



North Waterloo

Farmers Mutual Insurance Company

Broker Compensation & Financing

The North Waterloo Farmers Mutual Insurance Company products are only available through independent insurance brokers. Brokers are independent business people who consider product, service and price so that their clients can make informed decisions about their insurance protection and buy insurance on behalf of their clients.

Our broker agreements are very clear the policyholder shall at all times be and remain the client of the Broker.

The North Waterloo Farmers Mutual Insurance Company compensates brokers by utilizing two methods. The first, we pay your broker a fixed percentage of the premium you pay (excluding taxes). This is a reimbursement of costs to your broker for servicing the business placed with the Company. This reimbursement percentage will vary depending upon the line of business.

Automobile coverage	10% - 12.5%
Property coverage (Home, Business and Farm)	20% - 21%

The second, is contingent profit commissions recognizing the profitability of the business once placed with the Company. Profitability is defined as the amount by which the sum of the incurred losses and adjustment expenses plus the broker commissions plus administrative expenses are less than (or exceed) the earned premium. Contingent profit commissions are not guaranteed.

For 2006, North Waterloo Farmers Mutual Insurance Company compensated brokers and paid 2.13 % of direct premiums written as contingent commissions.

Loans and loan guarantees may be made to support brokers in the expansion of their businesses and for succession changes when one broker wishes to acquire the financial interest of a partner or retiring colleague. These types of arrangements are infrequent and the rate of interest charged is similar to what a financial institution might charge.