



## Broker Compensation

The Wawanesa Mutual Insurance Company markets its products primarily through independent brokers in Canada. These brokers are licensed business professionals, who are regulated by the provinces and territories in which they operate.

Wawanesa compensates independent brokers by paying them a percentage of the premium for providing objective advice to, as well as serving as knowledgeable sources of information for consumers looking to match their insurance needs to the most appropriate coverages available. Brokers process all midterm changes requested by their customers throughout the year as part of their service and also provide assistance in claims situations.

Commission percentages vary by line of business as follows:

- Automobile Insurance – 7.5% to 12.5%  
[Personal and Commercial]
- Property Insurance – 20%  
[Home, Business and Farm]

Brokers who consistently provide us with quality, profitable business over the long term are recognized through a contingent commission plan. Individual payments under this plan are dependent upon the volume of business and profitability of a broker, combined with Wawanesa's underwriting results. On an annual basis, the total payment under this plan could range from 0.4% to 3.3% of Wawanesa's total earned premiums.

Another area in which Wawanesa works with brokers is through our Broker Retirement Plan which allows brokers an opportunity to build up retirement savings. Our contribution to this plan is less than 1% of total earned premiums.

## Broker Financing

Wawanesa Insurance values the service provided by independent brokers and we occasionally assist them in situations where loans are required to provide for succession of ownership or to expand their businesses. The rate of interest charged on such broker loans is similar to rates that are charged at other financial institutions.

We hold shares in one publicly traded brokerage. In this instance, Wawanesa is one of thousands of shareholders, including other insurance companies, and we own less than 10% of that entity.

Although we have a contractual relationship with independent brokers in placing insurance, brokers are ultimately acting in the best interests of the consumer.