



RETAIL AGENT PROGRAM GUIDELINES₁

November 2022

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₁ This program is no longer available in CA effective January 1, 2023.

TABLE OF CONTENTS

OVERVIEW OF THE RETAIL AGENT PROGRAM	1
RECRUITING GUIDELINES	1
APPOINTMENT REQUIREMENTS	1
NEW AGENT PACKET REQUIREMENTS	2
PROGRAM PROVISIONS	2
FINANCIAL SUPPORT SUMMARY	3
ADDITIONAL PROVISIONS	7
PROGRAM CHANGE OR TERMINATION	7

OVERVIEW OF THE RETAIL AGENT PROGRAM

The Retail Agent Program is designed to attract entrepreneurs seeking an opportunity to build their own Farmers® agency. The Retail Agent Program also offers a 36-month bonus opportunity designed to assist agents with growth over the first three years.

RECRUITING GUIDELINES

Capital Requirements

Please reference the New Agent Capital Requirements Guidelines (329888).

Background Review

To be eligible for the Retail Agent Program, potential candidates must first pass a background check in accordance with current Farmers Insurance® guidelines, policies, and procedures. The Companies have established policies and procedures to facilitate the timely review of potential Retail agent candidates through a background check process. The background check will cover four (4) major areas, including, but not limited to:

- Financial History
- State and Federal Criminal History
- Regulatory Actions
- Motor Vehicle Report (MVR)

The review will include credit history and any criminal, employment, or business history. The review will also include various federal and state regulatory and accrediting organization history, including, but not limited to, state insurance department and securities industry experience. The candidate will need to pass all criteria as outlined in the Candidate Background, Licensing and Registration Guidelines to be considered for this program. The current Candidate Background, Licensing and Registration Guidelines (31-7672) can be found on the Agency News & Resources Portal.

APPOINTMENT REQUIREMENTS

Storefront Requirements

Reserve or Associate agents must have an approved storefront location at full-time appointment.

Licensing Requirements

A Reserve agent must be fully licensed prior to full-time agent appointment. A fully licensed agent will have active Property, Casualty, Life, and Health licenses. Additionally, to be considered fully licensed, an agent may be required to have any other licenses deemed necessary by the state in which the agent conducts business (e.g., a Broker license).

Staffing Requirements

At the time of final approval for conversion to the Retail Agent Program, a Reserve agent must have a minimum of two agency staff members who are licensed and appointed with the Companies. Agency staff members who work for multiple agents do not count toward the staffing requirements at appointment.

University of Farmers®

University of Farmers® Agency Launch Pad training must be completed by the last day of the month prior to full-time appointment. For example, a Retail agent must complete Agency Launch Pad training by April 30th if May is the full-time agent appointment month.

NEW AGENT PACKET REQUIREMENTS

Components Required for Submission

All documents should be submitted in the order listed in the Program Documentation Checklist.

PROGRAM PROVISIONS

Agency Performance Evaluation (“APE”)

The Retail agent appointment agreement expires after 36 months, unless terminated earlier in accordance with its terms or extended through a writing signed by the agent and an authorized representative of the Companies. If the agreement remains in effect, an evaluation of the agency’s results will occur during the first ten (10) quarters following the effective date of the agreement. Upon successful completion of the evaluation, a new agent appointment agreement or the opportunity to extend the existing appointment agreement beyond 36 months may be offered by the Companies at their sole discretion.

The following targets will be used for the Agency Performance Evaluation (“APE”):

AREA*	NET NEW BUSINESS COMMISSION QUARTERLY TARGETS
1	\$4,000
2	\$3,800
3	\$3,600

* Area is determined by the agent’s office address ZIP Code at the time of full-time appointment. Reference the Retail Program Area Assignments Tool for the current area assignments.

Additional Note: Folio will be used as the official report for tracking net new business commissions.

The net new business commission quarterly targets are set based on one of three areas, as determined by the ZIP Code of the agent’s office address at the time of full-time appointment. Achieving the net new business commission quarterly target in a quarter will result in validation of that quarter. A quarter is defined as the three-month period after the full-time appointment date (not calendar quarters). Validation of seven (7) or more of the ten (10) quarters will result in successful completion of the APE. Upon successful completion of the APE, a new agent appointment agreement or the opportunity to extend the existing appointment agreement beyond 36 months may be offered by the Companies at their sole discretion. If the agent has failed to validate four (4) or more of the ten (10) quarters, making successful completion of the APE no longer possible, then the agent appointment agreement may be terminated prior to the expiration date.

