

COMPENSATION REPORT

SYLVAN UNION SCHOOL DISTRICT
("Client")

For Coverage Period of
January 1, 2018 to December 31, 2018

The following table reports the compensation that Keenan & Associates estimates that it will be entitled to receive in connection with the listed services for the Coverage Period. Since final payment amounts are occasionally delayed and carriers frequently modify their compensation programs, this Report presents estimated compensation amounts as of the date noted below.

Services	Service Provider	Direct Compensation Arrangement	Estimated Direct Compensation	Other Compensation ^{1,2}
BROKERAGE/CONSULTING				
Dental	Delta Dental	\$1 pepm	9,887	No
Medical	Kaiser	1% of premium	40,219	Possibly ³
Medical	Sutter Health Plan	2% of premium	64,956	No
Vision	VSP	\$0.50 pepm	4,676	No
Voluntary ADD	MetLife	20% of premium	5,723	Possibly ⁴
Voluntary Coverages	AFA	1% or 5% of premium	19,167	No
OTHER SERVICES				
BenefitBridge (eff 9/1/18)	Keenan	\$2.05 pepm	4,241	Yes ⁵
Dental Eligibility	Keenan	\$0.39 pepm	3,856	No

Report Date: January 3, 2019

Prepared by: Keith Pippard, Senior Vice President

- ¹ Consistent with insurance industry practices, insurance providers frequently offer additional compensation based on factors that are not specific to a particular client or placement of coverage. These arrangements are typically referred to as supplemental or indirect compensation, overrides or contingencies (collectively, "Other Compensation"). In addition to these non-exclusive arrangements Keenan may from time to time enter into exclusive provider arrangements for Other Compensation based upon: (i) technology investment and services provided by Keenan, (ii) assistance with developing, marketing and/or distributing products offered by insurance carriers and product vendors, (iii) specialized expertise in niche markets that may assist insurers to properly assess market risks and to develop products, (iv) efficiencies that may be achieved through the collective administration of larger groups of business, and (v) aggregate volume, persistency or new business development. Keenan believes and seeks written assurances from the insurance providers that any such Other Compensation does not adversely impact the pricing and coverage terms that Keenan is able to obtain for its clients.
- ² Insurance providers occasionally offer additional compensation in the form of trips or other in-kind payments, typically as 'prizes' for the attainment of specified objectives. Keenan is unable to predict which providers will create such programs and whether Keenan's performance might entitle it to receive such additional compensation and has not included such programs in these Other Compensation disclosures.
- ³ **Kaiser** - Under agreements with Kaiser, Keenan may receive compensation for renewals ranging from \$0 to \$3.25 per member. The compensation under these agreements, if any, is subject to numerous conditions and caps.
- ⁴ **MetLife** - The Supplemental Compensation Plans available to all brokers with large blocks of MetLife business provide for additional compensation based on new cases written. They also provide for additional compensation at varying percentages of premiums based on premium volumes renewed.
- ⁵ Participating carriers generally pay Keenan a fee of up to \$1.13 per member per month for the BenefitBridge system and associated services provided by Keenan.