

This Client Service Agreement (“Agreement”) is made and entered into this 05 day of October, 2022 (“Effective Date”), by and between USI Insurance Services LLC (“USI”), and The City of Menifee (“Client”).

WHEREAS, USI is duly licensed to engage in the insurance business for the purposes set forth herein, and;

WHEREAS, Client desires to engage the services of USI upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. LINES OF INSURANCE COVERAGE

This Agreement is entered into with respect to the following lines of insurance coverage and for which Client agrees to retain USI as its Broker of Record:

All brokered Lines of Insurance

2. SERVICES

USI agrees to provide to Client the following insurance brokerage services:

As noted in Exhibit A

The above-referenced services shall be rendered by USI to Client pursuant to the terms of this Agreement. Any additional services requested by Client shall be negotiated by the parties under separate written agreement.

3. COMPENSATION

USI will be compensated for the services outlined in this Agreement through the payment of carrier commissions not to exceed \$25,000.00 annually (January 1st through December 31st). The commission is usually a percentage of the premium you pay for your insurance policy and it is paid by the insurance company. At your request, we will provide you with a detailed statement regarding our compensation on your account and the way the compensation is calculated. The amount of premium you pay for a policy may change over the term of the policy. For example, your endorsement requests will affect the premium. Should the premium for any of your policies change, the amount of compensation paid to us by the insurance company would change accordingly.

Contingent, supplemental, or bonus commissions

It is possible that some of the insurance companies from which USI obtains coverage may pay it additional incentive commissions, sometimes referred to as contingent, supplemental, or bonus

commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with an insurance company for a designated period of time. Such additional commissions, if any, would be in addition to any other compensation USI may receive. At your request, USI will provide you with a detailed statement regarding our compensation on your account and how the compensation is calculated.

Miscellaneous sources of compensation

In addition to the foregoing, USI may also receive income from the following sources:

- Interest earned on premiums received from you and forwarded to the insurance company through USI's bank accounts
- Payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses.
- Vendors and / or service providers

In the event there is a significant change in Client operations which affects the nature and scope of its insurance requirements, the parties agree to renegotiate USI's compensation as appropriate.

4. ADDITIONAL THIRD-PARTY SERVICES

Additional service(s) may be available from third-parties, not-affiliated with USI for additional fee(s) and may be subject to separate agreements between Client and the third-party vendor. USI has agreed to facilitate transfer of Client's payment to the third-party service provider that Client has selected to provide such services. USI will include in its invoice to Client the cost of payment for these services.

5. BROKERAGE INTERMEDIARIES

USI may utilize the services of other intermediaries, such as wholesale brokers, excess and surplus lines brokers, reinsurance intermediaries and underwriting managers, to assist in the marketing of your insurance coverages, when in USI's professional judgment those services are necessary. Depending on the circumstances involved, it may be necessary to use an intermediary affiliated with USI. The compensation of such intermediaries is not included in USI's compensation under this Agreement and will be paid by insurers out of paid premiums. The compensation paid to USI's affiliates will be disclosed to you prior to binding any coverages on your behalf.

6. TERM AND TERMINATION

- 6.1. Term. The term of this Agreement shall commence on 10/05/22 and is good for two (2) years with three (3) additional 1-year terms with mutual agreement of both parties. The term may be extended by mutual written agreement of the parties. In the event of termination, USI will assist Client in arranging a smooth transition process. However, USI's obligation and the obligation of its affiliates to provide services to Client will cease upon the effective date of termination, unless otherwise agreed in writing.

6.2 Termination. Notwithstanding the term of this Agreement, either party shall have the right to terminate this Agreement upon 60 days' prior notice to the other. In the event of termination by Client prior to expiration, USI's "Annual" compensation will be deemed earned according to the following schedule:

- 60% at inception
- 75% after four months
- 100% after seven months

7. ACCURACY OF INFORMATION

USI's ability to provide Client with the services outlined in paragraph 2 above is conditioned upon USI's receipt of accurate and timely information from Client. USI will not independently verify or authenticate information provided by or on behalf of Client. Client shall be solely responsible for the accuracy and completeness of such information and other documentation furnished to USI.

