# BROKER AND CONSULTING SERVICES AGREEMENT

This Broker and Consulting Services Agreement (this "Agreement") is entered into as of April 3, 2025 (the "Effective Date"), by and between Stephens Insurance, LLC ("Stephens"), with offices at 111 Center Street, Little Rock, Arkansas 72201, and the Bureau of Legislative Research("Client") with offices at 1 Capitol Mall, Fifth Floor, Little Rock, AR 72201.

WHEREAS, Client issued a Request for Proposal for "comprehensive insurance brokerage services related to the placement and maintenance of commercial property insurance policies to cover all state-owned buildings, including public education facilities and higher education facilities";

WHEREAS, the Executive Subcommittee of the Arkansas Legislative Council awarded Stephens the brokerage services contract;

WHEREAS, pending the enactment and effect of new Arkansas law, the State Captive Insurance Program will be created;

NOW, THEREFORE, in consideration of and in reliance upon the previous paragraphs and the terms, conditions, representations and agreements contained in this Agreement, the Parties hereby agree that:

1. Scope. Stephens will serve as insurance broker and consultant for insurance policies as specifically identified in RFP# 2024.12-B and Stephens' proposal thereto, including but not necessarily limited to, policies insuring risk related to certain state-owned buildings, including public education facilities and higher education facilities, and certain K-12 public school district and charter school facilities. As consideration for these services, Stephens shall receive an Annual Fee, as that term is defined in this Agreement, for each annual period during this Agreement. Stephens will perform its services in coordination with Client. Client will provide direction to Stephens, where appropriate, to assist Stephens in the performance of the services. Stephens will not be required to utilize any particular insurance company or third party services vendor unless otherwise stated herein. Stephens will also perform other services as provided elsewhere in this Agreement, or as mutually agreed in writing by the parties. Services which are beyond the scope of this Agreement include, without limitation, captive management services, and any other special projects not specifically agreed upon by the parties. Accordingly, such services will not be provided without the prior written agreement of the parties regarding the scope of additional services and Stephens' fee for such services.

2. No Warranties Regarding Insurer Solvency. Stephens does not make any representations or warranties, express or implied, concerning the solvency or ability to pay claims of any insurance company, and it is agreed that all insurers with whom risk is placed are acceptable to Client.

3. Stewardship Report. In performing services hereunder, annually during the term of this Agreement, and with Client's authorization, Stephens will prepare a stewardship report which will

include a complete list of insurance in force, and an evaluation of the overall insurance program. Stephens will also assist on an annual basis in the budgeting of premiums and other related costs.

4. Term and Termination.

4.1. The original term (Original Term) of this Agreement shall commence on April 3, 2025, and shall continue until April 3, 2029, unless earlier terminated or cancelled in accordance with the Agreement or some other writing agreed to and signed by the parties, but in no event may the Original Term exceed a period of four (4) consecutive years from the effective date of the Original Term, unless exempt from Ark. Code Ann. § 19-11-238(c)(1). By written agreement of the parties, the term of the Agreement may be extended or renewed for additional time beyond the Original Term. This allows for a total possible term (Total Possible Term) beyond the Agreement's Original Term, as defined in the following paragraph:

4.2. The Total Possible Term of the Agreement is a period comprised of the Original Term plus any extensions or renewals that may be agreed to by the parties in writing, but in no event longer than a period of seven (7) consecutive years from the effective date of the Original Term, unless otherwise provided by law. Subject to applicable law, the terms hereof, and an appropriation of necessary funding, the Total Possible Term of this Agreement expires no later than April 3, 2032 (04/03/2032).

4.3. Termination for Convenience: Client may terminate this Agreement for any reason by giving Stephens written notice of such termination no less than sixty (60) days prior to the date of termination.

4.4. Termination for Cause: Client may cancel this Agreement for cause when Stephens fails to perform its obligations under the Agreement by giving Stephens written notice of such cancellation at least thirty (30) days prior to the date of the proposed cancellation. In any written notice of cancellation for cause, Client will advise Stephens in writing of the reasons why Client is considering cancelling the Agreement and may provide Stephens with an opportunity to avoid cancellation for cause by curing any deficiencies identified in the notice of cancellation for cause prior to the date of proposed cancellation. The parties may endeavor to agree to reasonable modifications in the Agreement to accommodate the causes of the cancellation for cause and avoid the cancellation, to the extent permitted by law.

4.5. Continuation of Obligations. The confidentiality provisions of the Agreement shall survive the termination of the Agreement.

