

HOW WE GET PAID

Hub International takes pride in the services our brokerages provide to you, our client, for insurance and risk management programs. For our efforts we are compensated in a variety of ways, primarily in the form of commissions and contingency amounts paid by insurance companies and, in some cases, fees paid by clients or third parties. The means by which we are compensated are described below.

Commission income - Commission, normally calculated as a percentage of the premium paid to the insurer for the specific policy, is paid to us by the insurer to distribute and service your insurance policy. Our commission is included in the premium paid by you. The individuals at Hub International who place and service your insurance may be paid compensation that varies directly with the commissions we receive.

Contingency income - We also receive income through contingency arrangements with most insurers. They are called “contingent” because to qualify for payment we normally need to meet certain criteria, usually measured on an annual basis. Contingency arrangements vary, but payment under these agreements is normally the result of growing the business by attracting new customers, helping the insurance company gather and assess underwriting information and/or working to renew the policies of existing insureds. There is currently no meaningful method to determine the exact impact that any particular insurance policy has on contingency arrangements. However, brokers tend to receive higher contingency payments when they grow their business and retain clients through better service. In other words, the amount of earned contingency income depends on the overall size and/or profitability of all of a group of accounts, as opposed to the placement or profitability of any particular insurance policy. For this reason, the individuals involved in placing or servicing insurance are rarely, if ever, compensated directly for the contingent income that we receive.

Supplemental Commissions – Some insurance companies have recently replaced contingent commissions with supplemental commissions. These commissions, in fixed amounts, are established annually in advance based on historical performance measured by criteria comparable to those by which contingent commissions are calculated. We refer to these commissions as guaranteed supplemental commissions, or “GSCs”.

Fees paid by clients - On occasion, with more complex business insurance programs and where additional resources, products or services are appropriate, a fee may be negotiated for placement of insurance coverage or additional services. Fees charged for the placement of insurance will be outlined in a proposal and approved, usually in writing, prior to the insurer binding coverage. On occasion, we may receive both commissions *and* client-paid fees for placing insurance, which generally will be disclosed in writing to you in advance. In certain circumstances clients pay us mutually agreed-upon fees for additional services, such as third party administration of employee benefits or workers’ compensation programs

Wholesale Operations - We own wholesale insurance brokerages in both the U.S and Canada. These are intermediaries through which other brokers, typically retail brokers that have a relationship and deal directly with their clients, place coverage. Our own retail brokers may place client policies through Hub-owned wholesale brokers. In such cases, both the Hub retail broker and the Hub wholesale broker will earn commissions, and they are included in the client's premium payment. Ordinarily wholesale brokers, whether owned by Hub International or not, are included in the transaction because they offer products that are particularly suitable to a client's needs that are not available through normal insurance brokerage retail channels.

Other Compensation and Benefits - We may receive revenue or further benefits from our insurance brokerage activities in other ways, including, but not limited to, from insurance company promotional events, payments from insurers for promotional marketing and/or employee training and development, fees or a percentage of the interest paid to us for the administration of premium finance contracts, interest paid to us by financial institutions earned on fiduciary or trust accounts in which we hold your premium payments pending remittance to the insurance company, and fees paid to us for policy and/or claims administration and/or loss control services that we provide.

Related Party Transactions – In limited circumstances, our subsidiaries or employees may have interests in insurers and reinsurers with whom policies are placed. We own a reinsurance broker that arranges reinsurance for carriers. It is possible that coverage placed by our retail brokers could be reinsured pursuant to placements made by our reinsurance subsidiary. Ownership of a reinsurance broker also creates an additional, mutually beneficial dimension to our relationships with insurance companies.

Customer Centric Carriers – We have access to the products and services of hundreds of insurers. However, we believe our ability to provide the best combination of products, service, value and ongoing access to capacity is enhanced by focusing on a manageable number of carrier relationships. These strategic relationships include many of the most respected national and regional insurance companies in the insurance industry (the "Strategic Carriers"). Although we will continue to access our other insurance company relationships where appropriate, we expect that many of our clients' insurance needs may be met through the Strategic Carriers. The Strategic Carriers may pay us enhanced compensation, which we intend to use in part to invest in initiatives to improve our ability to serve our customers' and to optimize their insurance buying experience. A portion of any enhanced compensation from our Strategic Carriers may be used to incentivize our employees to prioritize, investigate and access the products and services of our Strategic Carriers for the purpose of consolidating the number of insurance markets we deal with, while at the same time addressing the needs and best interests of our clients. More information regarding our Strategic Carrier relationships is available upon request from your Hub International insurance advisor or by visiting our website at www.hubinternational.com.

Our goal is to be your insurance brokerage of choice. We know you have many brokerages to choose from, so to earn your confidence, we hold ourselves to the highest

standard of service, a standard reflected in our written Client Commitment - we call it the “*The Hub Advantage*.” We hope you will review the principles embodied in *The Hub Advantage*, a copy of which is attached for your convenience. You should also feel free to visit our website at www.hubinternational.com for more information regarding Hub International and how we do business.

Please also feel free to ask any questions about our compensation generally, or as to your specific insurance proposal or placement, by contacting your Hub broker or customer service representative directly, or by calling our client hotline at 1-866-857-4073.

We want you to choose a Hub International broker to be your insurance advisor – and we intend to make your decision an educated one.