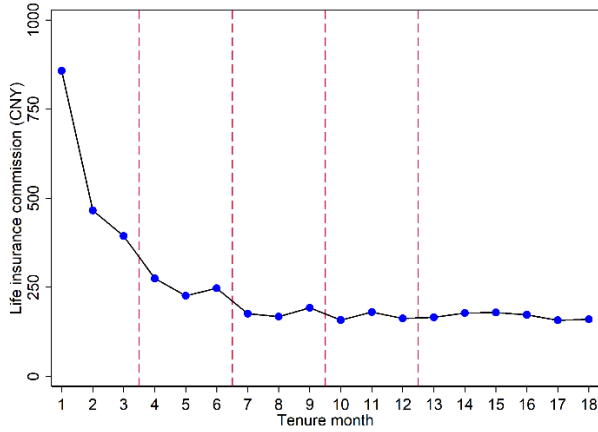


Appendix A and B

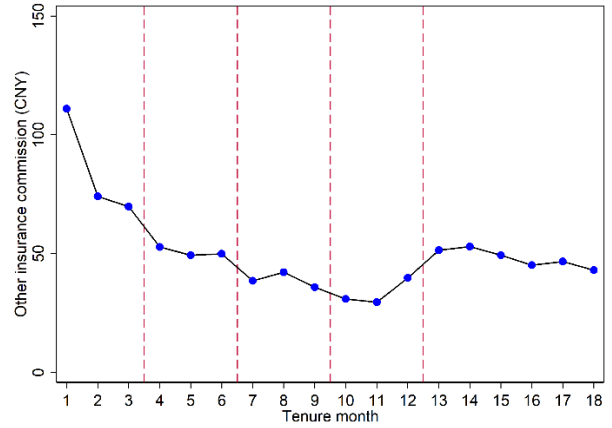
Non-linear Incentives and Worker Productivity and Earnings: Evidence from a Quasi-experiment

