

Crump Life Insurance Services

Compensation Statement FAQ

for Crump Teammates



The former actions of political figures and regulators brought a flurry of legal action, investigations, and settlements involving the area of broker compensation and contingent income. Crump Life Insurance Services, Inc. and our subsidiaries ("Crump") have long been full disclosure companies and have provided our clients written disclosure of how we are compensated by our insurance carriers. We have established transparency standards by which we clearly, openly, and honestly communicate about our compensation. We firmly believe that providing clarity on the way we earn fees and commissions builds strong client relationships based on mutual respect, trust, and understanding. Crump is 100% committed to complete transparency and our compensation statement is one way we share this information with our clients and prospects.

What is a compensation statement?

A compensation statement is a document that describes how we earn, or potentially could earn, income for the placement and service of an insurance policy.

What does our compensation statement say?

It states that our primary source of income for the placement and servicing of an account is either by commission (a percentage of the premium paid), a fee (a flat dollar amount agreed to by us and the client) or a combination of both. It also discloses that Crump can earn additional income from any of the following sources:

- *Interest or Investment Income*
This is the income we earn on our cash balances.
- *Expense Allowances or Reimbursements*
This is an allowance or reimbursement from an insurance company or other vendor that we believe enables us to be more efficient, competitive and knowledgeable. An example would be an insurance carrier providing for our attendance at a company meeting or professional seminar.
- *Tier II Commissions*
This is sometimes called "extra compensation" and is paid by the insurance company for the placement of employee benefits insurance and is based on such factors as premium volume of new business and/or premium retention. We accept tier II commission on all employee benefit accounts, including accounts that are on a fee basis.
- *Contingent Commissions*
This is sometimes called "profit sharing" or "additional commission" and is paid by the insurance company based on such factors as profitability, premium volume, premium retention, and/or growth. It is important to note that Crump does not accept contingent commissions related to any account that is on a fee basis in part or in whole.

When do I need to provide a compensation statement to my client or prospect?

A copy of our compensation statement must be included with all written proposals for all lines of coverage (Commercial Lines, Surety, Personal Lines, Employee Benefits, Life, and Health) with the exception of Title Insurance. The statement is also included in our annual privacy mailing.

Is the compensation disclosure requirement different for accounts that are commission based versus fee based?

No. The compensation statement must be included with all written proposals, regardless of whether the account is commission-based or fee-based. Independent of the compensation disclosure requirement, all fee based accounts also require a Brokerage Service Agreement unless exempt by state law.

Crump Life Insurance Services

Compensation Statement FAQ

for Crump Teammates



Where can I find a copy of our compensation statement?

Our compensation statement is in Paragon and is automatically generated with every proposal. A copy can also be obtained on Crump's Intranet > Operations > Market Conduct > Quick Links.

If my client asks, should I share the actual amount of commission (dollar amount or percentage of premium) that Crump will earn on their account?

Yes. If your client asks about our remuneration regarding their account, respond to their inquiry openly, and honestly. As a full disclosure company, we will share as much information about our compensation from their account as they would like to learn.

If they ask how much commission I personally will earn on the account, should I share that?

Yes. For those employees who are commission-based, you should share the fact that your compensation is derived from a portion of the commissions (or fees) earned by Crump. If asked, you should be comfortable sharing the percentage amount you'll earn on this account. We want to avoid speculation whenever possible so the more openly and honestly you respond, the more trust you will build with your client. This is a good opportunity for you to reiterate our value-added service and the reasons they should be doing business with you.

What if my client or prospect wants more information?

If a client or prospect has additional questions or desires additional information about our remuneration and other income, you should contact Amanda Yarboro, Truist Insurance Holdings Chief Risk Manager. Amanda can be reached at 336.783.8894 or via email at ayarboro@truist.com.