



Guide to Compensation and Ownership

TD INSURANCE MELOCHE MONNEX PROGRAM ESSENTIALS

Sales Model

The TD Insurance Meloche Monnex home and auto program is underwritten by Security National Insurance Company (SN) and Primum Insurance Company (PIC).

SN and PIC operate like direct response insurers distributing their home and auto insurance products through the following exclusive insurance brokerage firms and Agency:

Meloche Monnex Insurance and Financial Services Inc. (MMIFS) for SN and PIC in Québec;

Meloche Monnex Financial Services Inc. (MMFS) for SN in Ontario and TD Insurance Direct Agency Inc. (TDIDA) for PIC in all provinces except Québec and for SN in all provinces except Ontario and Québec.

Commissions from Security National Insurance Company and Primum Insurance Company

MMIFS, MMFS and TDIDA receive commissions for the work they do for SN and/or PIC, such as recruiting and retaining targeted customers in compliance with high quality criteria. They could also receive an additional conditional commission.

During the last years, SN and PIC have generally paid between 12.5% and 20% of total written premiums to MMIFS and MMFS in the form of commissions.

With the *additional* conditional commission, SN and PIC wish to incite MMIFS, MMFS and TDIDA to underwrite risks in compliance with the pricing structures developed for their targeted customers. SN and PIC believe that this approach will generate financial results in line with their business plan.

The additional conditional commission paid to MMIFS and MMFS represents between 0% and 3.5% of total earned premiums.

Commissions from Other Insurers

MMIFS and MMFS are also involved in the distribution of a travel insurance product, distributed by RSA Travel Insurance Inc. and underwritten by Royal & Sun Alliance Insurance Company of Canada. In the last year, the commissions represented approximately 19% of premiums. No additional conditional commission applies.

Ownership

Primum Insurance Company, TD Home and Auto Insurance Company and TD General Insurance Company are wholly-owned subsidiaries of Security National Insurance Company which is a wholly-owned subsidiary of Meloche Monnex Inc. MMIFS, MMFS and TDIDA are wholly-owned subsidiaries of Meloche Monnex Inc.