

No More Agency Segmentation Classifications

Group and Individual agency segmentations have been discontinued effective July 1, 2010. Agent of Record ("AOR") assignment and transfer rules and commissions will no longer be tied to Agency segmentation between Preferred Agencies, Key Agencies, General Agencies and General Transitional Agencies.

Procedure for Requesting an AOR Designation Transfer

To request that Wellmark consider granting a request to transfer the AOR designation for an existing brokered group or individual policy, the customer must complete, sign and submit an AOR Transfer Request - Group Policy (Form AOR-1) or an AOR Transfer Request - Individual Policy (Form AOR-2). (Each of Form AOR-1 and Form AOR-2 are hereinafter also referred to as an "AOR Transfer Request.")

For 2-50 group policies, an AOR Transfer Request must be received by Wellmark during the time period from one hundred twenty (120) to twenty (20) days prior to the next group policy's renewal date. An AOR Transfer Request for 51+ group policies and for individual policies may be submitted at any time.

The applicable AOR Transfer Request form must be fully completed so that it:

- states that the customer desires to rescind its previously designated and identified AOR;
- specifies the customer's desired new AOR by name and address; and
- for individual policies only, states the condition or reason that is believed to permit a requested individual policy AOR change (see the section above regarding permitted AOR designation transfers for brokered individual policies).

Within five (5) business days of Wellmark's receipt of an AOR Transfer Request, Wellmark will mail or deliver (by facsimile or email) a copy of the AOR Transfer

Request to the Agency that would lose the AOR designation for the subject policy if the transfer request is accepted by Wellmark. The Agency that would lose the AOR designation has ten (10) business days from the date a copy of the AOR Transfer Request is mailed or delivered (by facsimile or email) to the currently designated AOR Agency to request that Wellmark permit it to retain the business for the Agency, which request must be supported by providing Wellmark with the customer's rescission of the previously submitted AOR Transfer Request, which rescission must be verified by the customer completing and signing the "rescission section" of the AOR Transfer Request.

Notwithstanding the preceding paragraph, if the customer has requested to have their policy become Wellmark direct business, Wellmark will not be required to provide the Agency that would lose the AOR designation with notice of the AOR Transfer Request or ten (10) business days to request that Wellmark permit it to retain the business for the Agency.

Wellmark will generally accept the last AOR Transfer Request submitted by the customer. Wellmark will consider any AOR Transfer Request and tendered rescission of the AOR Transfer Request and make a final determination with respect to the designated AOR for the subject policy, which determination will be made by Wellmark in its sole and absolute discretion. While Wellmark will attempt to make decisions on AOR Transfer Requests within fifteen (15) business days of their receipt by Wellmark, Wellmark reserves the right to take a longer period of time to do so if required due to the facts and circumstances related to any requested AOR transfer.

Frequency of AOR Transfer Requests. An AOR transfer may only be effected once during any twelve (12) month time period for any customer. If a customer submits one or more additional AOR Transfer Requests before Wellmark has accepted an initial AOR Transfer Request during any twelve (12) month time period, Wellmark will generally consider and accept the last AOR Transfer Request that is submitted and not rescinded by the customer, although Wellmark retains the right to make a final determination with respect to multiple AOR Transfer Requests in its sole and absolute discretion.

Effective Date of and Commissions for Accepted AOR Transfer Requests.

2-50 Groups. As noted above, an AOR Transfer Request for a 2-50 group policy may only be submitted during the time period from one hundred twenty (120) to twenty (20) days prior to the next group policy's renewal date.

If Wellmark accepts a request to change the AOR designation for a 2-50 group policy, the newly designated AOR may begin to represent the group with respect to service, renewal and other matters from and after the date in which Wellmark accepts the required AOR change. Until the change becomes effective on Wellmark's database, a copy of renewal or other information related to the group may be requested by the newly designated AOR from the newly designated AOR's Broker Account Manager. However, the change will not become effective on Wellmark's database and will not become effective for commission payment purposes until the next group policy renewal date following Wellmark's acceptance of the requested AOR transfer. Therefore:

Until the next group policy renewal date following Wellmark's acceptance of the requested AOR transfer, Wellmark's database AOR designation, commission payments and customer service obligations will remain with the current AOR Agency for the group policy, and commission payments will be based on the current AOR Agency's Commission Schedule.

From and after the next group policy renewal date, Wellmark's database AOR designation will be the new Agency designated by the accepted AOR Transfer Request, and the new AOR Agency will thereafter be responsible for customer service and will receive commission payments with respect to the group policy based on new AOR Agency's Commission Schedule.

