

ADDENDUM C: COMPENSATION DISCLOSURE STATEMENT

Thank you for giving Taylor Insurance Services the opportunity to provide insurance brokerage and risk management services to you on behalf of your employee benefits plan. The purpose of this Compensation Disclosure Statement is to explain the circumstances under which Taylor Insurance Services may receive compensation from insurance companies and other entities for the services we provide on your behalf, and the method by which the amount of that compensation is determined.

As your broker, Taylor Insurance Services may assist you with (i) the placement of one or more insurance contracts offered by employee benefits insurers and/or (ii) services related to one or more self-funded plans administered in whole or in part by an insurance company or other entity, such as a third-party administrator ("TPA"). Upon placement of a policy with an insurance company, Taylor Insurance Services typically receives compensation from that insurer. This compensation may differ in form and amount depending on the product and the insurer. In cases where Taylor Insurance Services facilitates the placement of an administrative services contract with an insurance company or TPA, Taylor Insurance Services might receive commission-like payments from that carrier or TPA.

There are generally three types of commission or commission-like payments made by insurance carriers and TPAs to employee benefit brokers and consultants:

I. Base Commissions

A. Most employee benefit brokers receive a commission equal to a percentage of the policy premiums paid by the contract holder, so that when your premiums increase over time, so does the compensation to the broker. At Taylor Insurance Services we feel that this represents a misalignment of interests between broker and client. Instead, wherever possible, we elect to receive only a flat, per capita fee computed on a per employee per month basis. The rate and amount of commission may vary based on the specific circumstances of an individual policy placement.

XIII. Additional Compensation

A. Supplemental commissions and/or other incentive compensation based upon factors such as premium volume placed with a particular insurer and the profitability of all the business placed with that insurer on a national basis. Additional compensation is not considered part of the base commissions, and typically is not based upon or contingent on the sale of any particular policy to a particular insured, and does not affect the premium you pay. Some insurers also provide additional compensation in the form of commission-like payments for travel and other incentive activities.

XIV. Wholesale Pricing Fees

A. Sometimes Taylor Insurance Services will purchase a product or service at a discounted wholesale rate and bill you a higher retail rate to include a reasonable profit margin and offset any demands on our time and resources. This arrangement is typically made for products and services which do not transfer risk and, therefore, do not constitute insurance.