

**SCHEDULE OF COMMISSION RATES
ON AGENT'S BUSINESS
MASSACHUSETTS PERSONAL LINES**

ARBELLA MUTUAL INSURANCE COMPANY

This schedule shall constitute part of the Agency Agreement with **ARBELLA MUTUAL INSURANCE COMPANY** and shall not affect the Agency Agreement with any other company, and applies in Massachusetts. Commission rates are for the state or territory in which Agent is located. On business written elsewhere, commission rates will be those which the Company customarily pays in that state or territory.

<u>CLASSIFICATION</u>	<u>RATE OF COMMISSION</u>
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<u>AUTOMOBILE</u>	Refer to Massachusetts Commission amendment stated on separate page of contract.
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<u>DWELLING FIRE</u>	20%
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HOMEOWNERS* (all forms)

Standard, Preferred & Elite Tiers

<u>*New Business</u>		<u>*Renewals</u>	
Total In-Force Premium		Total In-Force Premium	
Less than \$350,000	20%	Less than \$700,000	20%
\$350,000 - \$699,000	22.5%	\$700,000 or greater	22.5%
\$700,000 or greater	25%		

Underwriting Exceptions, New & Renewal, all In-Force Premium Levels	17%
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<i>Bridge Tier, New & Renewal</i>	15%
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LIABILITY

Personal Catastrophe	15%
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* The above homeowners commission schedule shall apply to new and renewal business with an effective date of July 1, 2012 or later.



December 29, 2011

To Our Massachusetts Voluntary Agents:

Re: Change to MA Homeowner Commission Schedule

Dear Valued Partner,

Effective July 1, 2012, we are changing our MA Homeowner Commission Schedule. A copy of the new schedule is attached. This schedule replaces all previous versions and should be kept with your records as it is considered part of your Arbella Agency Agreement.

We have added two new commission rates to the current Homeowner Commission Schedule. First, Arbella will pay a 17% commission rate in the very limited instances where an "Underwriting Exception" was made by Arbella at the agent's request. Occasionally, an underwriter may make such an exception when otherwise the risk fails to meet Arbella's underwriting guidelines. This commission applies to the Standard, Preferred and Elite Tiers.

Second, Arbella will pay a 15% commission rate whenever a policy is written in the Bridge Tier. This differs from the Underwriting Exception. In these instances, the risk is not at all within our appetite. More specifically, we may use the Bridge Tier for certain undesirable risks who have auto business with us. For example, a home with multiple losses may ordinarily be declined but because the insured is a significant auto customer, Arbella may write the risk and place it in the Bridge Tier.

We believe these changes will have minimal impact on your agency's overall Homeowners commission dollars. For example, the number of Homeowner policies that are currently written in the Bridge Tier is less than 1/10th of one percent of our total book of Homeowners business.

This new Commission Schedule attached applies to new and renewal business beginning with July 1, 2012 effective dates.

All other commission rates remain at their current levels. We believe this maintains our position as having one of the more competitive Homeowner commission rates in the marketplace today.

Should you have any questions, please contact your Territory Manager, and as always, thank you for your business!

Sincerely,

Bob Bellenoit
Director, Field Marketing