Compensation Guide for US Clients
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About Marsh

A global leader in insurance broking and innovative risk management solutions, Marsh’s 35,000 colleagues advise individual and commercial clients of all sizes in over 130 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy and people. With annual revenue approaching US$17 billion and nearly 76,000 colleagues worldwide, MMC helps clients navigate an increasingly dynamic and complex environment through four market-leading firms.

In addition to Marsh, MMC is the parent company of Guy Carpenter, Mercer, and Oliver Wyman. Follow Marsh on Twitter @MarshGlobal; LinkedIn; Facebook; and YouTube, or subscribe to BRINK.
Our Client Business Segments

As an insurance broker, Marsh’s role is to facilitate the placement of insurance coverage on behalf of our clients. We are committed to obtaining the insurance products and risk management solutions that meet our clients’ needs. Below is a brief summary of Marsh’s principal insurance broking business segments for US clients:

Risk Management
Our Risk Management segment focuses on clients with a broad footprint that require a global service team. Marsh serves more than 400 of the Fortune 500 companies. Accessing global placement and industry experts, and market data and knowledge, Marsh brokers provide insurance services to clients with highly complex insurance and risk-funding program needs, and a wide array of risk management consulting requirements.

Corporate
The Corporate segment, which comprises significant portions of what has been our middle market practice, serves midsize domestic firms whose needs vary depending on industry, size, geography, and the competitive environment in which they operate. A number of Corporate clients have full-time risk managers, but many do not.

Marsh & McLennan Agency
Marsh & McLennan Agency (MMA) serves the risk prevention and insurance needs of middle market companies in the United States and Canada. Operating separately but in coordination with Marsh’s other insurance broking operations, MMA offers a broad range of commercial property, casualty, and surety solutions as well as employee health and benefits, retirement planning and program administration and life insurance/estate planning services. MMA also provides property and casualty risk management solutions to high-net worth individuals, families and their advisors.

Affinity and Private Client Services
Marsh operates business units that focus on affinity-based program marketing, broking and administration and also provides property and casualty insurance services to high net worth individuals. Sponsored Programs is a program business that customizes commercial insurance programs to meet the needs of franchisors/franchisees, independent contractors, and other networks of entities and their affiliates. Focusing primarily on providing property and casualty risk management solutions, Private Client Services serves high-net-worth individuals, families, and their advisors.

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1 Risk Management and Corporate comprise what is sometimes referred to as Marsh’s “core” US broking operations.

Our Commitment to Transparency and Compliance

Marsh prides itself on being the industry leader in transparency and compensation disclosure. We are committed to maintaining the industry standard we have set for ethical business practices and client service. To fulfill that commitment, we pledge to our US clients that we will:

- Disclose the roles we perform in the insurance transaction.
- Disclose our interests in and compensation arrangements with insurers.
- Disclose — automatically in our core broking segments and upon request in other segments — the specifics of all quotes and premium indications we receive from insurers on our clients’ behalf.
- Promptly respond to client requests for additional information about our compensation.

In addition, when interacting with insurers on our client’s behalf, we will perform the following market activities where we believe it to be in the client’s best interest or at the client’s instruction:

- Disclose to a prospective insurer the names of the incumbent insurer or other prospective insurers.
- Provide insurers with a pricing objective (such as a target price or range).
- Provide insurers with the terms of the expiring policy, including expiring pricing.
- Provide one or more insurers with the terms of a quote received from another insurer.
- Provide an insurer an opportunity to submit an improved quote after all other competing final quotes have been received (i.e., a “last look”).

We have reinforced our commitment to transparency and compliance with a comprehensive compliance program that includes:

- A network of trained compliance specialists throughout the world.
- Detailed compliance procedures.
- Ethics and compliance training.
- Regular transaction monitoring and auditing to make sure we live up to our standards.
- A hotline for any questions or complaints.
- Regular reports to our board of directors.
Our Compensation

We are compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Marsh or its affiliates may receive compensation for insurance brokerage and client advisory services through one or a combination of the methods listed below.

- **Retail Commissions:** A retail commission is paid to Marsh by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client. Retail commission rates can vary from transaction to transaction.

- **Client Fees:** Some clients may negotiate a fee for Marsh’s services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided, the compensation to be paid to Marsh, and the terms of Marsh’s engagement. The fee may be collected in whole or in part through the crediting of retail commissions collected by Marsh for the client’s placements.

- **Wholesale Broking Commissions:** Marsh may act as a wholesale insurance broker for some transactions. In these placements, Marsh is engaged by a retail broker (which may include Marsh’s retail broking operations) that has the direct relationship with the insured. As the wholesaler, Marsh may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail broker does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.

