



# KENAI PENINSULA BOROUGH

Purchasing & Contracting  
144 North Binkley Street • Soldotna, Alaska 99669-7520  
Phone (907) 714-2260 • Fax (907) 714-2373  
www.borough.kenai.ak.us/purchasing

**MIKE NAVARRE**  
BOROUGH MAYOR

## MEMORANDUM

**TO:** Mike Navarre, Mayor  
**THRU:** Mark Fowler, Purchasing & Contracting Director *[Signature]*  
**FROM:** Tim Bryner, Risk Manager *[Signature]*  
**DATE:** December 26, 2014

**SUBJECT:** Authorization to Award Contract for RFP15-002 Insurance Broker of Record

The Purchasing and Contracting Office formally solicited and received proposals for the above referenced project. Proposal packets were released and the Request for Proposal was advertised in the Peninsula Clarion on October 27, 2014.

The project consists of providing insurance broker of record services.

On the due date of December 3, 2014 seven (7) proposals were received and ranked by a review committee as follows:

<u>FIRM</u>	<u>TOTAL SCORE</u>
Marsh & McLennan	407
Alliant Insurance Services	393
Parker Smith Feek	354
Alaska USA Insurance Brokers	349
Combs Insurance Agency	334
Hale & Associates	307
Denali Alaskan Insurance	303

The highest ranking proposal, which includes a cost factor, was submitted by Marsh & McLennan Agency with a lump sum cost proposal of \$58,300 annually. The proposal review committee recommends award of a contract to **Marsh & McLennan Agency**. Your approval for this award is hereby requested.

Funding for this project is in account numbers below.

*Mike Navarre*  
\_\_\_\_\_  
Mike Navarre, Mayor

*12/26/14*  
\_\_\_\_\_  
Date

FINANCE DEPARTMENT	
FUNDS VERIFIED	
	<u>FY 15 only</u>
700.11236.00000.43011 - \$7000.00	\$ 7,575.00
700.11237.00000.43011 - \$13,000.00	\$ 14,575.00
Acct. No. 700.11238.00000.43011 - \$6000.00	\$ 7,000.00
Amount <del>\$58,300.00</del>	
* \$29,150.00 FY2015 / \$29,150.00 FY2016 - Please approve funds for verification 2015 only.	
By: <i>pp</i>	Date: <i>12/26/14</i>

*BM*

# PROFESSIONAL SERVICES AGREEMENT

## FOR

### INSURANCE BROKER OF RECORD

THIS AGREEMENT made and entered by and between the KENAI PENINSULA BOROUGH and Marsh & McLennan Agency (MMA).

**Section 1. Definition.** In this Agreement:

1. The term "Borough" means the Kenai Peninsula Borough.
2. The term "Consultant" means MMA.
3. The term "Mayor" means the mayor of the Kenai Peninsula Borough or his authorized representative.

**Section 2. Scope of Services.** The Consultant shall perform all the services provided for by this Agreement:

Attachment A, Request for Proposals  
Attachment B, Addenda  
Attachment C, Consultant's Proposal  
Attachment D, Consultant's Cost Proposal Schedule  
Attachment E, Miscellaneous Forms  
Attachment F, Supplemental Terms

**Section 3. Personnel.** Personnel shall be limited to employees of MMA.

**Section 4. Time of Performance.** The services of the Consultant shall commence January 1, 2015, and shall terminate on December 31, 2017. The period of performance may be extended by mutual written agreement of the parties.

**Section 5. Compensation.**

- A. Subject to the provisions of this Agreement, the Borough shall pay the Consultant a total sum for all services and expenses for the term of this Agreement not exceeding the sum of \$58,300.00 annually.
- B. Except as otherwise provided in this Agreement, the Borough shall not provide any additional compensation, payment, service or other thing of value to the Consultant in connection with performance of Agreement duties. The parties understand and agree that, except as otherwise provided in this agreement, administrative overhead and other indirect or direct costs the Consultant may incur in the performance of its obligations under this Agreement have already been included in computation of the Consultant's fee and may not be charged to the Borough.

**Section 6. Method and Time of Payment.**

- A. Payment shall be made within 30 calendar days from receipt of an approved invoice.

