



Total Written Premium		President's Club \$2 – 4.5 million			President's Club Plus >\$4.5 – 8.5 million			President's Club Elite > \$8.5 – 17 million			President's Club Premier > 17 million	
3 Year Loss Ratio		≤ 50% to 40%	< 40% to 30%	< 30%	≤ 50% to 40%	< 40% to 30%	< 30%	≤ 50% to 40%	< 40% to 30%	< 30%	≤ 50%	
Commercial Lines New Business Minimums		\$200,000			\$450,000			\$850,000			\$1,700,000	
Commercial Lines New Business for Trip Qualification		\$400,000			\$900,000			\$1,700,000			\$3,400,000	
Benefits	Profit Sharing Guarantee	1.0%	1.5%	2.0%	1.0%	1.5%	2.0%	1.0%	1.5%	2.0%	Individually negotiated to be strategically aligned with the goals of both the qualifying Agency and Merchants	
	Commercial Lines New Business Bonus (excludes CAP)	1.0%	2.0%	3.0%	2.0%	3.0%	4.0%	3.0%	4.0%	5.0%		
	President's Club Trip	✓	✓	✓	+ 1 Night	+ 1 Night	+ 1 Night	+ 2 Nights	+ 2 Nights	+ 2 Nights		
	Profit Sharing Lock Charge	17.5%	17.5%	17.5%	15.0%	15.0%	15.0%	12.5%	12.5%	12.5%		
	Business Development Dollars	1,000	1,500	2,000	2,000	3,500	5,000	5,000	7,500	10,000		
	Claims Review				✓	✓	✓	✓	✓	✓		

The following companies of Merchants Insurance Group participate in the President's Club:

**Merchants Mutual Insurance Company | Merchants Preferred Insurance Company**

The participants in this plan are the agency or the agency network/group, hereinafter referred to as "Agency," and each of the companies of Merchants Insurance Group as indicated above, hereinafter referred to as "Merchants."

## Qualifications

- Agency must have a 2025 total commercial/personal lines written premium volume of at least \$2,000,000.
- Three-year (2023-2025) total earned to incurred loss ratio of no more than 50%, with no provision for stop loss. Allocated Loss Adjustment Expense (ALAE) is not included in the loss ratio calculation.
- Agency's Commercial Lines Written Premium volume AND Commercial Lines Policies-in-Force for the qualifying year (1/1/25 – 12/31/25) must exceed commercial lines written premium volume AND commercial lines policies-in-force from the prior year. (Agency Summary Report [ASR] for year ending 2025 compared to ASR for year ending 2024.)
- Agency must achieve the minimum Commercial Lines New Business Premium stipulated for the respective President's Club tier. However, if the Agency meets all other requirements but does not meet the Commercial Lines New Business minimum for that President's Club tier, the Agency may still be awarded benefits (excluding the President's Club Trip) at the President's Club tier for which the Agency's Commercial Lines New Business premium meets the minimum qualifications.
- In order to qualify for the President's Club Trip, the Agency must achieve the Commercial Lines New Business Trip Qualification minimum for the Agency's written premium level. If the Commercial Lines New Business Trip Qualification is not met, the Agency will not earn the President's Club Trip.

## Qualifications (continued)

6. Agencies combined for determining premium volume qualification will also be combined for loss ratio qualification. Any aggregation or combination of agency codes must be approved in writing by Merchants. Aggregation or combination of Agencies that already have an active contract with Merchants, and/or have written premium placed with Merchants must have been completed and approved prior to 1/1/2025. Any exceptions to this must be approved in writing by the Senior Vice President Regional Operations of Merchants Insurance Group.
7. Merchants reserves the right to modify President's Club qualifications and/or benefits for any Agency that is receiving additional compensation from Merchants through an affiliation or membership with another agency group or network of any kind.
8. Agency must be appointed with Merchants for at least three years. Agency must be in good standing. If the Agency Agreement is terminated, or if the Agency has been provided written notice of termination, the Agency has no right to collect any President's Club benefits.

## Benefits During the Membership Year January 1<sup>st</sup>, 2026 to December 31<sup>st</sup>, 2026

The Agency will share in a wide menu of benefits that vary by premium volume and profitability. The benefits for President's Club, President's Club Plus, and President's Club Elite are detailed below. President's Club Premier members will receive a suite of benefits that are individually negotiated to be strategically aligned with the goals of both the qualifying Agency and Merchants.

### Profit Sharing Guarantee

The Agency receives a guaranteed percentage on the Merchants Profit Sharing Plan for 2026. Depending on the Agency's premium volume with Merchants and their three-year loss ratio, the Agency is guaranteed to receive the corresponding percentage displayed in the table on page one. This percentage is applied to Earned Premium as defined in the Merchants Profit Sharing Plan. If the Agency's earned profit sharing is more than this guarantee, the agent benefits by receiving the higher amount.

### Commercial Lines New Business Bonus

The Agency earns a bonus equal to the corresponding percentage (displayed in the table on page one) on all new commercial lines written premium, except Commercial Auto (CAP), effective and issued in 2026. The bonus will be calculated based on commercial lines new business premium (excluding CAP) as reported in the Agency Summary Report (ASR) as of 12/31/26. The new business bonus will be paid in a lump sum by the end of March the following year.

### President's Club Trip

One Agency principal (or senior officer) and their guest, will receive an invitation to represent the Agency at the annual Merchants President's Club meeting if the Agency also meets the new business qualifications for the trip in the Agency's written premium tier. President's Club members will be eligible to attend for the final three days, President's Club Plus members for the final four days, and President's Club Elite and President's Club Premier members for the full five days. Invitations to Merchants President's Club Trip are not assignable to others. Any exceptions to this rule requires prior written authorization from the Senior Vice President Regional Operations of Merchants Insurance Group.

### Profit Sharing Loss Ratio Lock – Reduced Charge

The standard 20% charge for the 9-Month Profit Sharing Loss Ratio Lock Option in the Merchants Profit Sharing Plan will be reduced for the Agency to the percentage in the Agency's qualifying tier in the table on page one.

### Business Development Dollars (BDD)

The Agency may use their BDD to apply for reimbursement of Merchants co-branded advertising. The Agency may also apply its BDD towards Merchants Producer Training School fees. All expenses are subject to proper documentation, submission, and approval. To request BDD, please complete the reimbursement form located in the Agency Principal Access area of Merchants' website. Submit the completed form to the Agency's Territory Manager or Regional Vice President. All expenses must be paid and incurred in 2026, and submitted by 12/31/26 to Merchants.

### Claims Review

President's Club Plus and President's Club Elite members will receive an annual review (either on-site or via teleconference) of their claims results and experience.

