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### Retail Compensation Disclosure

In addition to the commissions or fees received by us for assistance with the placement, servicing, claims handling, or renewal of your insurance coverages, other parties, such as excess and surplus lines brokers, wholesale brokers, reinsurance intermediaries, underwriting managers and similar parties, some of which may be owned in whole or in part by Brown & Brown, Inc., may also receive compensation for their role in providing insurance products or services to you pursuant to their separate contracts with insurance or reinsurance carriers. That compensation is derived from your premium payments. Additionally, it is possible that we, or our corporate parents or affiliates, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. We generally do not know if such a contingent payment will be made by a particular insurer, or the amount of any such contingent payments, until the underwriting year is closed. That compensation is partially derived from your premium dollars, after being combined (or "pooled") with the premium dollars of other insured's that have purchased similar types of coverage. We may also receive invitations to programs sponsored and paid for by insurance carriers to inform brokers regarding their products and services, including possible participation in company-sponsored events such as trips, seminars, and advisory council meetings, based upon the total volume of business placed with the carrier you select. We may, on occasion, received loans or credit from insurance companies. Additionally, in the ordinary course of our business, we may receive and retain interest on premiums you pay from the date we receive them until the date of premiums are remitted to the insurance company or intermediary. In the event that we assist with placement and other details of arranging for the financing of your insurance premium, we may also receive a fee from the premium finance company.

**Questions and Information Requests:** Should you have any questions or require additional information, please contact this office at 386-252-6176 or, if you prefer, submit your question or request online at <http://www.bbinsurance.com/customerinquiry.shtml>.

### ***PREFERRED* Compensation Disclosure**

We appreciate the opportunity to assist with your insurance needs. Information concerning additional compensation paid to other entities for this placement and related services appears below. Please do not hesitate to contact us if any additional information is required.

Our office is owned by Brown & Brown, Inc. Brown & Brown entities operate independently and are not required to utilize other companies owned by Brown & Brown, Inc., but routinely do so.

For the 2012 – 2013 policy year, your insurance was placed with Preferred Governmental Insurance Trust (*Preferred*). *Preferred* is an insurance trust formed by Florida public entities through an Interlocal Agreement for the purpose of providing its members with an array of insurance coverages and services. *Preferred* has contracted with entities owned by Brown & Brown, Inc. to perform various services. As explained below, those Brown & Brown entities are compensated for their services.

*Preferred* has contracted with Public Risk Underwriters (PRU), a company owned by Brown & Brown, Inc., to administer *Preferred's* operations. The administrative services provided by PRU to *Preferred* include:

- Underwriting
- Coverage review
- Marketing
- Policy Review
- Accounting
- Issuance of *Preferred* Coverage Agreements
- *Preferred* Member Liaison
- Risk Assessment and Control

Pursuant to its contract with *Preferred*, PRU receives an administration fee, based on the size and complexity of the account, of up to 12.5% of the premium you pay to *Preferred*. PRU may also receive commissions from insurance companies with whom it places your coverage, which commissions are derived from the premium you pay to *Preferred*. Multiple underwriters may be involved in the placement of your coverage. If so, they also may be compensated for their services from the premium you pay to *Preferred*.

*Preferred* has also contracted with Preferred Governmental Claims Solutions (PGCS), a company owned by Brown & Brown, Inc., for purposes of administering the claims of *Preferred* members. The services provided by PGCS to *Preferred* may include:

- Claims Liaison with Insurance Company
- Claims Liaison with *Preferred* Members
- Claims Adjustment

***PREFERRED Compensation Disclosure (continued)***

Pursuant to its contract with *Preferred*, PGCS receives a claims administration fee for those accounts which PGCS services of up to 5% of the non-property portion of the premiums you pay to *Preferred*.

*Preferred* also utilizes wholesale insurance brokers, some of which (such as Peachtree Special Risk Brokers and MacDuff Underwriters) are owned by Brown & Brown, Inc., for the placement of *Preferred*'s insurance policies, and for individual risk placements for some *Preferred* members (excess and surplus lines, professional liability coverage, etc.). The wholesale insurance broker may provide the following services:

- Risk Placement
- Coverage review
- Claims Liaison with Insurance Company
- Policy Review
- Current Market Intelligence

The wholesale insurance broker's compensation is derived from your premium, and is largely dictated by the insurance company. It typically ranges between 10% and 17% of the premiums you pay to *Preferred* for your coverage. Some wholesale brokers used by Brown & Brown to place your coverage may also act as Managing General Agents for various insurance companies, and may be compensated directly by those insurance companies for their services in placing and maintaining coverage with those particular companies.

The wholesale insurance brokerage utilized in the placement of property insurance was Peachtree Special Risk Brokers, which is a company owned by Brown & Brown Inc. Furthermore, any professional liability coverage afforded by the package of insurance you purchased was acquired through Apex Insurance Services, which is also a company affiliated with Brown & Brown Inc.