- B. Any expenditures identified as reimbursable under the request for proposal shall be included with the billings for professional services. Billing shall include a summary of expenditures to date by line item categories (e.g., personal services, travel, lodging, telephone, mail, photography, and photo copies). Documentation of expenditures need not be submitted with billings but must be retained by the Consultant in the event the Borough requests said documentation.
- C. No payment will be disbursed until the completed task and associated expenditures have been approved by the Borough.
- D. All invoices must be submitted to and addressed as follows:

Kenai Peninsula Borough  
Risk Management  
144 N Binkley Street  
Soldotna, Alaska 99669

- E. It is expressly understood and agreed that in no event shall the total compensation due the Consultant exceed \$58,300.00.

**Section 7. Ownership.** Work prepared exclusively and specifically for the Client by MMA in connection with the services shall become the exclusive property of the Client; provided that such material may not be shared with external parties without MMA's consent. MMA shall retain all of its rights to its intellectual property (including methodologies, ideas, know-how, techniques, models, tools, skills, knowledge and experience and any graphic representations of any of these) used by it generally or provided generally to clients or possessed by it prior to, or developed or acquired by it, during the performance of services for the Client. MMA shall acquire no rights of ownership subsisting in any material provided by the Client to MMA

**Section 8. Termination of Agreement for Cause.** If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner the obligations under this Agreement or if the Consultant shall violate any of the covenants, agreements, or stipulations of this Agreement, the Borough shall have the right to terminate this Agreement by giving written notice to the Consultant of termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. All finished or unfinished documents, data, studies, surveys and reports or other material prepared by the Consultant under this Agreement are the property of the Borough and shall be delivered to the Borough by or upon the effective date of termination. The Consultant shall be entitled to receive compensation only for work completed to the Borough's satisfaction in accordance with the terms of this Agreement.

**Section 9. Termination for Convenience of Borough.** The Borough may terminate this Agreement at any time by giving written notice to the Consultant of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in Section 8, above, are the property of the Borough and shall be delivered to the Borough by or upon the effective date of termination. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of this Agreement only for work completed to the Borough's satisfaction in accordance with the terms of this Agreement. If this Agreement is terminated due to the fault of the Consultant, Section 8 of this Agreement shall govern the rights and liabilities of the parties.

**Section 10. Causes Beyond Control.** In the event the Consultant is prevented by a cause or causes beyond control of the Consultant from performing any obligation of this Agreement, nonperformance

resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render the Consultant liable for damages or give rights to the cancellation of this Agreement for cause. However, if and when such cause or causes cease to prevent performance, the Consultant shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Consultant and which prevent the performance of the Consultant: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Consultant from performing the terms of this Agreement. Events which are peculiar to the Consultant and would not prevent another Consultant from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Consultant. The Borough will determine whether the event preventing the Consultant from performing is a cause beyond the Consultant's control.

**Section 11. Modifications.**

- A. The parties may mutually agree to modify the terms of this Agreement. Modifications to this Agreement shall be incorporated into this Agreement by written amendments.
- B. It is expressly understood that the Borough may require changes in the scope of services and an unreasonable refusal by the Consultant to agree to modification in the scope of services will be the basis for termination of this Agreement for cause. It is expressly understood that the total amount of compensation for successful performance of this Agreement will not be modified, under any circumstances, without prior written approval of the Borough.

**Section 12. Interest of Members of Borough and Others.** No officer, member or employee of the Borough and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects their personal interest or the interest of any corporation, partnership or association in which they are, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

**Section 13. Assignability.** The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the Borough thereto; provided, however, that claims for money due or to become due to the Consultant from the Borough under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Borough, or the Consultant shall be responsible to the Borough for any moneys due the assignee of this Agreement which are paid directly to the Consultant.

**Section 14. Interest of Consultant.** The Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Consultant further covenants that in the performance of this Agreement no person having any such interest shall be employed.

**Section 15. Findings Confidential.** To the extent permitted or required by law any reports, information, data, etc., given to or prepared or assembled by the Consultant under this Agreement which the Borough requests to be kept confidential shall not be made available to any individual or organization by the Consultant without the prior written approval of the Borough.

**Section 16. Publication, Reproduction and Use of Materials.** No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The Borough shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

**Section 17. Jurisdiction; Choice of Law.** Any civil action arising from this Agreement shall be brought in the superior court for the third judicial district of the state of Alaska at Kenai. The law of the state of Alaska shall govern the rights and obligations of the parties.

**Section 18. Non-Waiver.** The failure of the Borough at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Agreement or any part thereof, or the right of the Borough thereafter to enforce each and every protection hereof.

**Section 19. Permits, Laws and Taxes.** The Consultant shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. All actions taken by the Consultant under this Agreement shall comply with all applicable federal, state, and local regulations including, but not limited to, those laws related to wages, taxes, social security, workers compensation, nondiscrimination, licenses, and registration requirements. The Consultant shall pay all taxes pertaining to its performance under this Agreement.

