CONTRACTING

Contracting General Information

- A variety of commission levels are available. Contract selection will be based on previous and expected performance of the individual, including production and persistency.
- The use of "Contracting Appointment Checklist" will help ensure that all requirements are complete.
- An application for a life insurance policy or annuity that has been submitted by any person who is not properly contracted cannot be accepted. Any applications submitted for underwriting purposes prior to appointment will be returned.

Persistency Requirements

- Each contract holder must maintain a minimum 13-month persistency rate of 80% and a 24-month persistency rate of 75% on all ordinary business.

Not Eligible for Recontracting

- Representatives terminated because of failure to meet persistency requirements will not be eligible for reconstracting.
- The representative will not be eligible for re-contracting if a debit balance has not been paid under the terms of the contract.

Contracting Document Requirements

The GENERAL BROKER'S instructions are to:

- Complete "Agent/Agency Data Sheet" (form SN-2658) and retain the "Notice to Applicant".
- Sign the contract and the corresponding commission schedule which must also be signed by the Executive General Broker and/or Managers in the hierarchy.
- Order an inspection report and request that it be sent directly to the Company.

The REPRESENTATIVE'S instructions are to:

- Complete "Agents/Agency Data Sheet" (form SN-2658) and retain the "Notice to Applicant".
- Sign the contract and the commission schedule. (Do not complete the front portion of the contract). Also, have the Manager and Executive Manager sign them.

Corporate Contracts

- If a contract is being established for a corporation, a "Guaranty Agreement" must be signed by a stockholder who is to be held financially responsible.

The representative's instructions are to:

- Have the "Guaranty Agreement" (form SA-8057) signed (by the financially responsible stockholder) and in the presence of a witness. This agreement should be included with the contracting documents.
- Enclose of the articles of incorporation.

COMMISSIONS

EARNED COMMISSION PAYMENTS

- Commissions are determined by the representative's contract with the Company.
- The date on which an application is written will determine the contract from which commissions will be paid. When the representative's contract is changed by an addendum or amendment, the same rule applies.
- Commissions and commission overrides are payable to a representative only if the representative is properly licensed in the state in which the application is written at the time the application is written.
- Before a commission payment is processed, all debits to the account will be deducted.

COMMISSION PAYMENT VIA ELECTRONIC FUND TRANSFER

- Commissions payable to the representative can be automatically deposited into the representative's bank or savings account via Electronic Funds Transfers (EFT).
- To arrange for this service the representative must complete and return the EFT information form (SA-8786) and send it to the Commission Department via fax (512) 719-8506. Upon receipt of the completed form and a voided check, commissions will begin to be automatically transferred to the designated bank/savings account after a "pre-note" testing period of no more than 7 days.

FREQUENCY OF COMMISSION PAYMENTS

- Weekly commissions are calculated the first business day of each week. An account statement is created the first business day of the week, which provides detailed information for transactions processed during the prior week (applicable only to active representatives).
- Monthly commissions are calculated at the end of every month including transactions from the last cycle. The month-end account statement provides an overall picture of the entire month's commission activity.
- The commission payments, either by check or EFT, are generated to the representative as long as the minimum amount is accumulated. Depending on the representative's contract status the minimum cumulative amounts are $50, and in some cases $100.
- The account statement is available to all representatives on our Company web site www.nationalwesternlife.com

REPLACEMENT COMMISSION PAYMENTS

- If new insurance has been issued within six months before or after a policy is surrendered, allowed to lapse, or changed to extended term or reduced paid-up insurance, the first-year commission payable on the new policy will be adjusted as follows:

PERCENTAGE OF FIRST-YEAR COMMISSION TO BE PAID AFTER CONSIDERING NEW FACE AMOUNT AS A MULTIPLE OF THE FACE AMOUNT FOR THE OLD POLICY(IES).

Months in Force Old Policy(ies)	Up to 1.2 Times Old Policy(ies)	1.2 to 1.5 Times Old Policy(ies)	1.5 to 2 Times Old Policy(ies)	At Least 2 Times Old Policies
1-12	10%	15%	20%	25%
13-24	20%	30%	40%	50%
25-36	30%	45%	60%	75%
37-48	40%	60%	80%	100%
49-60	50%	75%	100%	
61 -72	60%	100%		
73-84	70%			
85-96	80%			
97-108	90%			
109 & Up	100%			

Note: 100% of the first-year commission is payable if both the face amount and the premium (target premium for universal life) are increased at least 2 times compared to the old policy(ies) irrespective of the years in force for the old policy(ies).

- Renewal commissions will be paid on the cash value rolled into a universal life policy as part of the commissions on replacements where universal life is the new policy.
- If a policy or rider is discontinued and new insurance is issued within six months before or after such discontinuance, the Company reserves the right to make an adjustment in the amount of the first-year commission to be paid on the new policy.
- If a new annuity policy is issued and funds are transferred from National Western Life life insurance or annuity policies to the new annuity, no commission is payable on funds transferred from the National Western policies. Commissions are payable on new monies received and applied to the new annuity policy as provided in the representative's contract and commission schedule.

SPLIT COMMISSION PAYMENTS

- If two or more agents, licensed and contracted with this Company, secure an application jointly, the credit for such business shall be equally divided (unless otherwise shown on the application) among those whose names appear on the application. Each representative will be paid commissions and receive production credits only on his/her share of the business.
- The Company will resolve cases where claims to commissions are disputed or questionable and the Company's decision is final.

CONVERSION COMMISSION PAYMENTS

- CONVERSION OF TERM POLICIES OR TERM RIDERS TO LIFE OR ENDOWMENT PLAN – The difference in first-year and renewal commissions between the commissions on the old policy and the commissions on the new policy, calculated according to the current contract, will be payable if the conversion is effective with the original issue date. Remaining first-year and renewal commissions will be payable on the new policy from the effective date of the conversions. Full commissions will be payable if the conversion is at the attained age of the insured and the new policy is dated currently.
- CONVERSION OF A PERMANENT PLAN TO A LOWER PREMIUM PERMANENT PLAN AT THE ORIGINAL ISSUE DATE – First-year and renewal commissions are continued on the new plan from the effective date of the conversion and for the remaining commission period, if converted by the original representative. If an orphan policy is converted, such remaining first-year and renewal commissions shall be paid to the representative solely responsible for such conversions. The Company reserves the right to make the final decision concerning the commission payment.