



BROKER AGREEMENT

between

Next Wave Insurance Services, LLC
Including all Affiliates & Subsidiaries
610 West Ash St., Suite 1703
San Diego, CA 92101

(herein referred to as "Manager")

and

(herein referred to as "Broker")

Effective Date: ____/____/____

WHEREAS Manager has authority from various Insurers to underwrite risks of insurance; and

WHEREAS Broker, subject to the requirements imposed upon Broker by laws in the jurisdiction(s) within which Broker is authorized to write, is desirous of placing contracts of insurance with Insurers represented by Manager and utilizing generally the underwriting facilities, knowledge, and services of Manager;

NOW, THEREFORE, it is mutually agreed as follows:

1. BROKER'S STATUS

Broker represents the prospective buyer of insurance. Insofar transactions under this Agreement are concerned, Broker is an independent contractor and not the agent of Manager or any Insurer with which Manager may place coverage. Broker may not bind any risks nor make any representations on behalf of Manager (or on behalf of any Insurer represented by Manager), nor waive, alter, modify, or change any of the terms, rates, or conditions of any policy issued by Manager.

Without prior written authorization of Manager, Broker is not authorized to issue any certificates of insurance relating to any policy issued by any Insurer Manger represents. Neither Manager nor the Insurer(s) represented by Manager will be liable for claims arising out of Broker's issuance of certificates of insurance in breach of this provision.

2. PREMIUM COLLECTIONS AND REMITTANCE

- a. Broker shall pay to Manager all premiums and monies due on coverage bound or written hereunder, whether new or renewal or by endorsement, in accordance with Paragraph 4. Broker hereby guarantees the payment of all premiums and monies due Manager on coverages bound or written hereunder, whether or not they are collected by Broker. Any credit extended to an insured shall be at the sole risk of Broker.
- b. Manager shall return to Broker all unearned net premiums and monies due for coverage written and bound hereunder. Broker shall be responsible for return of unearned commissions.
- c. Manager shall have the right to offset any amounts due from Broker against any commissions owed by Manager to Broker.
- d. In the situation where premiums and/or monies for a policy or policies which have been issued cannot be fully determined in advance, or where and adjustment or determination of premiums and/or monies after a specific time period by audit or otherwise shall have been made, then any additional premiums and/or monies shall be paid by Broker to Manager by the due date indicated on the billing invoice. Manager shall extend to Broker the same turnback privileges, if any, as are granted to Manager by the Insurer.

3. COMMISSIONS

Commissions shall be agreed to in writing on a policy-by-policy basis between Manager and Broker.

4. ACCOUNTS AND SETTLEMENTS

Broker agrees to pay Manager, in accordance with statements of accounts rendered by Manager, the net premium within twenty (20) days after the effective date of the contract of insurance to which the premium relates, or the billing date, whichever is sooner.

5. CANCELLATION OF COVERAGES

Nothing in this Agreement shall be construed as limiting or restricting the right of Manager to cancel any binder, policy or contract of insurance issued under this Agreement in accordance with the cancellation provisions of such binder, policy, or contract.

Manager will not consider request for flat cancellation of contracts of insurance unless such request is made to Manager from Broker or by surrender to Manager of the policy or other written evidence of coverage within thirty (30) days after the effective date of such contract of insurance. Manager will endeavor to notify Broker, prior to the effective date, of those contracts which contain minimum earned premium requirements that cannot be canceled flat. Broker acknowledges minimum earned premium requirements that cannot be canceled flat. Broker acknowledges minimum earned premium requirements are imposed (if provided with such prior advice) on certain policies and agrees to be fully responsible for payment thereof in accordance with paragraphs 2 and 4. Broker shall not be entitled to credit for any flat cancellation unless expressly agreed to by Manager.

6. CLAIMS

The insured and/or Broker shall be solely responsible for submitting notices of claims to the Insurer, and Manager shall have no responsibility or obligation to do so.

7. OWNERSHIP OF THE BUSINESS

Manager recognizes the independent ownership of Broker of the business subject to this Agreement. In the event of termination of this Agreement, the use and control of expirations shall remain the property of Broker if Broker has paid all premiums for which Broker is liable under this Agreement; otherwise use and control of expirations shall be vested in Manager.

8. INSTRUCTIONS OF MANAGER

Broker shall promptly comply with all of Manager's written instructions relating to underwriting procedures, engineering requirements, claims procedures, and acceptance or cancellation of insurance.

9. FORMS AND SUPPLIES

Any forms and supplies furnished to Broker by Manager shall remain the property of Manager and shall be returned to Manager upon demand.

