

REGENCE RECOGNIZE TERMS AND CONDITIONS

The following terms and conditions (the “**Terms**”) constitute the terms, conditions, restrictions, eligibility and other requirements governing Producer participation in 2011 Regence Recognize (the “**Program**”). Capitalized terms that are not defined herein have the meanings given to them in the Producer Agreement for Individual & Group Products between Producer and Regence (the “**Agreement**”).

1. Definitions.

“**Book of Business**” means the aggregate amount of a Producer’s book of business comprising Regence-issued group medical health plan policies that are in effect, paid up, and in good standing at any specific period in time, and that is measured, for purposes of these Terms, by the number of Regence subscribers associated with that Producer’s book of business.

“**New Group**” means an employer group or other organization that meets the following requirements: (i) it is qualified to be issued a group medical health plan policy by Regence under the applicable state laws; (ii) it has not been covered by a group medical health plan policy issued by Regence within the previous 12 months; and (iii) it has purchased a Qualifying Plan through the Producer during the Program period.

“**Initial Subscriber**” means an enrolled employee of a Qualifying Plan associated with a Producer’s Book of Business on March 31, 2011.

“**New Subscriber**” means an enrolled employee at the time of the New Group’s effective date who (i) is eligible for benefits under the terms of the Qualifying Plan, (ii) completes any required enrollment form, and (iii) who becomes enrolled under the Qualifying Plan. New Subscriber does not include any spouses or eligible dependents of the New Subscriber who may qualify for coverage because of their relationship with the New Subscriber.

“**Retained Subscriber**” means an enrolled employee of a Qualifying Plan associated with a Producer’s Book of Business on both March 31, 2011 and March 31, 2012, and that has remained an enrollee with Regence during the entire period in between.

“**Qualifying Producer**” means a Producer that has been ranked as Platinum or Gold as of March 31, 2011.

“Qualifying Plan” means a group medical health plan offered for sale by Regence, but excludes vision, dental, prescription coverage only, disability, or any other non-group health plans, including without limitation: EncoreSM, ExpressionsSM and RadianceSM.

General Eligibility. The Program is open only to those Platinum or Gold Qualifying Producers who are (i) currently contracted with Regence under an Agreement, and (ii) are in compliance with all the terms of the Agreement and these Terms. Questions pertaining to Producer eligibility will be solely determined by Regence.

- 2. New Business Development Payout.** The new business development payout is available to Qualifying Producers for selling Regence group medical health plan policies to New Groups. Regence will pay to the Producer, up to a maximum of \$20,000 per New Group, approximately two month following the effective date as follows:

Producer Ranking	New Business Development Payout (amounts are per subscriber)
Platinum	\$40.00
Gold	\$30.00

Payout is conditioned on the New Group making all required premium payments to Regence, and remaining an active group with Regence for at least one year. If the New Group fails to meet those requirements, Regence will be entitled to the repayment of any amounts already paid to Producer.

- 3. Book of Business Payout.** The Book of Business payout is available to Qualifying Producers for their combined effort to sell new business and renew a sufficient proportion of their existing Book of Business with Regence. For each Qualifying Producer, we will calculate a “Book of Business” payout by dividing the number of Book of Business Subscribers as of March 31, 2012 by the number of Initial Subscribers associated with the Producer on March 31, 2011. Amounts will be calculated according to the following table:

Producer Ranking	Book of Business Payout (amounts are per subscriber)		
	90%	100%	110%
Platinum	\$10.00	\$15.00	\$20.00
Gold	\$5.00	\$10.00	\$15.00

Payout will be made to Qualifying Producers in May 2012, or afterwards.

4. **ASC Groups.** Administrative Service Only Contracts (also known as “ASO” or self-funded groups) are also included as Qualifying Plans.
5. **Acceptance of Terms.** The Program is offered only to those Qualifying Producers accepting without modification these Terms.
6. **Program Period.** The Program, unless cancelled sooner by Regence, is effective for groups enrolled between April 1, 2011 and March 31, 2012.
7. **Relationship of Terms to Other Written Material.** Regence may produce and disseminate flyers, news articles, emails and other written descriptions of the Program, but in all cases these Terms will govern. Producer must continue to meet all of Producer’s obligations under the Agreement and these Terms. Both these Terms and the Agreement govern the rights of the parties under the Program, but these Terms will control the interpretation only of those issues related to the Program. These Terms and the Agreement contain the entire understanding of Regence and the Producer regarding the Program and supersede all prior and contemporaneous negotiations and agreements, whether written on or oral, between the parties with respect to the Program. Regence reserves the right to interpret the Terms and the Agreement.
8. **Modification.** Regence reserves the right to terminate the Program or to change these Terms at any time for any reason effective upon the date written notice is mailed to the Producer and/or posted on the Regence web site at: <http://www.id.regence.com/agent/commission/>. Producer is responsible for regularly reviewing Terms.
9. **Waiver.** No waiver will be binding on Regence unless the waiver is in writing and signed by an appointed representative of Regence.
10. **No Third-Party Beneficiaries.** Regence does not intend to confer any right or remedy on any third party, including without limitation any Producers employed by, appointed by, or otherwise affiliated with Producer.
11. **Compliance with Applicable Laws and Disclosures.** Producer is responsible for complying with all federal, state and local laws with respect to any amounts received under this Program, including but not limited to any disclosures required to be made to any groups of the amounts and sources of compensation received under the Program.
12. **Offsets.** Regence may offset from any compensation payable to Producer under this Program any amounts owed to Regence by Producer.