



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: February 19th, 2020

Purpose:  Presentation/Report  Recognition  Discussion/ Possible Action

Closed/Executive Session  Work Session  Discussion Only  Consent

From: Chad Doucet, Interim Chief of Staff

Item Title: Discussion, consideration and possible action on nonrenewal of Insurance Consultant Agreement with Gallagher Benefit Services, Inc.

Description: Gallagher is the insurance consultant the District selected for the benefits plan to access those insurance companies it believes are best suited to insure the Client's risks.

Historical Data: The District solicited RFP 2018 -01 for health insurance consultants in February 2018. This contract is for a two-year term, with the possible renewal of two addition 1 year with Board of Trustees approval.

Recommendation: Approve the nonrenewal of Insurance Consultant Agreement with Gallagher Benefit Services, Inc.

District Goal/Strategy:

Strategy 1 We will engage all school community members through transparency and effective communication to promote a positive perception and create a strong brand.

Funding Budget Code and Amount: 199- \$75,000

APPROVED BY:

SIGNATURE

DATE

Chief Officer:

*Chad Doucet*

2/10/2020

CFO Funding Approval:

\_\_\_\_\_

\_\_\_\_\_

Superintendent:

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\_\_\_\_\_





**CLIENT COVERAGE ACKNOWLEDGMENT  
AND COMPENSATION DISCLOSURE STATEMENT  
FOR SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT**

This form documents that Gallagher Benefit Services, Inc. (Gallagher) will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client’s risks. The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that Gallagher does not take risk, and that Gallagher does not guarantee the financial solvency or security of any insurance company. The Client is responsible for immediate payment of premiums for all insurance placed by Gallagher on Client’s behalf. If any premium amounts are not paid in full when due, the applicable insurance company for the Client’s risks may cancel any applicable policies in accordance with the terms of such policies.

The following is the disclosure of fees and/or commissions to be paid to Gallagher as a result of its Broker of Record relationship to Client’s Group Health and Welfare Plan and any relationships, or agreements Gallagher has with any insurance companies selected by Client as noted above. Gallagher, as Broker of Record, will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees as agreed upon by Client:

Line of Coverage/Services	Insurance Company	Commission <sup>1</sup> / Supplemental Compensation <sup>2</sup>	Third Party Compensation	Direct Fees <sup>3</sup>	Effective Date
Consulting Services	Gallagher	n/a	n/a	\$55,000	11/01/2019
Medical	Aetna	0% / \$0.00 to \$21.60 PMPY	n/a	n/a	11/01/2019
PBM Services	Express Scripts, Inc.	\$0.75 per prescription / 0%	n/a	A pre-fixed fee of \$25,000 until exhausted, then \$0.75 per prescription will continue on a quarterly basis.	11/01/2019
FSA and COBRA	PayFlex/Aetna	0% / 0%	n/a	n/a	11/01/2019
Dental	MetLife	5% / 0% to 2.75%	n/a	n/a	11/01/2019
Stop Loss	Aetna	0% / \$0.00 to \$21.60 PMPY	n/a	n/a	11/01/2019

It should also be noted that:

- **Gallagher** is not an affiliate of the insurer whose contract is recommended. This means the insurer whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of **Gallagher**. **Gallagher’s** ability to recommend other insurance contracts is not limited by an agreement with the insurance company.

<sup>1</sup> Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of “finders’ fees” or other fees to Gallagher for a transaction or service involving the plan.

<sup>2</sup> Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commission.

<sup>3</sup> Direct Fees include compensation to Gallagher paid for directly by the plan sponsor/Client.





- **Gallagher** is effecting the transaction for the Plan(s) in the ordinary course of **Gallagher** business. The transaction set forth is at least as favorable to the Plan(s) as an arm's length transaction with an unrelated party.
- **Gallagher** is not a trustee of the Plan(s) and is neither the Plan Administrator of the Plan(s), a named fiduciary of the Plan(s), nor an employer which has employees in the Plan(s). **Gallagher** shall not exercise discretionary authority or control with respect to plan management, the disposition of plan assets or plan administration.
- **Gallagher's** liability to Client, or any party claiming by or through Client, on account of or relating to the provision of services to Client during the period of the relationship between Gallagher and Client shall not exceed \$20 million in the aggregate. Without limiting the foregoing, Gallagher shall only be liable for actual damages incurred by Client, and shall not be liable for any indirect, consequential or punitive damages.

**For Employers and Plan Sponsors Subject to ERISA:** This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher's and Gallagher affiliates' income before purchasing the insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24<sup>4</sup>, which protects both Client and Gallagher<sup>5</sup>. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher's compensation arrangements, please visit [www.ajg.com/compensation](http://www.ajg.com/compensation). In the event a Client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com).

Thank you for your business and continued confidence in the services Gallagher provides to you and your employees. We sincerely appreciate the opportunity to serve South San Antonio Independent School District. Please let us know if you have any questions regarding this information or would like more detail.

Accepted by: **SOUTH SAN ANTONIO  
INDEPENDENT SCHOOL DISTRICT**

**GALLAGHER BENEFIT SERVICES, INC.**

By: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Name Nick Long  
 Title Area Vice President  
 Date: \_\_\_\_\_

<sup>4</sup> Which allows an exemption from a prohibited transaction under Section 408(a) of the **Employee Retirement Income Security Act of 1974 (ERISA)**.

<sup>5</sup> In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.