5. Dual Agency Disclosure. In addition to the consulting services above, in some instances, Stephens may be acting in the capacity of a licensed insurance agent and/or broker and will negotiate on Client's behalf with insurance companies and keep Client informed of significant developments in these negotiations. Client agrees to execute, or have executed, any documents necessary (including, but not limited to, Broker of Record or Agent of Record documents) necessary to represent Client. Where it is necessary or advantageous to the Client, Stephens will

utilize the service of intermediaries to assist in the marketing of the insurance. Such intermediaries will be compensated by the insurance company out of paid insurance premiums and, accordingly, their compensation is not addressed by this Agreement, except as otherwise stated herein. Stephens will limit Client's and the insureds' compensation to intermediary brokers for such services related to the broking of the commercial property insurance to an annual aggregate not to exceed **$950,000.00** ("Intermediary Broker Fee").

6. Commissions. With respect to insurance placed by Stephens on behalf of Client, Stephens may receive a commission from the insurance company; the application of commissions towards Annual Fee(s) will be handled per the below provisions.

7. Fees. Stephens' fee for the placement of the commercial property insurance for each annual period during the term of this Agreement shall be **$950,000.00** (the "Annual Fee"). The Annual Fee for the first annual period will be paid on July 1, 2025, and is contingent on Stephens serving as a broker on the bound program. Thereafter, the Annual Fee will be paid on the annual anniversary of the effective date of this Agreement. With respect to all insurance placed by Stephens on behalf of Client, Stephens will disclose to Client any commissions received by Stephens and, where allowed by applicable law, will credit such commissions against Stephens' Annual Fee; provided, however, that any commissions credited shall not exceed the Annual Fee. The commissions credited against the Annual Fee shall not, however, include: (1) other forms of revenue such as contingency commissions that Stephens may receive from insurers or intermediaries; (2) commissions or fees that the parties agree are outside Client's standard insurance program as that program is reflected in this Agreement; or (3) commissions or fees resulting from insurance company audits, which shall be retained (or paid, in the case of return commission) by Stephens. "Contingency Commissions" are those tied to the performance of the broker or agency's business. Stephens does not accept contingency commissions for 'steering' business to certain carriers. Some carriers may not pay any contingency commissions to Stephens. Stephens will request insurance carriers to exclude the placement of Client's business from any contingency revenue calculation to Stephens.

8. Payments. All payments to Stephens under this Agreement shall be made exclusively through ACH (Automated Clearing House) direct deposit or through the State's authorized VISA Procurement Card (p-card). Stephens agrees to provide the necessary banking information, including account number, routing number, and any other details required to facilitate ACH direct deposits. Stephens is responsible for ensuring that the provided banking information is accurate and up to date. Any delays or errors in payment caused by incorrect or outdated information provided by Stephens shall not be the responsibility of Client. Client will process payments according to the agreed payment schedule, and all payments made via ACH direct deposit shall be considered as duly received upon successful transmission to Stephens' designated bank account.

9. Changes to Client's Business During the Term. In the event Client's or the insureds' operations or exposures change substantially during the term hereof as a result of the addition or deletion of assets, operations or entities, or as a result of substantial changes in the scope and

nature of the insurance program, including new lines of coverage, Client and Stephens agree to negotiate in good faith to revise compensation upward or downward as appropriate.

10. Limitation of Liability. UNDER NO CIRCUMSTANCES WILL STEPHENS, ITS AFFILIATES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES BE LIABLE TO CLIENT FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, SPECIAL OR EXEMPLARY DAMAGES SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS, OR LOST BUSINESS, REGARDLESS OF WHETHER SUCH DAMAGES WERE INCURRED BY THE CLIENT DUE TO A NEGLIGENT ACT OR OMISSION. FOR ALL CAUSES OF ACTION OR CLAIMS, STEPHENS', ITS PARENT'S, SUBSIDIARIES', AFFILIATES', AND ITS AND THEIR DIRECTORS', OFFICERS' AND EMPLOYEES' AGGREGATE LIABILITY FOR DAMAGES SHALL NOT EXCEED THE EQUIVALENT OF ONE (1) YEAR ANNUAL COMPENSATION (MEASURED DURING THE SERVICE PERIOD DURING WHICH THE ALLEGED NEGLIGENT OR INTENTIONAL ACT OR OMISSION FIRST OCCURRED) RECEIVED FROM CLIENT BY STEPHENS UNDER THIS AGREEMENT.

11. Assignment. Client may assign its rights or obligations to a state department necessary to fulfill the requirements of legislation enacted by the Ninety-Fifth General Assembly of the State of Arkansas creating the State Captive Insurance Program.
Stephens shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this Contract, in whole or in part, without the prior written approval of Client.

12. Confidentiality/Data Protection.

12.1. Each party shall treat as confidential, and not disclose to any third parties, any Confidential Information relating to the other party in its possession or control at all times unless the disclosure is required under the Arkansas Freedom of Information Act found at Arkansas Code Annotated § 25-19-101, *et seq*.

