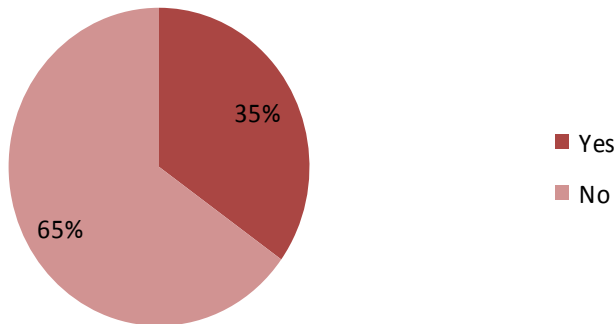


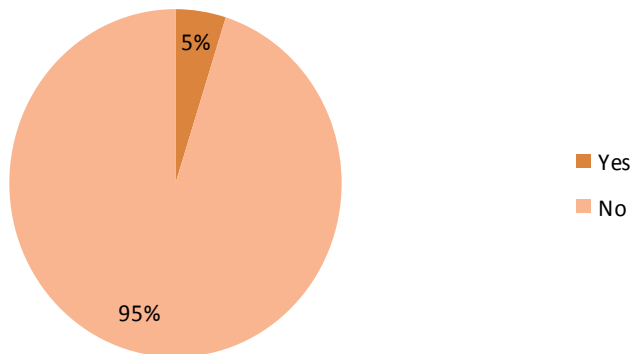
Survey-Fee vs. Commission

December 2010

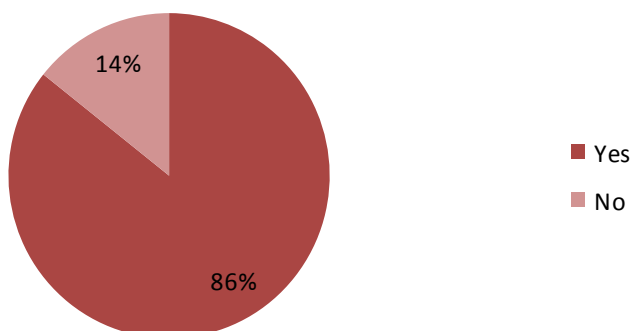
Question #1-Are there circumstances where your agency charges fees instead of commissions?



Question #3-Do you write with any 'admitted carriers' that do not pay commission?



Question #4-Do you receive commissions from wholesalers?



Question #2-If yes, under what circumstances:

Insured wanted a net quote cost for insurance and what we would charge for a fee. This is only one account that we have.

Some commercial accounts have requested a fee in lieu of commission. In other circumstances, we provide risk control services or claim services which are not contemplated in the commission for placing insurance. In all fee circumstances there is a written service agreement.

Large accounts

I want to but fear consequences and I am not sure how

When providing consulting services related to compliance with federal and state regulations.

Low policies.

Account set up

Carrier is not and will not pay commission on certain policies.

When faced with competition or when dealing with a consultant that requests fees only

Account premium that generates less than \$1K commission.

deductible programs

If it involved extra ordinary work or consulting work.

for admin. of our self insured workers comp programs and for our financial consulting services we charge a fee. All else is commission based.

Large account

On rare occasions, some program business does not pay a commission.

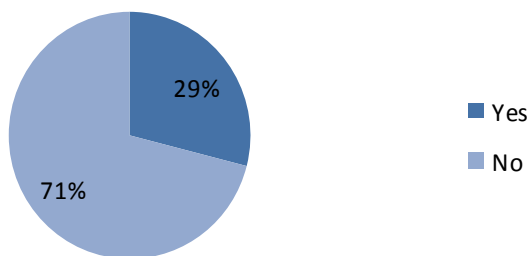
We are trying to move everything to a fee other than Personal Lines or Small Commercial

Competition, surplus lines

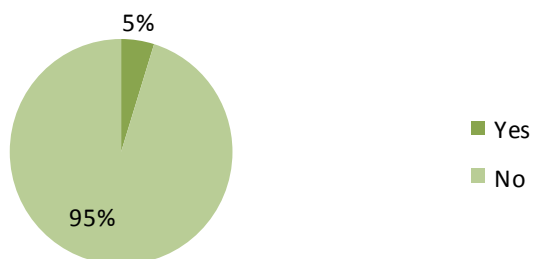
Question #5-If no do you charge fees on business placed through a wholesaler.

| |
|---|
| NO |
| Do not place business with wholesalers. |
| Yes & No. When no it is because we have waived commission and asked to be billed net. We then charge fees |
| Not if we receive commission |
| However, we could negotiate a net placement depending on the client. |

Question #7-Does the agency have procedures for fees?



Question #8-Has the agency experienced any regulatory or legal issues related to fees?



Question #9-If yes, please describe:

| |
|--|
| We met with the MD Ins Admin to discuss our consulting services and fees before proceeding. MIA recommended that we get a legal opinion of the matter. We did - from an attorney recommended by the MIA - and have operated this way ever since. |
| At one time, tax was charged on fees on non-admitted premiums. this was reversed and tax returned |
| in 1994 charged a fee for driving record and was sanctioned \$ 250 fine as I charged \$ 10 in lieu of \$ 8.75 |

Question 6-When charging a fee, how are they disclosed to your insureds?

| |
|--|
| Written and signed agreements. |
| By Contractual Agreement we state what we will do for client during policy period in way of consultations about claims experience rating etc |
| Always disclosed remuneration |
| Fees are printed on both the proposal and the invoice. Often discussed by phone and at meetings. |
| Listed them separately as an agency fee. |
| on the proposal |
| policy notice from carrier |
| In the invoice |
| Clearly in a letter or proposal and on the invoice |
| Written statement on the proposal clearly outlining each policy premium and the fee associated with it. Also list of services we provide |
| Insured advised ahead of underwriting and as part of proposal. Very above board. |
| We reveal the fees charge at the outset of the arrangements before performing the task. |
| written in our contract with the client |
| Within proposal |
| The fees are addressed in our proposal to the client and identified on the invoice as well. |
| Through our standardized proposal and a Letter of Engagement that is required for all business |
| On proposal |
| Clearly |
| fee agreement - full disclosure of all income |
| In the proposal presentation and on our invoices |
| On proposal |
| Always included in a written contract. |