Broker Compensation

PROPOSED BROKER COMPENSATION – EMPLOYEE BENEFITS ONLY

Option I

Using the metrics described above, we are proposing the following annual fees for Employee Benefits consulting:

+ **Employee Benefits:** 5.0% (est. $400,000/year)* of Gross Written Premiums as either fee or capped commission or combination thereof

Additionally, much of the work involved in transitioning firms is done within the first 12-month period, there is opportunity for reducing the fee in subsequent renewal years. In addition, much of the risk control efforts will require an extended period to implement and prove results and improve risk performance. As such, if Jack Henry is interested in a longer-term commitment, the fee can be reduced over time. The framework would be as follows:

1st 12-month service period:	2nd 12 months service period:	3rd 12 months service period:
5.0% fee (est. $400,000/year)	4.4% fee (est. $352,000/year)	3.75% fee (est. $300,000/year)

** See note on fee-at-risk and performance guarantee*

An advantage of IMA's private employee ownership structure is that it allows us complete flexibility in designing a compensation package that is fair to our client and adequately compensates us for our work to ensure resources are fully available and deployed. Our goal is to see that our clients have full access to the complete range of services and resources we offer and engage in open communication without concerns that the meter is running.

IMA is flexible as to the method of compensation for our services. Our compensation may be derived from a flat fee billed to Jack Henry or from insurance company commissions, or a combination of these sources. The choice is made by each client based on philosophical and financial considerations. IMA does not have a preference; we service clients utilizing both methods of compensation and keep each of the items below always front of mind:

+ **Transparency –** We believe it is important for our clients to understand and see the compensation we are making on behalf of the work we do. Traditionally, these amounts are buried in premiums charged to the insured. Breaking these out of the premiums provide transparency to the client and we feel you won't ever wonder why we promoted one insurance carrier over another – our interests will fully align.
+ **Preventing Increased Commission –** In the event of a premium increase due to high claims or exposure increases that do not impact our service levels, we do not believe we should be making more income despite our workload not changing.
+ **Evaluation –** Typically we evaluate our fees on an annual basis; this puts increased focus on making sure our team is engaged and committed the entire year. Additionally, it provides an avenue and opportunity to discuss the work done over the past year.

IMA's philosophy is to have our fee be comprehensive. We will not charge Jack Henry additional fees throughout the policy period unless they are clearly outside of the mutually agreed upon scope of services or pass through costs such as printing/shipping, etc.

This amount is negotiable and we would welcome further discussion. Not having worked with Jack Henry previously, we can only estimate the workload. After the first year of partnership, we would be in a better position to gauge the appropriateness of the fee.

PROPOSED BROKER COMPENSATION – BUNDLED EMPLOYEE BENEFITS AND PROPERTY & CASUALTY

In proposing a fee for the first time, we use the annualized premiums for a reference point. As noted, the annual commissions built-into the premiums average 12.5% and 7.5%, for Property & Casualty and Employee Benefits respectively. Our goal is to drive down Jack Henry's total cost of risk by giving you the best value for the overall spend, while still earning fair compensation for servicing, access to resources and tools, and risk management guidance.

Additionally, trusted third-party sources, such as RIMS (the society of risk managers), produce annual broker compensation reports that can be used to set appropriate fees. According to RIMS' 2021 Broker Compensation Practices report for Property & Casualty, the percentage of premium paid either as a fee or in combination of fees and commissions was 7.1% for larger organizations.

Option II

Should IMA be selected to manage Jack Henry's entire portfolio of commercial insurance, consideration can be granted to the overall compensation due to the economies of scale in having one brokerage/consulting relationship. This model has been successfully implemented with IMA's clients over the years and can be an attractive method for reducing the overall cost of risk for Jack Henry.

The revised compensation structure for awarding IMA both Property & Casualty and Employee Benefits programs is as follows:

+ **Property & Casualty:** 6%* of Gross Written Premiums as either fee or capped commission or combination thereof
+ **Employee Benefits:** 3.75%* of Gross Written Premiums as either fee or capped commission or combination thereof

** See "Performance Guarantee + Fee at Risk" section of the individual Employee Benefits and Property and Casualty pricing documents for complete details of the proposed fee-at-risk and performance guarantees*

PERFORMANCE GUARANTEE + FEE AT RISK

In addition to the proposed compensation, IMA will put up to $75,000 of the annual compensation for Jack Henry's Employee Benefits consulting services at risk as our commitment to achieving Jack Henry's goals and objectives. This subjective performance guarantee will be assessed at the end of each plan year. We will simply ask if we met Jack Henry's goals and objectives and if not, you may recoup either all $75,000 in a credit towards the next year's fee or a portion dependent on your preference. This guarantee will apply to the one-year proposal, three-year proposal and the bundled proposal.