**Section 20. Agreement Administration.**

- A. The Risk Manager, or his designee, will be the representative of the Borough administering this Agreement.
- B. The services to be furnished by the Consultant shall be administered, supervised, and directed by Brandon Allen, Senior Vice President. In the event that the individual named above or any of the individuals identified in the proposal to perform work under this Agreement is unable to serve for any reason, the Consultant shall appoint a successor in interest subject to written approval of the Borough.

**Section 21. Integration.** This instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties.

**Section 22. Defense and Indemnification.** Consultant shall indemnify, defend and hold the Borough, its elected and appointed officers, contractors, agents and employees who are directly responsible to the Borough (collectively "the Borough") harmless from and against any and all claims, demands, suits or liability of any nature, kind or character whatsoever under this Agreement, including costs, expenses and attorneys fees, resulting from negligent acts, errors, or omissions of the Consultant or Consultant's officers, agents, employees, partners, contractors, and sub-consultants who are directly responsible to the Consultant, (collectively "Consultant"). Consultant is not required to indemnify, defend, or hold harmless the Borough for a claim of, or liability for, independent negligent acts, errors, and omissions of the Borough. If there is a claim of, or liability for, a joint negligent act, error or omission of Consultant and the Borough, the indemnification, defense and hold harmless obligation of this Agreement shall be apportioned on a comparative fault basis. For purposes of this Agreement "independent negligent acts, errors, and omissions" means negligence other than in the Borough's selection, administration, monitoring, or controlling of Consultant, or in approving or accepting Consultant's work.

**Section 23. Interpretation and Enforcement.** This Agreement is being executed by the parties following negotiations between them. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

**Section 24. Relationship of the Parties.** The services to be rendered under this Agreement are those of an independent contractor. The Consultant will not at any time directly or indirectly act as an agent, servant or employee of the Borough or make any commitments or incur any liabilities on behalf of the Borough without the Borough's express consent. The Borough shall not supervise or direct the Consultant except as set forth in this agreement.

**Section 25. Insurance.** Consultant and all sub-consultants, if any, shall be responsible for the purchase and maintenance of minimum insurance coverage as specified in paragraphs A and B of this section.

This insurance coverage shall be in acceptable form, and for the amounts specified by the Borough, or as required by law, whichever is greater.

This insurance coverage shall remain in effect for the life of this Agreement and shall be a part of the contract price. This insurance shall be primary and exclusive of any other insurance carried by the Borough.

- A. Professional Liability: \$1,000,000 combined single limit per occurrence. The general aggregate limit shall be \$1,000,000. The professional liability insurance shall be maintained in effect until final acceptance by the Borough of the completed project. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.
- B. Commercial general/automobile liability insurance shall not be less than \$1,000,000 combined single limit bodily injury and property damage per occurrence.
- C. Worker's compensation and employer's liability insurance shall be provided for all employees per Alaska State Statutes who are performing work under this Agreement.
- D. Certificate(s) of insurance as described in paragraphs A, B, and C of this section shall be provided by Consultant, and certificates as described in paragraphs B and C by all subconsultants, or their insurance companies or their agents. The Kenai Peninsula Borough shall be named as an additional insured on the policies specified in paragraph B for the work specified in this Agreement. Certificates of insurance, acceptable in form and content, will be delivered to:

Kenai Peninsula Borough  
Risk Management  
144 N. Binkley Street  
Soldotna, Alaska 99669

- E. There shall be no cancellation or material change of the insurance coverages, or intent not to renew the insurance coverages as specified in this Agreement, without thirty (30) days prior written notice to the Borough. Notice of cancellation, material change in coverage, or intent not to renew will be delivered to the address designated in paragraph D of this section. Cancellation or material change in insurance coverage without written authorization by the Borough is a material breach of this Agreement, and subjects this Agreement to termination for cause under Section 8.

- F. Upon renewal or change in policies during this Agreement, certificates of insurance shall be delivered to the address designated in paragraph D of this section.

**Section 26. Severability.** If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

**Section 27. Understanding.** The Consultant acknowledges that the Consultant has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of their choice, and is executing this Agreement of their own free will.

