining the Broker's eligibility for, and payment of, Supplemental Compensation with respect to MetLife's 2012 Supplemental Compensation Plan and future MetLife supplemental compensation plans. I have had the opportunity to review MetLife's Supplemental Compensation Plan brochure. I understand that my Broker may receive a payment under MetLife's 2012 Supplemental Compensation plan and future supplemental compensation plans for the insurance coverages listed below that are being placed with MetLife. I understand that this form also confirms my intention for MetLife to consider the above Broker to be my Broker of Record.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border: 1px solid gray; padding: 5px; text-align: center;">MetLife Coverages</td> <td style="border: 1px solid gray; padding: 5px; text-align: center;">MetLife Customer Name and Number</td> <td style="border: 1px solid gray; padding: 5px; text-align: center;">MetLife Division Number or Experience Number <input type="checkbox"/> Check if all is applicable</td> </tr> <tr> <td style="border-bottom: 1px solid gray; height: 20px;"></td> <td style="border-bottom: 1px solid gray; height: 20px;"></td> <td style="border-bottom: 1px solid gray; height: 20px;"></td> </tr> <tr> <td style="border-bottom: 1px solid gray; height: 20px;"></td> <td style="border-bottom: 1px solid gray; height: 20px;"></td> <td style="border-bottom: 1px solid gray; height: 20px;"></td> </tr> </table>	MetLife Coverages	MetLife Customer Name and Number	MetLife Division Number or Experience Number <input type="checkbox"/> Check if all is applicable						
MetLife Coverages	MetLife Customer Name and Number	MetLife Division Number or Experience Number <input type="checkbox"/> Check if all is applicable								

### Authorization of MetLife Customer:

On behalf of the MetLife customer identified below, I authorize MetLife to include each MetLife coverage identified below for the purposes of determining the Broker's eligibility for, and payment of, Supplemental Compensation with respect to MetLife's 2012 Supplemental Compensation Plan and future MetLife supplemental compensation plans. I have had the opportunity to review MetLife's Supplemental Compensation Plan brochure. I understand that my Broker may receive a payment under MetLife's 2012 Supplemental Compensation plan and future supplemental compensation plans for the insurance coverages listed below that are being placed with MetLife. I understand that this form also confirms my intention for MetLife to consider the above Broker to be my Broker of Record.

Customer's Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

**Printed Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Return by FAX:** (800) 556-9430 or **Mail to:** MetLife, P.O. Box 30160, Tampa, FL 33630 or **E-mail to:** [INS\\_Compensation\\_Inquiries@metlife.com](mailto:INS_Compensation_Inquiries@metlife.com).  
 You can download a PDF version of the 2012 Supplemental Compensation brochure and the Customer Authorization Form at [www.metlife.com/brokercompensation](http://www.metlife.com/brokercompensation).





# MetLife

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