

Gallagher Pricing Proposal

Sourcewell RFP #012125

Risk Management, Employee Benefits, and Insurance Consulting Services

1. Either Fee for Line of Coverage or Percentage Discount from Full Commission, or a combination of these:

- a. Fee for Line of Coverage or services provided.**
- b. Percentage Discount from Full Commission paid on each line of coverage provided.**

See our answer to question #67.

Regarding compensation structure, we can accept fees, commissions, or a combination of both for our brokerage and consulting services.

Regardless of the chosen compensation method, Gallagher's standard operating policy mandates timely disclosure of all revenue related to services or products provided to or placed on behalf of the client. Clients can expect to receive a compensation disclosure at least once a year. Transparency is a fundamental principle of the Gallagher Way.

An important part of our value proposition is our guaranteed cost structure. Gallagher uniquely offers a proposal that provides a broad and deep set of services under a fixed fee structure. Our proposal includes a realistic budget that will not change over time because of an increased number of meetings, phone calls, or unanticipated work. Our fees are not based on billable hours and assumptions but represent the cost to get the work done right at a market rate that is defined and manageable for clients.

Should payment be via a fee, the preferred method of payment is ACH. We can invoice monthly, quarterly, bi-annually, or annually.

2. The proposer's not to exceed price. A not to exceed price is the highest price for which products, or services may be billed to a Participating Entity. However, it is permissible for suppliers to sell at a price that is lower than the agreed upon price.

See our answer to question #67.

Since there are so many variables included in our approach to pricing each client engagement, we cannot provide a "not to exceed price." We'd be happy to give you pricing scenarios, should we move to a finalist stage.

3. Stated in U.S. and Canadian dollars (as applicable).

See our answer to question #67.

Our pricing proposal is in USD.

4. Clearly understandable, complete, and fully describe the total cost of acquisition (e.g., the cost of the proposed products, and services delivered and operational for its intended purpose in the Participating Entity's location).

See our answer to question #70.

Here is an explanation of the cost of our brokerage and consulting services.

Property & Casualty

Insurance services, or policies, are priced based on the appropriate exposure data for each specific coverage. This may include number of planes or vehicles for aviation or auto coverage, revenue for general liability coverage, value, location, and construction type, for property coverage, payroll for Workers' compensation, etc.

Benefit Services

Our Employee Benefit Brokerage & Consulting pricing is activated through a quote. There are too many variables in the insurance market to provide established pricing. The insurance market is structured by the size of the employer (full-time employee count). Smaller employers are likely to be fully-insured, while mid to large sized employers can take on more risk and can be self-funded. Claims reporting and customization varies by funding method, so the services and recommendations we can provide are dependent on these variables. As such, we develop a scope of work and corresponding compensation schedule that matches the scope of work.

To appropriately quote potential clients, we will require the following information:

- Total number of full-time, benefit eligible employees
- Total number of employees enrolled in the medical plan
- Medical renewal month
- State(s) where employees are located
- Medical coverage for non-full-time employees (i.e. part-time employees, retirees, etc.)
- Medical Plan Funding arrangement (fully-insured or self-funded)
- If self-funded, is your stop loss and/or Pharmacy Benefit Manager carved in or out
- Number of onsite employee education and/or committee meetings required

5. Proposers should clearly identify any costs that are NOT included in the proposed product or service pricing. This may include items such as installation, set up, mandatory training, or initial inspection. Include identification of any parties that impose such costs and their relationship to the proposer. Additionally, proposers should clearly describe any unique distribution and/or delivery methods or options offered in the proposal.

See our answer to question #74.

We do not charge additionally for travel (lodging, airfare, meals), to meet with our clients. Mail and shipping charges may apply, should a client request shipping fulfillment of employee communications materials.

Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

IMPORTANT: The proposal and/or any executive summaries outline certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. The insurance policies themselves must be read to fully understand the terms, coverages, Exclusions including but not limited to: limitations and/or conditions of the actual policy contract of insurance. Policy forms will be made available upon request. We make no warranties with respect to policy limits or coverage considerations of the carrier.

