Broker Rules: Update

After thorough review and to make the recruitment of new insurance agents and brokers more effective, we have made modifications to the Broker Program. Please review this entire document for a thorough understanding.

Business Rules: Mission Statement

- The LegalShield Broker Program supports Licensed Insurance Brokers/Agents and the sales of our services in B2B channels.
- Business rules have been designed to assist in the outreach to Brokers and Agents and to equitably compensate Broker Certified Associates (BCA).
- These rules represent a balance – seeking to avoid confusion amongst Associates and to limit the number of solicitations by Associates which could lead to Broker and Agent frustration.
- Our goal is to maximize LOCAL sales opportunities and to create an orderly process in support of all Associate efforts.
- Additional objectives of the rules include:
  - Deliver consistent marketing communications and brand identification throughout the insurance industry

Or

- multi-office, multi-state brokers or agencies, maintain a corporate level contract with LegalShield Corporate who will in turn assist Associates in contracting with local offices, branches, and individual production units and their groups.
Qualifications for Broker Certification
LegalShield Associates, qualified to become Broker Certified Associates, are required to attend and successfully complete broker certification training by LegalShield in order to sell LegalShield group memberships through Brokers, Agents, and their Affiliates.

Updated: Certification Requirements
LegalShield Associates are qualified to attend the Broker Certification Training and become certified once they reach the Director Level and meet one or more of the following criteria:

- 250 personal group sales AND 3 or more personal groups opened (inception to date).
- 10 personal small business sales AND 3 or more personal groups opened (inception to date).
- Platinum Council member

OR

- Are a Licensed Insurance Agent

Any Associate that meets these prerequisites may complete the Broker Training. Once Broker Training is complete, the Associate must contact Broker Services to finalize the certification requirements including the:

- Code of Ethics, Qualifications, and Rules of Engagement
- Broker/Agency Solicitor Agreement
- Cross Over Policy

These documents must be signed and uploaded. Once reviewed and confirmed, the requesting Associate will be notified via email from Broker Services regarding status.
Recertification

All current Broker Certified Associates are required to re-certify by completing the Broker BCA Training module, submitting a new Broker/Agency Solicitor Agreement, and other supporting documents to Broker Services.

To re-certify Associates:

- Will have thirty days to be recertified beginning January 31, 2017
- Must submit the verification of the completion of training to Broker Services on or before March 3, 2017
- Will need to sign and date a new Broker/Agency Solicitor Agreement and
- Complete all supporting documents:
  - Code of Ethics, Qualifications, and Rules of Engagement - Review, sign, and upload
  - Solicitor’s Agreement – Review, sign, and upload
  - Cross Over Policy – Review

Failure to complete the Re-Certification and/or submission of incomplete documents will result in the BCA-Q Associate status to be changed to inactive.

- If inactive, no new clearances or pending clearances will be processed.
- The inactive status will be in place until all recertification requirements are met.
- Associate can continue to service existing active agreements ONLY

Expanded Details

All Broker Certified Associates are required to enter into an agreement (Broker/Agency Solicitor Agreement and Cross Over Policy) with LegalShield assuring, among other things, exclusive use of LegalShield Broker Division Collateral and Sales Aids.

To contact a Broker, Agency or Insurance Intermediary, the Broker Certified Associate is required to submit a “Broker Clearance Submission Form” to the Broker Services email - brokerdocs@legalsheild.com or by uploading the document through the Broker upload option on the B2B tab under Associate’s Only. (Note Top 100 Broker clearance process is different. (See details on page 6.)
If two Broker Certified Associates crossover with the same Broker contact (Producer), LegalShield Corporate is to be contacted.

LegalShield’s Broker Services will help qualified Broker Certified Associates coordinate the best possible outcome for the Broker Certified Associates as well as the Broker relationship.

If a Broker Certified Associate’s production or retention levels indicate a lack or unusual drop off in membership levels:

- LegalShield has the right to contact that Broker office/branch leadership and determine why the Broker Associate’s business appears to be in jeopardy.

If the Broker office/branch leadership identifies a problem or issue specific to the designated Broker Certified Associate, it is at the discretion of LegalShield Corporate to determine whether the Broker Certified Associate has the right to maintain their clearance or relationship - as it relates to that office or branch.

If a broader problem is identified regarding the Broker Certified Associate’s work on behalf of LegalShield, that Associate’s certification can be reviewed and is subject to suspension.

