

# Memo

To: Carter Brydon  
From: Bruce Macbeth  
Date: 6/28/2001  
Re: Syndication Master Plan

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I wanted to put down in writing my thoughts and strategy going forward with our strategic market partners and set a timetable to achieve these results:

## **Strategic Market Partners**

Below is an outline for the transition and consolidation of clients based on the segmentation strategy we have put into place.

### "A" and "B" Business

We have chosen Fireman's Fund and Chubb to be our strategic partners going forward for this business. I also feel that we do need to develop a relationship with AIG's Private Client Group, but within very limited guidelines.

### **"A" Business - Chubb**

To achieve our plans of dynamic growth of "A" client business, we must address the transition of "C" clients into our strategic partner's service center. We have isolated the Chubb "C" clients for all regions except the West Coast and need to transfer this business to the Chubb Service Center immediately. We have determined that the premium volume is approximately \$5.4 million and in speaking with [REDACTED], he assured me that the Chubb Service Center is adequately staffed to handle this business at this time.

We will need to furnish [REDACTED] at the Chubb Service with a list of clients and policy numbers that will be transferred to the Chubb Service Center. Although all "C" business will be transferred into the Service Center at one time, individual policies will not



Bruce Macbeth  
04/08/2003 12:01 PM

To: Carter Brydon/IL/ARS/US/AON@AONNA  
cc:  
Subject: 2003 Incentive [Virus Checked]

Here are my thoughts. When I developed my KPI's, I first put some hard numbers in them, but then after reflecting a bit, I said to myself, can I really control or direct these. Originators can control their success by writing business, same with RM's in retaining and expansion, Syndication is more indirect in results as it assumes more of a supportive role. Here are the challenges:

1. Contingent income, for Fund and Chubb, especially Fund very much based on L/R, which I cannot control. Chubb national override for retention of Signature accounts, again not in my control( if a client wants to be remarketed, we have no choice, see [redacted]) and very little wiggle room(98 or 96% retention). I think we agreed, we were doomed from the start on this.
2. Stewardship and remarketing - lines of responsibility get a little blurry here, who leads the charge, me, RM leaders, RD's. Who are the Rm's accountable to in this endeavor(straight line to me and dotted to the others?). I know you have built into everyone's KPI's compliance with Syndication workflows, etc, but who monitors and enforces it?
3. Pipeline - well, if I could get this off the ground without everyone putting it under the microscope that would help. Again, monitor and enforcement, who does it? Some of the RD's and originators never put anything in the old Pipeline, what makes us think this will change. Directing business to proper markets to maximize return, who directs this(I don't want to get into a situation like we did with Chubb last year). There is enough premium to go around for all markets to achieve our maximum payout, but need to consistently direct it, but who?

I am not a control freak by any stretch, but if my performance goals are directly tied to specific numbers, I want to be sure I have the authority to make it happen.

The other pieces are fine

Bruce Macbeth  
Director-Syndication  
Aon Private Risk Management  
Phone: (212)-441-2220  
Fax: (212)-441-1983

--- Forwarded by Bruce Macbeth/NY/ARS/US/AON on 04/08/2003 11:32 AM ---

Carter Brydon  
04/08/2003 08:55 AM

To: Bruce Macbeth/NY/ARS/US/AON@AONNA  
cc:  
Subject: 2003 Incentive [Virus Checked]

Bruce - per my voice mail.

I have wanted to get you on an incentive plan that is driven by calculatable results as opposed to discretionary in nature. Here is my first pass at such a plan. Please review and let's see if this has the right elements. Any suggestions for alternative goals are welcome.

Carter



Syn Dir Comp Plan - Macbeth4.3.03.doc

**CHUBB & SON**

12/10

November 9, 1999

Mr. Bruce MacBeth  
Aon Private Client Group  
Two World Trade Center  
New York, NY 10048

*Ban*

Dear Bruce,

The purpose of this letter is to outline a framework of proposals that Aon/Chubb could pursue to collectively grow our personal lines business together. In order to establish a common foundation we compiled the following information.

1999 Chubb/Aon personal lines business:

Total premium	\$40 Million (6% growth estimate)	
Compensation:	Commission %	15%
	Profit sharing %	2%
	Branch incentives %	1%
	Producer Funding	\$70,000

1999 Aon total personal lines premium \$105 million (FF= \$20 million, Travelers = \$12 million, [redacted] = \$7 million, [redacted] = \$6 million, [redacted] = \$4 million, [redacted] = \$4 million, [redacted] = \$3 million).

While the personal lines working relationship between Aon and Chubb is excellent, each side has some disappointment. Aon's disappointment with Chubb is that you believe Personal Lines compensation should be higher. You have requested \$3 million to "fund" building out a proactive personal lines operation. Chubb's disappointment with Aon has been a lack of corporate support for personal lines and low premium growth. Chubb has requested a commitment and plan for sustaining double digit growth.

The following options were developed based on our meetings and discussion. Under each option, base commissions and profit sharing are presumed to remain as is; branch incentives and producer funding would be superceded by the "national" arrangement.

**Option #1 Producer Funding** - This was the option you felt was most viable. Chubb would agree to funding half of a producers first 12 months of salary for as many as 15 producers. The parameters for this funding would be:

- Agreement on office location
- Minimum office premium growth commitment of 10% with Chubb, right of 1<sup>st</sup> refusal on all "high end" new business
- Require a joint commitment and plan for training & support
- Quarterly reimbursement once a producer is hired

Each office would automatically receive the attached schedule of additional incentive compensation. If we hit the expected growth targets, this option would allow for a full funding of successful producers.

**Option #2 Book Consolidation** - Aon would agree to designate Chubb as the exclusive "high end" market, and consolidate business from existing carriers. With Aon's decision to consolidate personal insurance activities and establish a common agency management platform, this option is now viable. This option would provide upfront funding of hiring/developing producers while creating a more efficient operation.

Chubb will agree on preferred underwriting and compensation to support this book consolidation. We estimate that at least \$15 million of written premium can be placed with Chubb over the next few years. Chubb will pay 20% of additional premium in excess of the \$40 million base, which would enable full funding of personal lines producers.

**Option #3 Utilize Company Service Centers** - We could waive the 3% Chubb Customer Center fee if Aon would place a majority of its business in the service center and achieve 10% premium growth. The advantage for Aon would be greater efficiency and focus on new customer creation and cross selling. Waiving the fee would allow for the immediate funding of new producers. We discussed the possibility of a joint venture with [REDACTED], however we were unable to devise a viable plan.