Compensation Disclosure

1. Gallagher Companies are primarily compensated from the usual and customary commissions, fees or, where permitted, a combination of both, for brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which may vary based on market conditions and the insurance product placed for the client.

2. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent and supplemental commission arrangements with intermediaries and insurance companies that provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company. If you do not wish to have your commercial insurance placement included in consideration for additional compensation, contact your producer or service team for an Opt-out form.

3. Gallagher Companies may receive investment income on fiduciary funds temporarily held by them, or from obtaining or generating premium finance quotes, unless prohibited by law.

4. Gallagher Companies may also access or have an ownership interest in other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace some of which may earn and retain customary brokerage commission and fees for their work.

If you have specific questions about any compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

TRIA/TRIPRA Disclaimer

If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the amendments to TRIA eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the amendments passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations. TRIPRA includes a \$100 billion cap on insurers' aggregate liability.

TRIPRA is set to expire on December 31, 2027. There is no certainty of extension, thus the coverage provided by your insurers may or may not extend beyond December 31, 2027. In the event you have loan covenants or other contractual obligations requiring that TRIA/TRIPRA be maintained throughout the duration of your policy period, we recommend that a separate "Stand Alone" terrorism policy be purchased to satisfy those obligations.

Property Estimator Disclaimer

These property values were obtained using a desktop Property Estimator software operated by non-appraisal professionals. These property values represent general estimates which are not to be considered a certified appraisal. These property values include generalities and assumptions that may produce inaccurate values for specific structures.

Terms and Conditions



It is important that we clearly outline the nature of our mutual relationship. The following terms and conditions (these “Terms”) govern your relationship with Gallagher unless you have separately entered into a written services agreement with Gallagher relative to the policies and services outlined in this Proposal, in which case that services agreement will govern and control with respect to any conflicts with these Terms. These Terms will become effective upon your execution of the Client Authorization to Bind Coverage (the “**CAB**”) included in this Proposal and shall survive for the duration of your relationship with Gallagher relative to the policies placed pursuant to the CAB or otherwise at your request.

Services

Gallagher will represent and assist you in all discussions and transactions with insurance companies relating to the lines of insurance coverage set forth in the CAB and any other lines of insurance coverage with which you request Gallagher's assistance. Gallagher will consult with you regarding any matters involving these or other coverages for which you have engaged Gallagher. You have the sole discretion for approving any insurance policies placed, as well as all other material decisions involving your risk management, risk transfer and/or loss prevention needs.

Although you are responsible for notifying applicable insurance companies directly in connection with any claims, demands, suits, notices of potential claims or any other matters as required by the terms and conditions of your policies, Gallagher will assist you in determining applicable claim reporting requirements.

Treatment of Information

Gallagher understands the need to protect the confidentiality and security of your confidential and sensitive information and strives to comply with applicable data privacy and security laws. Your confidential and sensitive information will be protected by Gallagher and only used to perform services for you; provided that Gallagher may disclose and transfer your information to our affiliates, agents or vendors that have a need to know such information in connection with the provision of such services (including insurance markets, as necessary, for marketing, quoting, placing and/or servicing insurance coverages). We may also disclose such information as required by applicable data protection laws or the order of any court or tribunal, subject to our providing you with prior notice as permitted by law.

We will (i) implement appropriate administrative, physical and technical safeguards to protect personal information; (ii) timely report security incidents involving personal information to affected parties and/or regulatory bodies; (iii) create and maintain required policies and procedures; and (iv) comply with data subjects' rights, as applicable. To the extent applicable under associated data protection laws, you are a “business” or “controller” and Gallagher is a “service provider” or “data processor.” You will ensure that any information provided to Gallagher has been provided with any required notices and that you have obtained all required consents, if any and where required, or are otherwise authorized to transfer all information to Gallagher and enable Gallagher to process the information for the purposes described in this Proposal and as set forth in Gallagher's Privacy Policy located at <https://www.ajg.com/privacy-policy/>. Gallagher may update its Privacy Policy from time to time and any updates will be posted to such site.

