



MONARCH BEACH
SOUTHERN CALIFORNIA

2008 Harleysville Life Insurance Incentive Trip
March 7-11, 2008

QUALIFICATION RULES FOR
SALES INCENTIVE TRIP



INNER CIRCLE INCENTIVE PROGRAM
NAPA VALLEY, CALIFORNIA
MARCH 5-7, 2008

Qualification Period

1/1/2007 through 12/31/2007

Travel Plans

Monarch Beach, So. California

March 7 - 11, 2008

Qualification Basis

Qualification is based on full weighted premium production, as follows:

- Annualized premium or annualized modal premium up to TAP for *individual life* and *survivorship life*
- Annualized premium for *group life/AD&D*, *short term* and *long term disability*
- First-year collected premium for *voluntary group term life* and *annuities**
- Additional premium in excess of TAP on *universal life* policies**
- First year commissions on *qualified pensions*

Weighted premium is calculated based on a percent of eligible premium: 100% for individual life (except single premium u.l.) to TAP (target annual premium); 25% for group; 10% for u.l. excess over TAP; 15% for single premium u.l. to TAP; 5% for annuities; 5% on commissions for qualified pensions; 10% on actual premium paid up to the lesser of target premium or \$10,000 for survivorship life (no trip credit on excess premium over target for survivorship policies); 13% for single premium whole life.

Premium Maximums

Weighted premium credit percentages will be applied on the following maximum premium per account:

- \$20,000 per individual life policy
- \$40,000 per group account
- \$200,000 per single premium u.l. policy
- \$100,000 per annuity/annuitant

Premium maximum will be waived only on 2007 **individual life** business for agencies that pay for a minimum of 25 individual life and/or group cases during 2007. Single premium u.l. is eligible to be included towards 25 case count minimum, but is **not** eligible for waiving premium maximum of \$200,000.

Additional Requirements

- Minimum year-end persistency rate of 90%
- Minimum of 20 different lives - each individual life, annuity, group case counts as 1 life

Qualification Levels

- **Full Agent Couples:** \$40,000 weighted premium, with no more than 50% from weighted annuity business
- **Buy-In Agent Couples:**
 - Level One:** Free Agent, \$1,000 Guest - \$36,000 weighted premium, with no more than 50% from weighted annuity business
 - Level Two:** Free Agent, \$1,500 Guest - \$32,000 weighted premium, with no more than 50% from weighted annuity business
 - Level Three:** \$500 Agent, \$1,500 Guest - \$28,000 weighted premium with no more than 50% from weighted annuity business

A maximum of four agent couples (including 'full' and 'buy-in' qualifiers) can qualify per agency. Each agent couple qualifying from an agency will follow the above 'full agent couple' schedule. [Example: two full agent couples will qualify for \$80,000 of weighted premium, with no more than 50% from weighted annuity business.] A maximum of one agent couple per agency can qualify under the 'buy-in' rules.

'Quick Start' Bonus

All individual life, group and annuity business paid in the first quarter of 2007 will earn the agency a 'quick start' extra **10%** production credit bonus towards qualification for Monarch Beach. All agencies paying for a minimum of \$15,000 weighted premium in the first quarter of 2007 will earn a **15%** quick start production credit bonus instead of 10%.

'Cross Selling' Bonus

Harleysville Life business on an existing Harleysville commercial and/or personal lines account will earn an additional cross selling trip credit bonus of **5%**, up to a maximum extra credit bonus of \$1,000 per Harleysville personal and/or commercial lines account. The cross selling bonus is payable on **new** applications submitted in 2007 only. All cross selling bonus credits are subject to Harleysville Life home office approval; the Cross Selling Trip Credit Bonus form must be completed and sent in with the eligible application to request the bonus trip credit.

Travel Plans

Napa Valley, California

March 5-7, 2008



'Inner Circle' Special Incentive Program

Introducing the Inner Circle incentive program, a special recognition reward for our top agencies immediately preceding the Monarch Beach sales incentive trip. One couple from each of our trip qualifying **Platinum** and **Diamond** Club agencies will enjoy an exclusive 3-day, 2-night trip to Napa Valley, California, March 5-7, 2008. **Platinum** Club membership requires a minimum of \$100,000 weighted premium production. **Diamond** Club membership requires a minimum of \$150,000 weighted premium production. *Special note:* **Gold** Club agencies will enjoy a special gift on the Monarch Beach trip.

* Only new deferred and immediate annuities qualify for credit. Immediate annuity contracts resulting from an annuitization of an existing deferred contract are not eligible.

