

PRODUCER COMPENSATION DISCLOSURE

We primarily sell our surety products and services through an extensive network of independent insurance agents and brokers, and we consider this the preferred way of distributing our products. We call these independent agents subagents.

These subagents are not our employees. However, subagents may receive compensation from us for placing their surety business with us. This is an overview of how we are compensated and how we compensate our subagents.

Compensation programs fall into three basic types: 1) base commissions; 2) contingent commissions; 3) service fees. We might receive all these types of compensation. We will also pay compensation to a producer who places a surety bond with us.

- ***Base Commission Programs***

We generally pay producers a fixed commission for business placed with us. We pay commission on new and renewal bonds. This commission is usually a fixed percentage of the premium. The percentage varies according to factors such as the type of business, the type of risk, Surety Company and the state where a risk is located. Base commissions received by us on new and renewal Surety bonds ranged from a low of 10% to a high of 40% of the premiums on eligible bonds. Base commissions paid by us to subagents on new and renewal Surety bonds ranged from a low of 5% to a high of 35% of the premiums on eligible bonds.

- ***Contingent Commission Programs***

- Contingent commission agreements, sometimes referred to as performance plans or profit sharing programs, provide for payment when the producer achieves various pre-set goals. A producer may have separate contingent commission plans with different surety companies. If the producer has met the goals, the payment amount is usually a percentage of the premium a producer has placed

- ***Service Fees***

Because our office provides additional services relating to securing, approval and issuing bonds for each submission and we share the compensation with subagents we generally charge a service fee for a specific dollar amount, usually about the amount we compensate our subagents for or a percentage of the premium in an amount of our usual base commission amount. All fees are fully earned when the surety bond is issued.

Additional Information

If you would like additional information regarding compensation arrangements applicable to your account, please contact your insurance broker or your independent insurance agent directly.

The information set forth above applies to Surety bonds including Contract and Commercial Surety bonds, and reflects compensation paid on eligible surety bonds written during the most recent contract period. It may not reflect historic compensation rates on all in-force surety bonds.

Compensation paid on any particular surety bond is based on a variety of factors. As a result, producers who have agreements under which they can earn particular types of compensation do not always earn compensation under those agreements.

Your insurance broker or independent insurance agent can provide additional information about specific compensation received in connection with your bond.