

**LIFE ADVANCED COMMISSION AGREEMENT**

**For Value Received, this ADVANCE COMMISSION ADDENDUM** (the "ACAP Addendum") is entered into by and between Illinois Mutual Life Insurance Illinois Mutual ("Illinois Mutual"), the Agent/Broker signing this ACAP Agreement ("Agent") \_\_\_\_\_, and the General Agent ("GA") as Guarantor to be effective as of The Health Group upon the following terms and conditions:

**Terms & Conditions**

**ACAP (Advance Commission on Annualized Premium) and Earned Commission Payments**

On all individual Life policies personally written by the General Agent and issued by the Company, the Company will pay ACAP (Advance Commission on Annualized Premium), which is the total writing and overriding commission payable on the lesser of the annualized first year minimum premium or target premium, in the following percentages:

<u>CHECK</u> <u>CODE</u>	<u>UL %</u> <u>REG / PD</u>	<u>LIFE %</u> <u>REG / PD</u>	<u>MAX</u> <u>ACAP</u>	<u>MIN</u> <u>RENEW</u>
O	75%	75%	N/A	500

1. **ADVANCE COMMISSIONS ON ANNUALIZED PREMIUM ("ACAP") PRODUCTS.** Illinois Mutual will pay ACAP only on those products which are eligible, as determined from time to time by, and in the sole discretion of, Illinois Mutual, for ACAPs. As of the effective date of this ACAP Agreement, the ACAP Products are:
2.
  - Term Life Insurance
  - Whole Life insurance
  - Universal Life Insurance

The Illinois Mutual in its sole discretion may exclude from this Agreement any policy the Agent places with Illinois Mutual. No advance is paid on rewritten policies, personal policies or policies issued on immediate family members.

**ACAP PAYMENTS.** ACAPs are paid as follows:  
[75%] of the lesser of the first year commissions or the target premium on ACAP Products on which the Agent is the direct writing agent. ACAPs are payable only once per policy at the applicable percentage.

Maximum Outstanding ACAP Limits per Agent  
Maximum Outstanding ACAP Limits per Agent is per the schedule which is issued from time to time by Illinois Mutual. In no event shall the Maximum Outstanding ACAP limit exceed \$5000 at the end of any quarter during the first two (2) years in which Agent is contracted with the Illinois Mutual

- Illinois Mutual will evaluate outstanding ACAPs at the end of each quarter. If the ACAP exceeds the maximum outstanding ACAP limit, then the Illinois Mutual will not pay ACAPs until a quarter end in which the ACAP limit is below \$4000.00.
  - No partial ACAP is paid on any policy. If the payment of the ACAP exceeds the Maximum Outstanding ACAP Limit, no ACAP payment will be paid on that particular policy.
  - ACAP Limits may be increased no more frequently than once every 12 months after the first two years and only if the ACAP Account is in good standing as determined in the sole discretion of Illinois Mutual. ACAP limits may be decreased at any time in the sole discretion of Illinois Mutual.
  - ACAP is payable only on paid policies placed in force. Any remaining first year commission will be paid on an earned basis upon the receipt of the final month(s) premium. For illustrative purposes only, if the advance commission is 75%, remaining first year commission will be paid as the premiums for months ten through twelve is received and earned.
  - If the commission payable on a policy equals \$2,000 or more, Illinois Mutual reserves the right to defer, without prior notice to the agent, payment of the commission until the later of the following: the expiration of the free look period or notice from Illinois Mutual's financial institution that the first premium payment has cleared.
  - Illinois Mutual has the absolute and complete discretion to withhold all or part of an ACAP payment. ACAPs may be withheld for any reason, including but not limited to, doubts that a policy will be issued or accepted, failure to submit appropriate premium with applications, and actual or potential indebtedness by the Agent, GA or any other person or entity in the Agent's or GA's downline distribution hierarchy.
  - ACAPs will only be paid to the direct writing agent through direct deposit. The GA may elect direct deposit or commercial check.
3. **ACAP ACCOUNT.** ACAP commissions will be credited to the Agent's ACAP Account (the "ACAP Account"). As premiums are earned on ACAP policies, the ACAP Account will be credited with commissions attributable to such policies. Chargebacks will be made if the policy is rescinded, lapses, is cancelled or surrendered or otherwise is not in force, including terminating due to the death of the insured. Any unearned portion of the ACAP will be deducted from any future commission or, upon demand from Illinois Mutual, repaid immediately or as agreed to by Illinois Mutual.
4. **REPAYMENT OF ADVANCES.**
- ***Right to Repayment.*** The Agent and GA agree that Illinois Mutual retains the right to demand immediate repayment of any outstanding ACAP balances from the Agent or the GA for any reason. If the Agent fails to repay Illinois Mutual, Illinois Mutual, in its sole discretion, may demand repayment from the GA or deduct the Agent's outstanding ACAP debt from commissions due the GA.
  - ***Lien.*** In consideration of making advances against future earned commissions, the Agent and the GA hereby assign and pledge all right title, and interest to all commissions, bonuses, and overrides (collectively referred to as 'commissions') payable to the Agent or the GA pursuant to the terms of any agreement between Illinois Mutual and the Agent or the GA or otherwise, and any monies payable to the Agent or GA thereunder, as collateral security for the repayment of any outstanding ACAP balances owed to Illinois Mutual. The Agent and GA each agree that any ACAP may be at any time deducted and withheld by Illinois Mutual from commissions earned by the Agent, or if the Agent fails to repay as provided in paragraph 4 herein, from the GA until such time as the ACAP is fully repaid.

