

Zurich Agent/Broker Compensation Policy

Most insurance companies providing commercial coverage in the United States distribute their insurance products through the independent agency and brokerage system. Your agent or broker is an independent businessperson or team of people not employed by Zurich or any other insurance company.

Most agents and brokers choose to be compensated for their services through the insurance companies with whom they place the insurance that they sell to their customers.

Base Commission

Zurich will pay your agent or broker a commission. Zurich establishes its base commission on several factors including the type of insurance policy, the size of the insurance policy, and individual policy underwriting considerations. Each insurance policy has a standard commission which is the most that Zurich will pay. The standard commission for the types of policies Zurich is quoting is:

Policy 1 _____%	Policy 3 _____%
Policy 2 _____%	Policy 4 _____%

If you have chosen to compensate your agent or broker directly or you have not consented to your agent or broker taking a commission, you should speak directly to your agent or broker.

Contingent Compensation

[May be deleted if no agreement with broker to pay contingent commissions]

Zurich may also pay contingent compensation to your agent or broker. Zurich does not pay contingent compensation to all of its agents and brokers, and some agents and brokers choose not to accept contingent compensation from insurance companies. Contingent compensation is paid in addition to the base commission. Contingent compensation is not calculated until the end of the year. The amount will be a percentage of premiums based on several factors that determine how profitable your agent's or broker's insurance is for Zurich including [to be modified if factors changed]:

1. The total premium written for all eligible business in a year
 - Zurich pays a percentage of the eligible premiums in addition to the "Base Commission."
2. Achievement of targeted premium levels

- Zurich sets reasonable targets of premiums that will be placed with Zurich by your agent or broker each year. If that target is reached, then your agent or broker is paid an additional amount on the eligible premiums.

3. The profitability of the business

- For each agent and broker, Zurich calculates the ratio of the total value of the claims over the premiums. The resulting ratio generates a payment. Lower ratios generate higher payments because lower ratios mean that the result is more profitable to Zurich. We do not disclose the actual ratio and payment percentages.

4. Preferred business considerations

- We have unique agreements with some agents and brokers to place particular types of business with us. These agreements may result in the payment of additional commission for such policies.

The maximum percentage for contingent compensation is 6.75%. The average paid in 2005 was ____%.

Visit Zurich's Web Site

For a more complete explanation of the nature of compensation Zurich pays to agents/brokers— including specific information on the maximum, average and actual ranges of commission paid by Zurich on the specific types of policies we are currently quoting for your company, please go to www.zurichna.com/yourcompany This web site includes a full explanation of the formula for developing contingent compensation if your agent or broker is eligible for contingent compensation from Zurich. Alternatively, you may call 1-800-xxx-xxxx to obtain the information.