Chubb views Aon's decision to establish a national personal lines infrastructure as key to making any of these options work.

After you have had a chance to review, please give me a call so we can meet and discuss the next step.

cc: [REDACTED]  
[REDACTED]  
[REDACTED]

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2000 Aon/Chubb Personal Lines Incentive Table

Premium Over \$5M	Annual Aon Premium Growth			Payout of 2000 Written Premium
	Premium \$3-5 M	Premium \$1-3M	Premium Less than \$1M	
6%	8%	10%	15%	1%
8%	10%	12%	20%	2%
10%	12%	14%	25%	3%
12%	14%	16%	30%	4%

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03/30/2000 10:44 AM

To: Zone Manager  
cc: zone officers na, [REDACTED]/ChubbMail@ChubbMail, [REDACTED]/ChubbMail@ChubbMail,  
[REDACTED]/ChubbMail@ChubbMail

Subject: AON PL deal

We have finally come to an agreement with AON on a personal lines arrangement which I will send out under separate cover. Part of the arrangement is funding up to 15 pl producers salary/benefits(50%) for key offices who establish a business plan which designates us as the preferred high end market, with right of 1st refusal on business that we want. At this point they have asked us to approve the following producers as eligible for this funding:

[REDACTED] - Cleveland  
[REDACTED] - Jacksonville, FL  
[REDACTED] - Milwaukee  
[REDACTED] - Chicago  
[REDACTED] - Chicago

Would you please work with your respective office to make sure they are in agreement. FYI, there is also a "National" incentive payout based on hitting 2000 total premium growth targets which should supercede any local deals ex profit sharing(they will downstream these monies next year by office); I'm sure this will create some conversations as we move forward.

[REDACTED]

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December 22, 1999

Mr. [REDACTED], [REDACTED]  
Senior Vice President  
Chubb & Son  
505 Martinsville Road  
P.O. Box 855  
Liberty Corner, NJ 07938-0855

Re: Aon Private Client Group Agreement

Dear [REDACTED]

Thank you for taking the time to discuss options for developing a partnership between Chubb & Son and Aon. We are very excited about this opportunity.

As we discussed, I am sending this letter to confirm the details of our agreement as follows:

- Aon agrees to give Chubb & Son first right of refusal to personal lines business written through the Aon Private Client Group at the assigned offices.
- Chubb & Son agrees to pay 50% of the producer compensation for up to 15 producers for a minimum of the first 12 months. Total compensation per Producer is estimated to be approximately \$100,000 annually.
- Chubb & Son agrees to pay overrides as shown in the table below:

Override @ 6% Growth	1% of gross book
Override @ 8% Growth	2% of gross book
Override @ 10% Growth	3% of gross book
Override @ 12% Growth	4% of gross book

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- Qualification for override payments will be based on the gross premium written for personal lines coverages for Aon as a whole, and shall not be based on individual office performance.

(A/21)

*Aon Risk Services*

- Aon proposes the following offices for staffing:

New York	Michigan
Chicago	Milwaukee
Washington DC/Baltimore	New Haven
Boston	Sumitomo
Tampa	Cleveland
Dallas	Des Moines
Minneapolis	Salt Lake City
Portland	

- This override agreement supersedes all other override agreements that may currently be in place regarding personal lines business.
- All other compensation agreements relating to commissions compensation shall remain in effect.

I expect that this is commensurate with your understanding. Should you find any discrepancies or ambiguities, please call me. Otherwise, I will look forward to completing this agreement with a final contract.

Sincerely,

[REDACTED]

[REDACTED]

CC [REDACTED] (Aon)

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## Chubb Producer Funding Partnership with Aon/Florida

**Start Date:** 1/1/01

**End Date:** 1/1/02

**Producer:** [REDACTED]

### Goal:

New Producer Goal	Aon Total Goal	Override
\$100,000	\$600,000	\$10,000
\$150,000	\$650,000	\$15,000
\$200,000	\$700,000	\$20,000
\$250,000	\$750,000	\$25,000

### New Business Sales Plan:

- Intercept & review all call-in business for acceptability to Aon.
- Assist Aon offices from outside Florida with placement of coverage for VIP clients and Florida exposures.
- Mine commercially connected accounts and offer personal insurance proposal to the executives.
- Partner with the Group Account Producer to write retail when the group account does not sell or to executives of the account or to any client who would be more adequately served with a retail product.
- Re-market high value property risk currently written to secure the best market and/or coverage for our high value price conscious clients.
- Assist our Aon Reed Stenhouse offices in Canada with their clients who have Florida exposures. Their plans are to move any accounts currently serviced by [REDACTED] to Aon, since [REDACTED] is no longer affiliated with [REDACTED].
- Allow Chubb first offer of refusal on any "masterpiece" risk.

### New Business Sales Plan Does Not Include:

- Search and/or market clients "on the street"
- Market or write policies with commission income of less than \$200.

### Note:

The Jacksonville office is responsible for servicing all Aon personal clients in the State. All new business connected with our Miami, Palm Beach Gardens, Orlando and Tampa offices and/or producers are now referred to Jacksonville for underwriting and placement.



[REDACTED]@chubb.com  
08/02/2000 09:44 AM

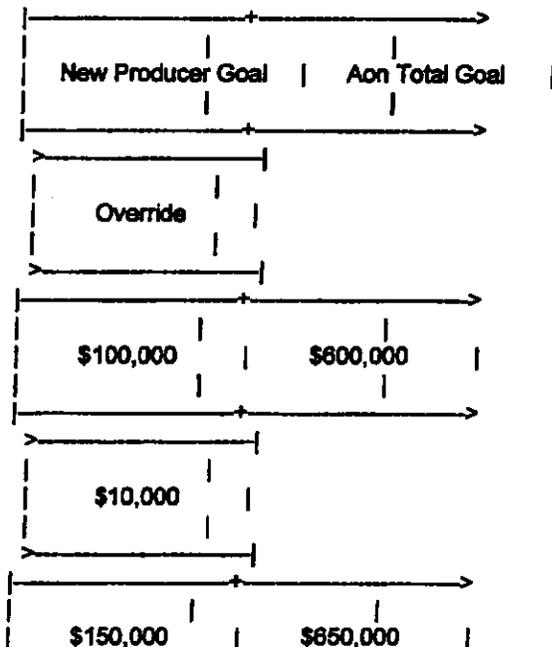
To: [REDACTED]@AONNA  
cc:  
Subject: Producer Funding

[REDACTED]

Sorry I missed you last week but I was enjoying some R&R in the Keys. I bet you had a great time at your event. Thanks for stopping by.