Net new business commissions are calculated based on the agent’s 3xx and agency producer series P&C and Life net issued new business policies as of the closing dates for the insuring entities issuing the policies and as reflected in the agent’s folio.

Monthly net new business commission is defined as the net new business commissions for the applicable P&C and Life net issued new business policies as set forth in the agent’s folio. The following are excluded from the net new business commission calculations: (i) any fees that are not considered for commission purposes; and (ii) premium and policies associated with (a) any Farmers Financial Solutions, LLC (“FFS”) offerings, (b) Flood insurance, (c) any Kraft Lake Insurance Agency, Inc. (“Kraft Lake”) business, (d) any 21st Century® Insurance offerings, and (e) the California Earthquake Authority (“CEA”).

FINANCIAL SUPPORT SUMMARY

There are six types of new agent financial support opportunities available to a Retail agent.

1) Exterior Branding Bonus Program

The Exterior Branding Bonus Program is designed to assist newly appointed Farmers® agents with their initial exterior branding, consistent with the Farmers trademark and brand guidelines, for their approved office location. Farmers is willing to coordinate all aspects of the initial exterior branding options and execution with the Farmers-approved sign vendor, and to pay for applicable costs up to a \$6,000 maximum possible bonus amount.

2) Signing Bonus Program

In Month 2 following the Addendum Effective Date of the New Retail Agent Bonus Programs Addendum, the agent is eligible to receive a \$5,000 Signing Bonus. Agent will not be eligible to receive this bonus again should a new agent appointment agreement be offered and executed.

3) Monthly New Business Bonus Program

Starting in the agent's first month and continuing through the 36th month after Addendum Effective Date, the Companies will pay the agent a bonus based on a percentage of the agent's monthly net new business Property and Casualty ("P&C") commissions and monthly net new business Life commissions excluding Annuities in accordance with schedules and rules established by the Companies and in effect on the effective date of the applicable new business transaction. The total monthly bonus payment, if any, will not include any amounts exceeding the maximum monthly bonus payment amounts for specific types of business established by the Companies from time to time in their sole discretion as set forth in the chart below.

LIFE AND COMMERCIAL MAXIMUM MONTHLY BONUS PAYMENT			
	Year 1	Year 2	Year 3
Life	\$1,400	\$1,250	\$1,000
Commercial	\$3,500	\$3,000	\$2,500

The quarterly percentage of monthly net new business commissions used to calculate the agent's bonus, if any, will apply to each three-month period after the agent's appointment date (not calendar quarters). The applicable quarterly percentage will be based on the agent's net new business commission and Life Issued and Paid results and corresponding Tier Placement at the end of the previous quarter. In the agent's first quarter after Addendum Effective Date, the percentage of monthly net new business commission used to calculate the agent's bonus will be the applicable Tier A percentage for the agent's area. To receive a bonus based on a percentage of monthly net new business commissions, less any amounts exceeding the applicable maximum monthly bonus payment amounts for specific types of business, as a bonus in subsequent quarters, the agent must achieve Tier C, or higher, requirements.

Net new business commissions are calculated based on the agent's 3xx and agency producer series P&C and Life net issued new business policies as of the closing dates for the insuring entities issuing the policies and as reflected in the agent's folio.

Monthly net new business commission is defined as the net new business commissions for the applicable P&C and Life net issued new business policies as set forth in the agent's folio. The following are excluded from the net new business commission calculations: (i) any fees that are not considered for commission purposes; and (ii) premium and policies associated with (a) any FFS offerings, (b) Flood insurance, (c) any Kraft Lake business, (d) any 21st Century Insurance offerings, and (e) the CEA.

Any bonus will be paid on the next folio after each applicable month.

**Life issued and paid bonus program requirements do not apply to the States of Connecticut, Florida, Kentucky, Maine, Massachusetts, Mississippi, New York, North Carolina, New Hampshire, Rhode Island, and Vermont.*

Retail Agent Monthly New Business Bonus Program Chart

The area assignments may be different for the Percent of Monthly New Business Commission and the Net New Business Commission and Life Issued and Paid Quarterly Bonus Program Requirements.

