



GMAC Insurance Company Online, Inc.
 Integon Casualty Insurance Company
 Integon General Insurance Corporation
 Integon Indemnity Corporation
 Integon National Insurance Company
 Integon Preferred Insurance Company
 MIC General Insurance Corporation
 National General Assurance Company
 National General Insurance Company
 New South Insurance Company
 Agent Alliance Insurance Company

AGENCY AGREEMENT

WITNESSETH

This AGENCY AGREEMENT, (“Agreement”) entered into by and between _____, having his principal place of business at _____ (the “Agent”) and such insurance company (-ies) identified above and any of their affiliated companies as the Agent shall be from time to time appointed to represent (the “Company”) and provided such Company is licensed to write business in such State as of this _____ day of _____, 20__ (the “Effective Date”). The Agent and the Company are described herein each as a “Party” and collectively, as the “Parties.”

RECITALS

WHEREAS, the Company is an insurance company that markets insurance and/or certain non-insurance products to the public;

WHEREAS, the Agent desires to offer the Products to his customers; and

WHEREAS, the Company wishes to engage the Agent for this purpose.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are acknowledged, the Company hereby appoints the Agent as an agent for the Company and the Agent accepts the appointment subject to the following terms and conditions:

ARTICLE 1 DEFINITIONS

As used in this Agreement:

- 1.1. **“Affiliate”** means a Person that controls, is controlled by, or is under common control with another Person. For purposes of this definition, “control” means the power to direct or cause the direction of the management and policies of such Person, whether through direct or indirect legal ownership of its voting securities or by contract or otherwise. Except by mutual agreement of the Parties, control shall be conclusively presumed to exist where any Person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing more than 10% of the voting securities of any other Person.
- 1.2. **“Commission”** means any compensation payable by the Company to the Agent pursuant to Article 6 hereof.
- 1.3. **“Consumer”** means any Person for whom the Agent submits an application to the Company pursuant to this Agreement, whether or not a policy is ultimately issued as a result.
- 1.4. **“FCRA”** means the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.*, as amended by the Consumer Credit Reporting Reform Act of 1996, by the Fair and Accurate Credit Transactions Act of 2003 or as otherwise amended from time to time.

- 1.5. **“GLBA”** means the Gramm-Leach-Bliley Act of 1999, 15 U.S.C. § 6801 *et seq.*, as amended from time to time, and all applicable federal and state regulations promulgated thereunder or of similar scope.
- 1.6. **“Effective Date”** has the meaning set forth in the preamble.
- 1.7. **“Law”** and **“Laws”** mean and include all applicable federal, State and local statutes, ordinances, court orders, court decisions, regulations and other rules of law and PCI-DSS.
- 1.8. **“PCI-DSS”** means Payment Card Industry – Data Security Standard.
- 1.9. **“Person”** and **“Persons”** mean and include individuals, corporations, partnerships, limited liability companies and other legal entities or unincorporated associations.
- 1.10. **“Product”** and **“Products”** mean any insurance or non-insurance products issued by the Company, which the Company authorizes the Agent to sell, solicit or negotiate on its behalf.
- 1.11. **“State”** and **“States”** mean and include all 50 states of the United States of America and the District of Columbia.
- 1.12. **“Territory”** means all States in which the Company has appointed the Agent pursuant to this Agreement.
- 1.13. **“VCCLEA”** means the Violent Crime Control and Law Enforcement Act of 1994, 18 U.S.C. §§ 1033, 1034, as amended from time to time.

ARTICLE 2 PRECONDITIONS OF AGREEMENT

- 2.1. As a precondition to entering into this Agreement, the Agent and the individual signing on the Agent’s behalf (the “Signatory”) represent and warrant, jointly and severally, that:
 - 2.1.1. The Signatory is the Agent or, if the Agent is a legal entity, an individual authorized to sign and complete agreements on the Agent’s behalf.
 - 2.1.2. The Signatory has not committed any violations of any state insurance law; and
 - 2.1.3. The Signatory has not been convicted of, pleaded guilty to, or pleaded no contest to any felony offense.
- 2.2. The Signatory acknowledges that the Company reserves the right to declare this Agreement void or may choose to terminate this Agreement, at its sole discretion, if any of the preconditions set forth in Section 2.1 above are incorrect.

