

Sales Compensation Information Group Products

BCBSAZ sells health and dental coverage products primarily through independent licensed insurance brokers. BCBSAZ generally pays a commission to the broker designated as the group's broker of record, or an assignee, until the contract with the group is terminated or the group terminates its relationship with the broker. BCBSAZ employees may receive sales incentives as described below.

In addition to the information provided below, brokers are required under their agreements with BCBSAZ to provide written disclosure to their group customers of their commission or any other compensation received from BCBSAZ.

As shown below, different commission rates apply based on the size of the employer group.

Base Compensation

2-99 Group Medical Products

BCBSAZ Commission Schedule¹ Effective July 1, 2011²			
Group Size³	Tier⁴	Commission Per Employee Per Month (PEPM)	
		New Sales	Renewal
2-3	All Tiers	\$6	\$6
4-25	Tier 1	\$31	\$28
	Tier 2	\$29	\$26
	Tier 3	\$27	\$24
26-50	Tier 1	\$27	\$25
	Tier 2	\$25	\$23
	Tier 3	\$23	\$21
51-99	Tier 1	\$27	\$27
	Tier 2	\$25	\$25
	Tier 3	\$23	\$23

¹ This Commission Schedule shall not apply to any BCBSAZ product offered on the Exchange.

² The new commission schedule will apply, beginning July 1, 2011, to new and renewing groups with an effective date on or after March 1, 2011.

³ Group size refers to the number of employees enrolled with BCBSAZ.

⁴ Tiers are determined by the broker's total number of 2-99 group contracts at the end of each month:

- Tier 1 = Brokers with > 500 contracts on the books at month end
- Tier 2 = Brokers with 250 to 500 contracts on the books at month end
- Tier 3 = Brokers with < 250 contracts on the books at month end.



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BluePreferred Dental Products

Group Size	Commission Percentage ¹ BluePreferred Dental ² Products
Groups of 2-50 enrolled employees	10.0%
Groups of 51-99 enrolled employees	7.0% unless otherwise negotiated
Groups of 100+ enrolled employees	Negotiable

¹The commission is a percentage of annual premium. The specific percentage applicable is based on the number of enrolled employees used by BCBSAZ for final rating purposes at the time of the group’s original effective date and each annual renewal date. Commission payments are subject to change in accordance with terms and conditions stated in the Broker Agreement with BCBSAZ.

²Commission in this column applies only to dental products that both: (1) have original effective dates on and after 6/1/10; and (2) are BluePreferred Dental products.

Additional Compensation

Certain brokers may receive up to 4.5% additional commission on group accounts sold prior to 2001 based on their contracts with BCBSAZ. Such arrangements are no longer in effect for new sales.

BCBSAZ Employees

BCBSAZ employees who are also licensed as insurance producers receive a flat-rate, one-time payment for sales of BCBSAZ group products.

Note: Occasionally, BCBSAZ may pay an additional incentive of a set dollar amount (depending on group size) for sales of group contracts during a defined period of time. Additionally, brokers selling a certain number of contracts may periodically be given the opportunity to participate in a prize drawing or similar program.