PERCENT OF MONTHLY NEW BUSINESS COMMISSION												
Percentages Area 0	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Tier A	300%	300%	300%	300%	180%	180%	180%	180%	60%	60%	60%	60%
Tier B	300%	270%	270%	270%	162%	162%	162%	162%	54%	54%	54%	54%
Tier C	300%	240%	240%	240%	144%	144%	144%	144%	48%	48%	48%	48%
Tier D	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Percentages Area 1	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Tier A	360%	360%	360%	360%	216%	216%	216%	216%	72%	72%	72%	72%
Tier B	360%	324%	324%	324%	194%	194%	194%	194%	65%	65%	65%	65%
Tier C	360%	288%	288%	288%	173%	173%	173%	173%	58%	58%	58%	58%
Tier D	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

NET NEW BUSINESS COMMISSION AND LIFE ISSUED AND PAID QUARTERLY BONUS PROGRAM REQUIREMENTS												
Requirements Area 1	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Tier A	10,000 / 3	10,500 / 3	11,000 / 4	11,500 / 4	12,000 / 5	12,500 / 5	13,000 / 6	13,500 / 6	14,000 / 7	14,500 / 7	15,000 / 8	15,500 / 8
Tier B	7,000 / 2	7,500 / 2	8,000 / 3	8,500 / 3	9,000 / 4	9,500 / 4	10,000 / 5	10,500 / 5	11,000 / 6	11,500 / 6	12,000 / 7	12,500 / 7
Tier C	4,000 / 1	4,500 / 1	5,000 / 2	5,500 / 2	6,000 / 3	6,500 / 3	7,000 / 4	7,500 / 4	8,000 / 5	8,500 / 5	9,000 / 6	9,500 / 6
Tier D	-	-	-	-	-	-	-	-	-	-	-	-

Requirements Area 2	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Tier A	9,500 / 3	9,975 / 3	10,450 / 4	10,925 / 4	11,400 / 5	11,875 / 5	12,350 / 6	12,825 / 6	13,300 / 7	13,775 / 7	14,250 / 8	14,725 / 8
Tier B	6,650 / 2	7,125 / 2	7,600 / 3	8,075 / 3	8,550 / 4	9,025 / 4	9,500 / 5	9,975 / 5	10,450 / 6	10,925 / 6	11,400 / 7	11,875 / 7
Tier C	3,800 / 1	4,275 / 1	4,750 / 2	5,225 / 2	5,700 / 3	6,175 / 3	6,650 / 4	7,125 / 4	7,600 / 5	8,075 / 5	8,550 / 6	9,025 / 6
Tier D	-	-	-	-	-	-	-	-	-	-	-	-

Requirements Area 3	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Tier A	9,000 / 3	9,450 / 3	9,900 / 4	10,350 / 4	10,800 / 5	11,250 / 5	11,700 / 6	12,150 / 6	12,600 / 7	13,050 / 7	13,500 / 8	13,950 / 8
Tier B	6,300 / 2	6,750 / 2	7,200 / 3	7,650 / 3	8,100 / 4	8,550 / 4	9,000 / 5	9,450 / 5	9,900 / 6	10,350 / 6	10,800 / 7	11,250 / 7
Tier C	3,600 / 1	4,050 / 1	4,500 / 2	4,950 / 2	5,400 / 3	5,850 / 3	6,300 / 4	6,750 / 4	7,200 / 5	7,650 / 5	8,100 / 6	8,550 / 6
Tier D	-	-	-	-	-	-	-	-	-	-	-	-

Requirements Area and Percentages Area may be reflected as a single number on some reports, with the first digit representing the Percentages Area and the second digit representing the Requirements Area. For example, Percentages Area 1 and Requirements Area 3 may be combined to show Area 13, and Percentages Area 0 and Requirements Area 2 may be combined to show Area 02 or Area 2.

Re-establishing Bonus after Missing Quarterly Goal

To be eligible for monthly bonuses, the Retail agent must achieve the Tier C or higher quarterly bonus requirements for each specified quarter. If a Retail agent fails to achieve the Tier C or higher quarterly bonus requirements for their area in any specified quarter, they will not receive any monthly bonuses in the following quarter. If an agent achieves the Tier C goals or higher in any quarter following a quarter where bonus requirements were not met, the agent will then be eligible for a monthly bonus in the next quarter, if all other bonus eligibility requirements are met.

Validation of goal achievements will take place on a quarterly basis. No mid-quarter bonus re-establishment requests will be processed or approved.

4) Bonus Based on Net New Business Commissions While on Reserve Agent or Associate Agent Program

In Month 2 following the Addendum Effective Date of the New Retail Agent Bonus Programs Addendum, the agent is eligible to receive a one-time bonus equal to 100% of the applicable net new business commissions achieved during the Reserve and/or Associate agent program immediately prior to becoming a Retail agent, up to a maximum aggregate bonus payment amount of \$10,000 (“Maximum Aggregate Bonus Payment Amount”).