- **Insurer Consulting Compensation:** Marsh receives compensation from insurers for providing consulting, data analytics, or other services. The services are designed to improve the product offerings available to our clients, assist insurers in identifying new opportunities, and enhance insurers’ operational efficiency. The scope and nature of the services vary by insurer and by geography. This compensation can be paid in the form of a fixed fee, a percentage of premium, or a combination of both.

- **Contingent Commissions:** Some insurers agree to pay contingent commissions to brokers who meet set goals for all or some of the policies the brokers place with the insurer during a given year or other time period. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.

- Marsh does not accept contingent commissions on domestic placements for US clients served by our core US broking operations, except in connection with employee health and benefits placements or in the capacity of managing general agent or underwriting manager. Marsh & McLennan Agency and Private Client Services accept contingent commissions.

- **Supplemental Commissions:** Some insurers agree to pay brokers supplemental commissions, which is compensation that is based on a broker’s performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.

- **Compensation for Insurer Administration and Other Services:** Marsh or its affiliates operate certain panels, facilities, quota shares, line slips and other placement arrangements with insurers. Marsh or its affiliates receive separate compensation relating to the administration and management of these arrangements that is in addition to any other fee or commission earned by Marsh.

- **Other Benefits or Compensation:** Marsh may, from time to time, participate in insurance company promotional events or employee training and development provided by insurers. Sometimes, Marsh is reimbursed by insurers for its costs related to promotional marketing. Marsh also earns interest and other income on premium accounts, as paid to us by the financial institutions where insurance premiums are held prior to remittance to insurers. Marsh sometimes receives payments for referring clients to other service providers.

For more information on Marsh’s compensation, please contact your client executive, client manager, or account representative.
Other Information

In addition to its insurance brokerage and client advisory services, Marsh and/or its affiliates have a number of businesses dedicated to the small commercial segment and to developing technology that helps clients and the industry achieve its digital future.

These include:

- Torrent Technologies, a servicing agent for the National Flood Insurance Program (NFIP) Direct and many NFIP Write Your Own (WYO) companies, provides insurers and their agents with cloud-based technology solutions and back-office services to help their clients access flood insurance in the United States.

- Victor Insurance Holdings, the largest managing general underwriter (MGU) in the world with locations in the United States, Canada, United Kingdom, Bermuda, Netherlands and Italy. With deep, specialized underwriting expertise, the company provides a wide range of insurance coverage — from specialty property and casualty to professional liability to group and retiree benefits. Victor’s offerings include ICAT, a leading provider of property insurance protection to homeowners and businesses located in hurricane- and earthquake-exposed regions of the United States, and Dovetail Insurance, which provides a growing range of insurance products for businesses and organizations through its innovative cloud-based platform, matching the right carrier with the right customer via a broad agent network.

Marsh also provides a variety of products and services to help clients get the most of their insurance programs, to understand and mitigate their risks and to consider non-insurance solutions. Our global Client Advisory Services teams include Marsh Risk Consulting, dedicated to providing clients with advice and solutions across a comprehensive range of insurable and non-insurable risks, Claims Advisory and Advocacy, Risk Analytics and Marsh Captive Solutions.

From time to time, Marsh LLC and Marsh USA Inc. enter into agreements with clients on behalf of themselves and as agent for non-US Marsh affiliates with respect to the services each provides pursuant to those agreements. For a list of Marsh’s non-US affiliates, please visit: http://global.marsh.com/about/Transparency.php.

Marsh and its subsidiaries or affiliates own equity interests in a small number of insurers or reinsurers. A current list of those equity interests can be viewed at: http://global.marsh.com/about/Transparency.php.

Marsh is affiliated with other insurance-related entities that may perform services associated with a Marsh client’s account.

Mercer is a premier human resource consulting firm that may provide health and benefits consulting and insurance placement expertise to Marsh clients. Guy Carpenter & Company is a leading reinsurance broker, and it may place reinsurance for insurance companies that insure a client’s risk through Marsh. Oliver Wyman is a global leader in management consulting that may provide actuarial or consulting services for Marsh clients.

Marsh is compensated for assisting its clients in obtaining premium financing, including through AECC Premium Credit CCC, a joint venture between Marsh USA Inc. and AFCO Credit Corporation.
Questions? Just ask.

We encourage you to ask questions regarding any aspect of your relationship with Marsh. Please feel free to ask a member of your account team.

If you wish to raise issues, express concerns, or file a complaint regarding compensation paid or payable to us by insurers or any other third parties, please contact our Ethics & Compliance line at 800-381-2105, 24 hours a day, seven days a week.