

City of Fayetteville Staff Review Form

2017-0651

Legistar File ID

12/5/2017

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Brenda Reed

11/9/2017

Human Resources /
Chief of Staff

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Approve the contract with Gallagher Benefit Services, Inc. ("Gallagher") for benefit broker health and welfare services, benefit technology solutions and retirement plan vendor management services effective January 1, 2018. Gallagher will advise City staff on benefits administration, carrier negotiations, renewals, health care reform requirements under the Affordable Care Act, retirement plan vendor management and governance support. Funding is based on City Council approval of the 2018 budget.

Budget Impact:

1010.1220.5314.00	General
Account Number	Fund
N/A	Employee Benefits/Services
Project Number	Project Title
Budgeted Item? Yes	Current Budget \$ 80,000.00
Does item have a cost? Yes	Funds Obligated
Budget Adjustment Attached? No	Current Balance \$ 80,000.00
	Item Cost \$ 80,000.00
	Budget Adjustment
	Remaining Budget \$ -

V20140710

Previous Ordinance or Resolution # _____

Original Contract Number: _____

Approval Date: _____

Comments:



MEETING OF DECEMBER 5, 2017

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Brenda Reed, HR Director
DATE: November 9, 2017
SUBJECT: Approval of the 2018 contract with Gallagher Benefit Services, Inc.

RECOMMENDATION:

Staff recommends Council approve the contract with Gallagher Benefit Services, Inc., ("Gallagher") for benefit broker and consulting services effective January 1, 2018. The initial term of the agreement shall be for one (1) year. The agreement shall automatically renew for up to four (4) additional one (1) year terms unless either party provides notice of non-renewal at least thirty (30) days prior to the end of the term. Annual renewals shall be subject to annual budget approval by City Council.

BACKGROUND:

In August 2017, the City published a Request for Proposal (RFP) for a benefits broker and consulting services vendor. The City's last benefits broker and consulting vendor RFP was issued March 24, 2012 and the contract was awarded to Gallagher on May 16, 2012.

DISCUSSION:

Gallagher provides health and welfare advisement services, large scale negotiation leverage with carriers, benefit technology solutions, government specific and private benchmark reporting, and compliance support. They will advise City staff on benefits administration, carrier renewals, health care reform requirements under the Affordable Care Act, and governance support. The 2018 Gallagher contract for health and welfare broker services costs will remain the same at \$57,600.

Through the Gallagher contract, the City will utilize the American Fidelity AFEnroll benefits administration system, ACA measuring and reporting software tool and section 125 benefit plan administration at no cost to the City.

New in 2018, Gallagher will provide retirement plan vendor management services to the City at a cost of \$22,400.

Why is the City proposing to utilize the services of a retirement plan vendor to help manage the City's retirement plan with 55 million dollars in assets?

The proposed services will assist the City in making decisions in the best interest of the plan/participants and provide best practice plan governance to assist in making professionally advised plan decisions.

These services will enhance transparency so we can fully understand what our retirement plan trustee record-keeper is charging the City and plan participants for services and fees. This watch dog approach will equip the City to make decisions which lead to maximum value for the plan/participants.

The total cost for the 2018 Gallagher contract for broker health and welfare and retirement plan vendor management services is \$80,000.

BUDGET/STAFF IMPACT:

Funding is based on City Council approval of the 2018 budget.

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made by and between Gallagher Benefit Services, Inc., ("Gallagher") and City of Fayetteville, Arkansas the ("Client").

The Client wishes to enter into a consulting relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to accept such a consulting relationship. In consideration of and in reliance upon the terms and conditions contained in this Agreement, the Client and Gallagher agree as follows:

1. Engagement of Services

The Client engages Gallagher as a professional consultant to provide the consulting and/or brokerage services as more fully described in Exhibit A attached to this Agreement and incorporated herein. During the time that Gallagher is performing services for the Client under this Agreement, and for all purposes outlined in this document, Gallagher's status will be that of an independent contractor of the Client.