Richard B. Freeman, Wei Huang, and Teng Li

Appendix A

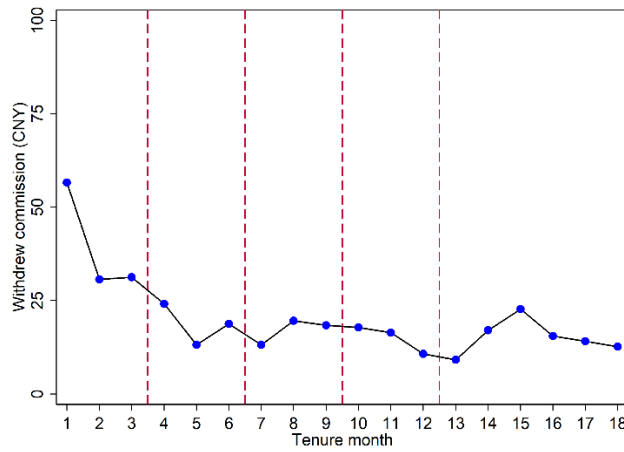


(A) Life insurance commission



(B) Other insurance commission

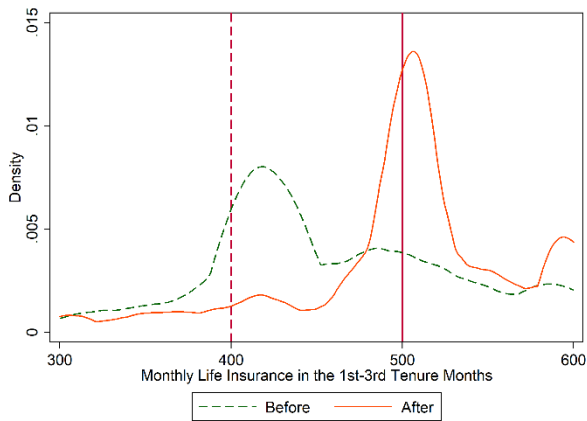
commission



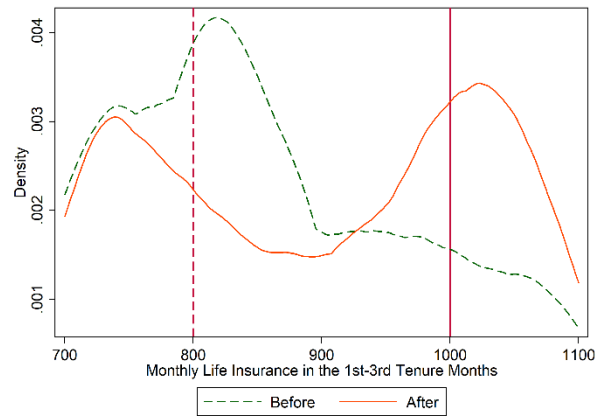
(C) Withdrawn commission

Figure A1: The productivity of sales agents in the 1st-18th tenure months

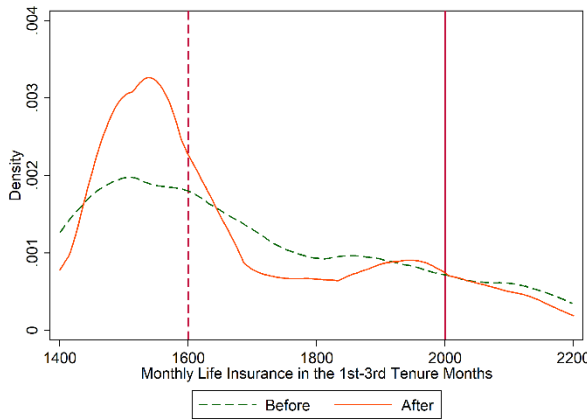
Notes: The figure displays the monthly performance of sales agents in their 1st-18th tenure months before the new compensation scheme's initiation. Panels (A), (B), and (C) present the fluctuations of life insurance, other insurance, and withdrawn commission by tenure month, respectively.



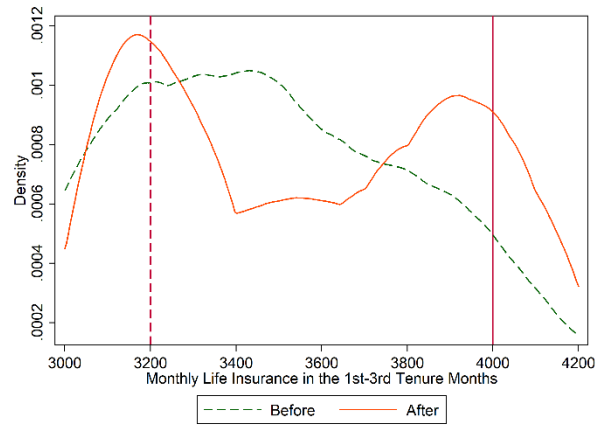
(A) The first level commission threshold