I am trying diligently to get back on track with all my loose ends, one of which is a our Producer Funding project. As we discussed, I met with home office a few weeks ago and was able to confirm the following:

- 1) We can start this at any time. It will run for a 12 month period. My thoughts are to shoot for a 1/1/01 start time giving [REDACTED] plenty of time (she may not need it though) to get geared up.
- 2) A sliding scale is perfectly acceptable. As mentioned, the goal is a 10% override on business produced above what is normally sent our way. In 1999 Aon produced roughly \$500,000 in new business and is on track to do the same this year. So, using that as our benchmark I have come up with the following:



### Aon Risk Services, Inc. of Illinois 1999 Personal Lines Customized Producer Compensation Plan

**1998 Personal Lines Results:**

Written Premium:	\$3,861,275	Written Premium Growth:	(.06%)
Loss Ratio:	36%	5-Year Loss Ratio:	29%

**Goal:**

To assist Aon in maximizing their Masterpiece growth efforts through the financial, training, and marketing support of [REDACTED], a dedicated Chubb Personal Lines Producer.

**Training and Marketing Assistance:**

- A complete sales and Masterpiece training program will be customized for [REDACTED] by members of Chubb's Training & Education and Marketing Departments. An initial three day session will be held at Chubb's Chicago office no later than 15 April, 1999. A minimum of three follow-up training sessions, one per quarter, will be conducted in 1999.
- Working with [REDACTED], [REDACTED] will prepare and present a Personal Lines cross selling presentation to a meeting of Aon's commercial production staff. The presentation will serve to provide an overview of Aon's Personal Lines operation and key markets while demonstrating the advantages of cross selling Personal Lines. The presentation will also introduce [REDACTED] as the Personal Lines contact and demonstrate how his involvement can strengthen commercial relationships. The presentation will be ready to deliver no later than 30 April, 1999.
- A sub-code will be created to allow easy tracking of new business attributable to [REDACTED].
- [REDACTED], [REDACTED], and [REDACTED] will meet on a quarterly basis to review progress towards the 1999 goals.

**Training and Marketing Assistance (Aon's Role):**

- Aon to facilitate and strongly encourage Personal Lines cross selling among their commercial producers. Executives and other employees of firms insured commercially by Aon to be the target of the commercial producer's cross selling efforts.
- A list of lead sources to be provided to [REDACTED] on a periodic basis.

CHECKS (>500 EACH)

APRIL ✓  
MAY & JUNE ✓  
JULY ✓  
AUGUST ✓  
SEPT ✓

- In addition to the training being provided by Chubb, Aon will undertake a program designed to provide [redacted] with insight into Aon Risk Services as well as general insurance training.

**Financial Assistance:**

1999 Appropriation

Chubb will pay Aon \$22,500 in nine equal installments of \$2,500 per month beginning 1 April 1999 and continuing through 1 December 1999. It is understood that this money will be used to supplement [redacted] base salary. Payments will continue throughout 1999 as long as [redacted] remains employed by Aon Risk Services, Inc. of Illinois.

By partnering with Aon to support the agency's growth efforts, we plan to meet or exceed the overall Personal Lines new business goals. Whether through the efforts of [redacted] or other members of Aon's team, we hope to achieve the following growth goals in 1999:

- Write a minimum of 100 new Chubb automobile accounts; and
- Grow the Chubb Personal Lines book at a minimum of 7%.

[redacted]  
 [redacted]  
 [redacted]  
 Aon Risk Services Inc. of Illinois  
 Date 3/26/99

[redacted]  
 [redacted]  
 [redacted]  
 Chubb Group of Insurance Companies  
 Date 3/16/99

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# CHUBB GROUP OF INSURANCE COMPANIES

Sears Tower, Suite 4700, 233 South Wacker Drive, Chicago, Illinois 60606-6303 • Phone: (312) 454-4200

**COPY**  
June 8, 1999

*Checked  
7/12*

Mr. [REDACTED]  
[REDACTED]  
Aon Risk Services, Inc. of Illinois  
123 North Wacker Drive  
Chicago, IL 60606

Dear [REDACTED]

I am delighted that you were impressed with [REDACTED] and decided to bring him on board. I truly believe that the Personal Lines area presents a real opportunity for growth and can only be capitalized upon with a player of this caliber leading the effort. I believe we will both benefit and we are most ready to work with [REDACTED] in developing new Personal Lines customers.

We've had lots of fun over the years kidding about your very eloquent letters requesting money from Chubb. I find myself in the same pursuit and I am sure I am no match for you - although the dollars at stake are far less. I mentioned to you on the phone that we failed to mention to you that [REDACTED] had come to us through a recruiting firm. The fee involved is reflected in the attached invoice. I am writing to request your consideration in reimbursing us for a portion of this fee. I again acknowledge our failure to communicate the fee associated with this placement, and with your support, recognize our potential return on this investment. At the same time, Aon bearing some cost of acquisition does seem fair. Bear in mind that our financial commitment to you in Personal Lines is further demonstrated in our \$22,000 support of producer [REDACTED] in 1999.

I appreciate your consideration of this request.

Sincerely,  
[REDACTED]

[REDACTED]

cc: [REDACTED]

TJS:kmp

[Redacted]  
[Redacted], Inc.  
[Redacted]

*Invoice for Recruiters Fee  
for [Redacted]. You asked me  
to let you know when the  
bill arrived. How do you want to coordinate  
with [Redacted] 5/27/99  
[Redacted] 6/1/99*

[Redacted]  
Chubb  
233 South Wacker  
Chicago, IL 60606

Dear [Redacted]

On behalf of the entire staff here at [Redacted] Inc., we would like to take this opportunity to thank you for allowing us to assist you in searching for and finding the right individual to fit your company needs.

At this time I personally would like to wish both of you, Chubb and [Redacted] the very best, and I am confident that your time together will be long and mutually prosperous. I also want to assure you that my attention does not end with the acceptance of an offer, so if ever a need or question arises, please do not hesitate to call me.

[Redacted] has an extensive database, and we are surfacing new talent on a daily basis. When Chubb is again in need of "just the right person", I would hope that we would be the firm that you call.