8. ADDITIONAL SERVICES

Additional services are available for additional compensation and subject to the negotiation of separate agreements or by addendum to this Agreement. Such services may include, but are not limited to:

- Member Services Call Center (included)
- Human resources advisory services (included)
- Claims audits
- Actuarial services
- Employee communications (included)
- Interactive online Client services
- Non-benefits insurance brokerage, risk management, and risk financing advice
- Executive benefits

9. BOOKS AND RECORDS

Client is entitled to copies of reports prepared by USI hereunder, contracts between Client and its carriers and administrators to the extent such contracts are in USI's possession and control, and communications between USI and Client's insurance carriers and employee benefits providers to the extent such books and records are maintained by USI with regard to its performance under this Agreement.

10. MISCELLANEOUS

USI is not named a fiduciary with respect to any plan for which it may provide services. It is not intended by the Client or USI that any services performed by USI under this agreement shall include any fiduciary duties or make USI a fiduciary of any plan maintained by the Client.

USI will furnish to Client specific information relating to additional commission upon request.

To the extent required by applicable law, USI will implement and maintain reasonable security procedures and practices appropriate to the nature of the personal information it receives, and which are designed to help protect such information from unauthorized access, acquisition, destruction, use, modification, or disclosure.

In order to provide the services identified herein, it may be necessary for USI to receive from Client, or from a party on your behalf, information of a personal nature that may be protected by various federal and state privacy or other laws. USI advises Client to consult with its legal counsel as to how these laws impact you and your employees, Client's plan, our contemplated engagement and disclosure of information to USI. Client represents that it has the authority and all rights, authorizations, approvals and consents required to disclose its employees' and their beneficiaries' information to USI for USI's use in performing its services for you and your employees. Client further represents that USI's use of this information to perform services for you and your employees does not and will not violate any privacy notice or other policy issued by you or any benefit program you maintain, or any applicable law.

Moreover, because USI is not engaged in the practice of law and the services provided hereunder are not intended as a substitute for legal advice, USI recommends that Client secure the advice of competent legal counsel with respect to any legal matters related to any plan subject to this agreement.

11. ENTIRE AGREEMENT

This Agreement contains the entire understanding of the parties with respect to the subject matter contained herein, superseding all prior agreements, understandings, and negotiations with respect to such matters. This Agreement may be modified or otherwise amended and the observance of any term of this Agreement may be waived only if such modification, amendment, or waiver is in writing and signed by the party to be charged with same. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors. Neither party shall have any liability for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control, including, without limitation, acts of God, fires, floods, earthquakes, acts of war or terrorism, civil disturbances, sabotage, accidents, unusually severe weather, governmental actions, power failures, computer/network viruses that are not preventable through generally available retail products, catastrophic hardware failures, or attacks on its server. The parties further agree that neither party shall have any liability for indirect, special, punitive, consequential, or incidental damages, including, without limitation, loss of profits.

12. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of State of New York, without regard to its conflict of laws principles.

13. SELECTION OF ISSUING INSURANCE COMPANY

USI has no ownership interest in and is not under common control with the insurance company that is issuing the lines of insurance coverage described in this Agreement.

IN WITNESS THEREOF, the parties have hereunto set their hands on the date and year first above written for the purposes set forth in this Agreement:

USI Insurance Services LLC

The City of Menifee

Signature

Signature

Print Name

Print Name: Armando G. Villa

Title

Title: City Manager

Date

Date

Attest:

Stephanie Roseen, Acting City Clerk

Approved as to Form:

Jeffrey T. Melching, City Attorney

EXHIBIT A INSURANCE BROKERAGE SERVICES

Section 1.0 Analytical Services:

