

INSURANCE SERVICES AGREEMENT

THIS INSURANCE SERVICES AGREEMENT (“Agreement”) is deemed to have been made and entered into on and as of July 1, 2020, by and between Smith Brothers Insurance, LLC., a Connecticut Limited Liability Company (“SBI”), and, Town of Chester, a municipality.

RECITALS

A. SBI, which is a duly-licensed agent and broker of various lines of insurance policies with a variety of insurers in a number of insurance markets, desires to render insurance advisory services to Client in connection with Client’s purchase through SBI as Client’s agent or broker-of-record of insurance policies deemed by Client to be necessary and appropriate to protect it in its conduct of its ongoing business operations, all on the terms and conditions set forth in this Agreement.

B. Client desires to retain SBI to provide it with such insurance advisory services in connection with Client’s purchase through SBI as Client’s agent or broker-of-record of such insurance policies, all on the terms and conditions set forth in this Agreement.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants, agreements, representations and warranties set forth herein, the parties hereto agree as follows:

1. **Retention of SBI by Client.** During the term of this Agreement, Client hereby retains SBI to provide it with insurance advisory services (the “Services”) in connection with Client’s purchase through SBI as Client’s agent or broker-of-record of insurance policies deemed by Client to be necessary and appropriate to protect it in its conduct of its ongoing business operations. The Services to be provided by SBI to Client hereunder shall generally include consultation and advice relating to Client’s purchase of such insurance policies through SBI as Client’s agent or broker-of-record in insurance markets and with insurers with which SBI has existing or future relationships, the negotiation of coverage terms and conditions with such insurers on behalf of Client, the placement of such insurance policies with such insurers on behalf of Client, consultation and advice concerning Client’s general risk management and loss prevention policies and practices and support services in connection with the management of claims made under any of such insurance policies.

2. **Term, Termination and Expiration.**

2.1 **Term.** The term of this Agreement shall commence as of the date of this Agreement and shall continue until terminated by either party in accordance with the provisions of Section 2.2 or until this Agreement shall be deemed to have expired in accordance with the provisions of Sections 2.3 and 3.2 hereof.

2.2 **Termination.** The provisions of this Agreement may be terminated by either Client or SBI, effective as of the last day of the calendar month subsequent to the delivery by either Client or SBI of at least 30 days’ prior written notice to the other party of such party’s intention to terminate this Agreement. The fee designated in 3.1 will be 50% earned if termination

by client occurs in the first 6 months of this agreement and any subsequent year and 100% earned if termination by client occurs after 6 months into this agreement and any subsequent years.

2.3 Expiration. The provisions of this Agreement shall be deemed to have expired, effective as of an anniversary date of this Agreement.

2.4 Effect of Termination or Expiration. All rights and obligations of Client and SBI under this Agreement shall terminate and cease as of the effective date of the termination or expiration of this Agreement. Notwithstanding the foregoing, the termination or expiration of this Agreement shall not terminate Client's obligation to pay SBI for its Services rendered through and including the later of the effective date of the termination or expiration of this Agreement or the date of the cancellation or expiration of all the insurance policies purchased by Client through SBI as Client's agent or broker-of-record, irrespective of whether SBI has previously been replaced as Client's agent or broker-of-record in respect of any of such insurance policies.

3. Annual Advisory Fees and Payment Thereof.

3.1 Advisory Fees During Year of Term. Subject to the provisions of Section 3.3 hereof, Client agrees to pay SBI the sum of \$6,500 as SBI's fees for the Services to be rendered by SBI pursuant to this Agreement during year of the term of this Agreement. SBI hereby agrees that such annual fees shall be in lieu of any and all commissions which would otherwise be due to SBI in respect of all insurance policies indicated on lines of insurance below by Client through SBI as Client's agent or broker-of-record during such first year of the term of this Agreement. List of Lines of Insurance/Policies this agreement applies to:

CIRMA LAP Package Policy

3.2 Advisory Fees After First Year of Term. Subject to the provisions of Section 3.3 hereof, Client and SBI shall, commencing 60 days prior to each anniversary date of the term of this Agreement, negotiate in good faith with respect to the annual fees to be paid by Client to SBI during each succeeding year, in lieu of any commissions which would otherwise be due to SBI with respect to any and all insurance policies listed in section 3.1 by Client through SBI as Client's agent or broker-of-record during such succeeding year of the term of this Agreement. If the parties agree as to the amount of such annual fees, the parties shall execute and deliver to each other a new agreement in writing setting forth the annual fees for such succeeding year. If the parties cannot agree as to the amount of such annual fees within such 60-day period, this Agreement shall be deemed to have expired on and as of the anniversary date of the term of this Agreement coincident with the expiration of such 60-day period.