ARTICLE 3 AUTHORITY AND DUTIES OF AGENT

- 3.1. **Independent Contractor.**

The Agent is an independent contractor and not an employee of the Company. The Agent shall be free to exercise his own judgment as to the Persons from whom he shall solicit insurance and the time, place and manner of such solicitations. The Agent shall have the exclusive control of his time, the conduct of his agency and the selection of companies he will represent.
- 3.2. **General Authority, Duties and Obligations of Agent.**
 - 3.2.1. The Agent is authorized on behalf of the Company, during the term of this Agreement to:
 - a. Receive and accept proposals for insurance covering only such classes of risks as the Company may, from time to time by letter of instructions, rating software, underwriting guide or other written instructions, authorize the Agent to write;
 - b. Collect and receive premiums;

- c. Issue binders as authorized by the Company;
- d. Administer all customary, usual and/or necessary services to assist the policyholder and the Company which may include, but are not limited to, processing of endorsements, collection of premium payments and answering general questions concerning a policyholder's account that the Agent has the full knowledge and authority to answer;

Notwithstanding the foregoing, the Agent shall be authorized to take actions set forth above only in such State(s) within the Territory as the Company has appointed the Agent.

- 3.2.2. It is agreed and understood that the Agent is not authorized to backdate the inception of any insurance policy, nor shall the Agent backdate any endorsement to an insurance policy except to the extent expressly or implicitly authorized by the insurance policy to which the endorsement attaches. The Agent is not authorized to bind any new business policy over the telephone, mail, or via fax or other electronic means without the prior written consent of the Company. Subject to the Company's binding rules, the inception date of any policy issued may not be prior to the completion of the appropriate application with all required signatures and the Agent's receipt of the appropriate premium payment.
- 3.2.3. Unless otherwise stipulated in writing by the Company, the Agent agrees to forward to the Company copies of all applications, certificates, endorsements, and binders issued by the Agent, or otherwise notify the Company in writing or via an electronic medium approved in writing by the Company of all liability accepted, not later than 96 hours following the inception date of coverage or the date of acceptance of such coverage, whichever occurs first.
- 3.2.4. It is agreed and understood that the Agent has no authority to permit an agent, broker, solicitor or subagent not duly appointed by the Company to bind the Company on a risk.
- 3.2.5. The Agent shall maintain errors and omissions insurance, with coverage limits of at least five hundred thousand dollars (\$500,000) per occurrence and one million dollars (\$1,000,000) in the aggregate and a deductible not to exceed twenty-five thousand dollars (\$25,000), issued by an insurer rated "A" or better by A.M. Best Company. The Agent shall furnish the Company copies of the policies upon request.
- 3.2.6. The Agent shall not charge a prospective insured any policy fee on behalf of the Company unless such fee is prescribed in the Company's rating software, underwriting guide or other written instructions. However, nothing in this Section 3.2.6 shall prohibit the charging of fees on behalf of the Agent for services rendered solely by the Agent to an insured and specifically authorized by State law. The Company will not honor inaccurate quotes derived using a third party software program, including but not limited to comparative rater, unless required by law. Any discrepancy in a quoted premium where the quote is derived using a third party software program will be resolved using the rates and software published and provided by the Company. In addition, unless expressly authorized in writing by the Company, the Agent shall have no authority to issue financial responsibility filings, certificates of insurance, filings with any state or municipal agency, policies, endorsements, renewal notices, or cancellation notices, to adjust claims, to investigate claims, or to settle claims. The Agent may not accept Company business from other agencies, agents, brokers or solicitors unless expressly authorized in writing by the Company. The Agent shall not give the Company's rates, rules and applications to any third party including, but not limited to, other agents, agencies, brokers or solicitors unless expressly authorized in writing by the Company. The Agent shall not assign or grant any of the Agent's rights or obligations under this Agreement to any agent, subagent, broker or solicitor without the express written consent by the Company, which consent shall not be unreasonably withheld.

3.3. Company Supplies and Property.

It is agreed and understood that all Company supplies, underwriting guides, forms, policies, software, promotional materials and any other property furnished to the Agent by the Company shall at all times remain the property of the Company and shall be accounted for and returned by the Agent to the Company or its representative upon demand or automatically upon termination of this Agreement. The Agent shall not give, sell, transfer or assign any Company property or a copy of any Company property to any third party without the prior written consent of the Company. The Agent may broadcast, publish and distribute materials referring to the Company and to the Company's products and services; *provided however*, that the Agent must first secure the Company's written authorization with respect to any such materials that were not prepared by the Company.