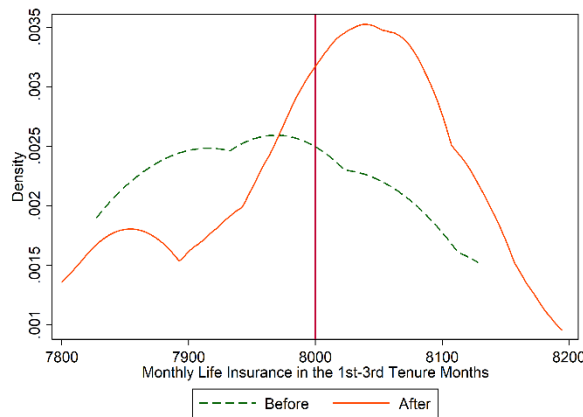
(B) The second level commission



(C) The third level commission threshold



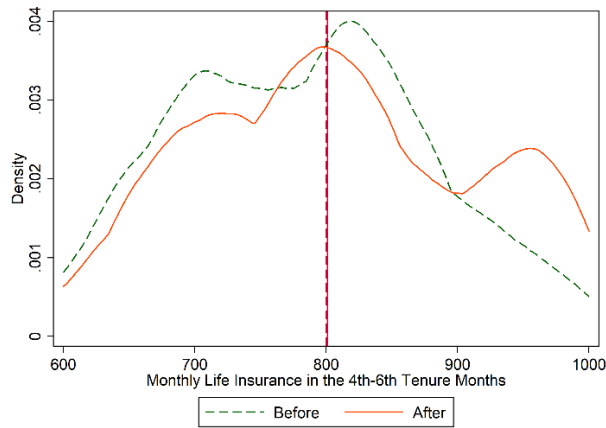
(D) The fourth level commission



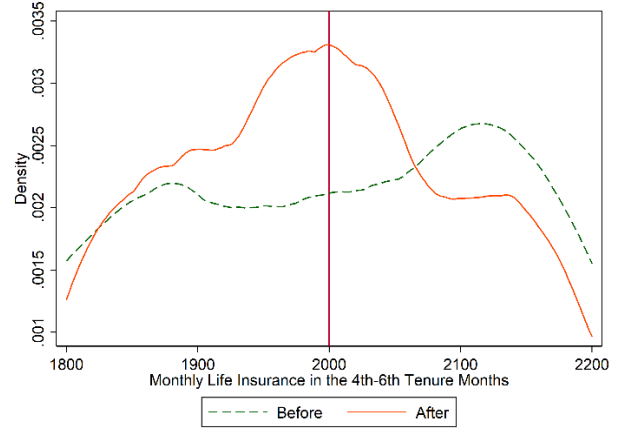
(E) The fifth level commission threshold

Figure A2: The distributions of life insurance commission around the commission thresholds for 1st-3rd tenure months

Notes: The figure plots the distributions of life insurance commission around the commission thresholds of the old (green dash lines) and new (red solid lines) compensation schemes for the 1st-3rd tenure months. Panels (A)-(E) present from the lowest to the highest commission threshold, respectively.



(A) The first level commission threshold



(B) The second level commission threshold

Figure A3: The distributions of life insurance commission around the commission thresholds for 4th-6th tenure months

Notes: The figure plots the distributions of life insurance commission around the commission thresholds of the old (green solid lines) and new (red solid lines) compensation schemes for the 4th-6th tenure months. Panels (A) and (B) present from the lowest to the highest commission threshold, respectively.

Table A1: The Treatment Status for Agents by Contract Start Time

| Contract start time | Tenure months covered by the new incentive scheme | | | |
|---------------------|---|----------------------------------|----------------------------------|------------------------------------|
| | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th |
| Oct.-Dec., 2013 | No | No | No | No |
| Jan.-Mar., 2014 | No | No | No | Partially |
| Apr.-Jun., 2014 | No | No | Partially | Yes |
| Jul.-Sep., 2014 | No | Partially | Yes | Yes |
| Oct.-Dec., 2014 | Partially | Yes | Yes | Yes |
| Jan.-Apr., 2015 | Yes | Yes | Yes | Yes |

Notes: This table summarizes the tenure months that covered by the new incentive scheme in agents' first 12 months in the firm. For the group recruited during October-December 2013, the agents are not covered by the new incentive scheme in their 1st-12th tenure months. For individuals who joined the firm in 2014, they are partially covered by the new incentive scheme in their 1st-12th tenure months. For the group joined during January-April 2015, the agents are fully covered by the new incentive scheme in their 1st-12th tenure months.