For example, if an agent has \$5,000 in applicable net new business commissions during the Reserve or Associate agent program, then the agent would receive a one-time bonus in the amount of \$5,000 in the 2nd month. Similarly, if an agent has \$15,000 in applicable net new business commissions during the Reserve or Associate agent program, then the agent would receive a one-time bonus in the amount of \$10,000 in the 2nd month.

Net new business commissions are calculated based on the agent’s 3xx and agency producer series P&C and Life net issued new business policies as of the closing dates for the insuring entities issuing the policies and as reflected in the agent’s folio. The following are excluded from the net new business commission calculations: (i) any fees that are not considered for commission purposes; and (ii) premium and policies associated with (a) any FFS offerings, (b) Flood insurance, (c) any Kraft Lake business, (d) any 21st Century Insurance offerings, and (e) the CEA.

5) Annual New Business Bonus Program

During the first 36 months after the Addendum Effective Date, the agent also may qualify for the Annual New Business Bonus.

The agent is eligible to receive a bonus based on the agent’s applicable 12-month net new business commissions and the number of issued and paid Life policies at the end of 12, 24 and 36 months after Addendum Effective Date if the agent achieves the Tier A, B, or C applicable bonus requirements at the end of years 1, 2 or 3.

Any bonus will be paid on the next 12 folios after the calculation (the total bonus amount will be divided by 12 and the resulting amount will be paid monthly).

The agent’s annual tier determination at the end of years 1, 2 or 3 is independent of the quarterly Tier Placement at the end of quarters 4, 8, or 12. The goals in the chart below are based on commissions received in a single applicable year, and do not include net new business commission amounts from any prior years.

The area assignments may be different for the Percent of Annual New Business Commission and the Net New Business Commission and Life Issued and Paid Annual Bonus Program Requirements.

PERCENT OF ANNUAL NEW BUSINESS COMMISSION			
Percentage Area 0	Year 1	Year 2	Year 3
Tier A	60%	60%	60%
Tier B	50%	50%	50%
Tier C	40%	40%	40%
Tier D	0%	0%	0%

Percentage Area 1	Year 1	Year 2	Year 3
Tier A	70%	70%	70%
Tier B	60%	60%	60%
Tier C	50%	50%	50%
Tier D	0%	0%	0%

NET NEW BUSINESS COMMISSION AND LIFE ISSUED AND PAID ANNUAL BONUS PROGRAM REQUIREMENTS			
Requirements Area 1	Year 1	Year 2	Year 3
Tier A	43,000 / 14	51,000 / 22	59,000 / 30
Tier B	31,000 / 10	39,000 / 18	47,000 / 26
Tier C	19,000 / 6	27,000 / 14	35,000 / 22
Tier D	-	-	-

Requirements Area 2	Year 1	Year 2	Year 3
Tier A	40,850 / 14	48,450 / 22	56,050 / 30
Tier B	29,450 / 10	37,050 / 18	44,650 / 26
Tier C	18,050 / 6	25,650 / 14	33,250 / 22
Tier D	-	-	-

Requirements Area 3	Year 1	Year 2	Year 3
Tier A	38,700 / 14	45,900 / 22	53,100 / 30
Tier B	27,900 / 10	35,100 / 18	42,300 / 26
Tier C	17,100 / 6	24,300 / 14	31,500 / 22
Tier D	-	-	-

**Life Issued and Paid Annual Bonus Program Requirements do not apply to the States of Connecticut, Florida, Kentucky, Maine, Massachusetts, Mississippi, New York, North Carolina, New Hampshire, Rhode Island, and Vermont.*

The total annual bonus payment, if any, will not include any amounts exceeding the applicable maximum annual bonus payment amounts for specific types of business established by the Companies from time to time in their sole discretion as set forth in the chart below.

LIFE AND COMMERCIAL MAXIMUM ANNUAL BONUS PAYMENT AMOUNTS			
	Year 1	Year 2	Year 3
Life	\$3,000	\$4,500	\$6,000
Commercial	\$7,500	\$10,000	\$12,500

Applicable 12-month net new business commissions are calculated based on the agent's 3xx and agency producer series P&C and Life net issued new business policies as of the closing dates for the insuring entities issuing the policies and as reflected in the agent's folio. The following are excluded from the net new business commission calculation: (i) any fees that are not considered for commission purposes; and (ii) premium and policies associated with (a) any FFS offerings, (b) Flood insurance, (c) any business placed through Kraft Lake, (d) any 21st Century Insurance offerings, and (e) the CEA.