** Not applicable on survivorship plans

2008 Sales Incentive Trip Cross Selling Trip Credit Bonus

This completed form must be remitted with the application for cross selling bonus trip credit eligibility for the 2008 Harleysville Life Sales Incentive Trip to Monarch Beach, California.

The attached application is on a Harleysville commercial lines account:

Commercial lines account name: _____

Type of commercial lines account: _____ Policy number: _____

Purpose of the coverage: _____

The attached application is on a Harleysville personal lines account:

Personal lines account name: _____

Type of personal lines account: _____ Policy number: _____

Purpose of the coverage: _____

Please print all requested information.

Name of applicant: _____

Agent name: _____

Agency name: _____ Agency number: _____

Date application submitted: _____ Type of policy: _____

Each Harleysville P/C account is limited to a maximum of \$1,000 in cross selling trip bonus credit. Harleysville accounts with both personal and commercial lines coverage will count as one account. Harleysville P/C account must be in force during 2007.

As we move forward with this program, it is important to remember that above all, the best interest of the policyholder is to be protected. We here at Harleysville are confident that your efforts to place coverage will be characterized by good faith, full disclosure and the exercise of professional skill toward the policyholder - traits that make you a valued business partner.

General Rules

- By participating in this sales incentive trip, each agent, agency and guest accepts and agrees to be bound by these rules and by the decisions of Harleysville Life Insurance Company which are final and binding on all matters relating to all aspects of the incentive trip.
- Awards and participation are limited to Agents (and guests) who meet the qualification requirements. There is no interpolation between premium levels for trip qualification.
- The Company reserves the right to interpret rules and award trips based upon results according to Company records as of the completion of the program.
- Agents unable to make the scheduled trip must forfeit all rights and no substitution in the form of cash, compensation or other awards will be considered.
- Any agencies that do not represent the Company or whose debits to the Company are not current at the completion of the program and/or on the departure date of the trip will be disqualified and will not earn the trip. The Company reserves the right to modify or suspend the eligibility of an agency that is not "in good standing" as determined by the Company.
- Agencies combining two or more Company agency codes for production performance will likewise be combined and considered a single entity for program production and awards.
- The Company assumes no responsibility for advising the agency on any possible tax liability associated with the program award. Each agent qualifying for an award should consult a tax advisor regarding the treatment of the award for tax purposes. Any liability for taxes imposed on this award will be the responsibility of the award winner and not the Company. The agency will be provided a 1099 tax form for the value of the trip(s) awarded.
- The Company cannot provide accommodations to individuals who have not qualified for a trip through the contest rules, even if an agent wishes to pay for them out of pocket. This is necessary due to pre-arranged and budgeted airline space, group activities, hotel accommodations, meals and ground transportation.
- The Company reserves the right to cancel, or change destinations or alter the structure of this incentive program at any time prior to departure. If the program is cancelled, the Company will pay the value of the incentive trip or trips that have been earned by the agency. If the program is cancelled prior to December 31, 2007 the qualification goals will be pro-rated, and the value of the payment adjusted accordingly.

Travel and Loss Responsibility

- The travel company and Harleysville Life maintain no control over the personnel, equipment, or operations of any air, water, or surface carrier, ship line, bus or limousine company, transportation company, hotel, restaurant, or other person or entity furnishing services, products, or accommodations as part of the trip, because all of these suppliers are independent contractors. The travel company and Harleysville Life shall not be liable for any injury, damage, loss, expense, accident, delay, inconvenience, or irregularity which may be caused or contributed to: (1) by any wrongful, negligent, or unauthorized act or omission on the part of any of these suppliers or any of their agents, servants, employees, or independent contractors; (2) by any defect in or failure of any vehicle, equipment, instrumentality, service, product, or accommodation which is owned, operated, furnished, or otherwise used by any of these suppliers; (3) by any wrongful, negligent, or unauthorized act or omission on the part of any other person or entity not under the direct control of the travel company or Harleysville Life, respectively; or (4) by any other cause, condition or event whatsoever beyond the direct control of the travel company or Harleysville Life respectively.
- During the trip, the participant may have the opportunity to participate in various optional activities, such as water sports and other athletic activities, contests, excursions, and side trips. The travel company and Harleysville Life shall not be liable for any injury, damage, loss, expense, accident, delay, inconvenience or irregularity arising out of or relating to said participation.
- By participating in this sales incentive trip, agent, agency and guest agree to release Harleysville Life Insurance Company, its parent, subsidiaries and employees ("Releasees") from any and all claims arising out of injury, damage or loss of any kind to person and property that in any way results from participation in the incentive trip and further agree to indemnify Releasees and to hold Releasees free from any and all liability, claim, action, damage, expense and loss of any kind caused by or arising out of any act or failure to act on the part of the agent, agency, guest or Releasees.



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