

To My Valued Clients and Prospective Clients:

Ontario Insurance Regulations requires all clients working with licensed insurance brokers to be provided a disclosure document outlining the method by which their broker is compensated plus any conflicts of interest that may exist. The insurance companies trade association (CLHIA) has indicated that they will also provide directly to our clients, the actual amount of compensation that is paid to us. While we do not agree with this approach or delivery method, because it fails to show the information in context, we do agree that clients should be aware of how we are compensated and as such, have shared this with our clients since 2005.

Mainstay Insurance Brokerage Inc. does not have any conflicts of interest. We do not have an ownership in any of the firms we deal with (beyond mutual fund investments) nor are we provided any financial support (loans etc.) from our suppliers.

Mainstay Insurance is compensated a portion of your premium costs for designing, marketing and facilitating the placement of, and the continued service of your benefit plan. This includes: commissions; bonuses; and in some cases other inducements and rewards. Some insurers offer additional incentives such as travel incentive rewards in recognition of sales made, but Mainstay does not accept this type of reward. We do not operate on a "fee for service" type of billing due to the prohibitive costs that may result for smaller companies who often require higher service levels. We never want our clients to hesitate to contact us for fear of getting a bill. This is supported by our "if in doubt, shout" service motto.

Mainstay Insurance Brokerage Inc. is an independent insurance broker that specializes only in employee benefits. Our role is to help your firm obtain the best possible benefits package for you and your employees. In doing so we consider factors including: the initial, long term and overall stability of pricing; plan design; customer service; and organizational fit. We strive to provide the highest levels of customer service to you, our client. Our proactive service approach is delivered through comprehensive training of plan administrators, plus a plan structure and administrative approach designed to minimize employer liability.

The commission paid to Mainstay Insurance for employee benefits is based on your annualized paid premium. The compensation we charge is 4% for HSA's, and 3-12.5% for most group benefit plans (depending on size). This level of commission is similar to property insurance that pays 15-20%, auto insurance that pays 10-12.5% and less than business insurance products that can pay as much as 30% in commissions.

Mainstay Insurance uses GroupQuest Benefits Resources Inc. to provide more efficient support in the administration of your plan. They are paid additional fees directly from the providers. An amount equal to 1% - 3% of premium, may be paid by the insurer to the MGA, and does not directly affect rates. In other situations an amount of up to 2% could be deducted from your target loss ratio and paid to the MGA resulting in a slight rate increase. Each insurers compensation model is different and is subject to change.

The amount of commission we earn may be paid by a variety of methods: as a percentage of your annualized premium paid in advance; on an "as earned" basis; or a combination thereof. If your group undergoes significant changes or terminates before the end of the policy year, any reduction in the compensation advanced to Mainstay will be required to be paid back to the insurer by us.

The Commission level on your benefit policy is	STATED HERE %
Your estimated annualized premium payable is	\$ STATED HERE
The estimated annualized commission payable is	\$ STATED HERE

As an independent insurance broker in Ontario, we are bound by the laws that govern life insurance agents. We are members of our professional association, the *Independent Financial Brokers of Canada* and follow their Code of Ethics. This means that the group insurance products that we recommend are the ones we believe are best suited to meet your needs without regard to the compensation practices of any one company. Mainstay Insurance is also the founder of Canadian Group Insurance Brokers, an association of brokers that provides education to brokers in the employee benefits field. We use that education and the good relationships with the firms we work with, to advocate on behalf of our clients when insurance, claim or administrative issues arise.

To distinguish Mainstay as a brokerage that deals with a number of providers rather than an agent dealing with only one, we are contracted to sell products from the following companies:

Associum	BBD (Benefits by Design)	The Benefits Trust	Desjardins Financial
Empire Life	ENCON	Great-West Life	Manulife Financial
Medavie Blue Cross	RBC Insurance	RWAM Group insurance	Sun Life

In addition some TPA's may use the following insurers to provide or re-insure their services:

ACE INA Life	AIG	AXA Insurance	The Co-Operators
Green Shield Canada	Industrial Alliance	La Capitale Insurance	SSQ insurance

We may also obtain pricing from other insurers and benefit providers for comparison purposes.

This disclosure is made in accordance with Ontario Regulation 347/04, of the *Insurance Act*, dated this 1st day of February 2018.

MAINSTAY INSURANCE BROKERAGE INC.



David J. Patriarche - President