Dispute Resolution

Gallagher does not expect that it will ever have a formal dispute with any of its clients. However, in the event that one should arise, we should each strive to achieve a fair, expedient and efficient resolution and we'd like to clearly outline the resolution process.

- A. If the parties have a dispute regarding Gallagher's services or the relationship governed by this Proposal (“**Dispute**”), each party agrees to resolve that Dispute by mediation. If mediation fails to resolve the Dispute, you and Gallagher agree to binding arbitration. Each party waives all rights to commence litigation in court to resolve a Dispute, and specifically waives all rights to pursue relief by class action or mass action in court or through arbitration. However, the parties do not waive the ability to seek a court order of injunction in aid of the mediation and arbitration required by these Terms.
- B. The party asserting a Dispute must provide a written notice (“**Notice**”) of the claim to the other party and to the American Arbitration Association (“**AAA**”) in accordance with its Commercial Arbitration Rules and Mediation Procedures. All Dispute resolutions will take place in Chicago, IL, unless you and Gallagher agree to another location. The parties will equally divide all costs of the mediation and arbitration proceedings and will each pay their own attorneys' fees. All matters will be before a neutral, impartial and disinterested mediator or arbitrator(s) that have at least 20 years' experience in commercial and insurance coverage disputes.
- C. Mediation will occur within sixty (60) days of filing the Notice with the AAA. Mediation results will be reduced to a memorandum of understanding signed by you, Gallagher and the mediator. A Dispute that is not resolved in mediation will commence to binding arbitration. For Disputes in excess of \$500,000, either party may elect to have the Dispute heard by a panel of three (3) arbitrators. The award of the arbitrator(s) must be accompanied by a reasoned opinion



prepared and signed by the arbitrator(s). Except as may be required by law, neither you, Gallagher, nor a mediator or arbitrator may disclose the existence, content or results of any Dispute or its dispute resolution proceeding without the prior written consent of both you and Gallagher.

Electronic Delivery

In lieu of receiving documents in paper format, you agree, to the fullest extent permitted by law, to accept electronic delivery of any documents that Gallagher may be required to deliver to you (including, but not limited to, insurance policies and endorsements, account statements and all other agreements, forms and communications) in connection with services provided by Gallagher. Electronic delivery of a document to you may be made via electronic mail or by other electronic means, including posting documents to a secure website.

Miscellaneous Terms

Gallagher is engaged to perform services as an independent contractor and not as your employee or agent, and Gallagher will not be operating in a fiduciary capacity.

Where applicable, insurance coverage placements and other services may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees to the Internal Revenue Service, various State(s) departments of revenue, state regulators, boards or associations. In such cases, you will be responsible for the payment of the taxes and/or fees, which Gallagher will separately identify on related invoices.

The Proposal and these Terms are governed by the laws of the State of Illinois, without regard to its conflict of law rules.

If an arbitrator/court of competent jurisdiction determines that any provision of these Terms is void or unenforceable, that provision will be severed, and the arbitrator/court will replace it with a valid and enforceable provision that most closely approximates the original intent, and the remainder of these Terms will remain in effect.

Except to the extent in conflict with a services agreement that you may enter into with Gallagher, these Terms and the remainder of the Proposal constitute the entire agreement between you and Gallagher with respect to the subject matter of the Proposal, and supersede all prior negotiations, agreements and understandings as to such matters.