2. Term and Termination

The Effective Date of this Agreement is January 1, 2018. The term of Gallagher's engagement under this Agreement (the "Consulting Period") will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. **The Consulting Period will be automatically extended for an additional year on each anniversary of the Effective Date.** Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible for compensating Gallagher for any services performed prior to the date of termination and Gallagher shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. Compensation

As compensation for its services under this Agreement, Gallagher will receive carrier commissions and/or direct fee owed by the Client, as set forth in the Compensation Disclosure Statement attached hereto as Exhibit B. Additional information regarding Gallagher compensation can also be found in Exhibit B. Gallagher shall disclose the amount of commissions payable to it by each insurance company at the time it presents rates to Client. The Client is responsible for payment of Gallagher's fees (if applicable) within thirty (30) days of invoice receipt. If any amount is not paid in full when due without a good faith basis to withhold, that nonpayment will constitute a material breach of this Agreement that will allow Gallagher to immediately terminate this Agreement.

4. Performance and Scope

(a) Representations and Warranties. Each party represents, warrants and covenants to the other that: (i) it has full power and authority to make, execute, deliver and perform its obligations under this Agreement; (ii) the performance of its obligations pursuant to this Agreement shall be in accordance with all applicable laws; (iii) this Agreement has been duly executed and delivered by an authorized representative of such party and constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (iv) there are no other agreements presently in force which would encumber or prevent either party's compliance with any terms of this Agreement.

(b) Standard of Care. Gallagher will perform its duties, responsibilities and obligations with the care, skill, prudence and diligence that a prudent employee benefits consultant or insurance broker acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims under the circumstances then prevailing. As appropriate, Gallagher will coordinate fiduciary review services and other related duties with the plan's claims administrator and/or insurance carrier(s). However, Gallagher generally does not accept any fiduciary duties or obligations with respect to a plan given that these are typically performed by the plan's claims administrator or insurance carriers.

(c) Reliance. In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives and reasonably believed by Gallagher to be genuine and authorized by the Client.

(d) No Practice of Law. Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute the unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(e) Subcontractors. Gallagher may cause another person or entity, as a subcontractor of Gallagher, to provide some of the services required to be performed by Gallagher hereunder; provided that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall seek prior written approval from Client for any subcontractors providing substantive consulting, professional or managerial services. Prior written approval shall not be required for clerical, office, secretarial, IT back-up, administrative or similar support services.

(f) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(g) Acknowledgements. In connection with Gallagher's services under this Agreement, Client agrees that:

(i) Although Gallagher will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies Gallagher has accessed are the only or are the best suited ones to insure the Client's risks. The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.

(iii) The compensation payable to Gallagher is solely for the services set forth under this Agreement, as detailed in Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

5. *Confidentiality*

(a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement (“Confidential Information”). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher’s reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement. Unless prohibited by law, Gallagher shall provide Client with any such subpoena or order and an opportunity to object prior to disclosure. Furthermore, Gallagher will limit disclosure to that information required to be disclosed under the terms of the subpoena or order and will reasonably cooperate with Client (at Client’s expense) to limit such disclosure.

(b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. When required, the Client, as a representative of the health plans and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party’s prior consent.

(d) Aggregated Data. Gallagher shall own any non-identifying, aggregated and statistical data that might be derived from providing services to Client (the “Aggregated Data”). Nothing herein shall be construed as prohibiting Gallagher from utilizing the Aggregated Data for purposes of operating Gallagher’s business. Gallagher shall not: (i) disclose to any third party any Aggregated Data that reveals Client’s identity or its Confidential Information; or (ii) reveal the identity, whether directly or indirectly, of any individual whose specific data might be used by Gallagher on behalf of Client.

6. *Limitation of Liability*

Notwithstanding any other term or provision of this Agreement, neither party shall be liable to the other for any exemplary, special indirect, incidental, consequential or punitive damages (including but not limited to lost profits) which may result from the other party’s action or its failure to perform any term or condition of this Agreement or whether such liability is based upon tort, strict liability, breach of warranties, failure of essential purpose or otherwise and if advised of the possibility of such damages. This provision applies to the fullest extent permitted by applicable law. The aggregate liability under this Agreement, if any, of either party to the other for claimed losses or damages shall not exceed \$20,000,000. This provision applies to the fullest extent permitted by applicable law.

