



## Disclosure and Consent Form explanation

### Transparency and disclosure

Mercer's health and benefits business is committed to collaborating with our clients to develop and execute strategies for insurance placements and renewals. The Disclosure and Consent Form discloses to you responses we received from carriers and vendors we approached for quotations at your direction, the compensation we will receive from each carrier or vendor (or other third party) related to the coverage or service you select, and the use of any Intermediary, Co-Broker, or Sub-Broker.

Certain policies renew automatically when you continue to pay the required premium after a renewal. In renewing this type of coverage and absent instruction from you, we understand that you desire a renewal quote solely from the incumbent carriers, and no other quotes for coverage in any renewal period for these policies. Your ongoing payment of premium under these policies constitutes your intent to renew with the incumbent carriers. Unless otherwise notified, Mercer will renew these policies.

We will confirm your consent to our carrier compensation, including any increases disclosed and, if applicable, Enhanced Commission Compensation (described below) and use of any Intermediary. This confirmation will be obtained through:

- Your signature on the Disclosure and Consent Form
- Your payment of premium to renew an auto-renewing policy or

- Your payment of premium directly billed by the insurer (unless you object to our carrier compensation or use of any Intermediary within ten business days of notification)

Where Mercer receives carrier compensation and is not engaged to perform activities or services that relate to the placement, renewal or confirmation of coverage, confirmation of coverage by you, or by any party other than Mercer on your behalf, is deemed to constitute your consent to Mercer's disclosed compensation.

### Permissible carrier compensation

Commission and other compensation that Mercer may accept from carriers must be set at the time of purchase, renewal, placement, or servicing of the insurance policy. Permissible forms of compensation include a specific base percentage commission and any other Mercer-approved non-contingent compensation, including Enhanced Commission Compensation (ECC). ECC and all other carrier compensation may be based on factors such as the overall block of business in place before the program commences. ECC will not be based upon prohibited contingencies tied to volume, growth, retention, or profitability targets.

Base commissions and any ECC will be disclosed to you, and subject to your consent as noted above.



## Response type

In soliciting quotes on your behalf, carriers/vendors may issue a binding quote (Q), provide an indication quote that is not binding (I), decline to quote (D), fail to respond altogether (N) or issue a quote that fails to conform with your specifications as we understand them (NC).

## Policy type

Your insurance policy may be “term-specific” (T) (a policy that terminates upon a specific date set forth in the policy), “auto-renewal” (A) (a policy that renews upon payment of required renewal premium) or “continuous” (C) (a policy whose coverage continues indefinitely under the terms of the policy and upon the payment of required premium, with no renewal). We may also include “self-insured” (SI) coverage or a “service contract” (SC) on the form.

## Quote presentation

The Disclosure and Consent Form summarizes all quotes that are consistent with your placement or renewal strategy as understood by Mercer. Upon your request, Mercer will:

- Provide any additional information you request regarding the quotes received
- Identify any unsolicited quotes, quotes that do not materially meet your specifications and quotes received late
- Solicit additional quotes for your evaluation

## Quote documentation

Complete quotation documents are available upon request.

## Coverage/service terms

The terms and conditions of any coverage or service are exclusively defined by the governing policy or contract, and not by the summary information on the Disclosure and Consent Form or accompanying documentation.

## Carrier/vendor selection and performance

Mercer does not act on behalf of any insurer or other service provider, is not bound to utilize any particular insurer or

service provider, and does not have the authority to make binding commitments on behalf of any insurer or service provider. In addition, Mercer does not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. Mercer is not responsible for the solvency or ability to pay claims of any insurance carrier or for the solvency or ability of any service provider to provide service. Insurance carriers or service providers with which your risk or business is placed at your direction will be deemed acceptable to you, in the absence of contrary instructions from you.

## Financial ratings

When assisting with the selection, placement or renewal of a benefits or insurance plan, Mercer supplies published financial ratings of the insurance companies under review, when such ratings are available.

***Please review the financial ratings shown on the Carrier Information form.***

Published financial ratings cited in our reports are supplied by an independent rating agency, based in part on information not available to Mercer. All information is gathered from sources considered reliable, but Mercer cannot warrant the accuracy of such information, nor are we responsible in any way for changes in financial condition of the carrier(s) or other service providers. We encourage you to place your business with institutions that have received high ratings and are in good financial standing. High ratings are not guarantees of future solvency, but they can be indicative of an institution’s financial strength and future ability to meet its obligations.

Mercer advises benefit plan sponsors and others in the design, funding and delivery of group benefit plans. While we may collect, summarize and explain information that is useful in such decisions and to assist in implementing client decisions, we cannot guarantee or make representations regarding the continuing solvency of



carriers or other service providers with whom coverage or service is placed.

Carriers with an A.M. Best financial strength rating of B+ or higher are considered by the independent rating agency to be **FINANCIALLY SECURE**, or regarded as having financial security characteristics that may outweigh any vulnerabilities, and likely to meet financial commitments.

Mercer advises its clients to select carriers that are well rated and well capitalized. While large carriers with the highest ratings can become insolvent, size and high ratings provide a greater degree of confidence. While no rating level guarantees the ability of a carrier to satisfy its contractual obligations, we call special attention to ratings that the rating agencies suggest are an indication of vulnerability.

*If any carrier listed on the Carrier Information form has an A.M. Best financial strength rating of B or lower, the carrier is considered by the independent rating agency to be **FINANCIALLY VULNERABLE** to adverse business conditions, or of questionable financial security.*

A.M. BEST RATINGS CONSIDERED FINANCIALLY SECURE:		A.M. BEST RATINGS CONSIDERED FINANCIALLY VULNERABLE:	
A++	Superior	B	Fair
A+	Superior	B-	Fair
A	Excellent	C++	Marginal
A-	Excellent	C+	Marginal
B++	Very Good	C	Weak
B+	Very Good	C-	Weak
		D	Poor
		E	Under Regulatory Supervision
		F	In Liquidation
		S	Rating Suspended

All ratings are judgmental and subject to various interpretations, and Mercer does not endorse or corroborate the financial ratings issued by the rating agency. Mercer encourages its clients to select carriers that are rated well above the levels defined by A.M. Best as indicating vulnerability.

Published financial ratings may not be available for certain carriers listed on the Carrier Information form. In this event, we are unable to comment on the financial condition of the carrier. Mercer does not guarantee or make representations regarding the continuing solvency of this carrier.

Mercer will proceed with any procurement or renewal of coverage from the carriers listed on the Carrier Information form as you direct. Please contact your Mercer Consultant if you would like to discuss the carriers' financial security ratings further.

### Insurer Compensation Line

If you have a complaint regarding compensation payable or paid to Mercer by insurers or third parties, you can report it to the MMC Insurer Compensation Line, which will refer the matter to compliance or other appropriate resources for investigation. To reach the MMC Insurer Compensation Line from within the United States and Canada, dial +1 800 420 5082. Clients in other countries can reach the line through AT&T USADirect. AT&T USADirect access numbers can be found at [www.usa.att.com/traveler](http://www.usa.att.com/traveler).

### Additional information

Marsh & McLennan Companies, Inc. and its subsidiaries own equity interests in certain insurers and have contractual arrangements with certain insurers and wholesale brokers. Information regarding such interests and contracts is available at [www.mercer.com/transparency](http://www.mercer.com/transparency).