We look forward to assisting you again in the future.

Thanks again for the opportunity,

[Redacted]  
Account Executive  
[Redacted]

[Redacted]  
[Redacted], FL 33309  
[Redacted]

2CHUBB-002798  
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[Redacted] Inc.  
[Redacted]

**INVOICE # 0218**  
(Please reference with remittance)

**INVOICE**

To: Chubb  
Attn: [Redacted]  
233 South Wacker  
Chicago, IL 60606

Acceptance Date: May 26, 1999

**FOR SERVICES RENDERED**

Employee Name:	[Redacted]	Company #:	312-627-6416
Position Title:	VP Personal Lines		
Employer/Associate:	Chubb	Company #:	312-454-4722
Start Date:	June 1, 1999	Company #:	312-454-4722
Rate/Session:	\$94,000.00		

Fee Due: \$18,800.00

**NET 10 DAYS FROM STARTING DATE**

[Redacted]  
Account Executive  
[Redacted]

[Redacted]  
Ft. Lauderdale, FL 33309  
[Redacted]

**2CHUBB-002799  
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*Aon Risk Services*

April 17, 2000

[REDACTED]

Re: Offer of Employment with Aon Risk Services, Inc., of Ohio

Dear [REDACTED]:

On behalf of the entire Aon Risk Services team, we are pleased to offer you a position as Senior Consultant – Sales Personal Lines for the Aon Private Client Advisory Group in our Cleveland office beginning on April 24, 2000. We will provide you with a copy of the professional and technical competencies detailing the overall responsibilities of your position.

Title: Senior Consultant – Sales Personal Lines

Base Compensation: \$[REDACTED] per week, paid bi-weekly  
(\$[REDACTED] annually)

Annual Bonus: You are eligible for an annual bonus once you have reached your annual sales goal of \$300,000 in new Chubb Personal Lines Premiums. The bonus is calculated on sales results for the 12-month period commencing June 1 and ending on May 31 of the following year. The bonus is earned as follows for new business written during the 12-month period:

- 1) 10% of the written Chubb Personal Lines Premium over \$300,000.
- 2) 10% of other companies' personal lines revenue.
- 3) 40% of the Chubb Group Excess revenue.

In addition, starting in year two, 10% of the renewal income on your Chubb personal lines book, Chubb Excess book and "other" companies' personal line book for the previous 12-month period will be paid as additional bonus provided that the annual sales goal (\$300,000 in Chubb Personal Lines Premium) for the current year is obtained.

The expectation is that your sales results will be at the levels outlined in attachment A. Sales progress will be reviewed on a quarterly basis. See attachments A and B for your revenue projections and expected compensation based on those projections.

Confidential Treatment  
Requested

*Aon Risk Services*

1660 West 2nd Street • Skyline Office Tower • [REDACTED] • Cleveland, Ohio 44113  
tel: [REDACTED] • fax: [REDACTED]

AON-F-020168

Mr. [REDACTED]  
April 17, 2000  
Page 2

- Benefits:** You will be eligible for normal company benefits including life insurance, health and dental insurance, short-term disability, vacation time, sick time, holidays and personal time according to current company guidelines.
- Expenses:** Normal business expenses including a cellular phone will be reimbursed by the Company.
- Parking:** You will be eligible for paid parking within the Tower City Complex.
- Mileage:** Business mileage will be reimbursed at the rate of \$0.325 per mile.
- Employment "at will":** Employment with Aon is "at will", which means that either you or the company can terminate the relationship at any time, with or without prior notice, and for any reason not prohibited by law. Consequently, nothing in this letter should be construed as obligating Aon to employ you for any period of time. Your title, position, hours worked, and rate of compensation may be changed subject to the discretion of the company.

For your convenience, we have enclosed two copies of this offer letter for your review. Please confirm your acceptance of this offer by signing one copy as indicated below and returning it to my attention.

We hope you will find joining the Cleveland Aon team to be a rewarding experience, and wish you every success in your new position.

Sincerely,

[REDACTED SIGNATURE]

***I confirm my acceptance of employment with Aon Risk Services, Inc. of Ohio, subject to the terms and conditions set forth above.***

**Employee Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

4/18/2000

cc: [REDACTED]

AON-F-020169

Confidential Treatment  
Requested

*Aon Risk Services*

**AON/CHUBB CLEVELAND PERSONAL LINES INITIATIVE**

For illustrative purposes the following chart represents the possible premium and revenue flow for a three-year period. These projections represent optimistic results. The projections call for total new production from [redacted] of \$450,000-\$500,000 per year. While optimistic, with very high levels of support and performance, they are obtainable.

Year	Chubb Premium	Written	Chubb Group Excess*	Other Companies
Year1	\$400,000 (Existing)			
	\$300,000 (Dan)		\$100,000wp	\$100,000wp
Y1 Total	\$700,000			
Year2	\$360,000 (Existing)			
	\$300,000 (Dan)		\$50,000wp	\$100,000wp
	\$285,000 (Dan Y1 Renewals)		\$100,000wp	\$90,000wp
Y2 Total	\$945,000			
Year 3	\$324,000 (Existing)			
	\$300,000 (Dan)		\$50,000wp	\$100,000wp
	\$285,000 (Dan Y2 Renewals)		\$50,000wp	\$90,000wp
	\$271,000 (Dan Y1 Renewals)		\$100,000wp	\$81,000wp
Y3 Total	\$1,180,000			

\*The Chubb Group Personal Excess is an employer sponsored coverage that provides personal excess coverage for key employees. The minimum premium for the product is \$7,500. This coverage is very well suited to be sold by [redacted] as part of his Private Client Services. Chubb Custom Market has agreed to pay 17.5% rather than 15% commission. The thought process is to give [redacted] 40% of new group excess commission and give the commercial producer 25% of first year commission as this product is a hybrid between personal lines and commercial. This should encourage joint efforts between [redacted] and commercial producers

Projections are based on 95% retention of Chubb business and 90% retention of other business. The group excess is 100% retention.