Broker Certified Associates will not act as a spokesperson for or as an employee of LegalShield at any time including in any websites or social media, in any print media or at any public events, conferences, and/or public speaking engagements. Authorized Broker Certified Associates are permitted to represent the LegalShield brand and its product offerings at a local brokerage office.

To avoid confusion, all company (Broker, Agent, or Insurance Intermediary) Headquarter contacts are to be coordinated through LegalShield’s Broker Services. Once a Broker/Agent Application is approved, the initiating Broker Certified Associate earns the right to act as the designated LegalShield representative to that production team and to support the production unit in all marketing and production of memberships to that unit’s prospects and clients. If another Broker Certified Associate has a separate relationship with another production team in that branch or location, it is the Broker/Agent’s production unit that can ultimately select the LegalShield Broker Certified Associate with whom they are most comfortable working.
Broker/Agent Grandfather Clause

Any LegalShield client (or group) at a Broker, General Agent or other insurance intermediary already existing at the time a Broker application is approved will remain the client of the originating (predated) LegalShield Associate under the terms of the existing appointment as previously approved by LegalShield.

Rules of Sponsorship

Rules of Sponsorship or Sponsorship Change: (Change of placement of Broker/Agency)

Existing company sponsorship rules remain in place. If a change of sponsorship is requested:

- All business will be forfeited with a change of sponsorship
- Broker/Agency accounts are eligible for change of sponsorship after 1 year of no activity/production or 6 months following dropped status
- Consider Commission Splitting in lieu of Sponsorship Change
- If a Producer leaves one Agency and moves to another:
  - Each incident will be reviewed on a case by case basis with direct communication from LegalShield Corporate to Broker/Agency Corporate.
  - A letter is required to stipulate/define the change in Broker/Agency status.
  - Rules of Sponsorship with a Top 100 Broker will require a non-exclusivity agreement to be signed by the sponsor associate for all Broker/GA placements

Exceptions:

- Written Broker/Agency requests resulting from conflicts will be reviewed internally by LegalShield Corporate.
- Alternate Sponsor Program – An alternate sponsor request is an internal review and Corporate Managed decision.
  - Alternate Producers are used when a Top 100 Broker or an agreement designated by Corporate is not placed directly in one person’s downline organization. Producers are assigned and that activity and production by that Producer will count in that Associate’s organization for counters and override commissions.
Rules Regarding Associate Interaction with Top 100 Brokers (As Defined by LegalShield)

Effective immediately, any Independent Associate seeking clearance for a Top 100 Broker should have an immediate production opportunity. That opportunity must be clearly noted on the clearance form. No clearance requests will be approved for prospecting new relationships with Top 100 Brokers and their acquired companies. A contact form must be submitted within 30 days of clearance approval. A clearance can be denied after 6 months of no activity.

If a clearance request is approved, the Associate will be subject to the following Top 100 Broker qualifications:

- Basic BCA qualified for 12 consecutive months
- LegalShield reserves the right to evaluate the qualifications of the submitting associate on a case by case basis.

A clearance approval is only valid for the producer listed on the clearance form and is NOT a clearance for an entire Top 100 Broker Office and or their acquired companies.

In addition, Independent Associates must be willing to:

- Work under the guidance of a corporate Regional Sales Manager (RSM)
- Sign a non-exclusivity agreement (This agreement defines sponsorship rules)
- Participate in an annual performance review conducted by the RSM

Basic BCA Qualifications remain unchanged:

- Director Level and one or more of the following:
  - 250 personal group sales with 3 or more groups
  - 10 Small Business Sales with 3 or more groups
  - Platinum Council (Host a training)
  OR
- An Insurance Agent/Agency or Broker contracted to sell LegalShield

Associates meeting these qualifications may submit a clearance for a Top 100 Broker to Broker Services. Broker Services will then review the certification(s) and send to the
designated RSM (or Broker Team Leader if no RSM). The RSM/Broker Team will then contact the Associate to discuss and evaluate the opportunity and work with the Associate to get the Broker contracted and into production.