12.2. Notwithstanding the provisions of paragraph 12.1. above, Stephens may:

12.2.1. Disclose to third party service providers certain information relating to Client that may be confidential where Stephens reasonably considers the information to be necessary to enable the third party service provider to fulfill its functions;

12.2.2. Disclose information that may otherwise be confidential for regulatory purposes, provided that confidential information specific to Client shall not be disclosed without Client's prior written consent; and

12.2.3. Disclose information requested for auditing purposes.

12.3. Client shall retain sole ownership, right, title, and interest to all data created and stored by Stephens, excluding intellectual property and exclusions governed by applicable State and federal laws. At the end of the Agreement and after confirmed transfer of 100% of State-owned data, deliverables, and products back to Client or their designee, Stephens shall destroy all copies of the State-owned data it possesses.

12.4. Stephens shall ensure all data received as part of this contract is used solely for the purpose of this Agreement and not shared, reused, or disseminated to any other party or entity without the express written consent of Client or as otherwise required under applicable State and federal laws.

12.5 Upon termination or expiration, should any subsequent contract for this or similar services be awarded to a provider other than Stephens, Stephens shall to the greatest extent possible and reasonable, cooperate with Client in initiating a smooth and orderly transition to the next contractor.

13. Notices. All notices or other communications required under this Agreement shall be in writing and shall be deemed duly given and received when delivered in person (with receipt therefor), on the next business day after deposit with a recognized overnight delivery service, or on the second day after being sent by certified or registered mail, return receipt requested, postage prepaid, to the addresses set forth in the first paragraph of this Agreement. Either party may change its address for the giving of notices by written notice given in accordance with this paragraph.

14. Governing Law. This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles. Stephens agrees that any claims against Client, whether arising in tort or in contract, shall be brought before the Arkansas State Claims Commission, as provided by Arkansas law, and shall be governed accordingly. Nothing in this Agreement shall be construed as a waiver of sovereign immunity of Client, the Legislative Council, or the Arkansas General Assembly.

15. Restriction of Boycott of Israel. In accordance with Arkansas Code § 25-1-503, Stephens hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Israel.

16. Restriction of Boycott of Energy, Fossil Fuel, Firearms, and Ammunition Industries. In accordance with Arkansas Code § 25-1-1101, et seq. Stephens hereby certifies and agrees that it is not currently engaged in, and agrees for the duration of the Agreement not to engage in, a boycott of Energy, Fossil Fuel, Firearms, and Ammunition Industries.

17. Illegal Immigrant Restriction. No state agency may contract for services with a contractor who knowingly employs or contracts with an illegal immigrant. Stephens certifies that it does not knowingly employ or contract with illegal immigrants as required by Arkansas Code § 19-11-105.

18. Scrutinized Company Restriction. Stephens certifies that it is not a Scrutinized Company and does not employ a Scrutinized Company as a subcontractor, in accordance with Arkansas Code § 25-1-1203.

19. Disclosure Required by Executive Order 98-04. Stephens agrees to disclose information as required under the terms of Executive Order 98-04 and the Regulations pursuant thereto. Stephens shall also require any subcontractor to disclose the same information. The Contract and Grant Disclosure and Certification Form shall be used for this purpose. The failure of any person or entity to disclose as required under any term of Executive Order 98-04, or the violation of any rule, regulation or policy promulgated by the Department of Finance and Administration pursuant to this order, shall be considered a material breach of the terms of the Agreement and shall subject the party failing to disclose, or in violation, to all legal remedies available to Client under the provisions of the existing law.

20. Severability. If any provision of this Agreement is prohibited by law or held to be unenforceable, the remaining provisions hereof shall not be affected, and this Agreement as much as possible under applicable law shall continue in full force and effect as if such unenforceable provision had never constituted a part hereof and the unenforceable provision shall be automatically amended so as to best accomplish the objectives of such unenforceable provision within the limits of applicable law. The parties will thereafter endeavor in good faith negotiations to replace the prohibited or unenforceable provision with a valid provision, the effect of which comes as close as possible to that of the prohibited or unenforceable provision.

21. Entire Agreement; Amendment. This Agreement constitutes the entire understanding between the parties concerning the subject matter. All prior written and oral communications regarding the subject matter are merged into this Agreement. This Agreement may be amended only by a writing signed by both parties. This Agreement may be executed in counterparts, and may be executed electronically, all of which together shall comprise one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

**Stephens Insurance, LLC**

**By:** _____

**Title:** _____

**Date:** _____

**Bureau of Legislative Research**

**By:** _____

**Title:** _____

**Date:** _____