

## SERVICE FEE AGREEMENT

This Agreement is entered into effective January 1st, 2021, by and between City of Manitowoc \_\_\_\_\_ (hereinafter “Client”), and Associated Financial Group, LLC, using the marketing name Associated Benefits and Risk Consulting (hereinafter “ABRC”).

- A. ABRC is primarily engaged in the insurance brokerage business.
- B. ABRC routinely helps its clients assess their insurance risks and needs, designs plans of insurance, and obtains cost quotes based on these plans, and places insurance with insurance carriers.
- C. ABRC is typically compensated for its efforts through the commissions it receives in brokering the sale of insurance to its clients.
- D. ABRC has been discussing insurance risks and needs with Client and wishes to enter into a business relationship with the Client as the Client’s benefits broker. Client designated ABRC to be its official Agent of Record, or has completed (or will complete) any forms necessary to do so, subject to the Client’s ability to approve the language in said forms.

**NOW, THEREFORE**, in consideration of the above recitals and the mutual promises and conditions contained in this Agreement, the Parties agree as follows:

- 1. **Client’s Performance:** Client will provide ABRC with, and give ABRC full access to whatever information ABRC determines is necessary to enable ABRC to perform fully and effectively under this Agreement.
- 2. **ABRC’s Performance:** ABRC will evaluate Client’s insurance risk areas, compare and recommend insurance coverage options, design a plan of insurance (based upon discussions between the parties), obtain quotes for said plan, and procure or attempt to procure insurance suitable to Client’s needs. In addition, ABRC will provide access to its Hotline services as part of the Fee identified below.
- 3. **Acknowledgement:** Client acknowledges that ABRC’s performance under this Agreement represents a significant investment of time, effort, and expense on the part of ABRC, and are services for which ABRC is normally compensated through the commissions it receives as a result of entering into a business/insurance agency relationship with its clients.
- 4. **Compensation:** Client acknowledges that ABRC shall be entitled to compensation for the efforts it makes pursuant to this agreement, according to the following terms:

**Fees.** For the services described herein, Client shall pay ABRC fees in an annualized amount equal to \$42,000. Unless otherwise noted, the fees set forth in the previous sentence shall be paid by Client in equal monthly installments.



**Contingency Compensation.** Some carriers, vendors, or third parties may pay contingency compensation for business that ABRC may place with them. Such contingency compensation does not alter or increase the cost of the services that ABRC is brokering or performing on behalf of Client, and thus does not increase the costs that Client pays for the provision of such services. Therefore, in addition to any fees described above, ABRC shall be entitled to any contingency compensation resulting from its work on behalf of Client irrespective of any other provisions elected under this Agreement. ABRC must disclose to Client all contingency compensation when making benefits recommendations.

**Commissions.** Some carriers, vendors, or third parties may pay commissions for the types of services provided by ABRC. Any commissions paid by such entities are often already factored into the cost of the services (e.g. rates) that ABRC is brokering or performing on behalf of Client, and thus often do not increase the costs that client pays for the provision of such services. However, Client does not want ABRC to receive commissions for some services. Therefore, in addition to any fees or contingency compensation described above, ABRC shall be entitled to any commissions resulting from its work on behalf of Client *only* for voluntary benefits for which the Client does not provide any contributions.

