

Disclosure of Financial Advisor Compensation — 2019

The Co-operators mission – to provide financial security for Canadians and their communities – begins and ends with you, our client. We aim to understand and anticipate your insurance needs and build long lasting relationships with you.

We believe that our ability to meet your needs and expectations is impacted by your perception and level of understanding of insurance, insurance-related issues, and The Co-operators as an organization. Therefore, we feel it is important to disclose how our Financial Advisors are paid and any financial arrangements they may have with The Co-operators.

Financial Advisor Compensation

Co-operators General Insurance Company (CGIC) writes the vast majority of its business through its network of exclusive Financial Advisors. These Financial Advisors write business only for The Co-operators and, therefore, have no conflict of interest when making insurance recommendations.

Our Financial Advisors' compensation is part of your insurance premium. A percentage of your premium is paid annually to Financial Advisors for generating new business, servicing your account and securing subsequent renewals. For your information, we have listed the property and casualty commission rates paid to our Financial Advisors below:

Product	Base Commission	Contingent Commission	Total Commission
Auto Insurance*	6.5% or 7.5% or 8.5%	0 – 1% or 0 – 2.5%	6.5% – 7.5% or 7.5% – 10% (8.5% – 9.5% Quebec)
Home Insurance	9% or 10%	0 – 3% or 0 – 7%	9% – 12% or 10% – 17% (20% for New Business)
Business Insurance	12% or 10%	0 – 4.5% or 0 – 12%	12% – 16.5% or 10% – 22%
Farm Insurance	10%	0 – 4.5% or 0 – 10%	10% – 14.5% or 10% – 20%

- * Note
- > Auto insurance may be offered through the Facility Association (6% or 7% commission) or Echelon General Insurance Company (6% or 8.5% commission) in certain markets when business does not meet the underwriting requirements for CGIC. No contingent commission is available on these policies.
 - > In Saskatchewan, The Co-operators offers extension coverage to the basic policy offered by the government run auto insurer. Base Commission is 8.5% or 9.5% and the Contingent Commission is 0 – 1.5% or 0 – 3%. Total Commission ranges from 8.5% – 10% or 9.5% – 12.5%.
 - > In British Columbia and Manitoba, advisors receive commissions based on rates set by the government run auto insurer.
 - > In Alberta, New Brunswick, Nova Scotia and Ontario advisors receive a service fee of 6% or 8% on the total Pool Auto inforce premium.
 - > Advisor commission on business that Federated places with external markets is between 2.5% – 10%. This does not apply to Quebec Advisors.
 - > Advisor commission on business they place directly with Premier Group is 10%-13%.
 - > Advisor commission on business they place directly with PAL (Party Alcohol Liability) is 10%.
 - > Advisor commission on business they place directly with Reliance Glass is 10%-12.5% (BC only).
 - > Advisor commission on business they place directly with HMU (Harlock Murray Underwriting) is 17% (Atlantic only).
 - > Financial Advisors trainees may receive a base salary and may receive less commission than listed in the above chart, but nothing greater.
- Note: The term "Financial Advisor" refers to a "Representative" in Quebec.

Contingent Commission

Payment of contingent commissions may be based on profitability, quality of the Financial Advisors' portfolio, life insurance sales volume and mix of business. Combined, these measures contribute to our overall strength as a company and enhance service to clients. These incentives are not guaranteed and depend on superior agency performance.

Corporate Advisor Compensation – Quebec Only

In addition to exclusive Financial Advisors, Quebec uses a network of Corporate Advisors to sell auto, home and business insurance. They are paid a fee or percentage (depending on the product) for generating new business in addition to receiving a base salary. For your information, we have listed the rates below:

Product	Fee/Percentage	Product	Fee/Percentage
Personal Auto Insurance	\$40 per vehicle	Home Insurance	\$40 per policy
Commercial Auto Insurance	10%	Business Insurance	22% - 25%

Ownership and Loans

Our financial advisors are independent contractors with exclusive distribution agreements with The Co-operators. Financial advisors are fully responsible for paying all operating expenses associated with running their agency. The company has no financial ownership of our financial advisors offices, and we have no substantial financing arrangements with them. In Quebec, we do have also Corporate Advisors who exclusively distribute our products and financial services.

Questions

If you have any questions about the information provided or the "Code of Consumer Rights and Responsibilities" (see reverse), please contact your Financial Advisor.

* The Co-operators does not underwrite auto insurance in BC and MB. Extension policy offered in SK.

Code of Consumer Rights and Responsibilities*

Insurance companies, along with the brokers and Financial Advisors who sell home, auto and business insurance, are committed to safeguarding your rights when you shop for insurance and when you submit a claim following a loss. Your rights include the right to be informed fully, to be treated fairly, to timely complaint resolution, and to privacy.

These rights are grounded in the contract between you and your insurer and the insurance laws of your province. With rights, however, come responsibilities including, for example, the expectation that you will provide complete and accurate information to your insurer. Your policy outlines other important responsibilities. Insurers and their distribution networks, and governments also have important roles to play in ensuring that your rights are protected.

Right to Be Informed

You can expect to access clear information about your policy, your coverage, and the claims settlement process. You have the right to an easy-to-understand explanation of how insurance works and how it will meet your needs. You also have a right to know how insurers calculate price based on relevant facts.

You have the right to ask who is providing compensation to your broker or Financial Advisor for the sale of your insurance. Your broker or Financial Advisor will provide information detailing for you how he or she is paid, by whom, and in what ways. Insurance companies will disclose their compensation arrangements with their distribution networks. Brokers and Financial Advisors are committed to providing information relating to ownership, financing, and other relevant facts.

Responsibility to Ask Questions and Share Information

To safeguard your right to purchase appropriate coverage at a competitive price, you should ask questions about your policy so that you understand what it covers and what your obligations are under it. You can access information through brochures and websites, as well as through one-on-one meetings with your broker, Financial Advisor, or company representative. You have the option to shop the marketplace for the combination of coverages service levels that best suits your insurance needs.

To maintain your protection against loss, you must promptly inform your insurance company or broker or Financial Advisor of any change in your circumstances.

Right to Complaint Resolution

Insurance companies, their brokers and Financial Advisors are committed to high standards of customer service. If you have a complaint about the service you have received, you have a right to access your company's complaint resolution process. Your insurer, Financial Advisor or broker can provide you with information about how you can ensure that your complaint is heard and promptly handled. Disputes involving claims settlement matters may be handled by the independent General Insurance OmbudService <http://www.giocanada.org/> where your complaint may be referred to an independent mediator.

Responsibility to Resolve Disputes

You should always enter into the dispute resolution process in good faith, provide required information in a timely manner, and remain open to recommendations made by independent observers as part of that process.

Right to Professional Service

You have the right to deal with insurance professionals who exhibit a high ethical standard, which includes acting with honesty, integrity, fairness and skill. Brokers and Financial Advisors must exhibit extensive knowledge of the product, its coverages and its limitations in order to best serve you.

Right to Privacy

Because it is important for you to disclose any and all information required by an insurer to provide the insurance coverage that best suits you, you have the right to know that your information will be used for the purpose set out in the privacy statement made available to you by your broker, Financial Advisor or insurance representative. This information will not be disclosed to anyone except as permitted by law. You should know that insurers are subject to Canada's privacy laws.

* Code of Consumer Rights and Responsibilities issued by the Insurance Bureau of Canada.