EXHIBIT B

BASIS OF COMPENSATION

As consideration for providing the Services as set forth in the Agreement, the CITY agrees to pay, and the CONTRACTOR agrees to accept payment on a time and reimbursement cost basis [or other basis] as follows [or in Exhibit B-1, which is attached and made part of this Agreement]:



**INVITATION TO BID**

**CITY OF NAPLES  
PURCHASING DIVISION  
270 RIVERSIDE CIRCLE  
NAPLES, FL 34102**

**PH: 239-213-7100 FX: 239-213-7105**

MAILING DATE: 4/30/08	TITLE: <b>RFP-PROPERTY AND CASUALTY INSURANCE BROKERAGE SERVICE</b>	NUMBER: 055-08	OPENING DATE & TIME: 2:00PM 5/22/08
PRE-BID DATE, TIME AND LOCATION:			

NAME OF PARTNERSHIP, CORPORATION OR INDIVIDUAL: Risk Management Associates, Inc. d/b/a Public Risk Insurance Agency	
MAILING ADDRESS: P.O. Box 2416	
CITY-STATE-ZIP: Daytona Beach, FL 32115	
PH: (386) 239-4040	EMAIL: ahansen@bbpria.com
FX: (386) 239-4049	WEB ADDRESS:

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a bid for the same materials, supplies, or equipment and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this bid and certify that I am authorized to sign this bid for the bidder. In submitting a bid to the City of Naples the bidder offers and agrees that if the bid is accepted, the bidder will convey, sell, assign or transfer to the City of Naples all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the Anti-trust laws of the United States and the State of FL for price fixing relating to the particular commodities or services purchased or acquired by the City of Naples. At the City's discretion, such assignment shall be made and become effective at the time the City tenders final payment to the bidder.

AUTHORIZED SIGNATURE 	DATE 5/21/2008	PRINTED NAME/TITLE Director of Operations
Please initial by all that apply I acknowledge receipt of the following addendum		
<input type="checkbox"/> Addendum #1	<input type="checkbox"/> Addendum #2	<input type="checkbox"/> Addendum #3
<input type="checkbox"/> Addendum #4		

**PLEASE NOTE THE FOLLOWING:**

- > This page **must be completed and returned** with your bid.
- > Bids must be **submitted in a sealed envelope, marked with bid number & closing date.**
- > Bids received after the above closing date and time will not be accepted.
- > **If you do not have an email address** and you want a copy of the Bid Tab, please enclose a stamped, self-addressed envelope with your bid.

**PRLA proposed the following schedule of remuneration.**

**FY08-09**

A flat fee of \$60,000 for render of all services. This fee encompasses all services as outlined in RFP#055-08.

**FY09-10**

A flat fee of \$62,500 for render of all services. This fee encompasses all services as outlined in RFP#055-08.

**FY10-11**

A flat fee of \$65,000 for render of all services. This fee encompasses all services as outlined in RFP#055-08.

**Installment periods for each year of agreement**

**25% due October 1; 25% due January 1; 25% due April 1; 25% due July 1**

**Compensation.** In consideration of the services provided hereunder, Owner shall compensate Contractor in the amount, and payable according to the terms, set forth above in Exhibit A. If Owner chooses to procure insurance through Contractor, Owner and Contractor acknowledge and agree as follows:

(a) It is understood and agreed that Contractor, or Contractor's corporate parent, subsidiaries or affiliated entities, may receive contingent payments or allowances from insurers based on factors which are not client-specific, such as the performance and/or size of an overall book of business produced with an insurer. Notwithstanding anything to the contrary contained herein, such contingent payments or allowances will not be credited against the balance of the fee owed to Contractor pursuant to this Agreement or otherwise be paid to Owner.

(b) Contractor may utilize insurance intermediaries (such as a wholesale insurance broker, managing general agent (MGA), managing general underwriter or reinsurance broker) for the placement of Owner's insurance. In addition to providing access to the insurance company, the intermediary may provide the following services: (i) risk placement; (ii) coverage review; (iii) claims liaison services with the insurance company; (iv) policy review; and (v) current market intelligence. The compensation received by the insurance intermediary for placements and, if applicable, the services above is typically in the range of 5% to 15% of policy premium. The intermediary utilized in the placement of your insurance may or may not be owned by Brown & Brown Inc., the parent company of Contractor. Notwithstanding anything to the contrary contained herein, any payments or allowances paid to any intermediary are not subject to this section, and will not be credited against the balance of the fee owed to Contractor pursuant to this Agreement or otherwise paid to Owner.

(c) If Owner chooses to finance its premiums, Contractor may assist Owner in the arrangement of such financing. Notwithstanding anything to the contrary contained herein, any payments or allowances paid to Contractor for arranging premium financing will not be credited against the balance of the fee owed to Contractor pursuant to this Agreement or otherwise paid to Owner.

(d) Contractor may, in the ordinary course of its business, receive and retain interest on premiums paid by the Owner from the date received by Contractor until the date the premiums are remitted to the insurance company or intermediary. Notwithstanding anything to the contrary contained herein, any interest income retained by Contractor on these premiums will not be credited against the

balance of the fee owed to Contractor pursuant to this Agreement or otherwise paid to Owner.

(e) Compensation for the Services are exclusive of all federal, state and local sales, use, excise, receipts, gross income and other similar taxes and governmental charges and fees. Any such taxes, charges or fees for the Services, now imposed or hereafter imposed during the term of this Agreement, shall be in addition to the compensation, premiums and charges set forth in this Agreement and shall be paid by Owner upon request.

(f) Costs and expenses associated with travel and expenses incurred by Contractor in the performance of duties performed in the performance of its obligations in this Agreement shall be the sole responsibility of Contractor unless specifically agreed upon in advance with Owner.

(g) Mandatory Florida Fee Agreement Disclosure: If we are being compensated based upon a fixed dollar amount or fixed percentage fee, meaning that the contract specifies our compensation and states anywhere in the document that additional compensation will not be paid to us or any other party, any additional compensation to us or any other party, including wholesale brokers or third party intermediaries, is strictly prohibited. Likewise, if our contract sets compensation based upon a fixed dollar amount or fixed percentage fee, and the contract specifies that additional compensation shall be credited to the insured, any additional compensation to any party, including brokers, wholesale brokers or third party intermediaries, must be promptly returned to you. If our contract is not based upon such fixed fee terms, no owned or affiliated party, including brokers, wholesale brokers or third party intermediaries, may accept any type of compensation without full disclosure by the undersigned Contractor to you of the dollar amount or percentage of compensation prior to binding your coverage.

END OF EXHIBIT B