Given production as outlined, [REDACTED]'s potential compensation would look like:

Year	Base	PL Override bonus On Over 300k CB PL WP 10% of WP	Other Co. Rev. 10% of rev. if Chubb PL production 300K	Group Excess 40% of rev new - 100k WP-\$17,500	Renewal 10% of rev. If \$300k production.	Total Cash Compensation
Year 1	\$65,000	\$5,000	\$1,500	\$7,000	NA	\$78,500
Year 2	\$67,500	\$5,000	\$1,500	\$3,500	\$7,000	\$84,490
Year 3	\$70,000	\$5,000	\$1,500	\$3,500	\$12,803	\$93,828

Renewal income is calculated as follows:

- 10% of income on Chubb PL book ( Income calculated at 14% average commission)
- 10% of income on Other PL book " "
- 10% of group Excess Renewal ( Income Calculated at 17.5% commission)

Attachment B

From: [REDACTED] on 12/11/2000 02:02 PM  
To: [REDACTED] ChubbMail@ChubbMail  
cc: [REDACTED]/ChubbMail

Subject: AON

[REDACTED]  
[REDACTED] has passed on your request for the AON producer funding information. Here is what we have done in Oregon.

We have agreed to pay 1/2 of the new producer's salary/benefits for one year. The calculation works out as follows:

Annual Salary: \$ 36,000  
Benefits (25%) \$ 9,000  
Incentives \$ 5,000

Total Package \$ 50,000

We have agreed to pay AON out of our incentive code 0711 the amount of \$ 6,250 quarterly.

In addition, we have also agreed to pay a 2.5 % override based upon achiveing the \$ 200,000 of new premium which will be disseminated between the other key personal lines personnel. Estimated cost of \$ 5,000.

If you should need anything further, please advise.

[REDACTED]  
----- Forwarded by [REDACTED]/ChubbMail on 12/11/2000 10:41 AM -----

[REDACTED] 12/11/2000 10:26 AM

To: [REDACTED] ChubbMail@ChubbMail  
cc:

Subject: AON

[REDACTED]  
Could you please respond to [REDACTED] on the producer funding deal in Oregon?

Sorry this is late, I was out much of last week.

[REDACTED]  
----- Forwarded by [REDACTED] ChubbMail on 12/11/2000 11:25 AM -----

[REDACTED] 12/01/2000 09:25 AM

2CHUBB-002215  
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From: [REDACTED] on 10/20/99 07:53 AM  
To: [REDACTED] ChubbMail@ChubbMail  
cc: [REDACTED] /ChubbMail@ChubbMail  
Subject: Re: Aon NY & NJ Incentive Compensation 

[REDACTED]  
Thanks.

From: [REDACTED] on 10/19/99 03:51 PM

From: [REDACTED] on 10/19/99 03:51 PM  
To: [REDACTED] /ChubbMail@ChubbMail  
cc: [REDACTED]

Subject: Aon NY & NJ Incentive Compensation

[REDACTED]

For 1999, [REDACTED] offered Aon two different incentive programs.

First, we agreed to pay PL Producer [REDACTED] salary through the first nine months of the year. At \$45,000 per year, this equals \$33,750.

Second, we offered Aon the following growth incentive:

Commission Percentage

	HO/PAF New/Renl	Auto New/Renl	Excess New/Renl
Level One - Growth is 8% or less	25/17.3	15/10	18.6/13.6
Level Two - Growth is greater than 8%	25/20	15/15	20/15

Based on annualized projections, Aon NY (63030) and Aon NJ (61538) will end the year at the following combined numbers:

	Auto	Home	Floater
Excess			
New Business	207,738	459,199	46,000
34,136			
Renewal Premium	1,734,279	4,762,645	1,314,041
705,717			
Total			

Through nine months, Aon NY and NJ combined is growing at a combined 9.72%.  
Assuming this trend continues, total incentive payment for 1999 is estimated as follows:

<b>[REDACTED] salary:</b>	<b>\$33,750</b>
<b>Commission Incentive:</b>	<b>\$261,226</b>

**Total Incentive Payments: \$294,976**

If you would like any additional information, or the backup for all these numbers, just let me know.

**2CHUBB-002266  
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## Chubb Producer Funding Partnership with Aon/Florida

**Start Date:** 1/1/01

**End Date:** 1/1/02

**Producer:** [REDACTED]

**Goal:**

New Producer Goal	Aon Total Goal	Override
\$100,000	\$600,000	\$10,000
\$150,000	\$650,000	\$15,000
\$200,000	\$700,000	\$20,000
\$250,000	\$750,000	\$25,000

**New Business Sales Plan:**

- Intercept & review all call-in business for acceptability to Aon.
- Assist Aon offices from outside Florida with placement of coverage for VIP clients and Florida exposures.
- Mine commercially connected accounts and offer personal insurance proposal to the executives.
- Partner with the Group Account Producer to write retail when the group account does not sell or to executives of the account or to any client who would be more adequately served with a retail product.
- Re-market high value property risk currently written to secure the best market and/or coverage for our high value price conscious clients.
- Assist our Aon Reed Stenhouse offices in Canada with their clients who have Florida exposures. Their plans are to move any accounts currently serviced by [REDACTED] to Aon, since [REDACTED] is no longer affiliated with [REDACTED].
- Allow Chubb first offer of refusal on any "masterpiece" risk.

**New Business Sales Plan Does Not Include:**

- Search and/or market clients "on the street"
- Market or write policies with commission income of less than \$200.

**Note:**

The Jacksonville office is responsible for servicing all Aon personal clients in the State. All new business connected with our Miami, Palm Beach Gardens, Orlando and Tampa offices and/or producers are now referred to Jacksonville for underwriting and placement.



[REDACTED]@chubb.com  
08/02/2000 09:44 AM

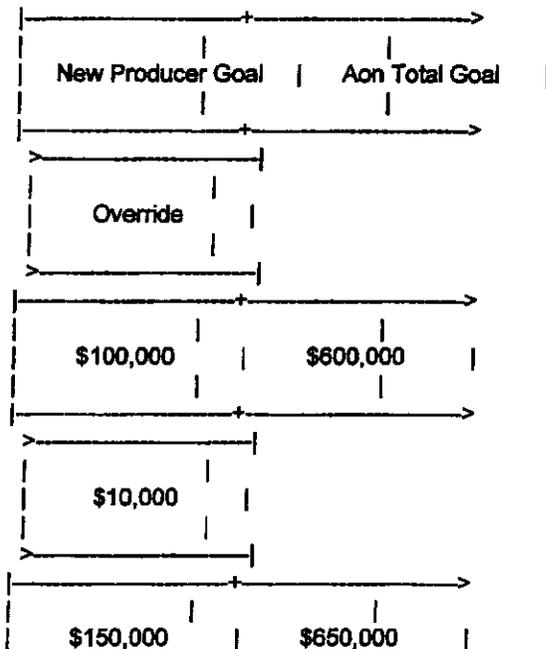
To: [REDACTED]@AONNA  
cc:  
Subject: Producer Funding

