

REGENCE 2010 BLUE TRANSITIONS PROGRAM TERMS AND CONDITIONS

These 2010 Blue Transitions Program Terms and Conditions (the “**Terms**”) constitute the terms, conditions, restrictions, eligibility and other requirements governing Producer participation in the 2010 Blue Transitions Program (the “**Program**”). Capitalized terms not otherwise used in these Terms have the meanings given to them in the Producer Agreement for Individual & Group Products between Producer and Regence (the “**Agreement**”).

1. Definitions.

“**In-Force 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, association, trust, 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 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 In-Force Business on December 31, 2009.

“**New Subscriber**” means an enrolled employee of a New Group 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 In-Force Business on both December 31, 2009 and December 31, 2010, and that has remained an enrollee with Regence during the entire period in between.

“**Qualifying Plan**” means a group medical health plan offered for sale by Regence, but excludes any vision, dental, prescription

coverage only, disability, or any other non-group health plans, including without limitation: EncoreSM and ExpressionsSM.

General Eligibility. The Program is open only to those Producers who are (i) currently contracted with Regence under an Agreement, and (ii) in compliance with all the terms of the Agreement and these Terms. Questions as to Producer eligibility will be determined by Regence, in Regence's sole discretion.

2. New Business Development Amounts. The new business development payout is available to qualifying Producers for selling Regence group medical health plan policies to New Groups. To receive any new business development payout, a Producer must first qualify by enrolling a minimum of 25 New Subscribers during the Program period. Once a Producer qualifies, Regence will pay to the Producer, up to a maximum of \$20,000 per New Group, approximately one month following the enrollment, a base amount of \$35.00 for each New Subscriber plus an additional:

- \$5.00 for each New Subscriber that enrolls using Regence's "e-Enroll" process;
- \$2.50 for each New Subscriber that also enrolls in a separate Regence group dental plan sold by the Producer to the New Group; and
- \$5.00 for each New Subscriber that also enrolls for benefits under one or more group plan policies (such as Life, Voluntary Life, Short Term Disability, Voluntary Short Term Disability, Long Term Disability and Voluntary Long Term Disability offered by Regence Life and Health and sold by the Producer to the New Group) 1/1/10-6/30/10 and \$2.50 for each New Subscriber 7/1/10-12/31/10.

Payments are 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. In-Force Business Retention Payout. The In-Force Business retention payout is available to qualifying Producers for renewing and retaining a sufficient proportion of existing In-Force Business with Regence. To receive any In-Force Business payout, a Producer must first qualify by having In-Force Business with Regence on December 31, 2009 of at least 100 subscribers. For each qualifying Producer, we will calculate a "Retention Rate" by dividing the number of Retained Subscribers by the number of Initial Subscribers associated with the Producer. Amounts will be calculated according to the table presented on the following page:

<u>If the Producer's Retention Ratio is Between:</u>	<u>The Amount per Retained Subscriber is</u>
0% and 79%	\$0.00
80% and 84%	\$5.00
85% and 89%	\$5.50
90% and 100%	\$6.00.

The In-Force Business retention payout is capped at \$20,000 per group. Amounts will be paid to Qualifying Producers in March 2011, 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 Producers accepting without modification these Terms.
6. **Program Period.** The Program is effective for groups enrolling between January 1, 2010 and December 31, 2010, unless cancelled sooner by Regence.
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 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 change these Terms at any time for any reason upon posting any updates to these Terms on the Regence web site at: <http://www.wa.regence.com/agent/commission/>. Producer is responsible for regularly reviewing Terms. These Terms may be amended only by a written update issued by Regence.
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 applicable 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 source 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.