CLIENT COVERAGE ACKNOWLEDGMENT AND COMPENSATION DISCLOSURE STATEMENT FOR INSERT FULL LEGAL CLIENT NAME (“Client”)

Gallagher Benefit Services, Inc. (“Gallagher”) will seek those insurance companies it believes are best suited to meet Client stated objectives. The final decision to choose any insurance company, policy or vendor has been made by Client in its sole discretion. Client understands and agrees that Gallagher does not insure Client’s risks, nor guarantee the financial solvency or performance of any insurance company. The Client, or other policy owner, is responsible for immediate payment of premiums for all insurance placed by Gallagher on Client’s behalf. If any premium amounts or fees are not paid in full when due, the insurance company may cancel any applicable policies in accordance with the policy terms.

The following is the disclosure of commissions and/or fees payable to Gallagher for brokerage and/or consulting services to Client’s Group Health and Welfare Plan(s) and any relationships or agreements Gallagher has with any insurance companies or vendors selected by Client. Gallagher will receive the initial and renewal sale commissions expressed as a percentage of gross premium payments or fees. Client may terminate Gallagher’s brokerage and/or consulting services for convenience by providing ninety (90) days written notice to Gallagher (notice by email shall be sufficient for this purpose).

Line of Coverage / Services ¹	Company	Commission ²	Third Party Compensation	Direct Fees ³	Effective Date
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- Gallagher is not an affiliate of any of the insurance companies or vendors above. These insurance companies do 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 companies or vendors is not limited by an agreement with these insurance companies or vendors.
- Gallagher is providing services to the Plan(s) in the ordinary course of Gallagher’s business. The terms being offered to Client are at least as favorable to the Plan(s) as an arm’s length transaction with an unrelated party.

¹ Services provided relative to the above lines of coverage include Benefits strategy consulting and design, to include funding evaluation options, financial reporting, as appropriate, based on funding arrangement, and vendor support; Plan management services, to include plan marketing and evaluation services; Renewal support, coordination, and oversight; Annual enrollment support, including drafting assistance for employee communications; Legislative compliance support in the form of updates, materials, and guidance; and Administrative support as mutually agreed to by the parties. Refer to your consulting agreement for further details on services, if applicable.

² Commissions include commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, insurance service, or vendor. 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.

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



Insurance | Risk Management | Consulting

- 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). Gallagher shall not exercise discretionary authority or control with respect to plan management, the disposition of plan assets or plan administration.
- Gallagher's liability to Client, or any party claiming by or through Client, on account of or relating to the provision of services by Gallagher shall not exceed \$1 million⁴, in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for direct damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.
- Gallagher may receive supplemental compensation from insurance carriers and vendors, normally calculated at the end of each calendar year, that are contingent on a number of factors including the overall number of employer plans represented, plan retention rates, and overall premium growth. Historically, supplemental compensation has ranged, on average, between 0-3% based on specific carrier programs. These plans have no effect on premiums. Further, Gallagher may receive non-cash compensation from plan vendors or service providers that are not in connection with any particular client. If you have any questions regarding direct or indirect compensation received by Gallagher, contact your dedicated Gallagher advisor or refer to the Gallagher Global Standards of Business Conduct.

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 the insurance product and/or vendor services and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁵, which protects both Client and Gallagher⁶, and the disclosure requirements under ERISA §408(b)(2), as amended by Div. BB, Title II, §202 of the Consolidated Appropriations Act, 2021. Disclosure must be made to responsible 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, visit www.ajg.com/us/about-us/disclosures. In the event a Client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com.

Thank you for your business and continued confidence in the services Gallagher provides to you and your employees. We sincerely appreciate the opportunity to serve Insert Client Name. Please contact your Gallagher advisor if you have questions regarding this information or would like more detail.

Accepted by: **FULL LEGAL CLIENT NAME**

GALLAGHER BENEFIT SERVICES, INC.

By

Name

Title

Date

By

Name

Title

Date

⁴ If Client has executed a consulting, or other services, agreement currently in effect with Gallagher that contains a limitation of liability, the limitation specified herein shall be disregarded and the limitation in the executed agreement shall control for all purposes.

⁵ Which allows an exemption from a prohibited transaction under Section 408(a) of the **Employee Retirement Income Security Act of 1974 (ERISA)**.

⁶ 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.