10. ADVERTISING

Broker shall not insert any advertisement referring to Manager or any Insurer represented by Manager or issue or cause to have issued any letter, circular, pamphlet, or other publication or statement or reference, without the express written consent of Manager. In the event Manager shall be subjected to loss or expense arising out of any unauthorized advertisement,

publication, or statement of Broker, Broker shall defend Manager against, and be liable and hold Manager harmless for all resulting damages, cost, fines, and penalties suffered by Manager or the Insurers represented by Manger.

11. INSPECTIONS AND AUDITS

Manager or its duly authorized representatives may inspect or audit any coverages bound hereunder, or the subject matter thereof, in accordance with the terms of the policy. Broker shall be responsible for the prompt notification of any known changes in coverage or exposures and for reporting to Manager any additional and/or return premium which may become due as a result of such changes.

12. COMPLIANCE WITH APPLICABLE LAWS

Broker shall comply with all applicable insurance laws governing the conduct of business under this Agreement. With respect to excess and surplus lines risks submitted by Broker under this Agreement, Broker agrees that it will obtain all required declinations from licensed Insurers. Manager, unless it otherwise specifically agrees in writing, will pay all excess and surplus lines taxes, and submit all reports required by the laws of the state(s) in which the risk is located.

13. MEDIATION OF DISPUTES

If any dispute arises between Broker and Manager under this Agreement, each party agrees to first seek resolution through direct discussions. Failing that, each party agrees to attempt amicable resolution through mediation with an independent mediator at an agreed location convenient to both parties. Failing that, either party may commence litigation. All fees and costs of the mediator shall be borne equally by the parties.

14. INDEMNITY

Broker agrees to indemnify Manager for, and hold it harmless from, any and all claims, suits, damages, costs, losses, expenses, fines, penalties, and attorney's fees suffered or incurred by Manager in any manner resulting from or arising directly or indirectly out of any breach of obligations undertaken herein or out of Broker's negligence.

Manager agrees to indemnify Broker for, and hold it harmless from, any and all claims, suits, damages, costs, losses, expenses, fines, penalties, and attorney's fees suffered or incurred by Broker in any manner resulting from or arising directly or indirectly out of any breach of the obligations undertaken herein or out of Manager's negligence.

15. TERMINATION OF THIS AGREEMENT

This agreement may be canceled at any time by either party giving thirty (30) days written notice to the other. Notwithstanding the immediately preceding sentence, Manager may terminate this Agreement immediately, by giving to Broker a written notice of cancellation, if Broker (i) is grossly negligent in performing any of its duties to Manager; (ii) engages in any fraudulent dishonest acts, or (iii) engages in criminal act (whether or not Broker is convicted) or act of moral turpitude, if Manager determines, in its sole discretion, that Broker's continued association with Manager is likely to have a negative impact on Manger's business or reputation with its business associates or in the business community. After the date of cancellation of this Agreement, unless otherwise stipulated at the option of Manager, Broker shall complete the collection and account to Manager for all premiums, commissions, and other transactions unaccounted for on the date of cancellation or arising thereafter in respects to outstanding insurance. In case Manager shall find it necessary to perform any duty otherwise required of Broker under this Agreement, Broker shall be liable for costs incident thereto. Termination of this Agreement shall not affect the obligations of the parties under paragraphs 7, 9, 10, 13, 14, 15 and 17 hereof.

16. ERRORS AND OMISSIONS

Manager requires that Errors and Omissions Insurance coverage be maintained by Broker. Broker hereby attests that such coverage exists and is in good standing and is maintained to a limit of liability not less than \$1,000,000 (one million dollars) with an Insurer having an A.M. Best Rating of A- VIII or better. It is further understood that evidence of such coverage is required. A certificate of insurance or other evidence of insurance stating these limits must be provided to Manager within thirty (30) days after signing this Broker Agreement, and within thirty (30) days after the renewal date of such coverage.

17. CONSTRUCTION

This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

18. ENTIRE AGREEMENT AND AMENDMENT

This Agreement represents the entire agreement of the parties. It superseded all previous agreements, whether oral or written, between Manager and Broker and it may not be altered, changed or amended by either party, except as authorized by Manager. This Agreement shall be binding upon the parties and their respective and permitted successors and assigns.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement by a duly authorized representative. By executing below, each signatory represents and warrants that he/she is fully authorized and empowered to do so on behalf of his respective party.

BROKER/AGENT: _____
(Authorized Signature)

PRINT NAME and TITLE: _____
(Must be Owner, Partner or Authorized Officer)

DATE: ____/____/____

NWIS/MANAGER: _____
(Authorized Signature)

PRINT NAME and TITLE: _____

DATE: ____/____/____

Please complete, sign and return ORIGINAL AGREEMENT along with the following:

1. Copy of current insurance licenses issued by your state of reside
2. Copy of your E&O Policy Dec Page
3. Please check one: Corporation ____ Partnership ____ Sole Proprietor ____
4. Federal Tax ID # _____ (SS Number if Individual)
5. Surplus Lines License # _____ (if applicable)