3.3 Adjustment to SBI Fees During Any Year of Term. In the event that Client purchases one or more new lines of insurance coverage through SBI as Client's agent or broker-of-record during the course of any year of the term of this Agreement, adds new locations to any existing property and casualty insurance policies purchased through SBI as Client's agent or broker-of-record during the course of any year of the term of this Agreement and/or the insurers' exposure on any existing insurance policies purchased by Client through SBI as Client's agent or

broker-of-record increases by more than 15% during the course of any year of the term of this Agreement due to additions to, or growth of, Client's business during the course of such year, Client agrees to pay SBI additional fees for its Services provided hereunder in connection therewith in an amount equal to 0% of the additional insurance premiums charged therefor by the insurers in respect of such new line(s) of insurance coverage, such added locations to any such existing property and casualty insurance policies and/or such added exposure on any other such existing insurance policies. Such additional fees shall be payable in equal annual installments during the remainder of the year of the term of the Agreement in question on the dates set forth in Section 3.4 hereof.

3.4 Payment of SBI Fees. All annual fees due from Client to SBI during each year of the term of this Agreement shall be payable, without interest, in one installment of 100% on July 1 of each year of the term of this Agreement; provided, however, that the first installment of fees during the first year of the term of this Agreement shall be due and payable within no more than five (5) days after the execution and delivery of this Agreement by the parties.

3.5 Late Charges and Interest. Any annual installment of annual fees due from Client to SBI hereunder which is not paid within 10 days of the due date shall result in the imposition of a late charge by SBI to Client in an amount equal to 5% of the unpaid annual installment. In addition, any annual installment of annual fees not paid within 30 days of the due date therefor shall bear interest on the unpaid balance thereof at a rate equal to 8% per annum, calculated from the initial due date of such annual installment through the date that such annual installment and all late fees and interest thereon shall have been paid in full. All payments made by Client to SBI hereunder shall be applied first to accrued but unpaid late fees, if any, then to accrued but unpaid interest, if any, and then to the unpaid balance of any annual installment of annual fees due hereunder.

4. Representations and Warranties of SBI. SBI represents and warrants to Client as follows:

4.1 Organization and Authorization. SBI is a corporation duly organized, validly existing and in good standing under the laws of Connecticut and has all power, permits and licenses necessary to enter into and carry out its obligations under this Agreement. This Agreement has been duly authorized by SBI and is a valid and binding obligation of SBI, enforceable in accordance with its terms.

4.2 No Conflicts with Other Agreements. Neither the execution and delivery of this Agreement nor the performance of the insurance advisory services contemplated herein will violate or constitute a default under any other agreement or instrument to which SBI is a party.

5. Representations and Warranties of Client. Client represents and warrants to SBI as follows:

5.1 Organization and Authorization. Client is a municipality duly organized, validly existing and in good standing under the laws of Connecticut, is duly qualified to transact intrastate business in Connecticut and has all power, permits and licenses necessary to

Nothing contained herein shall justify or excuse failure to give oral notice for the purpose of informing the parties hereto when prompt notification is required; provided, however, it shall be understood that such oral notice shall in no way satisfy the requirement of written notice.

6.4 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the provision shall be deemed to be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement.

6.5 No Assignment. SBI and Client acknowledge and agree that this Agreement constitutes a personal contract between them and that neither SBI nor Client may transfer or assign this Agreement or any part thereof without the other party's prior written consent other than in situations whereby SBI or Client sell or merge their entity into another entity assigned this and other contracts. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of SBI and Client and their respective successors and permitted assigns.

6.6 Arbitration. The parties hereby agree to arbitrate any dispute or controversy that should arise between them with respect to the meaning, effect, performance, enforcement or other issue in connection with, arising out of or relating to this Agreement in Hartford, County, Connecticut before a single arbitrator selected by and in accordance with the then rules of the American Arbitration Association ("AAA"). The arbitrator shall apply Connecticut substantive law and evidence law to the arbitration proceeding. The arbitrator shall have the power to grant all legal and equitable remedies and award compensatory damages provided by Connecticut law and this Agreement, excluding only the power to award punitive damages. The arbitrator shall prepare in writing and provide to the parties an award indicating factual findings and the reasons on which the decision is based. The arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected for any such error. The fees and costs of the AAA shall be allocated between SBI and Client as the arbitrator determines in his or her sole discretion. Except as expressly set forth herein, the award of the arbitrator shall be final and binding on both parties and may be entered in any court having jurisdiction thereof.

