



## COMPENSATION DISCLOSURE

Lockton Affinity is committed to delivering a superior client experience through our customer-centered service model. Lockton Affinity wins and keeps clients by operating with complete integrity. We fulfill that pledge by providing fulsome disclosure regarding Lockton Affinity's sources of income – whether received from insurance companies or third parties – to clients.

Lockton Affinity may receive compensation in a number of ways, including: (1) commissions paid by an insurer, calculated as a percentage of premiums, or (2) negotiated fees paid by the client in lieu of, or in addition to, commissions. These commissions or fees received are for the placement/renewal of a client's insurance/risk management program, day-to-day servicing, risk control services and/or other services Lockton Affinity has agreed to provide on a client's behalf.

Lockton Affinity may also be eligible to receive other forms of compensation such as incentive or contingency payments or bonuses and/or supplemental commissions from insurance companies, intermediaries (which may be affiliated with Lockton Affinity) or other third parties as a result of being an insurance broker (collectively, "Additional Compensation"). Contingency payments or bonuses are based on the overall performance of a partial or entire book of business Lockton places with an insurance company, and Lockton Affinity's eligibility and the amount of any such compensation may vary depending on the line of business and a number of "contingent" factors related to future performance such as overall premium volume, premium growth year-over-year, persistency, profitability and/or retention targets set by the carrier. As such, a contingency payment received by Lockton Affinity from an insurer is difficult to tie back to any particular client insurance policy. Additional Compensation in the form of supplemental commission is established at the beginning of each calendar year based on Lockton Affinity's historical and current performance typically measured using some or all of the same performance factors by which contingency payments are calculated. Lockton Affinity may also receive service fees from insurers for consulting and/or administration services specific to a carrier. These service fees are not tied to, dependent on or identified with any particular client or insurance placement.

Lockton Affinity may also receive interest or investment income on funds temporarily held by it, such as premiums or return premiums, service fees or other compensation from premium finance companies for administrative services provided to or on behalf of premium finance companies relative to the financing of client insurance premiums.

Please contact your Lockton Affinity representative if you have specific questions regarding the compensation Lockton Affinity receives as it relates to your account.