Table A2: Main Result – Changes to the Probability of Being Bonus Winners scheme

| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|-----------------------------|--|--|--|--|--|--|--|--|--|
| | Bonus winner (=1) | | | | | | | | |
| | Panel A: Treatment group | | | | | | | | |
| After | 0.029*** (0.007) | 0.083*** (0.011) | 0.125*** (0.016) | 0.123*** (0.023) | 0.065** (0.026) | 0.059*** (0.015) | 0.015 (0.019) | 0.111*** (0.026) | 0.071*** (0.022) |
| Baseline sample mean | 0.009 | 0.032 | 0.089 | 0.234 | 0.356 | 0.043 | 0.113 | 0.067 | 0.049 |
| Observations | 4,190 | 4,190 | 4,190 | 4,190 | 4,190 | 3,480 | 3,480 | 2,011 | 1,271 |
| R-squared | 0.441 | 0.542 | 0.539 | 0.520 | 0.548 | 0.584 | 0.614 | 0.576 | 0.483 |
| Sales commission threshold | >=8000 | >=4000 | >=2000 | >=1000 | >=500 | >=2000 | >=800 | >=1200 | >=1600 |
| Tenure months | 1st-3rd | 1st-3rd | 1st-3rd | 1st-3rd | 1st-3rd | 4th-6th | 4th-6th | 7th-9th | 10th-12th |
| No. of agents | 1710 | 1710 | 1710 | 1710 | 1710 | 1564 | 1564 | 953 | 597 |
| Agent FE | x | x | x | x | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x | x | x | x | x |
| | Panel B: Control group | | | | | | | | |
| After | 0.005 (0.005) | 0.007 (0.009) | 0.002 (0.011) | 0.003 (0.014) | -0.005 (0.015) | 0.002 (0.011) | 0.001 (0.015) | 0.002 (0.013) | -0.000 (0.014) |
| Baseline sample mean | 0.005 | 0.015 | 0.036 | 0.064 | 0.087 | 0.036 | 0.071 | 0.057 | 0.044 |
| Observations | 2,367 | 2,367 | 2,367 | 2,367 | 2,367 | 2,367 | 2,367 | 2,367 | 2,367 |
| R-squared | 0.241 | 0.344 | 0.416 | 0.457 | 0.511 | 0.416 | 0.449 | 0.460 | 0.398 |
| Sales commission threshold | >=8000 | >=4000 | >=2000 | >=1000 | >=500 | >=2000 | >=800 | >=1200 | >=1600 |
| Tenure months | 13th-18th | 13th-18th | 13th-18th | 13th-18th | 13th-18th | 13th-18th | 13th-18th | 13th-18th | 13th-18th |
| No. of agents | 1710 | 1710 | 1710 | 1710 | 1710 | 1564 | 1564 | 953 | 597 |
| Agent FE | x | x | x | x | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x | x | x | x | x |

Notes: This table reports the probability of meeting the life insurance commission thresholds the new compensation scheme. The regression sample is restricted to a narrow time window, i.e., from October 2014 to March 2015. Panel A presents the estimates for agents in their 1st-12th tenure months. As a placebo test, in Panel B we displays the estimates for agents in their 13th-18th tenure months. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A3: The bonus changes received by agents

| | (1) | (2) | (3) | (4) |
|--|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th |
| Variables | Bonus (CNY) | | | |
| Baseline sample mean | 519.2 | 138.4 | 76.3 | 0 |
| <u>Panel A: Pure event study</u> | | | | |
| After | 54.1* (28.1) | 71.4*** (18.5) | 37.6** (18.7) | 64.6*** (19.9) |
| R-squared | 0.052 | 0.017 | 0.004 | 0.026 |
| Tenure month FE | x | x | x | x |
| Calendar month linear trend | x | x | x | x |
| <u>Panel B: Estimates conditional on observable characteristics of agents</u> | | | | |
| After | 51.1* (28.1) | 71.6*** (18.5) | 37.7** (18.9) | 61.4*** (20.1) |
| R-squared | 0.058 | 0.030 | 0.009 | 0.033 |
| Demographic controls | x | x | x | x |
| Tenure month FE | x | x | x | x |
| Calendar month linear trend | x | x | x | x |
| <u>Panel C: Estimates with agent fixed effects: before/after for the same agent</u> | | | | |
| After | 96.0*** (28.9) | 58.4*** (18.1) | 48.5** (20.6) | 65.5*** (18.9) |
| R-squared | 0.624 | 0.630 | 0.608 | 0.492 |
| Agent FE | x | x | x | x |
| Tenure month FE | x | x | x | x |
| Calendar month linear trend | x | x | x | x |
| No. of agents | 1,710 | 1,564 | 953 | 597 |
| Observations | 4,190 | 3,480 | 2,011 | 1,271 |

