



Marsh & McLennan Agency: Compensation Guide for U.S. Clients

About Marsh & McLennan Agency

The Marsh & McLennan Agency (MMA) is dedicated to serving the insurance needs of middle market companies in the United States. Our clients demand local service excellence and require outstanding products and solutions that meet their needs. At MMA, we recognize that the middle market utilizes a distinctive paradigm, much different from that of national or global risk management agencies, and we're here to service those unique needs.

Our Commitment to Transparency and Compliance

Along with our parent company, Marsh USA Inc., we pride ourselves on being the industry leader in transparency and compensation disclosure. We are committed to setting the industry standard for ethical business practices and client service. To fulfill that commitment, we pledge to our U.S. clients that we will:

- disclose the role(s) we perform in the insurance transaction(s);
- disclose the types of compensation we may receive from insurers or others (see below);
- disclose upon our clients' request all quotes and premium indications we receive from insurers on our clients' behalf;
- disclose upon our clients' request the amount of our compensation from insurers and from other third parties; and
- promptly respond to client requests for additional information about our compensation.

We have reinforced this commitment with a comprehensive compliance program that includes:

- a network of experienced compliance specialists;
- thorough compliance procedures;
- ethics and compliance training;
- regular transaction monitoring and auditing to make sure we live up to our standards;
- regular reports to our board of directors.

These initiatives translate into many benefits for our clients, including:

- a clear understanding of how much you are paying us;
- a clear understanding of what you are paying us to do; and
- the ability to evaluate our services and any potential conflicts of interest, much as you evaluate services you purchase from other professionals.

Our Compensation

We are compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. MMA may receive compensation through one or a combination of some of the following methods:

- **Retail Commissions** – Insurers pay MMA retail commissions that are a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on the type of insurance product sold, the insurer selected by the client, the location of the risk, the risk classification, or services provided to the insured. Given the wide variety of products available and the size and complexity of the risk, retail commissions generally vary from transaction to transaction.
- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements will be in writing and will set forth the services to be provided, the compensation to be paid by the client to MMA and the terms of the engagement.
- **Contingent Commissions** – Some insurers pay contingent commissions. Contingent commissions are dependent on pre-established metrics, which may include volume, profitability, retention and/or growth thresholds for all or some of the policies MMA places with an insurer during a given period. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of an entire year (or other stated time period), the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Some insurers pay supplemental commissions. Supplemental commissions are calculated as a percentage of premium that is fixed at the beginning of the calendar year and is based on the broker's performance in the prior year. This supplemental commission percentage remains fixed for all policies written during the year (or other stated time period). Unlike contingent commissions, the amount of supplemental commissions is known at the time of the insurance placement. Like contingent commissions, supplemental commissions may be based on volume, profitability, retention and/or growth.

- **Other Benefits or Compensation** – From time to time, MMA may participate in insurance company promotional events or training and development that insurers provide for MMA employees. Sometimes, MMA is reimbursed by insurers for its costs related to promotional marketing (i.e. cooperative advertising and marketing programs). MMA also earns interest and other income on premium accounts in financial institutions that hold insurance premiums pending remittance to the insurance company and may also be compensated for assisting its clients in obtaining premium financing.

Questions? Just Ask.

We encourage you to ask questions regarding any aspect of your relationship with MMA. 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, 7 days a week.