

Contractual agreements with insurers and wholesale brokers

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In some jurisdictions, Mercer's Health & Benefits business may enter into agreements, commonly called "agency agreements," that authorize Mercer to solicit the sale of the insurers' products and set forth the terms of trade between Mercer and the insurers. Your Mercer producer will advise you in writing of the actual commission or rate to be earned by Mercer upon the placement of your insurance policy with a prospective insurer. Your Mercer producer will also advise you in writing if Mercer is authorized to bind coverage on behalf of the prospective insurer or if Mercer manages the prospective insurer. Mercer does not usually enter into agency or similar terms of trade agreements with wholesale brokers. Your Mercer producer will advise you in writing if it will be necessary or advisable to use the services of a wholesale broker to access a particular insurance market, and will advise you in writing whether the wholesale broker is affiliated with Mercer and will provide the rate of any commissions or fees to be earned by Mercer if it uses the services of the wholesale broker.

Aside from the agency agreements, which are usually necessary to complete placements on your behalf, Mercer and other wholly owned subsidiaries of its parent, Marsh & McLennan Companies, have a significant number of contractual relationships with insurance companies that, except as specifically identified to you, do not directly bear upon Mercer's compensation in its placement activities on your behalf. These contractual relationships are further described below.

Mercer and its sister companies provide many insurers and reinsurers with management and actuarial consulting services; rate review and loss reserving analysis; litigation support services, including expert testimony, economic modeling and consulting, business valuation services,

investment advice, employee benefit consulting, benefit plan administration, health and welfare insurance brokerage services, and compensation plan consulting.

Mercer's sister company, Marsh, provides many insurers and reinsurers with insurance brokerage services for the carriers' own insurance; claims management software through Marsh STARS; claims administration services; management of single-parent and group captive insurance companies, risk retention groups, and pools; administration of affinity group insurance programs (including enrollment, billing, payment, and customer service); management of general agency services; administration of internet-based insurance placing facilities; and mergers and acquisitions due diligence and consulting services. Guy Carpenter, another Mercer sister company, provides reinsurance brokerage services to many insurers globally.

Mercer and its sister companies may provide similar services to wholesale brokers and will specifically advise you if any of those services directly bear upon Mercer's compensation in its placement activities on your behalf.

The list of insurers and wholesale brokers with which Marsh & McLennan Companies or one or more of its sister companies have some form of contractual arrangement covering the types of services described above is lengthy and changes on a regular basis as new engagements are undertaken and in-process projects are completed. In some cases, contractual relationships may be of significant value to one or more of Mercer's sister companies. However, except as specifically identified to you, those relationships do not bear upon Mercer's compensation in its placement activities on your behalf.