Compensation and hierarchy rules:

- No contracts with Top 100 Brokers will be placed in any associates organization. See Alternate Sponsor Rules in section above.
- No PEO, TPA or Exchange Agreements will be placed in any associates organization. Associates must sign a non-exclusivity agreement for these partnerships.
- If in working with the partner, previously put on a Broker or GA agreement, we determine they have been put on the wrong contract we reserve the right to move them to the right contract and remove them from your organization.
- Finder’s Fee Agreement with any of these companies does not give you exclusivity to this relationship.
- Top 100 Brokers will not be placed in an Associate’s organization. However, local Top 100 Broker offices may be placed in an Associate’s organization at the discretion of LegalShield with a signed non-exclusivity agreement by the Associate.
- Associate will earn overrides only (or commission split if agreed by Broker). Commission splits must be agreed to in writing by the Broker on a group by group basis unless there is prior written authorization by the Broker that a permanent commission split is in place for all business written on a go forward basis.
- Commissions for Bronze ED levels and above and overrides and breakaways for Bronze ED level and above will be reduced 50% for RSM involvement.
- Associate will receive all organizational counters.
- Each producer assigned to an Associate will count as an organizational leg for level advancement.
- Associate must actively participate in account management, including training.
Rules Regarding Non-Producing or Limited Producing Top 100 Brokers (As Defined by LegalShield)

There shall be NO exclusivity in the servicing of any Top 100 Broker unless approved by LegalShield corporate (SVP-Broker):

- This includes National as well as local level offices
- The Alternate Producer ID/Number will be utilized on all Top 100 Broker relationships
- The Broker will not appear in any Associate’s organization
- The Associate must follow all directions per Alternate Producer Rules

Top 100 Brokers with no Associate assigned:

- These accounts will be managed by an RSM or corporate account manager.
- Corporate will be the sole decision maker as to whether an Associate is assigned to service this Broker. (SVP-Broker approval required)

Top 100 Brokers that have an Associate currently assigned but NO new groups OR NO production in existing groups (member sales) in 2016:

- Broker will be removed from an Associate’s lineage.
- Any open groups will remain with the original sponsoring Associate and LegalShield will assign the Associate an alternate producer number to ensure the Associate continues to get any overrides and points/counters on those existing groups. (SVP-Broker approval required for exceptions)

Top 100 Brokers that have an Associate assigned and have new groups or new production (member sales) in 2016:

- Corporate to review/revalidate the relationship between the Broker and the Associate.
- SVP-Broker will be the sole decision maker as to whether the Broker will remain in the Associate’s lineage.
# Broker Relationship Validation Sheet

<table>
<thead>
<tr>
<th>Key Areas</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationship Strength</strong></td>
<td></td>
</tr>
<tr>
<td>Duration</td>
<td></td>
</tr>
<tr>
<td>&lt; 1 year</td>
<td></td>
</tr>
<tr>
<td>1-2 yrs</td>
<td></td>
</tr>
<tr>
<td>&gt;2 yrs</td>
<td></td>
</tr>
<tr>
<td>Type</td>
<td></td>
</tr>
<tr>
<td>* Social Acquaintance</td>
<td></td>
</tr>
<tr>
<td>* Business acquaintance - no prior business</td>
<td></td>
</tr>
<tr>
<td>* Business acquaintance - prior business</td>
<td></td>
</tr>
<tr>
<td>Objective Question:</td>
<td>Where did you first meet? i.e. networking event, trade show,</td>
</tr>
<tr>
<td><strong>Sales Opportunity</strong></td>
<td></td>
</tr>
<tr>
<td>Broker Book</td>
<td>* Mainly Small Groups (&lt; 1000 lives)</td>
</tr>
<tr>
<td></td>
<td>* Mainly Large Groups (&gt;1000 lives)</td>
</tr>
<tr>
<td>Broker Size</td>
<td>Top 20</td>
</tr>
<tr>
<td>Current Opportunities</td>
<td>* No current business together but hopeful</td>
</tr>
<tr>
<td></td>
<td>* &lt;5 cases together</td>
</tr>
<tr>
<td></td>
<td>* &gt;5 cases together</td>
</tr>
<tr>
<td>Objective Question:</td>
<td>How did you start working cases together? i.e. BOR</td>
</tr>
<tr>
<td></td>
<td>Do you have a case pending right now that needs to be set up?</td>
</tr>
</tbody>
</table>
Infractions Information

While LegalShield expects Broker Certified Associates to maintain professionalism and adhere to the Golden Rule, this infraction system was created for those that do not adhere to the rules of the program.