For purposes of compensation and Net Growth calculation, the AOR designation for existing groups will be included or excluded from the "Snapshot" number for each Agency both at the beginning and end of each Qualifying Period based on the AOR designation in effect at the end of each Qualifying Period in order to reflect changes that result from AOR transfers accepted by Wellmark during the Qualifying Period.

51+ Groups. As noted above, an AOR Transfer Request for a 51+ group policy may be submitted at any time.

If Wellmark accepts a request to change the AOR designation for a 51+ group policy, the following rules will govern the effective time of the change and the manner in which commissions are determined and paid:

If Wellmark accepts a request to change the AOR designation for a 51+ group policy, the newly designated AOR may begin to represent the group with respect to service, renewal and other matters from and after the date in which Wellmark accepts the required AOR change, but:

if an AOR Transfer Request is submitted to Wellmark on or before the 10th of a month and accepted by Wellmark before the end of the same month, the AOR change will become effective on Wellmark's database on the first of the month immediately following the submission of the AOR Transfer Request to Wellmark;

if an AOR Transfer Request is submitted to Wellmark on or before the 10th of a month and accepted by Wellmark after the end of the same month, the AOR change will become effective on Wellmark's database on the first of the second month following the submission of the AOR Transfer Request to Wellmark; and

if an AOR Transfer Request is submitted to Wellmark after the 10th of the month and accepted by Wellmark either during the same month or during the following month, the AOR change will not become effective on Wellmark's database until the first of the second month following the submission of the AOR Transfer Request.

Examples:

An AOR Transfer Request that is submitted to Wellmark on February 8 and accepted by Wellmark on February 25 would become effective on Wellmark's database the next March 1st.

An AOR Transfer Request that is submitted to Wellmark on February 10 and accepted by Wellmark on March 1 would become effective on Wellmark's database the next April 1st.

An AOR Transfer Request submitted to Wellmark on February 11 and accepted by Wellmark either on February 28 or March 1 would become effective on Wellmark's database the next April 1st.

Until the accepted AOR Transfer Request is effective on Wellmark's database, the AOR and commission payments for the group policy will remain with the Agency that is the current AOR for the group policy and will be determined by the current AOR Agency's Commission Schedule.

For the time period from the date the accepted AOR Transfer Request is effective on Wellmark's database until the group policy's next renewal date, the AOR will be the new Agency designated by the accepted AOR Transfer Request, and the new AOR Agency will receive commission payments with respect to the group policy based on the lower of (i) the previous AOR Agency's Commission Schedule; or (ii) new AOR Agency's Commission Schedule.

From and after the next group policy renewal date, the new AOR Agency will receive commission payments with respect to the group policy based on the new AOR Agency's Commission Schedule.

For purposes of compensation and Net Growth calculation, the AOR designation for existing groups will be included or excluded from the "Snapshot" number for each Agency both at the beginning and end of each Qualifying Period based on the AOR designation in effect at the end of each Qualifying Period in order to reflect changes that result from AOR transfers accepted by Wellmark during the Qualifying Period.

Individual Policies. If Wellmark accepts an AOR Transfer Request for an individual policy for one of the permitted conditions or reasons, the change will become effective when determined by Wellmark in its sole and absolute discretion, and the manner in which commissions are calculated and paid on the policy after the effective date of AOR transfer will also be determined by Wellmark in its sole and absolute discretion.

AOR Change Due To New Group Owner

If a Wellmark insured group is sold, merged or otherwise acquired by a new owner, the new owner must furnish the new owner's Tax ID or employer identification number to Wellmark and must also submit an AOR Transfer Request – New Owner (Form AOR-3) to Wellmark to specify the new owner's desired Agent and AOR Agency. The new owner may request a new Agent and AOR Agency designation regardless of any current Wellmark Direct Business involvement with respect to the acquired or acquiring business. All documentation concerning any such ownership change must be received by Wellmark within six (6) months of the ownership change, and Wellmark reserves the right to determine, in Wellmark's sole and absolute discretion, whether or not to honor the submitted AOR transfer request.

If Wellmark accepts the new owner's AOR Transfer Request, the change will become effective when determined by Wellmark in its sole and absolute discretion, and the manner in which commissions are calculated and paid on the policy after the effective date of AOR transfer will also be determined by Wellmark in its sole and absolute discretion.

AOR Designations for Other Lines of Business, and Adding Other Lines of Business

A customer will only have one designated Agent and Agency AOR for all of the customer's lines of Wellmark business, and the Agent and Agency AOR for the customer's group or individual health business, if applicable, shall govern the Agent and Agency AOR for all of the customer's lines of Wellmark business.

