



Insurance Specialists
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Contingency Concerns

Dear Clients and Consumers,

Contingency has been in our industry for many years. Contingency provides an incentive to place quality business with an insurer not all business. Basically a contingent commission is an extra commission over and above the regular commission our Insurance Company partners pay us. It is based on growth and more importantly, profitability. If we are not profitable with an insurer then we get zero, regardless of how much business we have given them.

Contingent commission is based on two factors :

1. Good judgement in placement of a specific number of policies with an insurer that offers this added remuneration.
2. Luck, for even the best customers can have a loss that eliminates receipt of this additional payment.

Firstly, we have no incentive to place business with a specific insurer at John Sutherland & Sons Ltd. as we are paid a salary not a commission. Most Ontario brokers are paid by commission. Our employees are reimbursed for making decisions on placing business with the best possible rate and coverage from one of the six insurance partners we represent.

Secondly, the price varies from company to company and they change the rates they offer throughout a policy year. So even if an insurer had the best contingency override plan on the planet, if the rates are too high we could not and more importantly, would not, sell their product.

We are motivated by servicing the best interest of the customer through stability of an insurer, longevity with an insurer, product quality and price at the front end, not at the back end.

Regards,
John Sutherland and Sons Ltd.

Jeff Sutherland, CIP, CCIB
President