

What you can expect from Mercer

January 2022

Our commitment to ethical and transparent business practices, innovation, and excellence

Thank you for the opportunity to work with you to enhance the health, financial security, and productivity of your workforce.

Mercer is a global leader for innovative and reliable health and benefits advice, strategic solutions, and brokerage services. We offer employers the unparalleled advantage of local market knowledge, cost-efficient processes, and access to compliance expertise. We help clients design, manage, and administer integrated programs for employee health, productivity, financial security, and choice to create competitive advantage, support cost control, and comply with local regulations. We serve organizations of all sizes, whether they are located in one market, multiple regions, or span the globe.

As part of our strong client focus, expertise, and innovation, we are committed to setting the industry standard for ethical and transparent business practices.

We will clearly define our engagement and role with you

When you engage us to provide services, we will document the arrangement with a letter specifying the work to be performed, Mercer's role in providing services, the data required, the time frame for the work, Mercer's compensation, and the terms and conditions of our engagement.

We will act only on your behalf

When you designate Mercer as your broker of record on one of your policies, we will act on your behalf by:

- Requesting the renewal quote on the policy, unless you instruct us otherwise.
- Determining with you the course of action you want us to pursue relative to the coverage — market or renew with the incumbent insurer.
- Informing you of all important financial and coverage information, including Mercer's resulting commission compensation if applicable.
- Seeking your approval in procuring or renewing the coverage you desire.

Mercer is not bound to utilize any particular insurer or service provider, does not act on behalf of insurers or other service providers, and does not have the authority to make binding commitments on behalf of insurers or service providers except in rare circumstances that are fully disclosed to you. Such exceptions include instances where an insurer has engaged Mercer to administer its coverage.

In our role as your advisor, Mercer provides you with publicly available financial strength ratings information from an independent agency regarding those insurance carriers from whom we obtain a quote on your behalf. We recommend that you consider this independent information since Mercer is not responsible for, and does not evaluate or monitor, the solvency or ability of any insurance carrier or service provider to provide coverage or service unless we specifically agree otherwise. These ratings can help you identify when the ratings agency considers a quoting carrier to be financially vulnerable.

Mercer does not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. When you direct that risk or business be placed, or renew an insurance or service contract with an insurance carrier or service provider, we assume that the carrier or provider is acceptable to you.

We will operate transparently

As part of our commitment to operate transparently, we pledge to:

- Disclose, upfront, our compensation from insurers and other third parties.
- Disclose any interests in and/or contractual relationships with insurers, including agency agreements that authorize Mercer to solicit the sale of the insurers' products and under which insurers pay commission compensation to Mercer.
- Advise you of the specifics of all requested quotes received from insurers on your behalf.
- Provide, upon your request, an annual summary of our compensation from insurers and other third parties.

These commitments translate into many benefits for you as a Mercer client, including improving the ability to evaluate our services more thoroughly by giving you a clear understanding of our services and our compensation. Also, this information may help you fulfill any fiduciary obligation you may have regarding the management of your employee benefit plans.

We will disclose our compensation to you

At Mercer, we are proud to have led the industry in providing clients with clear disclosures concerning the amount of compensation we earn for the work we do for you. When we place insurance for you, we will provide you with detailed information as to the compensation we earn on each insurance transaction and other relevant disclosures.

Mercer accepts the following compensation:

- Fees paid directly by you, the client (for example, fees from project invoices or retainer arrangements).
- Permitted commissions and/or fees received from insurers and other third parties on your behalf (for example, commission equivalents paid on uninsured arrangements and certain types of supplemental compensation as described below).

Permitted forms of compensation include a specific base commission and Enhanced Commission Compensation (ECC) set at the time of purchase, renewal, placement, or servicing of the insurance policy. Permissible compensation also includes Market Service Revenue (MSR) that may vary depending on the volume, growth, or retention in Mercer's business with an insurer.

Mercer's compensation from insurers, whether commissions or otherwise, is not contingent upon the insurer's profitability or providing the insurer with any preferential treatment in the marketing process. This industry-leading practice helps assure our clients that Mercer is making unbiased recommendations when evaluating insurers or service providers on their behalf.

State insurance law, including laws governing filed rates and anti-rebating, may restrict or prohibit Mercer's ability to modify compensation or services for the coverages you select. As a Mercer client, you may also request a summary of the compensation received by us during the preceding calendar year from an insurer or third party in connection with our services in placing, renewing, consulting on, or servicing your insurance policies. You may request this annual compensation summary from your Mercer consultant.

We will disclose conflicts

Conflicts of interest — real or apparent — arise in any business of significance. Some of these conflicts are inherent in any large, diversified financial services firm such as Mercer, while others are the result of Mercer's business model. Additionally, Mercer is part of Marsh & McLennan Companies, a group of global providers of risk, insurance, human resources, investment management, and other consulting and administrative services. Because companies within Marsh & McLennan Companies provide a wide range of consulting and other services to a very broad client base, carriers or service providers we recommend to our clients may be clients of Mercer or another Marsh & McLennan Companies entity.

We seek to appropriately manage these conflicts through policies and procedures that include client notification where a relevant conflict is material. You may access the following for further information on this topic:

- [Conflicts of Interest Disclosure Statement](#).
- [Disclosure of Contractual Agreements with Insurers and Wholesale Brokers](#).
- [Equity Interests in Insurers](#).

Ultimately, your protection against the inappropriate influence of conflicts is the integrity of Mercer's professionals and the firm, and our enduring dedication to our clients' interests. Mercer employees are required to comply with our policies, including The Greater Good code of conduct. These policies impose stringent requirements for dealing with matters such as conflicts of interest, disclosure of Mercer's compensation, and confidentiality.

If at any time you have any questions regarding potential conflicts of interest or the commissions earned on your account, please do not hesitate to contact your Mercer consultant.

We will safeguard data privacy and security

Mercer employs policies and procedures to maintain the privacy and security of confidential client information. This commitment is further detailed in our [Annual Notice of Privacy Practices and Policies](#).

In many instances, this commitment is also evidenced through our Business Associate Agreement (BAA) with you, which protects certain personal health plan data in accordance with the Health Insurance Portability and Accountability Act (HIPAA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA) and ARRA's accompanying Health Information Technology for Economic and Clinical Health Act (HITECH). In the event you would like Mercer to create, receive, maintain, or transmit health information that the law requires be protected under a BAA, we will work with you to enter into a BAA, to the extent required by law. We advise you to contact your legal counsel if you have questions regarding HIPAA, ARRA, HITECH, or the need for a BAA with Mercer. If you have any questions about the Mercer documents, please contact your Mercer consultant.

We will always strive for the highest quality

It is fundamental that we provide the highest quality of work. To this end, Mercer requires that all substantive client work be peer-reviewed according to our global professional standard.

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 Marsh & McLennan Companies Insurer Compensation Line, which will refer the matter to our compliance group or other appropriate resources for investigation. To reach the Marsh & McLennan Companies 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®.