

# SMART PLAN HOME<sup>SM</sup> : IMPORTANT INFORMATION

As we continue to execute our Agency Vision – Plan to Win, which builds off our broader strategy of being Customer Centered, Agent Powered, we are making changes in the Homeowners line of business. Beginning in June 2015, and continuing over the next two years, we will begin to introduce our new Smart Plan Home product in all states outside of California. With the introduction of the new product, we will provide extensive training and education to all agents and district managers on the features and benefits associated with Smart Plan Home. This document is intended to provide you an overview of the key features and benefits of Smart Plan Home.

## SMART PLAN HOME – WHAT IS IT?

- Smart Plan Home is a new product designed to help support your efforts to grow profitably and capture market share in the Homeowners line of business
- It's a flexible and more competitive home product that will provide new customers with a wide range of coverage options and greater pricing flexibility
- It is designed with a lower cost structure to create and sustain a more competitive, profitable product over the long term
- Current customers with Next Gen Home, Protector Plus or Special Form will retain their current policy and coverages
- The Smart Plan Home design was built off insights gained from extensive customer research and agent input

## COVERAGE FEATURES

Smart Plan Home will include three distinct coverage packages – standard, enhanced, and premier

- Standard: aligns closer to the Allstate® core home product: Allstate House and Home®
- Enhanced: aligns closer to Nationwide® and Liberty Mutual® core home product offerings
- Premier: similar to current Next Gen offering and aligns closer to the State Farm core home product offering
- Additional features: declining deductibles, claims free discount, claims forgiveness, ePolicy discount, automatic bank payment discount, multi-line discounts, payment frequency discount and no property inspection requirements

## COMMISSION AND EXPENSE

- Smart Plan Home will have the following commission rates: 14% NB; 10% renewals
- These commission rates are for Smart Plan Home only; existing in-force Fire policies will remain at current renewal commission rates for those policies
- As new Smart Plan forms are rolled out for Renters and Condos, commission rates will be 14% NB/10% RN. Existing in-force policies will remain at current renewal rates for those products





#### AGENT COMMISSION RATES REMAIN AMONG HIGHEST IN INDUSTRY

- The Smart Plan Home commission schedule remains at the upper end of the industry and well above key competitors
- The introduction of Smart Plan Home and subsequent Smart Plan products (i.e. Renters/Condos), along with the introduction of the new profitable growth bonus in January 2016, will provide our agents with a competitive total compensation package

#### KEYS TO SUCCESS

- As you look at industry trends, we want to maximize our market position in the homeowners business
- 97% of value-driven customers own a home; the Home product is oftentimes the anchor product for these households
- Agents win with SPH by leveraging expanded selling opportunities with new coverage and pricing flexibility
- By increasing sales reach to more customers, opportunities for Auto, Umbrella, Specialty, and Life sales improve
- This product will help position agents to maximize the new profitable growth bonus, which launches in 2016
- Agents who are not actively marketing and don't realize the opportunities for greater sales results from the Smart Plan Home product will not realize these additional income opportunities

#### SPH STATE ROLL-OUT PLANS (TENTATIVE AND SUBJECT TO CHANGE)

| Jun - 15 | Aug - 15 | Oct - 15 | Dec - 15 | Feb - 1 | Apr - 16 | Jun - 16 | Aug - 16 | Oct - 16 | Dec - 16 |
|----------|----------|----------|----------|---------|----------|----------|----------|----------|----------|
| IL       | Dark     | OR       | ID       | VA      | NE       | IA       | ND       | WY       | MD       |
| AZ       |          | MO       | TN       | OH      | IN       | MI       | SD       | AR       | GA       |
|          |          | OK       | UT       | MT      | WA       | AL       | NV       | NJ       | NY       |
|          |          | TX       | CO       | KS      | MN       | NM       | WI       | PA       |          |