- New Lines of Business. For the purpose of adding new lines, lines of business are health, prescription drug, dental and group life. These policies are administered at the discretion of Wellmark Sales Leadership.
 - Adding new lines of non-health business to an existing Wellmark Direct Business health insurance account may be done only by the Wellmark Employed Sales Staff member assigned to the group.
 - Conversely, adding new lines of non-health business to an account for which there is an Agency AOR for the customer's health insurance policy may be done only by the customer's health insurance Agency AOR.

- However, if a customer has current brokered or Wellmark direct non-health business through Wellmark, but does not currently have Wellmark health insurance, another Agent/Agency may obtain a quote for and attempt to sell Wellmark health insurance to the customer and, if successful, the Agency involved in selling Wellmark health insurance to the customer would become the AOR for both the new health insurance policy as well as for the customer's other non-health line of business – whether the existing non-health business was previously brokered business or Wellmark direct business.

For example, if an Agency is the AOR for an existing Wellmark group dental policy for a group or if the group has an existing direct business Wellmark group dental policy, another Agent/Agency may request a health quote through Wellmark Sales Leadership. If the new Agent/Agency is successful in selling Wellmark health insurance to the customer, the dental line of business will move with the health line of business and the new Agency involved with the sale of the new health insurance policy will become the Agency AOR for both the new health line of business and for the pre-existing brokered or direct dental line of business.

- Group Life Insurance. Group life insurance quotes will be available to all channels of distribution at all times. Rates will be consistent across all channels for any size group. The above Agent of Record guidelines will also apply to all group life quotes and business.

For group life business AOR transfers, Midwest Benefit Consultants (MBC) will follow as closely as possible all Agent and Agency AOR designation guidelines established by Wellmark for health insurance business as set forth above in this Agency Manual. Each request, however, will be handled on a case-by-case basis, and will be subject to the sole and absolute discretion of Wellmark.

Agent of Record (“AOR”) Designation and AOR Transfers

Consistent with Wellmark’s Agency Agreements, the recognition of any Agency as the Agent of Record (“AOR”) for any policy or account shall be in Wellmark’s sole and absolute discretion. Initial AOR designations and transfers of AOR designations will generally be made in accordance with the following policies and procedures.

Initial AOR Designations and Right to Quote Information

New Individual Policies. Applications for new individual policies must designate the Agent submitting the application on behalf of the prospective insured. If the application is accepted by Wellmark, the initial AOR for the new individual policy shall be the Agency for which the Agent serves as a Sub-Agent for direct pay individual health policy business as set forth in the Agent Agreement by and between the writing Agent and Wellmark.

New Small Group Policies (2-50 Groups). Any Agent or Agency qualified to write Wellmark small group policies may request a rate quote for a new 2-50 small group policy, but in order to obtain a final rate quote and establish a prospective AOR designation for the prospective new small group policy, an Agent or Agency must be the first Agent or Agency to submit a complete, accurate and timely application and quotation request to Wellmark as determined by Wellmark in Wellmark’s sole and absolute discretion.

If Wellmark submits a final rate quote to the first Agent or Agency to do so, the Agent and the Agency identified in the application and quotation request will establish control of the prospective group until the earlier of (i) the group’s contemplated effective date; (ii) the end of the quarter for which the final rate quote is valid; or (iii) until any requested AOR transfer for the group is accepted by Wellmark.

If additional or revised information that impacts (in Wellmark’s sole and absolute judgment) a prospective small group’s rating is presented to Wellmark before a final quote is accepted by a prospective small group customer, Wellmark may rescind and/or amend the final quote.

If a final rate quote is rescinded by Wellmark before it is accepted or if the prospective group does not accept a final rate quote before it expires, the process described above will apply as if no final rate quote had yet been submitted for the prospective new small group.

If the prospective small group customer wants to accept an outstanding and un-expired final rate quote but have a different AOR than that designated in accepted application and rate quote request, an AOR Group Policy Transfer Request (Form AOR-1) must be submitted in order to request an AOR transfer. Any such request will be processed and considered by Wellmark in the same manner as AOR transfer requests are considered for existing group policies as described below in this Agency Manual, except that Wellmark may accept such a requested AOR transfer without providing notice to the initially

designated AOR Agency and providing that Agency with ten (10) days in which to retain the AOR designation.

New Large Group Policies (51+ Groups). Any Agent or Agency qualified to write Wellmark large group policies may request a rate quote for a new 51+ large group policy, and Wellmark will provide a quote based on the first complete, accurate and timely quotation request received by Wellmark.

