

## Producer Compensation Policy Statement

### FROM THE PRESIDENT & CEO

As President & CEO, my greatest commitment is to our policyholders, the manufacturers and distributors of medical technology and life sciences products that save and improve the quality of lives. As the industry-owned insurance company, we exist to provide stable, long-term solutions for their risk management needs. And we are committed to providing consistently fair and competitive prices, even when the market cycles make it challenging.

Our commitment to fair and competitive prices incorporates the compensation paid to the insurance producer community. We recognize and gratefully acknowledge the important and integral role brokers, agencies, associates and individual agents play in shaping excellent insurance protection for their clients – our valued policyholders. We gratefully acknowledge your objectivity and are dedicated to helping you deliver superior products and services to your clients.

This document provides information about our corporate structure, sales distribution network and commission schedules and is intended to help you and your clients make insurance placement decisions. We practice transparency in all of our business relationships and welcome any questions you may have about our business practices.

We appreciate your business and look forward to a jointly rewarding long-term relationship with you.

A handwritten signature in black ink, reading "Mary Lee Peterson".

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### COMMISSIONS STRUCTURE

Medmarc Casualty and Noetic Specialty utilize commissions structures which, while similar in context, are specific in detail to each company.

**Standard Commissions** are paid to most producers. Cost structures and market conditions may cause the Standard Commissions percentage to change from year-to-year. Historically, Standard Commissions have ranged from 5% to 10%.

**Champion Commissions** are paid at rates higher than Standard Commissions and can be multi-tiered. Producers receiving Champion Commissions typically have a strong focus on the medical technology and life sciences industry. Other factors considered include but are not limited to the demographics of the business placed with member companies of the Medmarc Insurance Group and whether the business falls within specific criteria as determined from time to time. Historically, Champion Commissions have ranged from 10% to 15%.

**Negotiated Fees** are those fees negotiated strictly between the producer and its client. In these situations, the producer is compensated directly by its client and the Company does not pay any commissions.

### DISTRIBUTION NETWORK

Medmarc utilizes an open market distribution network. This means that any properly-licensed producer may seek to place coverage with either Medmarc Casualty or Noetic Specialty. Medmarc adheres to all state insurance regulations concerning insurance solicitation, producer licensing, producer appointments and payment of commissions.

While Medmarc utilizes an open market distribution system, in certain instances Medmarc may further develop a business relationship with a producer. A primary condition for the development of such a relationship is the producer's keen focus on the needs of medical technology and life sciences companies. Medmarc may also consider factors such as the nature of business placed by the producer, the ease of doing business with the producer, and the producer's interest in cultivating relationships with insurance buyers that value Medmarc's origin and commitment to the medical technology and life sciences industry.

### SOLICITATION AND UNDERWRITING

Medmarc subscribes to equitable, objective and professional standards in business solicitation, selection and pricing activities and promotes transparency. Company representatives encourage questions and will respond provided doing so will not reveal proprietary or confidential information.

## MEDMARC LICENSING REQUIREMENTS

**Producer Licensing Requirements** - All producers seeking to place coverage with Medmarc Insurance Group (“Medmarc”) must be properly licensed to place the type of coverage in the state where the insured is located. Medmarc verifies producer licensing as part of the submission process.

**Excess and Surplus Lines Coverage** - Coverage written by Noetic Specialty is available only through properly licensed excess and surplus lines producers. Producers are required to provide proof of licensing for the state in which the risk is located during the submission process.

**Appointments** - Some states require that Medmarc appoint a producer. To complete the appointment process, Medmarc may require the producer to disclose the producer’s tax identification number and/or agent or social security number as part of the appointment process

**Billing** - Medmarc operates on an agency billing system. We do not directly bill policyholders.

**Questions** - Should you have questions about licensing requirements for placing business with Medmarc, please feel free to contact: [AgentLicensing@medmarc.com](mailto:AgentLicensing@medmarc.com).

## MEDMARC INSURANCE GROUP

Medmarc Insurance Group consists of three insurance companies and an insurance management company.

**Medmarc Mutual Insurance Company** is owned and controlled by its members, healthcare technology companies that are part of the life sciences technology industry. Medmarc Mutual operates exclusively as a reinsurer of its affiliates, Medmarc Casualty Insurance Company and Noetic Specialty Insurance Company.

**Medmarc Casualty Insurance Company**, a wholly-owned subsidiary of Medmarc Mutual, is an admitted insurer in the 50 United States and the District of Columbia. Medmarc Casualty specializes in providing products liability and completed operations coverage to medical technology and life sciences companies.

**Noetic Specialty Insurance Company**, a wholly-owned subsidiary of Medmarc Mutual, is an admitted surplus lines insurer in Illinois and transacts surplus lines insurance in the remaining 49 states and the District of Columbia. Noetic Specialty also specializes in providing products and completed operations liability coverage to medical technology and life sciences companies.

**Hamilton Resources Corporation**, a wholly-owned subsidiary of Medmarc Mutual, is an insurance management company providing underwriting, accounting, legal and other insurance management services to member companies of the Medmarc Insurance Group.

## MISSION, VISION & VALUES

In closing, we are sharing Medmarc’s Mission, Vision, & Values. These statements tell you why we exist and how we do business.

**Mission:** Medmarc’s purpose is to be the superior provider of liability insurance protection and related risk management solutions at consistently fair prices to the medical technology and life sciences industry.

**Vision:** We support the development, testing and delivery of products that save lives and improve the quality of lives by ensuring the long-term availability and affordability of liability insurance for the medical technology and life sciences companies that provide these products.

**Values:** The following values are the unchanging guides for how we conduct our business:

- To ensure each employee has a strong understanding of our mission, vision and shared values.

- To pay relentless attention to planning, executing and measuring business decisions.
- To bring a commitment to quality, ethics, professionalism and integrity to everything we do.
- To encourage innovation, creativity and continuous improvement.
- To operate within the constraints of our regulated industry.
- To work with a sense of urgency, energy and enthusiasm.
- To treat each employee with respect and encourage their successful development.
- To recognize and reward excellence by sharing Medmarc’s success with our employees.