Adherence to Broker Rules and Infractions:

- Violations may result in a 90-day suspension up to and including termination of an Associate Agreement
- The degree of punishment will depend upon the type of infraction that occurred
- Penalties for those who violate Broker Rules:
  - 1st Violation – 90-day BCA suspension
  - 2nd Violation – 6 months BCA suspension
  - 3rd Violation – Revocation of BCA-Q and/or termination

**EXCEPTION:** Degree of violation may require a more severe action upon company review.
## Business Solutions

### Infractions Schedule

#### Broker Rules Infractions

<table>
<thead>
<tr>
<th>#</th>
<th>Infraction</th>
<th>Linkage to existing Associate Services Categories</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>When LegalShield Corporate Office declines a clearance form or the processing of an agreement and an Associate disregards the direction provided.</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>2</td>
<td>When an associate takes someone's prospect</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Contacting active producers / brokers intentionally, when they know another associate is working with them OR they have skipped the clearance process</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Disobeying Corporate Rules</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>5</td>
<td>Disobeying a Corporate decision made on a situation</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sending in a contract on someone else's prospect (this should not happen if the Associate follows the clearance process)</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>7</td>
<td>Taking an existing account from another authorized Broker / General agent or Associate</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>8</td>
<td>Misrepresenting and / or overselling the product, company or compensation</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>9</td>
<td>Complaints from a broker or group decision maker.</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>10</td>
<td>Unprofessional or offensive behavior</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>11</td>
<td>Unauthorized / unapproved editing of company materials or the creation of new materials, which could lead to misrepresenting LegalShield.</td>
<td>Coaching Complaint</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
<tr>
<td>12</td>
<td>Sending unsolicited emails or using Robo/sutodelier calls are prohibited. You must have proper clearance to engage with sal broker or agent</td>
<td>Serious Complaints</td>
<td>1st occurrence</td>
<td>2nd occurrence</td>
<td>3rd occurrence</td>
</tr>
</tbody>
</table>

All issues are generally reported either from another Associate, Broker, Agency or Group decision maker. Corporate will investigate all allegations thoroughly. Level 2 Means a Corporate decision will be made relative to "sit out" of Broker Division, all Business Solutions or all of LegalShield.
Forms:

Clearance Form:
- Download the Clearance Form from the Broker back office.
- The revised form requires a signature.
- BCA-Q Associates will be allowed to have a total of 10 open clearances at one time.
- Clearance requests will be processed within 5 business days of receipt in Broker Services.
- To maintain clearance Associate must submit a Contact Form within 30 days of approval.
- Broker Services will be sending automated emails to notify Associates of the expiration of pending contact Clearance Forms within the 30 day and 6 month deadlines.
- LegalShield can revoke or reassign clearance on requests that have not been submitted according to the defined schedule.

Forms and Procedures:

Alternate or Upline BCA-Q Clearance:
- A limit of 3 open clearances from an Upline Broker Certified Associate can be in place at any one time.
- The Upline Broker Certified Associate will be required to be actively involved in the process of working with the Broker prospect.
- The completion of the paperwork will be the responsibility of the Upline Broker Certified Associate. Upline Broker Certified Associate will be required until the downline “non-qualified” Associate becomes BCA-Q

Contact Form:
- Download Contact Form from Broker back office.
- Contact forms will be processed within 4 business days of being received in Broker Services.
- An initial Contact Form should be submitted within 30 days of the approved clearance.
- Automated email submittals will be sent to BCA-Q Associates notifying them of expiration deadlines of pending Contact Forms:
- 10-days preceding the first 30-day update.
- If received within 30 days, the BCA-Q Associate has 5 months to gain agreement from Broker/Agency prospect.
Updates should be submitted according to client meetings and contacts:

- 10-days preceding the 6-month deadline toward agreement.
- If the 6-month deadline is not met:
  - Clearance status will be changed to Inactive
  - Inactive clearances will be reviewed and could be reassigned
  - Once lapsed, if the BCA-Q Associate desires to continue the process with the prospect, a NEW Request for Clearance must be submitted and approval will be at the sole discretion of Corporate.
  - The clearance is subject to reassignment by Broker Services.
Contracting

Start-up Fees: Start-up fees apply unless the fee is waived do to a corporate promotion.

How much is the fee?
The fee will be the current/existing Associate Fee in place during the month the Broker/Agency submits their agreement.

Who can pay the fee?
The Broker or General Agent can pay directly.
The sponsoring Associate can pay directly on behalf of the Broker or General Agent.
The sponsoring Broker Certified Associate-Qualified (BCA-Q) Associate can pay via a commission adjustment of the total amount divided into 3 commission adjustments for 3 consecutive months.