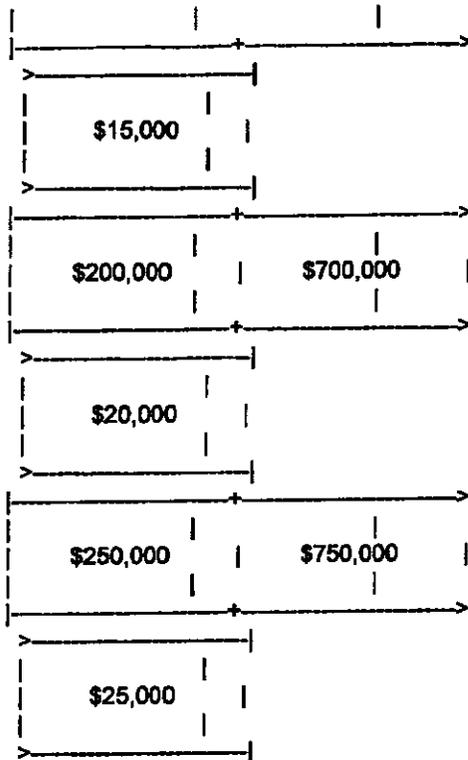
[REDACTED]

Sorry I missed you last week but I was enjoying some R&R in the Keys. I bet you had a great time at your event. Thanks for stopping by.

I am trying diligently to get back on track with all my lose ends, one of which is a our Producer Funding project. As we discussed, I met with home office a few weeks ago and was able to confirm the following:

- 1) We can start this at any time. It will run for a 12 month period. My thoughts are to shoot for a 1/1/01 start time giving [REDACTED] plenty of time (she may not need it though) to get geared up.
- 2) A sliding scale is perfectly acceptable. As mentioned, the goal is a 10% override on business produced above what is normally sent our way. In 1999 Aon produced roughly \$500,000 in new business and is on track to do the same this year. So, using that as our benchmark I have come up with the following:





Anything below the target would default to the next lower payout. Please let me know what you think. I want to set this up in a way that motivates you all so I'd like to include the following two points:

- The AON total goal is the only thing we look at for measurement. So if [REDACTED] is at \$95,000 in new business but the team hits the \$800,000 - then we pay.
- I also asked that it be a new business measurement only, so you will not be penalized for [REDACTED] etc.

3) Finally, I need your narrative to make our submission to home office for approval. I think your job summary for [REDACTED] sounded great so just take that and add a Chubb business spin and we should be set.

Thanks ever so much. I am excited about this project and the opportunity to partner with AON in a formal way. Call with questions.

[REDACTED]

P.S. I saw where the takedown on [REDACTED] was even larger than I originally hoped - some \$600,000. That should help the loss ratio numbers. Good news, huh?



*Aon Risk Services*

[REDACTED]

December 23, 1999

Mr. [REDACTED]  
[REDACTED]  
Fireman's Fund Insurance Co.  
777 San Martin Drive B50  
Novato, CA 94998-2336

Re: Aon Private Client Group Agreement

Dear [REDACTED]

Thank you for taking the time to discuss options for developing a partnership between Fireman's Fund and Aon. We are very excited about this opportunity.

As discussed, I am sending this letter to present our proposed agreement as follows:

- Aon agrees to give Fireman's Fund first right of refusal to personal lines business written through the Aon Private Client Group at the assigned offices.
- Fireman's Fund agrees to pay 50% of the producer compensation for up to 15 producers for a minimum of the first 12 months. Total compensation per Producer is estimated to be approximately \$100,000 annually.
- Fireman's Fund agrees to pay overrides as shown in the table below:

Override @ 6% Growth	1% of gross book
Override @ 8% Growth	2% of gross book
Override @ 10% Growth	3% of gross book
Override @ 12% Growth	4% of gross book

- Qualification for override payments will be based on the gross premium written for personal lines coverages for Aon as a whole, and shall not be based on individual office performance.

*Aon Risk Services (Holdings) of the Americas, Inc.*  
123 North Wacker Drive • Chicago, Illinois 60606 • tel: (312) 701-3060 • fax: (312) 701-4425

**Confidential Treatment  
Requested**

**AON0108435**

- Aon proposes the following offices for staffing:

Los Angeles/Newport Beach  
San Francisco/Fresno  
Charlotte/Winston-Salem  
Salinas  
Houston  
St. Louis  
Costa Mesa  
Atlanta

Denver  
Miami/Palm Beach  
Omaha  
Providence  
Indianapolis  
Las Vegas  
Phoenix

- This override agreement supersedes all other override agreements that may currently be in place regarding personal lines business.
- All other compensation agreements relating to commissions compensation shall remain in effect.

I expect that this should be acceptable to you. Should you have any concerns or questions, please call me. Otherwise, I will look forward to completing this agreement with a final contract.

Best regards,

[REDACTED]

TJD/k

CC: [REDACTED] (Aon)

## AON/FFIC National Agreement

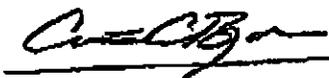
- Aon agrees to give Fireman's Fund an opportunity to quote on all affluent personal insurance business written through Aon offices.
- Fireman's Fund agrees to pay 50% of the producer compensation for up to 15 personal insurance producers to be hired by Aon. Total compensation per personal insurance producer is estimated to be \$100,000 annually. Aon will commit to having these producers attend Fireman's Fund's Relationship Selling courses as well as work closely with Fireman's Funds' Agency Sales Managers to generate affluent customer leads. These investments will be made on a national level. This agreement is valid for one years' time.
- Fireman's Fund agrees to pay an annual override incentive based on the table below:

### AON Incentive Plan

Jan-01 Premium	Growth	Dec-01 Premium	Growth \$\$	Override	Projected Payment
\$16,821,000	12.00%	\$17,831,520	\$1,910,520	1.00%	\$178,315
\$15,921,000	14.00%	\$18,149,940	\$2,228,940	1.25%	\$228,874
\$15,921,000	18.00%	\$18,488,360	\$2,547,360	1.50%	\$277,025
\$15,921,000	20.00%	\$19,105,200	\$3,184,200	2.00%	\$382,104
\$15,921,000	25.00%	\$19,901,250	\$3,980,250	2.50%	\$487,531

Qualification for this override will be based on the total gross premium written for personal insurance coverages nationwide and shall not be applied to individual office performance.

