



Chubb Insurance Company of Canada Intermediary Compensation Practices*

Chubb Insurance Company of Canada (“Chubb”) distributes its insurance products primarily through contracted, independent, licensed insurance brokers (“Chubb’s brokers”). Chubb’s brokers also sell the insurance products of other companies. Chubb’s broker contracts require that its brokers comply with all applicable legal and regulatory requirements, including any legal or regulatory requirements concerning disclosure to insureds of compensation received by the broker in connection with the placement of business with Chubb.

Employed Agents

Chubb sells a very small amount of insurance through Chubb employees who are licensed insurance agents. Such agents do not receive commission and are compensated in accordance with Chubb’s standard employee salary and benefit programs.

Commissions

Chubb usually pays its brokers a commission for every insurance policy that they sell (“base commission”), which is based on a percentage of the premium charged the insured. The amount of the base commission varies depending on the type of insurance product involved. The range of base commission that Chubb usually pays is outlined in the following table (the “table”):

Line of Business*	Commission
Personal Insurance	
Homeowners, Personal Articles, Yacht, Personal Excess Liability	15% - 20%
Automobile	10% - 12.5%
All Other	10%
Commercial Insurance	
Commercial Automobile	10%
Property, Liability, Marine, Boiler and Machinery, Umbrella, Excess, Errors & Omissions, Film and Entertainment, Event Cancellation, Accident and Sickness	10% - 20%
All Other	10% - 20%
Specialty Commercial Insurance	
Directors’ and Officers’, Crime, Kidnap and Ransom, Fiduciary, Employment Practices and Professional Liability	5% - 20%
All Other	5% - 25%

**Package policies may include coverage from more than one of the above lines of business. The commission on such policies may be calculated on a blended basis and will usually not exceed 20%.*

Sometimes the base commission that Chubb pays varies from what is shown in the table. As an example, commission on particular commercial or specialty commercial lines of insurance or large transactions may be negotiated. In such cases, Chubb usually pays a lower base commission to the broker. Alternatively, in many large transactions, particularly those involving specialty commercial insurance, Chubb does not pay any base commission. In addition, while variations from the table usually involve commissions lower than those shown, transactions involving wholesale brokers may involve higher commissions and in addition, some brokers perform administrative or underwriting services for Chubb with respect to particular lines of insurance and may be compensated for such services by way of base commissions that are higher than those shown in the table. Only a small portion of Chubb's business involves such higher base commissions.

In addition to base commission, Chubb also pays most of its brokers additional commissions that are based on the growth and profitability of the broker's business with Chubb over a one year period ("contingent commission"). The contingent commission that Chubb brokers are eligible for typically ranges from approximately 0.2% to 9.275% of the premiums generated by the business they place with Chubb. Eligible brokers whose Chubb business is not profitable or does not grow may not receive any contingent commission. Chubb reports the amount of contingent commission shown on its financial statements to the Office of the Superintendent of Financial Institutions ("OSFI"), the federal regulatory body that oversees Chubb's activities. The contingent commission reported to OSFI as a percentage of Chubb's net earned premium since 2004 is:

2004 - 2.5%	2010 - 1.5%
2005 - 0.5%	2011 - 1.5%
2006 - 0.9%	2012 - 1.7%
2007 - 1.0%	2013 - 1.2%
2008 - 0.8%	2014 - 1.5%
2009 - 0.9%	2015 - 1.6%

Chubb allows certain brokers who do not have a contract with Chubb to sell certain Chubb insurance products. Chubb usually pays the base commissions shown in the table to such brokers. These brokers do not receive contingent commission from Chubb.

In some cases, managing general agents (MGAs) are involved in the sale of Chubb's commercial or specialty commercial insurance products. MGAs sometimes provide underwriting or administrative services to Chubb and may be compensated for such services by Chubb by way of fees that are calculated based on a percentage of the premium involved. Some MGAs also receive additional compensation based on the profitability of the business they do with Chubb. Only a very small portion of Chubb's business is conducted through MGAs.

Intermediary Ownership

Chubb does not have an ownership interest in any Canadian insurance brokers.

Loans to Intermediaries

Chubb does not have any loans to Intermediaries in Canada.

Further Information

The information in this document may be updated from time to time as more current information becomes available or if Chubb's intermediary compensation practices change. Contact your broker for information about the compensation your broker receives as a result of placing your insurance with Chubb. Inquiries about Chubb's intermediary compensation practices may be directed to Chubb's marketing department by using the "contact us" feature of this website or by calling 416-359-3222.

**The information in the document applies only to Chubb Insurance Company of Canada and the Canadian Branch of Federal Insurance Company ("Chubb" also refers to such Canadian Branch) and not to Federal Insurance Company's activities outside of Canada, or to any other member of the Chubb Group of Insurance Companies. Unless stated otherwise, this document refers only to current practices.*