7. *Notices*

Any notices, requests or other communications pursuant to this Agreement will be addressed to the party at its address listed below. Such notices will be deemed to have been duly given, (i) if delivered in person or by courier, upon delivery; (ii) if sent by an overnight service with tracking capabilities, upon receipt; (iii) if sent by registered or certified mail, postage prepaid, within five (5) days of deposit in the mail; or (iv) if sent by fax or electronic mail, at such time as the party which sent the notice receives confirmation of receipt by the applicable method of transmittal.

If to the Client: City of Fayetteville, Arkansas
 Attention: Brenda Reed
 113 West Mountain
 Fayetteville, AR 72701

If to Gallagher: Gallagher Benefit Services, Inc.
 Attention: Jacob Salinas
 300 S. Jefferson, Ste. 600N
 Springfield, MO 65806

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

8. *Miscellaneous*

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B, which may occur upon unilateral approval of the Client, this Agreement may be modified or amended only by a written instrument executed by both parties. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(c) Waiver. No covenant, term or condition or the breach thereof will be deemed waived, except by written consent of the party against whom the waiver is claimed. Any waiver by either party hereto of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver be construed as a waiver of such provision with respect to any other event or circumstance, whether past, present or future.

(d) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Arkansas without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(e) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(f) Survival of Provisions. Sections 5 and 6 will survive the termination of this Agreement.

**[The remainder of this page intentionally left blank.
The parties' signatures appear on the following page.]**

IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed on the date first written above.

CITY OF FAYETTEVILLE, ARKANSAS

By: _____

Name: Lioneld Jordan

Title: Mayor

Date: _____

GALLAGHER BENEFIT SERVICES, INC.

By: _____

Name: Rachel Rakey

Title: Area President

Date: 11-8-17

EXHIBITA SCOPE OF SERVICES

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the following Services to Client on an “as needed” basis:

RENEWAL ANALYSIS:

- Review and evaluate carrier projections
- Prepare “shadow” renewal projection
- Create financial modeling reports using proprietary Apex software
- Coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop “working” rates for Client analysis and approval
- Assist with budget projections
- Provide renewal alternatives with cost impact of benefit plan changes

PERIODIC PLAN FINANCIAL REPORTS: (FREQUENCY TO BE MUTUALLY AGREED UPON)

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):

- Executive summary of program expenses
- Comparison of current costs to renewal costs
- Incurred But Not Reported (IBNR) claims analysis
- Overview of specific Stop-loss projections
- Future plan costs projections
- Dollars saved by contract negotiation
- Percent of benefit dollars paid by employee
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:

- Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- Manage the renewal process with the current carrier to control costs
- Implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data

- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:

- Provide legislative updates, including Technical Bulletins and Directions newsletters
- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

DAY TO DAY ADMINISTRATIVE ASSISTANCE

EMPLOYEE EDUCATION PROGRAMS:

- Facilitate focus groups
- Monthly benefit communication directed to employees
- Educational meetings on coverage and trends

COMMUNICATION MATERIALS:

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and employee meeting materials
- Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- Assist with participant wellness initiatives, as directed by Client

BENEFIT ADMINISTRATION ASSESSMENT:

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan “best practices” to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

BENEFIT PLAN DESIGN (OR REDESIGN):

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package – e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

MARKET BENCHMARKING STUDIES:

- Local Area Surveys
- Industry Surveys

COORDINATE AND MANAGE AMERICAN FIDELITY BENEFITS ADMINISTRATION SOFTWARE SERVICES

- Gather information and assist Client with accessing and using American Fidelity's services.
- Serve as the primary liaison between Client and American Fidelity.
- American Fidelity shall provide the following services at no additional cost to Client in its capacity of insurance carrier of coverages selected by Client:
 - Provide Employee Education and Communication prior to annual Open Enrollment
 - Conduct Group Meetings prior to Open Enrollment
 - Facilitate One-on-One Benefit Reviews with each employee during Open Enrollment
 - Perpetual Onboarding with New Employees for enrollment of benefit plan options
 - Provide Health Flexible Spending Account & Dependent Day Care support and enrollment and no additional cost to the Client
 - Provide the Client ACA 6055/6056 Tracking and Reporting services at no additional cost through WorxTime, a preferred vendor partner
- American Fidelity shall also make AFEnroll site available to HR throughout the plan year that includes:
 - Provide HR access to real-time online administrative service features
 - Provide HR access to online reporting functions.
 - Provide links to electronic EOF questionnaires where required by carriers for life or disability coverage requests.
 - Send recurring eligibility data feed to 3rd party carrier systems
 - Send recurring deduction codes to Client's payroll system (if requested).
 - Create 834 data interfaces – Configuration of carrier export file based on carrier requirements and ability to accept data
 - Create data feeds in American Fidelity Standard Format
 - Custom create non-834 data interfaces
 - Conduct Annual Renewal Configurations (for each new carrier or change in data feed requirements at renewal).
 - Provide Standard Feed formats (Excel)
- Client shall receive at least 60 days' written notice from Gallagher prior to any proposed price changes for American Fidelity services or changes in American Fidelity scope of services, including American Fidelity terminating its services to Client.
- Client shall provide Gallagher with at least 60 days' written notice prior to any proposed changes in Client's utilization of American Fidelity services, including Client terminating its use of American Fidelity benefits software.
- Gallagher and the Client mutually agree that Gallagher shall not be liable for services to be provided by American Fidelity.

Retirement Services*: Subject to any changes and additions as may be mutually agreed by the parties in writing, Gallagher will provide the following retirement consulting services:

Vendor Management and Benchmarking

- On-going management of selected vendor
- On-going fee and service negotiations
- Provide Plan Benchmarking (including performance and fees)
- Provide Fee Benchmarking
- Periodic Recordkeeper/Vendor RFP support
- Ongoing plan review and design analysis
- Benchmarking trends in retirement plan savings and administration
- Coordinate development of written recommendations for enhancements, modifications and/or additions

- Service calendar to serve as a multi-year plan and timeline of retirement services provided to the committee and to assist the committee with following the best practices in overseeing the plan
- Support for retirement plan issues

Plan Governance, Compliance & Committee Process Support

- Committee training and education
- Support and documentation of Retirement Committee
- Capture meeting minutes for Committee through onsite meetings or conference calls
- Provide best practice plan governance to assist the Committee on how it is best structured and maintained to make well advised plan decisions
- Monitor potential legal and compliance issues
- Updates on legislative and regulatory changes
- White papers, technical bulletins, webcasts

Participant Communication and Education

- Develop and monitor communication and education strategy in coordination with Plan Vendor and the Gallagher Well-Being Team to assist the committee in establishing goals and metrics to evaluate program effectiveness
- Coordinate strategy with provider
- Monitor communication objectives and benchmarks
- Financial wellness integration with wellness team

**It is understood and agreed that any such services provided by Gallagher does not guarantee that the actions taken will safeguard the Client from liability and that any such services provided by Gallagher shall not constitute the practice of law. Gallagher is not authorized to practice law. Accordingly, the Client should consult with its own legal advisers regarding compliance with applicable law, including without limitation Employee Retirement Income Security Act of 1974 (ERISA) and the U.S. Internal Revenue Code (IRC).*

EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT

Line of Coverage/Service	Insurance Company	Commission ¹ / Supplemental Compensation ²	Third Party Compensation	Direct Client Fees ³	Effective Date
Consulting Services	n/a	n/a	n/a	\$80,000	01/01/2018

It should also be noted that:

- Gallagher is not an affiliate of the insurer or vendor whose contract is recommended. This means the insurer or vendor whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of Gallagher.
- Gallagher’s ability to recommend other insurance contracts or vendors is not limited by an agreement with any insurance carrier or vendor and Gallagher is effecting the transaction for applicable plan(s) in the ordinary course of Gallagher business. Thus, pertinent transaction(s) are at least as favorable to the applicable plan(s) as an arm’s length transaction with an unrelated party.
- Gallagher is not a trustee of the plan(s) and is neither the Plan Administrator of the plan(s), a Named Fiduciary of the plan(s), nor an employer which has employees in the plan(s).

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher’s and Gallagher affiliates’ income before purchasing an insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and Gallagher⁵. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher’s compensation arrangements, please visit www.ajg.com/compensation. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com.

¹ Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of “finders’ fees” or other fees to Gallagher for a transaction or service involving the plan.

² Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commissions.

³ Direct Fees include compensation to Gallagher paid for directly by the plan sponsor/Client.

⁴ Which allows an exemption from a prohibited transaction under Section 408(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

⁵ In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.