5. **Payment:** Client shall pay any fee assessed by ABRC in connection with ABRC's performance under this Agreement prior to ABRC performing any work for the invoiced period. Client shall pay any fees invoiced by ABRC no later than 30 days after receiving an invoice from ABRC. Client will make payment of fees after receiving an invoice from ABRC.
6. **Agreement Term and Termination:** ABRC is entering into a consultative relationship with Client, beginning on the Effective Date, and continuing for a period of three (3) years. Either Party may terminate this Agreement at the end of the calendar year by providing the other Party with at least 60 days written notice of intent to terminate. However, in the event either Party commits a material breach of this Agreement, the other Party can terminate upon 30-days' written notice.
7. **Confidentiality:** All information and advice exchanged between the Parties (including their agents and employees) shall be treated as confidential, and shall not be disclosed to third parties except: 1) as agreed upon in writing, 2) where necessary to accomplish the purposes of this Agreement, or 3) as required by law. In addition, each party agrees promptly to advise the other party in writing of any unauthorized misappropriation, disclosure or use by any person of Confidential Information which may come to its attention, and to take all reasonable steps to limit, stop or otherwise remedy such misappropriation, disclosure or use. The confidentiality provisions contained herein shall continue and stay in effect even after the expiration of this Agreement. ABRC understands that the Client is subject to Wisconsin's Open Records laws and agrees to fully cooperate with the Client in producing documents to fill any open records requests.
8. **Final Agreement:** This Agreement is an independent document that contains all of the covenants and agreements between the parties, and supersedes any and all other oral or written Agreements between Client and ABRC with respect to the matters described herein.
9. **Disclaimer.** While knowledge of the legal, tax, and financial issues related to the products, services, and advice offered by ABRC is an important part of our expertise, the products, services, and advice themselves do not constitute, and should not be construed as providing, legal, tax, or financial advice. Client agrees that it will use the products, services, or advice

offered under this Agreement at its own risk, and takes full responsibility for any use it may make of the products, services, or advice offered under this Agreement. Client acknowledges that, in providing products, services, or advice under this Agreement, ABRC is not acting in the capacity of a fiduciary, and Client hereby waives any rights it may have to pursue any type of fiduciary claim against ABRC.

Client is seeking ABRC’s expertise and recommendations with respect to the products, services, and advice offered by ABRC under this Agreement. However, ABRC cannot control the manner in which Client may interpret or utilize the products, services, and advice offered by ABRC under this Agreement. Therefore, Client hereby agrees that any claims it may have against ABRC as a result of products, services, or advice provided under this Agreement will be limited to the amounts actually paid by Client to ABRC pursuant to this Agreement, except where ABRC’s performance results in willful misconduct or gross negligence.

- 10. **Insurance and Indemnification.** ABRC agrees that it shall provide to the Client at its own cost and expense insurance as specified below with a company or companies authorized to do business in the State of Wisconsin. All coverage required shall apply its employees and agents named as additional insured as their interests may appear. A Certificate of Insurance for all required insurance shall be filed with the Client prior to ABRC and the Client executing this Agreement. Client shall provide proof of comprehensive general liability insurance including contractual liability, personal injury liability, products and completed operations with minimum limits of \$1,000,000 per occurrence. This insurance shall be required for the full term of the agreement and any renewal periods. ABRC shall also carry statutory workers’ compensation coverage.

ABRC and Client shall each indemnify, defend and hold harmless the other party, and the other party’s’ officers, directors, employees, members and agents, and each of them, from any and all claims, actions, causes of action, demands or liabilities of whatsoever kind or nature, including judgments, interest, attorneys' fees, and all other costs, fees, expenses and charges in any way resulting from or arising out of its breach of this agreement, gross negligence, willful misconduct and those of its officers, agents, employees, or any one of them, in connection with or in any way related to this agreement. ABRC is not liable for acts by other contractors unless such acts occurred in whole or in part from the negligence of ABRC.

- 11. **Modifications:** Any modification of this Agreement shall be effective only if it is in writing, signed and dated by all parties hereto.
- 12. **Jurisdiction:** This Agreement is to be construed pursuant to Laws of the State of Wisconsin. Jurisdiction and venue for any claim arising out of this Agreement shall be made in the State of Wisconsin.

By signing this Agreement, the Parties agree to the terms as set forth above. Moreover, the individual executing this Agreement on behalf of Client hereby represents and warrants that, as of the Effective Date of this Agreement, he/she is duly authorized to execute this Agreement on behalf of Client.

**City of Manitowoc**

**Associated Financial Group, LLC**

By: \_\_\_\_\_  
*Print Name/Title*

By: \_\_\_\_\_  
*Print Name/Title*

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

Date: \_\_\_\_\_

**For Office Use Only:**

Sales Manager \_\_\_\_\_