

November 6, 2006

CareFirst Increases Broker Compensation for 2007

Market: All

CareFirst BlueCross BlueShield (CareFirst) is pleased to announce the 2007 Broker/Agent compensation. **The 2007 compensation schedule is attached.**

General Highlights of the new Broker/Agent Agreement:

- Increased the PCPM commission rates by 3.8%
- Continued new business bonus for Group and Individual business
- Implemented higher commission rates for CDH products with total integration through FlexAmerica. **Please note: If CDH products are sold with FlexAmerica the medical commission schedule for HMO/PPO will apply; if CDH products are sold without FlexAmerica the CDH commission schedule will apply.**
- Updated 2007 Account Installation calendar (available in the 2007 Broker/Agent Administrative Manual)
- Minimum contracts required to keep direct broker status for Group business increased to 175 contracts
- Increased thresholds for persistency bonus qualifying levels by 5%; the minimum qualifying premium threshold has increased from \$2M to \$2.1M

Highlights of the new Agreement for Group Business:

- Increased commissions by 3.8% for Indemnity Medical
- Increased commissions by 3.8% for HMO Medical
- Increased commissions by an average 3.8% for Rx, Dental and Vision in MD/DC

Highlights of the new Agreement for Individual Market Business:

- Increased minimum contract requirement from 6 (combined average over any consecutive four-month period) to 10 or more finalized, paid Benefit Contracts per month
- Increased commissions by 3.8%

We recognize that CareFirst's Broker/Agent partnership continues to offer great value to our customers.

With input from Broker Council and Brokers, we have decided to increase commissions for CDH products if those CDH products are sold with FlexAmerica. Please note that if FlexAmerica is not used as an administrator, the lower schedule will apply.

We thank you for your efforts and contributions in 2006. You may obtain the new Broker/Agent agreement and updated Broker Administrative Manual by visiting the *Brokers and Agents/Solution Center* at www.carefirst.com. The new Broker/Agent Agreement will become effective on January 1, 2007.

This notification shall act as an Amendment to the existing CareFirst, Inc. Broker/Agent Services Agreement. **You do not need to take any action in order to accept the terms of the Amendment and keep your contract in-force for the year 2007.** If you do not agree to the terms of the 2007 Agreement, CareFirst will be unable to recognize your representation for any new business effective January 1, 2007.

If you have any questions, please contact your Broker Sales Representative.



Shekar Subramaniam
Associate Vice President, Broker Sales