

Disclosure of Distributor Compensation

West Wawanosh Mutual Insurance Company offers property and casualty insurance products through a combination of independent brokers and exclusive agents. A fundamental requirement of the contract of insurance is that both parties act in utmost good faith at all times. Further, our distributors must act with honesty, integrity and hold themselves to a high ethical standard in their dealings with both the customer and the insurer.

Commission: Our contractual agreements govern how and when a broker/agent will be compensated for business placed with West Wawanosh Mutual. There are two methods in which we compensate our distributors. First, we pay a fixed rate of commission expressed as a percentage and based on the annual policy premium. The rate of commission varies depending on the line of business as illustrated in the table below.

<u>Line of Business</u>	<u>Commission Rate</u>
Automobile	12.50%
Farm	17%
Commercial	20%
Personal Property	20%

Second, we offer a contingent profit commission program that rewards the efforts of those distributors who write a profitable book of business. West Wawanosh Mutual's contingent profit commission is potentially payable after the end of a year and is based on specific criteria that recognize the profitability of a distributor over a three-year period. Profitability is measured by comparing premium revenue against expenses (e.g. Claim costs, commission expense, administration costs, etc.). In 2011, we paid contingent profit commissions equal to 1.5% of our total written premiums.

Loans: From time to time, West Wawanosh Mutual Insurance Company has provided loans to a small number of brokers for the purpose of succession continuity and business expansion.