Notes: This table reports the changes to the bonuses received by the agents under the new non-linear compensation scheme. The sample period and specifications mirror those in Table 2. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table A4: Side Effect - More Unqualified Customers?

| Variables | (1) | (2) | (3) | (4) |
|--------------------------------|-------------------------------|-----------------|--|-----------------|
| | Life insurance claims (=1) | | Claims amount of life insurance (1,000 CNY) | |
| Baseline sample mean | 0.01 | | 0.24 | |
| Joined between Jan.-Apr. 2015 | -0.02 (0.01) | -0.02 (0.01) | -0.39 (0.55) | -0.32 (0.50) |
| Joined between Oct.-Dec. 2014 | -0.01 (0.01) | -0.01 (0.01) | -0.15 (0.48) | -0.06 (0.45) |
| Joined between Jul.-Sept. 2014 | -0.00 (0.01) | -0.00 (0.01) | 0.22 (0.50) | 0.28 (0.46) |
| Joined between Apr.-Jun. 2014 | -0.01 (0.01) | -0.01 (0.01) | -0.12 (0.23) | -0.09 (0.19) |
| Joined between Jan.-Mar. 2014 | -0.00 (0.01) | -0.00 (0.01) | 0.27 (0.35) | 0.29 (0.38) |
| Tenure month | -0.00 (0.00) | -0.00 (0.00) | -0.03 (0.04) | -0.02 (0.03) |
| Observations | 3,264 | 3,264 | 3,264 | 3,264 |
| R-squared | 0.002 | 0.003 | 0.002 | 0.004 |
| Demographic controls | | x | | x |

Notes: This table presents the effects of the new non-linear compensation scheme on the claims of life insurance. The dependent variables in columns (1)-(2) and (3)-(4) are dummies on whether an agent encountered claims and claims amount of life insurance, respectively. All the estimates are based on Equation (2). The reference group includes the agents who were recruited by the firm between October and December 2013. Demographic control variables include male dummy, urban status, education levels, and age. All standard errors are heteroscedasticity-consistent. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Appendix B

We conducted two additional statistical analyses as a check on the robustness of our main finding that agents responded substantially to the new incentives. First, we estimated the responses of agents with different observed demographic features to see if some groups responded more than others. Second, we conducted a “placebo” type analysis on the assumption that the change in incentive occurred a year earlier, which tests whether agent responses were impacted by their months of tenure. We find some differences in responses of workers by demographic characteristics but no month effects a year earlier. The impact on behavior thus varies among groups but our estimated responses are to actual change in incentives and not contaminated by some month effect.

To examine potential differences in responses to the new compensation system among demographic groups, we divided the sample into subgroups based on the education level of the agents, their gender, urban status, and age, respectively, and estimated our basic life insurance commission equation separately for the subgroups. In each case we split agents into two groups, for instance college graduates and above compared to high-school graduates and below (“low-education group”); females vs males; urban vs rural agents; and workers above and below age 35. Panels (A) and (B) of Table B1 show larger and more significant responses for high school graduates and below than for college graduates with the effects for the 4th-12th tenure-month groups of college graduates positive but not statistically significant at the traditional level while neither the high- nor low-education group not covered by the new compensation scheme show any effect. Table B2 shows a mixed pattern of statistically insignificant differences between men and women varying by group. Table B3 shows greater impacts among rural agents save for the 10th-12th tenure month group, while Table B4 shows no clear pattern of differences by age group. In sum, while there is some heterogeneity in responses, the only one that might merit further analysis is the difference by education group.