<i>1.1 Design of health care plans, cost-containment and other plan design recommendations</i>		
1.1.1	Review benefit designs and compare to Client's strategic objectives. Recommend modifications where appropriate.	Annually
1.1.2	Evaluate the impact of plan modifications on employees and the potential savings to Client.	Annually
1.1.3	Evaluate alternate carriers and product offerings.	Annually
1.1.4	Provide benefit benchmarking, as appropriate.	Annually
<i>1.2 Preparation of bid specifications (RFP) (as needed)</i>		
1.2.1	Consult with Client to establish objectives for market review and identify potential carriers or vendors.	Annually
1.2.2	Assemble benefit, rate and claim data for inclusion in RFP.	Annually
1.2.3	Deliver RFP to selected vendors and provide any requested additional information.	Annually
<i>1.3 Analysis of proposals and presentation of findings</i>		
1.3.1	Compare costs, funding, benefits, contracts, negotiated provider discounts, employee network disruption issues, financial strength and anticipated service level for each carrier or vendor, as appropriate.	Annually
1.3.2	Present USI's recommended carriers or vendors. Recommendation supported by detailed analysis.	Annually
1.3.3	Organize finalist meetings with Client, if appropriate.	Annually
<i>1.4 Renewal analysis and negotiation</i>		
1.4.1	Evaluate carrier underwriting practices.	Annually
1.4.2	Negotiate with carriers based on internal underwriting analysis and market trends.	Annually
<i>1.5 Reporting/Service Meetings</i>		
1.5.1	Claims and utilization reporting or summary.	Annually Quarterly
1.5.2	Review of annual accounting (as appropriate).	
1.5.3	Benefit Resource Center Reports	

Section 2.0 Account Management Services:

<i>2.1 Contract Review</i>		
2.1.1	Perform contract and Benefit Booklet review for each brokered plan	Annually
<i>2.2 Employee Meetings</i>		
2.2.1	Employee meetings and/or benefit fairs will be limited to a maximum of (1) one per fifty (50) employees	Annually
2.2.2	Benefit fairs may be selected in lieu of employee meetings and will be limited to (1) per 100 benefit eligible employees.	Annually
<i>2.3 Employer/Employee Communications</i>		

- 2.3.1 Consolidated Benefit Summary
- 2.3.2 USI Insider and Health & Wellness articles

Annually
Monthly

- | | | |
|--------------------------|--|----------------|
| 2.3.3 | Service Calendar | Annually |
| 2.3.4 | Technical Bulletins | As appropriate |
| 2.4 <i>Tax Reporting</i> | | |
| 2.4.1 | Provide signature ready 5500 filings, along with other plan compliance materials as required by the Employee Benefits Security Administration. | Annually |

EXHIBIT B BROKERAGE FEES & COMMISSION SCHEDULE

USI fees are generally anticipated to be in effect for the twelve (12) month period following the Effective Date referenced in the Service Agreement. Estimate does not include additional fees paid for other USI administrative services.

<i>Compensation Estimate</i>	
Effective Date	10/05/2022
USI Fees:	\$25,000.00
Other Estimated Commissions:	\$0
Total Anticipated Broker Compensation:	\$25,000 annually

In consideration of the performance of the Services as described in Exhibit A, USI shall be compensated as outlined below:

- 1.1 USI Compensation: Commissions payable to USI which are included in the premium and/or administrative costs payable by the Client to the insurance carriers. The vendors/carriers remit payment of these commissions directly to USI upon payment of premium by the client. Annual total not to exceed \$25,000 (January 1st through December 31st)
- 1.2 For specific services that are requested by the Client, but not outlined in the description of services to be provided by USI, the Client will be billed for work performed. The cost for these services will be billed on a per hour or per project basis and included in the next available monthly invoice. No services will be performed without prior written approval from the Client.
- 1.3 USI reserves the right to change the fees outlined in this section. Client will receive a minimum of thirty (30) days notice prior to any changes in fees.

CLIENT NAME: The City of Menifee

Signature and Date Required

X

Signature

Date

Print Name

Title

USI Insurance Services LLC

Signature and Date Required

X

Signature

Date

Print Name Gary Moore

Title Vice President / Team Leader