**Section 28. Notices.** Any notice required pertaining to the subject matter of this Agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following addresses:

Kenai Peninsula Borough: Risk Management  
144 N. Binkley Street  
Soldotna, Alaska 99669

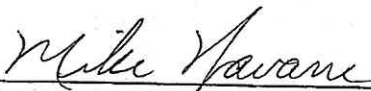
Consultant: Marsh & McLennan Agency LLC  
1031 West 4<sup>th</sup> Avenue, Suite 400  
Anchorage, Alaska 99501

**Section 29. Consultant's Violations of Tax Obligations.**

- A. This Agreement can be terminated for cause, pursuant to Section 8, if it is determined that a Consultant is in arrears of any taxation, lease or rental agreement that is due to the Borough that is not remedied within ten (10) calendar days of notification by regular mail.
- B. The Borough reserves any right it may have to offset amounts owed by an individual, firm, corporation or business for delinquent Borough taxes, moneys owed on sales, assessments, leases and rental agreements, against any amount owing to the same under an agreement between the Borough and the same.

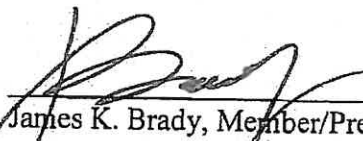
KENAI PENINSULA BOROUGH

CONSULTANT

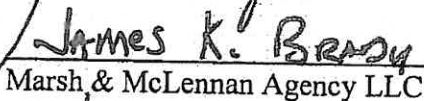


Mike Navarre, Mayor

Date: 1/6/14



James K. Brady, Member/President

  
James K. Brady  
Marsh & McLennan Agency LLC

Signature

Date: 12/29/14

ATTEST:

*Johni Blankenship*  
Deputy Borough Clerk for:

Johni Blankenship, Borough Clerk



AGREEMENT AND ATTACHMENTS  
TO ORIGINAL APPROVED AS TO  
FORM AND LEGAL SUFFICIENCY:

*Elizabeth Leduc*  
~~Elizabeth Leduc~~, *Colette Thompson*  
Assistant Borough Attorney

**ACKNOWLEDGMENTS**

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

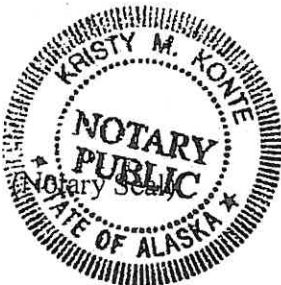
The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of January 2015,  
by Mike Navarre, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on  
behalf of the corporation.



*Pamela Highley*  
Notary Public for State of Alaska  
My Commission Expires: 4-11-2017

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this 29<sup>th</sup> day of December 2014,  
by James K. Brady, the Member/President of Marsh & McLennan LLC, an Alaska Limited Liability  
Company, for and on behalf of the LLC.



*Kristy M. Konte*  
Notary Public for State of Alaska  
My Commission Expires: 8/28/2016



**Attachment F**  
**Supplemental Terms**

Responsibilities of the Client. The Client shall be solely responsible for the accuracy and completeness of information and other documents furnished to MMA and/or insurers by the Client and the Client shall sign any required application for insurance. The Client recognizes and agrees that all insurance coverages placed in connection with this Contract and all services, evaluations, reports and recommendations provided by MMA are based on data and information furnished by the Client. MMA will be under no obligation to investigate or verify the completeness or accuracy of any such data or information, nor will MMA have any liability for any errors, deficiencies or omissions in any services, evaluations, reports or recommendations provided to, or any insurance coverages placed on behalf of, the Client that are based on such inaccurate or incomplete data or information. The Client understands that the failure to provide all necessary information to an insurer, whether intentional or by error, could result in the impairment or voiding of coverage."

**Intermediaries.**

When in MMA's professional judgment it is necessary or appropriate and subject to the Client's prior approval, MMA may utilize the services of other intermediaries, including wholesale brokers, to assist in the marketing of the Client's insurance. Such intermediaries may be affiliates of MMA.