Can you earn back your start-up fee?
For Broker/GA contracts signed prior to May 1, 2016, the payer of the startup fee can earn back the fee upon completion of the Broker/GA writing a minimum of 60 new memberships within the first 90 days.
Effective May 1, 2016, the payer of the Broker/GA startup fee can earn back the fee upon completion of the Broker/GA writing a minimum of nine (9) new memberships within the first 30 days. Brokers/GA contracted prior to May 1, 2016, but are in their first 30 days of contract signature have the option of earning back the startup fee by writing 9 new sales in 30 days or upon completion of 60 sales in 90 days.
To qualify for the Broker/Agency program the applicant must be a licensed insurance agent with a minimum of 500 lives.
The sponsoring Associate is responsible to validate these criteria.

On July 1, 2015, Broker Services moved agreement form for Broker/Agency submissions.
The Broker/Agency will select their status as a Broker OR General Agent.
TheBroker/Agency will choose their preferred commission payment type of level or variable commission.
If the Broker/Agency selects a variable commission, they can then select whether they desire advance, partial advance or earned commissions for first year.
Processing Agreements:
ONE AGREEMENT/ONE APPLICATION
Agreements will be processed within 5 business days OR when all documents are received and with no changes.
Changed contracts WILL NOT be processed unless and until all changes are reviewed and agreed upon.
Incomplete Documentation:
One (1) email will list all the missing or supporting documentation.
BCA-Q Associates will have 15 calendar days to respond via email or return the necessary completed docs.
If the pending agreement is unable to be processed within 30 days after being received in Broker Services, the Agreement will be discarded.
A General Agent coming on board and bringing agents on board at the same time:
Bulk Sign-Up is permitted.
Single location only.
If a clearance issue exists, Broker Services can deny the application.

Rules of Contract Changes:
Rules of engagement on a current finder’s fee:
• A new Agreement will trump a non-active Finder’s Fee.
• If there is no existing relationship worked, clearance will be given.
• If there is an existing relationship, clearance will be denied.
• Existing Relationship is defined as “Actively Worked.”
• New business within the previous 12 months.
• Both a Finder’s Fee Agreement and a General Agent Agreement can be contracted with the same sponsoring associate.

Professional Services Program Associate Crossover Policy
As provided in the Broker guidelines, an Associate is required to submit a Clearance Form before contacting any Broker or Insurance Agent. All business with proper clearances executed and approved will be confirmed as compliant with company procedures and given favorable consideration in any conflict resolutions.

Associates should also submit forms on any existing business that is tied to an Agent or Broker so that proper sales coordination is maintained on those memberships going forward.

When an Associate approaches any Broker or group that already offers LegalShield plans, they are to **IMMEDIATELY** indicate to the Broker/group that they are pleased to see that they are already working with LegalShield and professionally walk away.

If any question exists about whether the Broker/group is being properly serviced, the
Associate is required to call Broker Services and to confirm there is an appropriate level of activity.

If activity levels are deemed by Broker Services as not reasonable, the Associate is to work with LegalShield Corporate only. It is LegalShield Corporate who will ensure that the Broker/group are being properly serviced and if not, to determine next steps.

When an Associate approaches a Broker who already offers LegalShield product(s) to one or more existing account(s) serviced by another Associate:

Existing memberships and renewals are to stay with original writing Associate. It is the policy of LegalShield to encourage the Broker to continue to use the services of the original writing Associate to manage any existing account(s). Ultimately, account access is determined by the company and/or the Broker. Should either refuse to support LegalShield’s policy as indicated in #2 above, each matter will be reviewed by LegalShield on a case by case basis with fairness being the governing principal.
Onboarding
Welcome Call Procedures and Scripts:
• Broker Services will complete an initial welcome call.
• All new Broker/Agency entities will be placed into a company onboarding campaign
• A 37-day email onboarding campaign will be completed which includes tools, links, contact information, etc.
• This Corporate support will be completed in addition to the ongoing efforts of the Sponsoring Associate.
• The Broker/Agency will begin to receive monthly Broker/Agency Newsletters.
• Other Third Party Intermediaries (those without an Insurance License) will receive a welcome message via an email campaign.
• Other Third Party Intermediaries will have access to support tools via the Express Download site.
• Emails may be sent on a case-by-case basis from Broker Services.

I acknowledge that I have read and understand the Code of Ethics, Qualifications, and Rules of Engagement for the LegalShield Broker Program.

Signature: _________________________

Associate Number: _________________________

Name: _________________________

Date: _________________________