



Protection commission guide

This guide is to help you calculate commission levels.

The figures in this guide don't apply to Whole of Life policies, please see our [Whole of Life commission guide](#).

Initial indemnity commission

Policy term in years	Initial earnings periods (monthly)	Policy payment frequency	
		Monthly	Yearly
1	12	1.4778	0.1300
2	9	3.0281	0.2625
3	13	4.2893	0.3759
4	17	5.5013	0.4794
5	22	6.9499	0.6088
6	26	8.0581	0.7066
7	30	9.1230	0.7984
8	34	10.1464	0.8903
9	39	11.3696	0.9974
10	43	12.3053	1.0790
11	47	13.2045	1.1605
12+	48	13.4238	1.1809

The above figures will be different for policyholders who are older than 70 when their policy starts and those who will reach age 75 before their policy end date. Please call our Customer Service Centre to find out the figures that will apply.

How to use the initial indemnity commission table

The initial indemnity commission table is based on 100% of Lautro rates. The examples below show how we calculate commission.

Example – monthly policy payments

If the monthly policy payment is £30 over a 10-year term, the commission calculation would be: $£30 \times 12.3053 = £369.15$

This can be expressed as a percentage of the yearly policy payment as: $12.3053/12 \text{ months} \times 100\% = 102.5\%$

Example – yearly policy payments

If the yearly policy payment is £360 over a nine-year term, the commission calculation would be: $£360 \times 0.9974 = £359.06$

This can be expressed as a percentage of the yearly policy payment as: $0.9974 \times 100\% = 99.74\%$

Commission payment options

You can choose:

- full initial commission and renewal at 2.5%, or
- level commission at 15%.

You can also choose to rebate 1% to 100% of initial commission and 1% to 100% of level commission.



Commission clawback

Initial commission period (months)	Indemnity factor		Initial commission period (months)	Indemnity factor	
	Monthly	Yearly		Monthly	Yearly
1	0.3500	0.0292	25	7.7852	0.6836
2	0.6965	0.0583	26	8.0581	0.7066
3	1.0396	0.0875	27	8.3283	0.7295
4	1.3793	0.1167	28	8.5959	0.7525
5	1.7157	0.1458	29	8.8608	0.7755
6	2.0487	0.1750	30	9.1230	0.7984
7	2.3784	0.2042	31	9.3827	0.8214
8	2.7049	0.2333	32	9.6398	0.8444
9	3.0281	0.2625	33	9.8944	0.8673
10	3.3481	0.2917	34	10.1464	0.8903
11	3.6650	0.3208	35	10.3959	0.9133
12	3.9787	0.3500	36	10.6430	0.9363
13	4.2893	0.3759	37	10.8876	0.9566
14	4.5968	0.4018	38	11.1298	0.9770
15	4.9013	0.4277	39	11.3696	0.9974
16	5.2028	0.4535	40	11.6071	1.0178
17	5.5013	0.4794	41	11.8421	1.0382
18	5.7968	0.5053	42	12.0749	1.0586
19	6.0894	0.5312	43	12.3053	1.0790
20	6.3791	0.5571	44	12.5335	1.0993
21	6.6659	0.5830	45	12.7594	1.1197
22	6.9499	0.6088	46	12.9831	1.1401
23	7.2311	0.6347	47	13.2045	1.1605
24	7.5095	0.6606	48	13.4238	1.1809

At the start of a policy we calculate the initial commission period (ICP) as 4.3 months for each year of the policy, up to a maximum of 48 months. You'll earn commission over the ICP.

The normal Lautro rate is 35% of each policy payment within the ICP, plus enhancement.

How to use the commission clawback table

This table is based on 100% of Lautro rates, and shows the indemnity discount factor by ICP in months. The examples below show how we calculate the clawback.

Example – monthly policy payments

A policy is set up over a 10-year term with a monthly policy payment of £30.

The ICP calculation would be: $4.3 \times 10 = 43$ months

Initial commission would be calculated as: $£30 \times 12.3053 = £369.15$

If the policy lapses after 36 months there will be seven months left of the original ICP.

That means the clawback calculation would be: $£30 \times 2.3784 = £71.35$

Example – yearly policy payments

A policy is set up over a nine-year term with a yearly policy payment of £360.

The ICP calculation would be: $4.3 \times 9 = 39$ months

Initial commission would be calculated as: $£360 \times 0.9974 = £359.06$

If the policy lapses after 24 months there will be 15 months left of the original ICP.

That means the clawback calculation would be: $£360 \times 0.4277 = £153.97$

This guide isn't legally binding and you should refer to our terms of business letter for the legal terms and conditions.



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