6.7 Attorneys' Fees. If any arbitration proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the arbitrator shall be expressly authorized to determine who is the successful or prevailing party and to award such successful or prevailing party its reasonable attorneys' fees and other costs incurred in such arbitration proceeding, in addition to any other relief to which such successful or prevailing party may be otherwise entitled.

6.8 No Implied Waivers. The failure of either party at any time to require performance by the other party of any provision hereof shall not affect in any way the right to require such performance at any later time nor shall the waiver by either party of a breach of any provision hereof be taken or held to be a waiver of such provision.

6.9 Governing Law; Survival of Certain Provisions. The parties agree that this Agreement has been entered into in Connecticut and all questions with respect to the construction of this Agreement and the rights and liabilities of the parties shall be governed by the laws of Connecticut. The provisions of Section 3 of this Agreement shall survive the termination or expiration of this Agreement.

6.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

6.11 Section References. Any reference in the Agreement to a section or subsection shall be deemed to include a reference to any subsidiary sections whenever the context requires.

6.12 Captions. The captions of the sections and subsections of this Agreement are included for reference purposes only and are not intended to be a part of the Agreement or in any way to define, limit or describe the scope or intent of the particular provision to which they refer.

6.13 Further Assurances. Both SBI and Client agree to perform any further acts and to execute and deliver any other documents that may be reasonably necessary to carry out the intent of the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto shall be deemed to have executed and delivered this Agreement retroactive to the date first above mentioned.

“SBI”

“Client”

Smith Brothers Insurance, LLC.

Town of Chester

By: _____
Joseph B. Smith Its' President

By: _____

Agency Disclosure

This disclosure is intended to help you better understand certain terms of compensation we get and so that we can comply with State Insurance Statutes. However, it is Confidential and specific to our business. Use of this information outside of your entity or for any unintended purpose could be harmful to our organization. Therefore, we expect and appreciate that you will respect its confidentiality.

Smith Brothers Insurance, LLC. takes very seriously our role as a trusted advisor to our clients. Our compensation is largely made up of commissions paid by insurers but, in some instances, we collect a fee for these services.

Commission may be part of the premium quoted, or we may collect a fee, but not both on the same policy. We do have arrangements with a number of insurance and financial service companies that provide additional commission or compensation to us for joint advertising efforts, training and professional development of our staff, and growth and profitability of our overall book of business. In addition, these carriers may provide SBI with other non-monetary benefits such as travel, education, financing and entertainment. This additional compensation typically represents less than 1% of the total premium handled in our office. These terms of compensation are not specific to your account and do not directly affect the pricing of your account.

There is no way of knowing the value of the profit sharing or non-monetary compensation until after our book of business calendar year results have been calculated. Based on history and existing contractual agreements, SBI's estimates of compensation on these agreements, as a percentage of our overall book of business, is based on historic averages by carrier, with an average of less than 1% on our overall book of written premium, but they range from 0% – 4% of written premium depending on the carrier.

If you would like additional details as to how we earn additional compensation through these profit-share arrangements, we would be happy to share them with you, including copies of their actual contracts. If interested, please contact our Director of Operations.

New York Disclosure

Reg. 194 Mandatory Initial Disclosure as required by the NY State Insurance Department

As an independent insurance agent or insurance broker I, or my firm, (hereafter "I") may have access to more than one insurance company to place your coverage. Whether acting as an independent insurance agent or insurance broker I have certain obligations to you as the purchaser and certain obligations to the insurance company as determined in both statutory and case law. If acting as an independent insurance agent I may have authority to obligate the insurance company on your behalf and as a result I may be required to act within the scope of my contractual agreement with the company.

As the purchaser you need to understand that I typically will receive compensation from the selling company based on the agreement I have with the company. That compensation may vary from company to company and also be impacted by the volume of business I place with the company, the profitability of that business and other factors.

You may receive information about my compensation on the policy or policies you select and about any policies I have presented to you which you did not select by asking me for the information.