- Any current commission agreements will remain in effect at the individual office level.
- This override agreement supersedes all other override agreements for personal insurance business.

 6/1/01

Carter Brydon  
Aon Private Risk Management

 6/19/01

  
Fireman's Fund Insurance Company

05/24/2001 04:18 PM

To: Carter\_Brydon@aon.com  
cc:

Subject: Re: thoughts on your 5-7-01 letter [Virus Checked]

Carter,  
Thanks for sending along the email; based on both our schedules it may be better to lay the groundwork this way. Except for 6/1, I'm out of the country until 6/18 starting next week, therefore can't meet when you visit. I was very sorry to hear about the loss that delayed the planned visit.

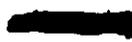
I am empathetic to the beginning of transition and your commitment to Chubb. For example AON growth 4/01 YTD is 6.2%; it will be difficult to hit even 10% growth in 2001. I believe we are in agreement on profit sharing and compensating AON up to 22% for superior performance with Chubb. I also think we agree that producer funding would be a 1 year deal to assist with the start up. Where we have difficulty is the possibility of making a significant payment to a partner, and due to unforeseen events end up with similar financial results. This has happened to us many times before which is why we take this position.

I am very comfortable measuring whatever we do on a rolling year basis to assist with the transition time frame(7/01-7/02?). Please understand the prior offer of producer funding was based on a structure whereby each Chubb branch had to agree to funding based on a local commitment, thus reducing our risk being "out of the money". Perhaps we can consider shelving the override for a year, and agree to funding \$375k this year, and the rest 1/1/02 assuming we hit a reasonable Y/E result? I would also like to change the term from producer funding to PL support, to eliminate the sticky situation of funding producers who come from our best brokers with a Chubb book.

These are just a few ideas, and I'm sure we will work out something satisfactory to both of us. Let me know what you think.

  
Carter\_Brydon@aon.com on 05/24/2001 09:46:40 AM

  
Carter\_Brydon@aon.com on 05/24/2001 09:46:40 AM

To: @chubb.com  
cc:

Subject: thoughts on your 5-7-01 letter [Virus Checked]

Sorry we had to postpone our get together this week but I appreciate your understanding of my family situation. We are trying to reschedule the gathering of the evening if the 6/7 and the day of 6/8.

However, I would like to speak with you prior to that time to respond to your letter. While I am sensitive to your concerns regarding funding for producers, especially those that may be seasoned, I am not comfortable with the two options that you suggested. I feel some additional discussion needs to be held in order

**CHUBB-029342  
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to come to final plan.

This year is a transition year, While I am confident that we will attain our transformation and position ourselves for sustainable double digit growth, it will take us ramp up time to get there. Here it is late May and we are at the beginning of our implementation, not near the end. Our first new producers just came on board in April and our processing changes will not be fully implemented system-wide until 8/31. The producer funding element is just that, a funding vehicle to allow us to speed up the process and a commitment to Chubb to look at all new business and much of the existing business. I am not asking for anything different than what you agreed to do last year yet I am entirely changing what we're doing to allow us to achieve the goals.

Attached you will find a quick spreadsheet of what I anticipated in terms of an agreement and your options as submitted May 7th. While I know we will obtain the growth on a rolling 12 month basis, I am concerned about where we will be collectively in 7 months. You will note from my spreadsheet that option 1 does not support anything less than 15% growth. As for Option 2, we would be better of not accepting any producer funding if we can't achieve at least a 13% growth. This really is a step backwards.

(See attached file: Ed 5-7 Calculations.xls)

 - I would like to find a way to get back to where we were in terms of support. I have secured a commitment by Aon to hire these new producers due to the anticipated sharing of expenses in year 1. Aon is taking the risk that in producer year 2, the new sales will offset the increased expenses. As you know, Fireman's Fund has agreed to fund \$750,000 for producers and we have rebuffed AIG in their desire to join the party. Please take a look at a way to achieve this goal and position it properly with your senior management.

Let's try to speak on 6/1 if you are available. Perhaps you can send me your thoughts prior.

Thanks



- Ed 5-7 Calculations.xls

CHUBB-029343  
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**Aon Risk Services, Inc. of Illinois  
1999 Personal Lines Customized Compensation Plan**

**1998 Personal Lines Results:**

Written Premium: \$3,861,275  
Loss Ratio: 36%

Written Premium Growth: (.06%)  
5-Year Loss Ratio: 29%

**1998 Personal Lines Contingent Commission Pay-out:**  
\$80,506.75 Point Program Agreement +  
\$0 Customized Compensation Plan

**1999 Personal Lines Goals:**

1. Write a minimum of 100 new Chubb automobile policies.
2. Grow the Chubb Personal Lines book at a minimum of 7%.

**Growth Initiative Assistance:**

To assist Aon Risk Services in meeting the 1999 Personal Lines Goals and achieving the incentive payments spelled out below, Chubb will provide the following support:

- A list of upcoming Masterpiece renewals that do not have automobile coverage with Chubb will be provided on a monthly basis.
- Chubb will prepare and distribute to Aon's commercial production staff an information packet highlighting the advantages of Masterpiece auto coverage and competitiveness in the city of Chicago. Commercial producers will be encouraged refer automobile leads to a specified member of Aon's Personal Lines team. The information packets will be ready for distribution no later than 15 March, 1999.
- [REDACTED], [REDACTED], and [REDACTED] will meet on a quarterly basis to review progress towards the 1999 goals.

**1999 Incentive Payments:**Automobile Growth Incentive:

- If the total number of new automobile policies written in 1999 is at least 100 but not more than 129, Chubb will make a year-end payment to Aon in the amount of \$7,000.
- If the total number of new automobile policies written in 1999 is 130 or more, Chubb will make a year-end payment to Aon in the amount of \$15,000.

**2CHUBB-002275  
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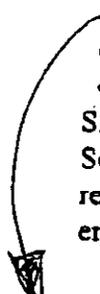
Overall Growth Incentive:

- If Chubb Personal Lines growth for 1999 is at least 8.0% but not more than 9.5%, Chubb will pay \$1,000 to each member of Aon's team listed below.
- If Chubb Personal Lines growth for 1999 is over 9.5%, Chubb will pay each \$2,000 to each member of Aon's team listed below.

