

# Compensation for Insurance Brokerage Services

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Segal Select Insurance Services, Inc. (Segal Select) provides insurance brokerage services. We work on behalf of our clients to secure the desired insurance product from an insurance carrier. Our basic services include:

- Assembly of all needed renewal information and presentation of an underwriting submission for quotations.
- Policy review and analysis.
- Market strategy and proposed coverage specifications.
- Coverage negotiations, including necessary underwriting meetings.
- Quote letters and recommendations.
- Invoicing, premium collection and remittance to insurer.
- Policy review and transmittal.
- Claims reporting.
- Presentations to the Funds' Staff, subcommittees of the Board of Trustees, or the Board of Trustees, as appropriate.
- Q&A responses.
- Periodic Segal publications.
- Segal Select's benchmarking for premium and limit of liability analysis.

While the foregoing services will be reasonably provided as part of our basic services, there are two areas that may require additional compensation and would be discussed and agreed to in advance:

- Time associated with claims advocacy and support services, which support legal counsel during a claim process.
- Time, travel expenses and out-of-pocket costs such as room and board associated with travel to in-person meetings and presentations.

## Scope of Practice

Segal Select focuses on four core coverages: fiduciary liability insurance, fidelity bonding, employment practice liability, and cyber liability insurance. Segal Select also places non-profit directors' and officers' liability and other associated miscellaneous errors and omissions insurance coverages. Finally, working with strategic partners that are licensed, independent insurance brokerage firms, we also provide traditional property/casualty insurance brokerage services.

## How We Get Paid

For our basic insurance brokerage services, Segal Select is primarily compensated through commissions paid by the insurance carriers. In some situations, Segal Select may agree to a fee, or time and expense compensation arrangement. These arrangements always require a client's prior approval.

## Commission or Fee Income

Commissions are paid on a formula that is typically expressed as a percent of the premiums paid for the insurance policy. The range of commissions (generally 15% to 20%) can vary based upon a number of factors, such as the type of insurance, whether the insurance placement is a primary or excess layer, or whether another intermediary such as a wholesaler is involved. Commissions paid by insurance carriers to Segal Select are pre-set, meaning they will not be increased as a result of binding coverage with a particular insurer. In addition, the pre-set commissions are not dependent upon a minimum volume of business or profitability of the business placed.

We may accept supplemental payments that are derived from book of business results and not from individual client premiums. Because each carrier uses its own formulas to determine supplemental payments, it may not be possible to track these monies to a specific client account.

We disclose to each client, in writing, the amount of commissions we received during the prior year for that client. The following chart shows standard commission ranges for different categories of insurance, based on a set percentage of premium paid:

Coverage Type	Primary* Commission Range	
	Low	High
<b>Executive Liability</b>		
• Cyber Liability	15%	20%
• Directors and Officers	15	20
• Employment Practice Liability	15	20
• Fidelity Bonds	15	20
• Fiduciary	15	20
• Miscellaneous Professional Liability	15	20
<b>Traditional Property and Casualty</b>		
• "Package" or "BOP"	15	20
• Automobile	15	20
• Disability*	5	15
• General Liability	15	20
• Property	15	20
• Workers' Compensation*	5	15

It is important to note that we:

- **DO NOT** earn any significant float on your premium dollars. Historically, our invoices instruct clients to draw checks payable to the insurance carrier based upon the gross premium, no float is earned. Premium checks payable or wire transfer (ACH) payments to Segal Select are processed in a timely fashion.
- **DO NOT** charge any fixed administrative charges for our services.

- **DO NOT** accept compensation or reimbursement from any carrier for any marketing expenses.

## Wholesale Transactions

Segal Select periodically works with wholesalers to access additional insurance carriers on behalf of our clients. In these instances, Segal Select's commission compensation is generally less because a portion of its commission is paid by the carrier to the wholesaler. The wholesaler may negotiate additional commission or other compensation arrangements to which Segal Select is not privy.

## No Influence on Decision Making

The way our staff analyzes insurance proposals or makes recommendations regarding types and levels of coverage is objective and is free from any influence by commissions or supplemental payments. Objective analysis and neutrality are core values at Segal Select, and the insurance industry recognizes it. We base our recommendations solely on client requirements and objectives.

## Related Party Transactions

Segal Select has no related party transactions. Segal Select does not directly or indirectly own any insurance carrier used to provide insurance coverage to any Segal Select client. Neither Segal Select nor Segal operates as a managing general agency, managing general underwriter, or wholesaler.

Any questions concerning commissions on brokerage services, including requests for precise commission amounts and information about any alternative quotes obtained, should be directed to Diane McNally, Segal Select's Practice Leader, at 212-251-5146 or [dmcnally@segalsi.com](mailto:dmcnally@segalsi.com)

\* Excess policies may have a "lower" commission of 10%