To see whether our estimates of effects might be contaminated by differences in performance for agents in different tenure months (the 1st-12th and 13th-18th tenure months, specifically) in every start of a year, we repeated our main analysis by using the sample period from October 2013 to March 2014, assuming contrary to reality that the compensation system changed in January 2014. Table B5 presents the estimates from this placebo-type analysis. The estimates in columns (1)-(4) for agents in the 1st-3rd, 4th-6th, 7th-9th, and 10th-12th tenure months do not change statistically or by

economically meaningful amounts but are similar to those for the 13th-18th tenure month control group. Thus our analysis passes this placebo-type test.

Finally, in Table B6, we employ a difference-in-differences specification that tests the robustness of our main results in a different way. Specifically, in columns (1)-(4) the dependent variable is the difference between the life insurance commission of the treatment groups in their 1st-3rd, 4th-6th, 7th-9th, and 10th-12th tenure months minus the commissions of agents in their 13th-18th tenure months. Besides the agent and tenure month fixed effects, we control the year-by-month fixed effects. Panels (A), (B), and (C) display the results for life insurance, other insurance, and withdrawn commission, respectively. The estimated effects on life insurance are positive; those on other insurance products are negative and those on withdrawn commission are positive, all with similar magnitudes to those in Tables 2-4.

Table B1: Estimated Impact on Life Insurance Commission by Education Level

| | (1) | (2) | (3) | (4) | (5) |
|---|----------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th | 13 th -18 th |
| Variables | Life insurance commission (CNY) | | | | |
| Baseline sample mean | 816.6 | 334.8 | 293.4 | 294.5 | 254.3 |
| Panel A: College graduates and above | | | | | |
| After | 160.0** (69.5) | 52.4 (73.3) | 20.7 (52.4) | 87.1 (66.7) | 6.6 (59.3) |
| Regression sample | College graduates and above | | | | |
| No. of agents | 737 | 624 | 414 | 222 | 267 |
| Observations | 1,704 | 1,461 | 844 | 472 | 943 |
| R-squared | 0.615 | 0.615 | 0.644 | 0.551 | 0.499 |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| Baseline sample mean | 663.1 | 317.5 | 267.5 | 246 | 258.8 |
| Panel B: High-school graduates and below | | | | | |
| After | 361.8*** (55.4) | 199.8*** (64.7) | 188.6*** (52.4) | 181.1** (77.5) | -3.0 (46.3) |
| Regression sample | High-school graduates and below | | | | |
| No. of agents | 973 | 940 | 539 | 375 | 426 |
| Observations | 2,486 | 2,019 | 1,167 | 799 | 1,424 |
| R-squared | 0.558 | 0.661 | 0.614 | 0.569 | 0.503 |
| Agent FE | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |

Notes: This table reports how the life insurance commission of agents with different education levels responds to the new non-linear compensation scheme. The regression sample is restricted to a narrow time window, i.e., from October 2014 to March 2015. Panel A presents the estimates for agents whose education levels are college graduate and above. In contrast, Panel B displays the results for agents whose education levels are high-school graduate and below. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table B2: Estimated Impact on on Life Insurance Commission by Gender

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th | 13 th -18 th |
| Variables | Life insurance commission (CNY) | | | | |
| Baseline sample mean | 797.1 | 335.4 | 296.2 | 282.5 | 268.1 |
| Panel A: Female | | | | | |
| After | 297.8*** (53.7) | 160.1** (64.2) | 128.5*** (49.0) | 100.6* (53.5) | -4.5 (43.4) |
| Regression sample | Female | | | | |
| No. of agents | 1,124 | 1,020 | 622 | 419 | 464 |
| Observations | 2,762 | 2,255 | 1,342 | 881 | 1,586 |
| R-squared | 0.576 | 0.667 | 0.647 | 0.616 | 0.507 |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| Baseline sample mean | 712.8 | 315.6 | 256.6 | 252.0 | 233.7 |
| Panel B: Male | | | | | |
| After | 287.5*** (73.5) | 83.8 (73.6) | 94.0* (56.1) | 209.9* (112.5) | 3.1 (67.8) |
| Regression sample | Male | | | | |
| No. of agents | 586 | 544 | 331 | 178 | 229 |
| Observations | 1,428 | 1,225 | 669 | 390 | 781 |
| R-squared | 0.587 | 0.552 | 0.577 | 0.506 | 0.497 |
| Agent FE | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |

Notes: This table reports how the life insurance commission of female and male agents, respectively, responds to the new non-linear compensation scheme. The regression sample is restricted to a narrow time window, i.e., from October 2014 to March 2015. Panel A presents the estimates for female agents. In contrast, Panel B displays the results for male agents. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table B3: Estimated Impact on Life Insurance Commission by Urban Status

| | (1) | (2) | (3) | (4) | (5) |
|------------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th | 13 th -18 th |
| Variables | Life insurance commission (CNY) | | | | |
| Baseline sample mean | 808.6 | 316.3 | 259.3 | 259.8 | 232.4 |
| Panel A: Urban agents | | | | | |
| After | 199.9*** (60.0) | 86.5 (68.5) | 47.8 (54.0) | 152.1** (72.9) | -37.6 (55.8) |
| Regression sample | Urban | | | | |
| No. of agents | 861 | 764 | 464 | 308 | 362 |
| Observations | 2,091 | 1,702 | 971 | 662 | 1,222 |
| R-squared | 0.608 | 0.673 | 0.634 | 0.466 | 0.452 |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| Baseline sample mean | 730.0 | 338.6 | 302.3 | 283.0 | 278.7 |
| Panel B: Rural agents | | | | | |
| After | 366.8*** (62.8) | 176.9** (70.4) | 184.9*** (52.8) | 125.4 (76.9) | 39.0 (46.0) |
| Regression sample | Rural | | | | |
| No. of agents | 862 | 805 | 490 | 289 | 335 |
| Observations | 2,099 | 1,778 | 1,040 | 609 | 1,145 |
| R-squared | 0.558 | 0.616 | 0.615 | 0.631 | 0.579 |
| Agent FE | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |

Notes: This table reports how the life insurance commission of urban and rural agents, respectively, responds to the new non-linear compensation scheme. The regression sample is restricted to a narrow time window, i.e., from October 2014 to March 2015. Panel A presents the estimates for urban agents. In contrast, Panel B displays the results for rural agents. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table B4: Estimated Impact on Life Insurance Commission by Age

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------|----------------------------------|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th | 13 th -18 th |
| Variables | Life insurance commission (CNY) | | | | |
| Baseline sample mean | 909.9 | 400.9 | 360.3 | 335.2 | 343.7 |
| Panel A: Age ≥ 35 | | | | | |
| After | 350.3*** (61.0) | 179.9** (79.6) | 100.1 (62.3) | 99.5 (68.9) | 57.4 (59.4) |
| Regression sample | Age ≥ 35 | | | | |
| No. of agents | 871 | 795 | 424 | 275 | 327 |
| Observations | 2,222 | 1,697 | 910 | 594 | 1,100 |
| R-squared | 0.568 | 0.692 | 0.628 | 0.654 | 0.542 |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| Baseline sample mean | 638.5 | 260.0 | 203.9 | 206.1 | 160.1 |
| Panel B: Age < 35 | | | | | |
| After | 230.7*** (60.8) | 90.7 (60.8) | 133.5*** (45.4) | 182.9** (79.7) | -56.5 (45.3) |
| Regression sample | Age < 35 | | | | |
| No. of agents | 839 | 769 | 529 | 322 | 366 |
| Observations | 1,968 | 1,783 | 1,101 | 677 | 1,267 |
| R-squared | 0.589 | 0.549 | 0.617 | 0.476 | 0.417 |
| Agent FE | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |

Notes: This table reports how the life insurance commission of agents in different ages responds to the new non-linear compensation scheme. The regression sample is restricted to a narrow time window, i.e., from October 2014 to March 2015. Panel A presents the estimates for agents above 35 years old. In contrast, Panel B displays the results for agents below 35 years old. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table B5: Placebo Test - Assuming the Change were on January 1, 2014

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------|--|----------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Tenure months | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th | 13 th -18 th |
| Variables | Life insurance commission (CNY) | | | | |
| Baseline sample mean | 492.5 | 186.0 | 197.1 | 158.9 | 183.8 |
| | <u>Panel A: Pure event study</u> | | | | |
| After | 15.4 (47.9) | 48.3 (42.0) | 52.0 (35.2) | -9.7 (62.1) | 48.7 (31.4) |
| R-squared | 0.081 | 0.001 | 0.008 | 0.000 | 0.002 |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| | <u>Panel B: Estimates conditional on observable characteristics of agents</u> | | | | |
| After | 12.0 (47.8) | 47.7 (42.1) | 53.2 (35.2) | -18.5 (60.8) | 44.0 (31.0) |
| R-squared | 0.085 | 0.005 | 0.024 | 0.011 | 0.009 |
| Demographic controls | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| | <u>Panel C: Estimates with agent fixed effects: before/after for the same agent</u> | | | | |
| After | 23.3 (48.7) | 49.3 (45.1) | 38.2 (36.1) | -41.5 (73.3) | 26.8 (32.1) |
| R-squared | 0.668 | 0.595 | 0.613 | 0.632 | 0.487 |
| Agent FE | x | x | x | x | x |
| Tenure month FE | x | x | x | x | x |
| Calendar month linear trend | x | x | x | x | x |
| No. of agents | 909 | 912 | 760 | 506 | 584 |
| Observations | 1,939 | 2,080 | 1,668 | 1,026 | 1,919 |

Notes: This table demonstrates the results of a placebo test by assuming that the compensation scheme were changed on January 1, 2014. Similar to that in Table 2, the regression sample is restricted to a narrow time window, i.e., from October 2013 to March 2014. All specifications mirror those in Table 2. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.

Table B6: Estimates based on the difference-between the specified treatment group and the 13th-18th month tenure group not covered by the new compensation policy

| Variables | (1) | (2) | (3) | (4) |
|--|----------------------------------|----------------------------------|----------------------------------|------------------------------------|
| Treatment group | 1 st -3 rd | 4 th -6 th | 7 th -9 th | 10 th -12 th |
| Panel A: Life insurance commission (CNY) | | | | |
| After*treatment | 290.2*** (56.6) | 140.7** (61.1) | 120.3** (52.5) | 157.6*** (56.4) |
| Panel B: Other insurance commission (CNY) | | | | |
| After*treatment | -23.6** (10.9) | -13.6 (9.3) | -19.4 (18.6) | -17.1** (7.7) |
| Panel C: Withdrawn commission (CNY) | | | | |
| After*treatment | 57.7*** (14.1) | 39.6** (18.2) | 70.8*** (21.6) | 53.6** (25.5) |
| Observations | 6,557 | 5,847 | 4,378 | 3,638 |
| Agent FE | x | x | x | x |
| Tenure month FE | x | x | x | x |
| Year-month FE | x | x | x | x |

Notes: This table reports the estimates based on the difference-in-differences specification. Panels (A), (B), and (C) present the effects on life, other, and withdrawn commission, respectively. Each cell represents an independent regression. The treatment groups in columns (1)-(4) are the 1st-3rd, 4th-6th, 7th-9th, and 10th-12th tenure months, respectively. The control group is the 13th-18th tenure months. The regression sample is the same as that in Tables 2-4, i.e., from October 2014 to March 2015. All standard errors are clustered at the agent level. Standard errors are reported in parentheses under the coefficient estimates, and ***, **, and * denote statistical significance at the 1%, 5%, and 10% levels, respectively.