



# Bulletin

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 To: Family Solutions 1 & 15 / SPWL  
 General Agents & Agents  
 (NY)

## New York State Producer Compensation Disclosure

As we recently informed you, New York State Insurance Department Regulation 194 establishes disclosure requirements regarding compensation paid to insurance producers. At that time, we provided you with a Producer Compensation Disclosure Statement, Form No. 2518, to help you comply with the **Step One Disclosure** requirements.

### Step Two Disclosure

If the purchaser requests more information about your compensation prior to or within 30 days after issuance of a new contract or within 30 days before or after renewal of a contract, you must provide written disclosure of the average compensation you may expect to receive over the life of the contract. This information will be based, in part, on the number of years you might expect to receive commissions for that contract. The chart below shows the average duration, or average number of years for which we anticipate paying commissions, on products currently being sold in New York.

Plan Name	Duration	Plan Name	Duration
Dignified Choice <sup>®</sup> Final Expense	7 Years	New Century Classic Whole Life	12 Years
EnsuredEstate <sup>®</sup> SPWL	1 Year	New Century Senior Protector	5 Years
Family Connection <sup>®</sup>	6 Years	New Century Simplified Issue	10 Years
Flagship	12 Years	ParMaster <sup>®</sup>	11 Years
MDO - GIWL	6 Years	Stellar Solutions UL	10 Years
MDO - WL, 20PL, LP65	8 Years	TermLine 10, 15, 20	7 Years

To calculate the average compensation you may expect to receive over the life of a contract, you must take into consideration your commission percentages, the average duration for the product, and whether you expect to qualify for conference. For example, if your first-year commission rate on ParMaster<sup>®</sup> is 54%, renewal commissions are 6%, and you expect to attend conference, you would look up the average duration for ParMaster<sup>®</sup> (11 years) and calculate the following:

$$\begin{aligned}
 &54\% \text{ First-Year Commission} \\
 \text{plus} &60\% \text{ Year 2 - 11 Renewal Commissions (10 years x 6\%)} \\
 \text{plus} &\underline{3\%} \text{ Sales Conference Factor (3\% of first-year premium)} \\
 \text{equals} &117\% \text{ divided by 11 (average duration for ParMaster}^{\text{®}}\text{) = } \mathbf{11\%}
 \end{aligned}$$

You would disclose to the purchaser that the average compensation you may expect to receive over the life of the contract is **11% of the premiums paid on the contract**.

### Producer Responsibility

*The Regulation applies only to New York applications. It is your responsibility to comply.* You are required to retain copies of the written disclosures provided to purchasers for three years after the date of disclosure. Do not submit copies of your written disclosures to Columbian.

For your convenience, this bulletin and the previous bulletin regarding New York State Compensation Disclosure may also be found at [www.cfglife.com](http://www.cfglife.com).