

Broker Compensation

The Red River Valley Mutual Insurance Company (Red River Valley Mutual) markets its products through independent insurance brokers. These brokers are required to be licensed and are regulated by the provinces and territories in which they operate. Brokers are independent business people who consider product, service and price so their clients can make informed decisions about their insurance protection.

Brokers offer product choice from a variety of companies and represent their client's best interests when negotiating with the insurance company. Brokers process policy changes as requested by their clients as part of their service and provide assistance in some claims situations.

Red River Valley Mutual compensates independent brokers in three parts.

1. Commissions

The first part is a commission based on a fixed percentage of the premium you pay.

- Residential and Personal Property 20%
- Farm Property 20%
- Commercial Property 20%

2. Group Registered Retirement Savings Plan

The second part is a Company sponsored group registered retirement savings plan for qualifying brokers. Red River Valley Mutual will match the broker contribution of 5% of commissions to the plan.

3. Contingent Profit Commission

The third part is a contingent profit commission contract which recognizes brokers who provide Red River Valley Mutual with quality profitable business over the long term.

Contingent profit commission is not guaranteed as they are entirely dependent on the overall profitability of the business submitted by a broker. During 2005 Red River paid out contingent profit commission to brokers which amounted to 1.21% of direct premium written by the Company for all Brokers.

Broker Loans

Red River Valley Mutual may make loans or loan guarantees to support broker in the expansion of their businesses or for succession of ownership. These types of arrangements are infrequent and the rate of interest charged would be similar to what other financial institutions would charge.