

**Note:** This document was prepared by Grant, Jones & Stuart Insurance as a service to their clients on April 1, 2010.

## Broker Compensation

This form is intended to clarify the method by which our Brokerage receives compensation for the services we provide. Articles appearing in the Globe & Mail and other sources have given the impression that our profession has something to hide and that there some are bad business practices in the industry regarding the commissions that brokers receive. We believe the articles were biased and unfair in their approach, and wish to make our earnings clear to all our clients.

While commissions can sometimes be an inappropriate method of compensation, they are still widely used in many industries. The alternative in our business would be a 'fee for services' scheme which would see clients billed for the service work undertaken in each transaction. Given the complex work that we do, including advice, quotations, risk management, assistance with payments, claims reporting and assistance, negotiating with underwriters, confirming coverage with banks, car dealers and equipment leasing companies, the resulting fee structure would be unmanageable. As a result, our compensation comes from commissions which are included in your premium charges. The table below outlines the commission ranges for each of the companies we represent:

<b>Insurance Company:</b>	<b>Commission Rates: Automobile</b>	<b>Commission Rates: Personal Property</b>	<b>Commission Rates: Commercial Property</b>
Economical Mutual*	10% - 12.5%	20%	20%
Dominion/Chieftain*	10% - 12.5%	12.5% - 20%	20%
Facility Association	10% (Maximum of \$250 on Personal Auto)	N/A	N/A
Intact Insurance* (Formerly ING Insurance)	10% - 12.5%	15% - 20%	20%
Optimum Frontier*	Not Represented	Not Represented	20%
Perth Insurance	5% - 12.5%	15%	Not Applicable
Aviva Group* (Includes Aviva, Elite and Pilot Insurance)	8.5% - 15%	15% - 24%	20%
Zurich Insurance	Not Applicable	Not Applicable	12.5% - 20%

\* - Companies marked with an asterisk also provide Contingent Profit payments which are paid to the brokerage. Contingent Profit is a bonus paid at the end of the calendar year based on a number of factors including volume of business written, claims incurred and expenses incurred. These payments are not guaranteed and are similar to profit sharing bonuses which many individuals receive from their employers. No single insurance policy is responsible for these payments; it is based on the aggregate results of the entire book of business with a particular company.

Occasionally we deal with Wholesale Brokers for commercial accounts where we cannot place the business with our regular markets. Commissions for these types of policies ranges from 6.5% - 20%.