- **Interest.** For any ACAPs which are not repaid in accordance with this agreement, the agent hereby agrees to pay ten (10%) percent per annum compounded monthly on the unpaid balance until such amount is repaid in full to Illinois Mutual.
  - **Warranty.** The Agent and GA hereby represent and warrant that none of the commissions, including ACAPs, to Agent or the GA by Illinois Mutual are subject to any prior assignment, claim, lien, or security interest and that each individually is authorized to make an assignment as collateral for security in accordance with the terms of this Agreement. Each hereby agrees to execute all financing agreements required for Illinois Mutual to perfect its security interest in the collateral pledged hereunder. Each further represents and warrants that all action necessary to secure the lien right(s) of Illinois Mutual, or its successor or assignee, on the receivables pledged herein, shall be taken such that Illinois Mutual may, in the event of default of the Agent and/or GA, directly pursue as an assignee, the amounts payable to the Agent or GA from other insurers or in the case of GA, amounts payable to GA due to the sales of the GA's sub-agents. For purposes of this section, "default" shall mean one of the following: (i) failure of the agent or GA to respond to two demands for payment from Illinois Mutual; (ii) failure to make two (2) consecutive payments under the payment plan agreed to by the Agent or GA and Illinois Mutual or under which the GA is liable as the guarantee party; (iii) the filing of bankruptcy by the Agent or GA; or (iv) any other action which is regarded as a default in commercial transactions.
  - **Collection Costs.** If the amounts due under this Agreement are not repaid within thirty (30) days after demand by Illinois Mutual or if an agreement is not reached with Illinois Mutual, such defaulting party agrees to pay all costs of collection, including but not limited to, attorney's fees and the costs of suit.
5. **TERMINATION OF ADDENDUM.** This Addendum shall terminate immediately upon termination of the Agreement to which it is part of. The Company shall have the right to terminate this Addendum, with or without cause, at any time upon providing the Agent and GA at least ten (10) days prior written notice to the last address(es) on file with the Company. The Agent or GA may terminate this Addendum at any time by providing the Company with written notice. Should the Company, Agent or GA terminate this Addendum, any previously paid and outstanding as of the date of termination shall become immediately payable and due with or without demand. Termination of this Addendum shall not operate as an automatic termination of the Agreement to which it is a part unless the termination notice so indicates otherwise.
  6. **CHANGES.** Illinois Mutual reserves the right, in its sole discretion and without prior notice, to unilaterally amend this Addendum, including without limitation, adding or removing products available for ACAP, changing the amount of compensation available for ACAP, changing the calculations Illinois Mutual uses for calculating ACAPs, changing repayment schedules, or changing any other term or condition of the ACAP program. To the extent possible, such changes will be prospective only.
  7. **INDEMNIFICATION.** The indemnification of the Agent's or General Agent's Agreement is amended to add the following:

The Agent and/or GA agrees to indemnify Illinois Mutual for any losses suffered by Illinois Mutual resulting from Illinois Mutual's agreement to pay ACAP to Agent or the GA or any other person in the Agent's or GA's downline distribution hierarchy. Upon written request from the GA, Illinois Mutual shall cease making ACAP payments to any person or entity in the GA's downline distribution hierarchy, which request shall become effective as of the date processed by Illinois Mutual.

8. **EXECUTION IN COUNTERPARTS.** This Addendum may be executed in counterparts, each of which shall be deemed to be an original and all of which together constitute one and the same instrument.
9. **CONFLICT.** To the extent that any provision in this Addendum conflicts with the Agent's or GA's agreement, this Addendum shall take precedence and control.

SIGNED AND EFFECTIVE AS OF THE DATE INDICATED ABOVE.

_____	_____
Date	Agent
_____	Agent No. _____
Email	

GENERAL AGENT OR IMMEDIATE UPLINE AGENT:

By signing this ACAP Addendum, I hereby accept responsibility as Guarantor of, and agree to be jointly and severally liable, for any debts arising from any payments under this Agreement made to the Agent signing above.

_____	_____
Date	General Agent (required for all Agents)
KELLYB@THGINS.COM	80776
_____	_____
Email	Agent No.

ACCEPTED BY:  
Michael Smith  
Assistant Vice President

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