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CLIENT COVERAGE ACKNOWLEDGMENT AND COMPENSATION DISCLOSURE STATEMENT FOR PACIFIC COUNTY

This form documents that Gallagher Benefit Services, Inc. (Gallagher) will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks. The final decision to choose any insurance company or vendor has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security 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, as applicable, are not paid in full when due, the applicable insurance company for the Client's risks may cancel any applicable policies in accordance with the terms of such policies.

The following is the disclosure of commissions and/or fees to be paid to Gallagher for brokerage and/or consulting services to Client's Group Health and Welfare Plan and any relationships, or agreements Gallagher has with any insurance companies or vendors selected by Client as noted above. Gallagher will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees, as agreed upon by Client: Pacific County

Line of Coverage / Services ¹	Company	Commission ^{2&3}	Third Party Compensation	Direct Fees ⁴	Effective Date
Universal Life with LTC	Allstate	100% year 1 and 3% year 2+	n/a	n/a	10/01/2021

It should also be noted that:

- **Gallagher** is not an affiliate of the insurer/vendor whose contract is recommended. This means the insurer/vendor whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of **Gallagher**. **Gallagher's**

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 all 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 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, please contact your dedicated Gallagher advisor or refer to the Gallagher Global Standards of Business Conduct.

⁴ Direct Fees include compensation to Gallagher paid for directly by the plan sponsor/Client.



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ability to recommend other insurance contracts/vendors is not limited by an agreement with the insurance company/vendor.

- **Gallagher** is effecting the transaction for the Plan(s) in the ordinary course of **Gallagher** business. The transaction set forth is at least as favorable to the Plan(s) as an arm's length transaction with an unrelated party.
- **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 to Client during the period of the relationship between Gallagher and Client shall not exceed the total amount of carrier commissions received by Gallagher during the twelve (12) month period preceding the date on which the claim arises. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

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, please visit www.ajg.com/compensation. 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 Pacific County. Please contact your Gallagher advisor if you have questions regarding this information or would like more detail.

Accepted by: **PACIFIC COUNTY**

GALLAGHER BENEFIT SERVICES, INC.

By

Name Lisa Olsen

Title County Commissioner

Date

By

Name Charlie Isaacs

Title Area President

Date 2/11/2022

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.