**Disclaimers.**

- (a) MMA does not speak for any insurer, is not bound to utilize any particular insurer and does not have the authority to make binding commitments on behalf of any insurer, except under special circumstance which MMA shall always endeavor to make known to the Client. MMA shall not be responsible for the solvency of any insurer or its ability or willingness to pay claims, return premiums or other financial obligations. MMA does not guarantee or make any representation or warranty that insurance can be placed on terms acceptable to the Client [or that policies will be issued or delivered in a specified time frame]. The Client acknowledges that, in performing Services, MMA and its affiliates are not acting as a fiduciary for the Client, except to the extent required by applicable law. Any reports or advice provided by MMA should not be relied upon as accounting, legal, regulatory or tax advice. In all instances, MMA recommends that the Client seek your own advice on such matters from professional accounting, legal, regulatory and tax advisors."
- (b) If MMA has taken over any existing program or policies implemented by another broker, MMA will not assume any responsibility for the adequacy or effectiveness of those programs or policies or any acts or omissions occurring prior to MMA's engagement. Within a reasonable time, MMA will have completed a review of such programs and policies and will make recommendations it believes are necessary."
- (c) Any loss control services and/or surveys performed by MMA under this Contract are advisory in nature. Such services are limited in scope and do not constitute a safety inspection as provided by a safety engineering service. MMA does not claim to find or include every loss potential, hazard, statutory or code violation or violation of good practice. All surveys and reports are based upon conditions observed and information supplied by the Client. MMA does not expressly or impliedly guarantee or warrant in any way the safety of any site or operation or that the Client or any of its sites or operations is in compliance with federal, state or local laws, codes, statutes, ordinances or recommendations.
- (d) MMA is not authorized to practice law and none of MMA's advice or services shall be construed as, or a substitute for, legal advice. MMA's services may include advice and recommendations; however all decisions in connection with the implementation of such advice and recommendations shall be the sole responsibility of, and made by, Client."
- (e) MMA may provide to the Client information and services related to insurance regulatory and insurance tax issues relating to the Client's insurance program. Any reports or advice provided by

MMA will be based on publicly available information and MMA's experience as an insurance broker and risk consultant in dealing with such matters for other clients and should not be relied upon as accounting, regulatory or tax advice. In all instances, MMA recommends that the Client seek its own advice on accounting, regulatory and tax matters from professional legal and tax advisers.

- (f) MMA may provide the Client with modeling and/or business analytics services, including hazard loss and catastrophe modeling, loss forecasting and triangles, adverse event simulation, scenario and portfolio risk analysis, decision mapping, risk bearing and risk retention tolerance analysis and insurance program evaluation analysis ("Modeling and Analytics"). Modeling and Analytics services will be based upon a number of assumptions, conditions and factors. If any of them or any information provided to MMA are inaccurate or incomplete or should change, the Modeling and Analytics provided by MMA could be materially affected. These services are subject to inherent uncertainty, and actual results may differ materially from that projected by MMA. They are provided solely for the Client's benefit, and do not constitute, and are not intended to be a substitute for, actuarial, accounting or legal advice. MMA shall have no liability to any third party in connection with these services or to the Client with regard to any services performed or provided by a third party. Except to the Client's insurers in connection with the placement of coverage by MMA, the Client shall not share any of MMA's Modeling and Analytics work product with a third party without MMA's prior written consent."

#### **Limitation of Liability.**

In no event shall either party be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits arising out of or relating to any services provided by MMA or its affiliates. The aggregate liability of MMA, its affiliates and its and their employees to the Client arising out of or relating to the provision of services by MMA or its affiliates shall not exceed \$10 million. This provision applies to the fullest extent permitted by applicable law and to all causes of action, including, without limitation, breach of contract, breach of warranty, negligence, strict liability, misrepresentation and other torts."

#### **Jury Waiver.**

Each party, on behalf of itself and its affiliates, to the fullest extent permitted by law, knowingly, voluntarily, and intentionally waives its right to a trial by jury in any action or other legal proceeding arising out of or relating to this Agreement or any services provided by MMA or its affiliates. The waiver applies to any action or legal proceeding, whether sounding in contract, tort or otherwise. Each party, on behalf of itself and its affiliates, also agrees not to include any employee, officer or director of the other party or its affiliates as a party in any such "action or proceeding."

#### **Compensation Disclosure.**

Marsh & McLennan Agency ("MMA") prides itself on being an industry leader including in the area of transparency and compensation disclosure. We believe you should understand how we are paid and also understand the services we are providing for the compensation we receive. We are committed to compensation transparency and to disclosing to you information that will assist you in evaluating potential conflicts of interest.

As a professional insurance services provider, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. In accordance with industry custom, we are compensated either through commissions that are calculated as a percentage of the insurance premiums charged by insurers, or fees agreed to with our clients.

MMA receives compensation through one or a combination of the following methods:

**Retail Commission** - A retail commission is paid to MMA 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 MMA'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 by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.

**Contingent Commissions** - Many 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 the current year. 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.

**Supplemental Commissions** - Certain insurers and wholesalers agree to pay supplemental commissions, which are 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 eligible 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.

**Wholesale Broking Commissions** - Sometimes MMA acts as a wholesale insurance broker for certain transactions. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent 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.