Until the prospective large group customer enters into a group policy agreement, Wellmark may also provide quotes for the same prospective large group customer to other Agents or Agencies qualified to write Wellmark large group policies if they submit their own complete and accurate quotation request.

Consistent rate quotes for any prospective 51-499 group will be provided to all qualifying Agents and Agencies regardless of the distribution channel they will use to sell and service the policy. Therefore, all Agents and Agencies will be marketing the same quoted rates to any prospective 51-499 large group customer.

For 500+ groups, rate quotes will be provided to qualifying Agents and Agencies without including any Agency or Agent compensation.

If additional or revised information that impacts (in Wellmark's sole and absolute judgment) a prospective large group's rating is presented to Wellmark, Wellmark may rescind any prior quotes provided to Agents and Agencies for the prospective large group customer and all Agents and Agencies that had been provided with prior quotes will be notified by Wellmark that the previously quoted rates are null and void. If any Agent or Agency that has previously quoted the prospective large group wishes to get rates reflecting the additional or revised information, the Agent or Agency must submit a new quotation request to Wellmark; provided, however, that in this case the Agent or Agency would not need to re-submit the additional or revised information in order to receive a new rate quote for the prospective large group customer.

In order to accept an outstanding rate quote and become a Wellmark large group customer, a prospective large group customer must accept a rate quote in writing before it expires. The writing Agent for a new large group customer shall be established by the writing Agent designated on the sold paperwork (including the online benefits summary) signed by the new large group customer to accept Wellmark's rate quote, and the AOR for the new large group customer shall be Agency for which the designated writing Agent acts as a Sub-Agent for group health business.

Permitted AOR Designation Transfers

Group Policies

Brokered Business. Except as otherwise provided in this Agency Manual (for example, for certain association, trust and PEO groups), a customer may submit a request to transfer the designated AOR for any 2+ brokered group policy from one Agency to another Agency. The manner in which such a request may be made and considered by Wellmark is set forth below.

A customer may also submit a request to convert the customer's brokered group to a Wellmark direct business group at any time.

In addition, Wellmark may, on its own or pursuant to a customer request, transfer the designated AOR for any existing brokered group policy from one Agency to another Agency if one of the following conditions or reasons occurs, as determined in Wellmark's sole and absolute discretion:

- Acts of fraud or customer abuse;
- Agency, Agent or customer misrepresentation;
- The current Agent of Record no longer has an Agency Agreement with Wellmark; or
- Any other reason that Wellmark decides, in its sole and absolute discretion, is an adequate basis for changing the AOR designation on a brokered group policy from one Agency to another Agency.

Wellmark Direct Business. A customer may not submit a request to convert Wellmark direct business to brokered business, so no Agency AOR transfer request may be submitted for any Wellmark direct business group.

Individual Policies

A request to transfer the designated AOR for any existing brokered individual policy from one Agency to another Agency will be considered if the customer submits an AOR Transfer Request – Individual Policy (Form AOR-2) and one of the following conditions or reasons occurs, as determined in Wellmark's sole and absolute discretion:

- Acts of fraud or customer abuse;
- Agency, Agent or customer misrepresentation;
- The current Agent of Record no longer has an Agency Agreement with Wellmark; or
- Any other reason that Wellmark decides, in its sole and absolute discretion, is an adequate basis for changing the AOR designation on an individual policy from one Agency to another Agency.

The AOR for an individual policy may be transferred from one Agency to another Agency

without the submission of an AOR Transfer Request – Individual Policy (Form AOR-2) if the individual's type of individual policy changes for one of the following reasons or if there is a break in the individual's Wellmark coverage of at least one day, in which case the AOR will be determined by the application accepted by Wellmark for the new individual policy:

- Submission of an under age 65 application (requiring answering of health questions) that results in a change of health plan (WHPI or BCBSI), contract holder or pool of business;
- The member moves from an under 65 coverage to Medicare Supplement or Medicare Advantage coverage;
- The member moves from Wellmark Med Supp to MedicareBlue PPO;
- Moving from MedicareBlue PPO to Wellmark Med Supp; or
- The member moves from or to Short Term Major Medical coverage from or to another individual coverage.

A customer may also submit a request to convert a customer's brokered individual policy to a Wellmark direct business individual policy at any time.

Wellmark will not accept any request that any Wellmark individual policy currently assigned to a Wellmark Employed Sales Staff member ("Wellmark Direct Business") be transferred to an Agency and that the transferee Agency be designated as the AOR for the policy.