
We have a mutual interest - **you**.

Bulletin 23-06

TO: All Mutual of Wausau Agents
FROM: Michael Moore, Vice President-Underwriting
DATE: October 3, 2023
RE: Agent Commissions and Contingency Agreement

At the agent meeting in July and in the recent newsletter, we indicated that we will be making the following changes to the commission schedule and contingency program.

Beginning with January 1st, 2024, renewals, and subsequent endorsements, we will be restructuring commission rates for all non-auto lines of business. New business will be reduced from 20% to 15% commission and renewals will also be reduced from 15% to 14% commission. The increase in reinsurance costs along with the increase in gross premiums written are the two primary reasons for this change.

The Contingent Commission program will also be revised particularly in two areas beginning with the contingent calculation for the year ending 2024. We will be increasing the per loss maximum from \$200,000 to \$300,000 which matches the amount that Mutual of Wausau retains after applying reinsurance. We will also be adjusting the contingency table and the growth factor that is applied to the contingency table. To qualify for additional commission in 2024, you will have to have a loss ratio lower than 50% as compared to 55% for 2023. This also relates to the constraints that reinsurance has placed on our operation margins. Watch for specific details as we update the governing documents. We will continue to monitor our rates annually to remain competitive in the marketplace, but also meet the financial needs of our policyholders, agents, and the Corporation itself.

An updated commission addendum for your agency contract and an updated contingency agreement will be sent to you shortly.

Thank you for your continued business!

Attachments – Contingent Commission Exhibit

EXHIBTS

Revised Tables – Effective 1.1.2024

Contingent Commission percentage table

Average Loss Ratio Less Than	Year End Premium exceeding									
	\$ 25,000	\$ 150,000	\$ 200,000	\$ 275,000	\$ 350,000	\$ 450,000	\$ 550,000	\$ 750,000	\$ 1,000,000	
< 0.00%	4.05%	5.06%	5.47%	5.75%	6.08%	6.89%	7.70%	8.49%	9.29%	
< 5.01%	3.78%	4.73%	5.10%	5.37%	5.67%	6.43%	7.18%	7.91%	8.64%	
< 10.01%	3.42%	4.28%	4.62%	4.86%	5.13%	5.81%	6.50%	7.17%	7.84%	
< 15.01%	2.97%	3.71%	4.01%	4.22%	4.46%	5.05%	5.64%	6.21%	6.78%	
< 20.01%	2.52%	3.15%	3.40%	3.58%	3.78%	4.28%	4.79%	5.28%	5.77%	
< 25.01%	1.98%	2.48%	2.67%	2.81%	2.97%	3.37%	3.76%	4.13%	4.50%	
< 30.01%	1.53%	1.91%	2.07%	2.17%	2.30%	2.60%	2.91%	3.20%	3.49%	
< 35.01%	1.08%	1.35%	1.46%	1.53%	1.62%	1.84%	2.05%	2.28%	2.51%	
< 40.01%	0.81%	1.01%	1.09%	1.15%	1.22%	1.38%	1.54%	1.72%	1.90%	
< 45.01%	0.54%	0.68%	0.73%	0.77%	0.81%	0.92%	1.03%	1.16%	1.29%	
< 50.01%	0.36%	0.45%	0.49%	0.51%	0.54%	0.61%	0.68%	0.76%	0.85%	
> 50.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

Growth Adjustment Factor to Contingency percent achieved**

Mutual of Wausau Insurance Corporation Change in Premium Factor Effective 1.1.2024	
Qualifying *	Factor
> 15% Growth	20.00%
10% to 15% Growth	10.00%
+10% to -10% Change	0.00%
> 10% Decrease	-20.00%
> 15% Decrease	-50.00%
> 25% Decrease	-100.00%
*Book as of Jan 1 of the contingent year	

The calculated contingent commission is increased or decreased by the percentage in the Change in Premium Factor chart based on the agency's January 1 volume and the change in **PREMIUM from the previous year end amount to the current year end amount