Eligible team members are as follows:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Should any of the eligible team members cease to be employed by Aon Risk Services in 1999, their portion of any payout will be distributed evenly among the remaining eligible individuals or, at Aon's discretion, allocated to a replacement employee.



[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

Aon Risk Services Inc. of Illinois

Date 2/26/99

[REDACTED]  
[REDACTED]  
[REDACTED]

Chubb Group of Insurance Companies

Date 3/16/99



*Aon Risk Services*

December 22, 1999

Mr. [REDACTED] CPCU

[REDACTED]  
Chubb & Son  
505 Martinsville Road  
P.O. Box 855  
Liberty Corner, NJ 07938-0855

Re: Aon Private Client Group Agreement

Dear [REDACTED]

Thank you for taking the time to discuss options for developing a partnership between Chubb & Son and Aon. We are very excited about this opportunity.

As we discussed, I am sending this letter to confirm the details of our agreement as follows:

- Aon agrees to give Chubb & Son first right of refusal to personal lines business written through the Aon Private Client Group at the assigned offices.
- Chubb & Son agrees to pay 50% of the producer compensation for up to 15 producers for a minimum of the first 12 months. Total compensation per Producer is estimated to be approximately \$100,000 annually.
- Chubb & Son agrees to pay overrides as shown in the table below:

Override @ 6% Growth	1% of gross book
Override @ 8% Growth	2% of gross book
Override @ 10% Growth	3% of gross book
Override @ 12% Growth	4% of gross book

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- Qualification for override payments will be based on the gross premium written for personal lines coverages for Aon as a whole, and shall not be based on individual office performance.

*Aon Risk Services, Inc. of Illinois*

123 North Wacker Drive • Chicago, Illinois 60606 • tel: (312) 701-4000 • fax: (312) 701-4143/44

*Aon Risk Services*

- Aon proposes the following offices for staffing:

New York	Michigan
Chicago	Milwaukee
Washington DC/Baltimore	New Haven
Boston	Sumitomo
Tampa	Cleveland
Dallas	Des Moines
Minneapolis	Salt Lake City
Portland	

- This override agreement supersedes all other override agreements that may currently be in place regarding personal lines business.
- All other compensation agreements relating to commissions compensation shall remain in effect.

I expect that this is commensurate with your understanding. Should you find any discrepancies or ambiguities, please call me. Otherwise, I will look forward to completing this agreement with a final contract.

Sincerely,


CC  (Aon)

**2CHUBB-002233**  
**CONFIDENTIAL**

# CHUBB & SON

[REDACTED], CPCU  
[REDACTED]

March 30, 2000

Mr. [REDACTED]  
Aon  
55 Rail Road Ave  
Greenwich, CT 06836

Dear [REDACTED]

This letter will confirm the Personal Lines partnership that Chubb and Aon have agreed to.

- Chubb agrees to pay 50% of dedicated personal lines producer compensation (salary & benefit load) for 12 months from date of hire. We will provide this support up to 15 producers. The guidelines would be:
  - Agreement on office location (we could have more than 1 producer per office).
  - Chubb right of 1<sup>st</sup> refusal on all "high end" business for that office.
  - A written business plan and joint commitment for training and support.
  - Quarterly reimbursement once a producer is hired.
- The following table outlines a written premium override which will be retroactive to 1/1/00. Putting this override in place supercedes any local office incentives and arrangements (except profit sharing). Based on AON's change in how offices/business units are measured, a "national" incentive of this type should be embraced.

505 Martinsville Road, P.O. Box 855, Liberty Corner, NJ 07938-0855  
Phone: [REDACTED] • Fax: [REDACTED] e-mail: [REDACTED]@chubb.com  
Chubb & Son is a division of Federal Insurance Company

2CHUBB-002278  
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Chubb/Aon Written Premium  
Growth (U.S. Total)

Personal Lines  
% Override (\$ payout)

9%  
11%  
13%  
15%

1% (\$389,140)  
2% (\$778,280)  
3% (\$1,167,420)  
4% (\$1,556,560)

- We will focus the funding of producers on the Eastern 2/3 of the U.S. The following Chubb Offices represent our preferred location for hiring producers.

New York  
Chicago  
Boston  
Dallas  
Denver  
Seattle

Cleveland  
New Haven  
Tampa  
Minneapolis  
Houston  
Washington D.C.

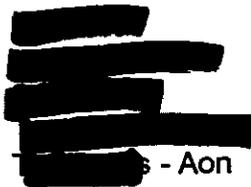
We look forward to working with you as a strategic business partner to grow personal lines revenue.

Sincerely,



Attachments  
EJF/lj

cc:



s - Aon

2CHUBB-002279  
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This document represents a national override agreement between Chubb and Aon for all Personal Lines business in the United States. This agreement is in addition to the individual profit sharing agreements which have been executed at a local office level.

1. Chubb will pay Aon an override (% of annual personal lines written premium) if Aon meets the following premium growth minimums:

<u>Written Premium Growth 2001</u>	<u>Written Premium Growth 2002</u>	<u>Percentage Override</u>
9%	12%	1%
11%	14%	2%
13%	16%	3%
15%	18%	4%

Chubb will calculate the amount of override the following February, and make any payment due as soon as practical.

2. In addition Chubb will advance Aon \$500,000 to assist in building your personal lines operation. This advance will be a "draw" on the total profit sharing payable to Aon. If you do not meet the criteria set forth below, we will deduct \$500,000 from the amount of profit sharing otherwise payable to Aon.

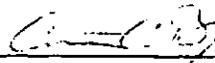
If you achieve 11% premium growth in 2001, Chubb will forgive \$250,000 of this advance. If you achieve 13% premium growth in 2001, Chubb will forgive the entire \$500,000 advance. Should Aon achieve 15% growth with Chubb in 2001, we will make an additional \$250,000 contribution.

In any event this advance or forgiveness is one time and will not be offered beyond 2001.

3. The preceding written premium growth rates will be determined based on Chubb producer performance report data. We are mindful that there is occasional broker of record activity, which has a nominal impact on written premium growth. Should broker of record activity significantly impact our premium growth rate, we will make appropriate adjustments to reflect true Chubb written premium growth.

  
 Senior Vice President  
 Chubb & Son, Inc.

8/21/01

  
 Carter Brydon  
 President  
 Aon Private Risk Management