6) Monthly Lead Opportunity Program

Starting in the agent's first month and continuing through the 36th month after Addendum Effective Date, if the agent achieves Tier C or higher quarterly bonus requirements, the agent will receive up to \$500 in Agency Growth Leads Bucks, as set forth in the table below. The Agency Growth Leads Bucks can be used for up to 100% folio credit after Agency Growth Program lead vendor expenses have been incurred.

QUARTERLY BONUS TIER	MONTHLY AGENCY GROWTH LEADS BUCKS
Tier A	\$500
Tier B	\$400
Tier C	\$300
Tier D	-

If the agent fails to achieve Tier C or higher bonus requirements, the monthly Agency Growth Leads Bucks opportunity will cease. The monthly Agency Growth Leads Bucks opportunity will resume when the agent achieves Tier C or higher quarterly bonus requirements.

For additional information regarding Agency Growth Leads Bucks, please refer to the Agency Growth web portal on the Agency News & Resources Portal.

ADDITIONAL PROVISIONS

The agent must be current on applicable training programs and meet other requirements and standards, as determined by the Companies, and active as an agent for and in good standing with the Companies at the time of any bonus payout to be eligible to receive any applicable bonus payment. To be in good standing, the agent must meet criteria established by the Companies in their sole discretion. Among other things, the agent must have active, unrestricted binding authority, must not have received a notice of termination of the agent's appointment agreement from the Companies, and must not be the subject of an investigation involving potential misconduct.

Bonus Eligibility Requirement After Full-Time Appointment

In order for the agent to be eligible for any of the bonus opportunities set forth above, the agent must meet the Office Location and Staffing Requirements listed below. Any time the agent does not meet both of these requirements, bonuses may be stopped until they meet the requirements.

Office Location

Retail agents must have an approved storefront location. A storefront location is defined as one or more Farmers agents in a location that excludes district managers.

The Retail agent must establish a Farmers-branded office in compliance with Farmers brand standards within 6 months of Addendum Effective Date. If the agent fails to establish a professional, Farmers-branded office in compliance with Farmers brand standards within 6 months of Addendum Effective Date, all bonus payments will cease. If the agent establishes a professional, Farmers-branded office in compliance with Farmers brand standards, and subsequently does not have a professional, Farmers-branded office in compliance with Farmers brand standards (e.g. if additional non-compliant signage was installed), all bonus payments will cease.

If the agent subsequently establishes a professional, Farmers-branded office in compliance with Farmers brand standards after 6 months from Addendum Effective Date, the agent will be eligible to receive applicable bonus payments in the following program quarter, if all other requirements are met, but the agent will not receive any retroactive bonus payments.

For example, if the agent establishes a professional, Farmers-branded office in compliance with Farmers brand standards 7 months after Addendum Effective Date, the agent will not receive bonus payments during the agent's third quarter on the Retail Agent Program. The agent will be eligible to receive applicable bonus payments in the agent's fourth quarter on the Retail Agent Program if all other requirements are met.

Staffing Requirements

Retail agents must have a minimum of two agency staff members who are licensed and appointed (L&A) with the Companies to qualify for any Retail program bonuses. In the event that an applicable L&A agency staff member works for multiple agents, then the count for that agency staff member shall be split equally amongst each of the agents. In states where the Service Assist program may be offered, enrollment in the Service Assist program counts as one agency staff member towards this requirement. Service Assist program availability is limited to select products, states and agent programs. An agent will not be considered to be achieving their staffing requirements for bonus purposes unless the full L&A staff count is achieved.

If the agent does not meet the staffing requirements at the end of two consecutive program quarters, bonuses may be stopped until they meet the requirements. For example, if a Retail agent does not meet the staffing requirements at the end of the first quarter, and again does not meet the staffing requirements at the end of the second quarter, bonuses may be stopped beginning in the third quarter. If the agent subsequently meets the staffing requirement at the end of the program month, the agent will be eligible to receive applicable bonus payments in the following program month, but the agent will not receive any retroactive bonus payments.

PROGRAM CHANGE OR TERMINATION

The terms and conditions of the Retail Agent Program and any associated bonus programs are subject to change—including, without limitation, program termination—at any time in the Companies' sole discretion. Such revisions or program termination may be communicated in bulletins, email or other media.