3.4. Record Retention.

The Agent shall maintain complete and accurate records on all insurance transactions conducted on behalf of the Company. Such records shall include, without limitation, all signed applications, driver exclusions, endorsements, selections or rejections of optional coverage under any policy or renewal written hereunder, records of all coverages offered and explained, all documents which served as the basis of determining a policyholder or prospective policyholder's qualification as an eligible risk under State or the Company guidelines, all documents and language required by the State in which the policy is issued, all documentation required to support premium discounts, all vehicle reports, all powers of attorney, and all correspondence to or from the insured or the Company which pertains to a specific policy. Records containing such documents may be retained in electronic form, *provided, however*, that such electronic records shall be durable, retrievable, legible and incapable of alteration, and shall be maintained in a format reasonably acceptable to the Company. Such records, whether maintained in paper or electronic form, shall be retained by the Agent for a period of at least five (5) years from the expiration date of the policy (or, if coverage was never bound, from the date on which the policy quote was rejected). Should State Law require records containing such documents to be retained for a period longer than five (5) years, the Agent shall comply with the State requirement. After such period of time, the Agent shall notify the Company in writing at least 120 days before discarding or destroying any original documents. All records of the Agent pertaining to the business of the Company shall be open for review and inspection by a representative of the Company for purposes of determining commissions owed by or due to the Agent, or in connection with any claims investigation, or to ensure compliance with all Company guidelines and applicable Law. Provided that the Agent has not violated any terms of this Agreement, the Company shall conduct the inspection during the Agent's normal business hours. If the Agent has violated any terms of this Agreement then the Company may request, and the Agent shall agree to, an immediate inspection of all records pertaining to Company business written through the Agent.

3.5. Company Logo and Signage.

3.5.1. The Agent acknowledges that the Company is the sole and rightful owner of the "GMAC Insurance" logo illustrated on **Exhibit A** (the "Logo"), which Logo may be used by the Agent, subject to the terms of this Agreement, solely in connection with the sale of the Products. The Company agrees to indemnify, defend and hold the Agent harmless from and against any and all claims, costs, losses, damages, liabilities and expenses suffered or incurred by the Agent relating to claims that the Agent's use of the Logo infringes on the trademark, service mark or other rights of any third party.

3.5.2. Subject to the limitations set forth herein, the Company hereby grants the Agent a limited, non-exclusive, non-transferable right to use the Logo solely in connection with the promotion, marketing and sale of the Products while this Agreement remains in force. Except with regard to signage as set forth below, the Agent's right to use the Logo shall be limited to its display in his office, *provided, however*, that with the Company's prior written approval, the Agent may use the Logo for promotional literature, yellow pages or other similar print media advertisements, and on forms, stationery and other office materials.

- 3.5.3. In addition to the above, the Company may grant to the Agent, and the Agent may accept, authority to display signage containing the Logo (“Signage Display”), by mutually executing an addendum to this Agreement for that purpose (a “Signage Addendum”).
- 3.5.4. The Parties agree to share the cost to manufacture, deliver and install the Signage Display. The proportion of the cost to be paid by the Company for the manufacture, delivery and installation of the Signage Display and the process upon which the Company shall make payment shall be set forth in the Signage Addendum.
- 3.5.5. In the event that the Agent does not maintain the Signage Display within public view while this Agreement and an applicable Signage Addendum remains in force, the Agent hereby authorizes the Company to recover its share of the cost to manufacture, deliver and install the Signage Display by deducting its costs from any and all commissions due the Agent from the Company. In the event that the Agent does not generate sufficient commissions to repay the Company for its costs, the Company reserves the right to invoice the Agent for any amount unpaid and the Agent shall pay such invoice within thirty (30) days upon receipt.
- 3.5.6. Notwithstanding the foregoing, the Agent’s use of the Logo and Signage Display shall immediately cease and the Agent shall take all reasonable and necessary steps to remove the Logo and Signage Display at the Agent’s expense from his office and on any promotional material, or print media, forms, stationery, etc. in the event that (i) this Agreement terminates or expires for any reason, (ii) the Company determines in its sole discretion that the Agent’s use of the Logo and/or the Signage Display is not in the Company’s best interest, or (iii) the Agent fails to comply with the quality or character standards prescribed by the Company from time to time.
- 3.5.7. The Agent agrees to display, at the Company’s request, reasonably conspicuous notices that the Company owns the Logo. The Company shall have the right at all reasonable times to inspect the Agent’s use of the Logo to ensure that such use is proper.
- 3.5.8. The Company reserves the right to alter, amend or discontinue its use of the Logo. If the Company so elects, the Agent shall immediately discontinue using the Logo upon written notice.
- 3.5.9. In the event this Agreement is terminated or expires for any reason, within thirty (30) days thereafter the Agent shall certify to the Company that all use of the Logo and Signage Display has ceased and that all Logo material and Signage Display has been removed from the Agent’s office.
- 3.5.10. The Agent agrees not to engage in any deceptive, misleading, illegal, or unethical practices or advertising in connection with use of the Logo. The Agent agrees to indemnify, defend and hold the Company and its Affiliates harmless from and against any and all claims, costs, losses, damages, liabilities and expenses arising directly or indirectly out of the Agent’s use of the Logo (or any derivatives thereof or any confusingly similar names, marks or designations) in violation of this Agreement.
- 3.5.11. If the Agent attempts to use the Logo after termination of this Agreement or in a manner that is contrary to this Agreement, the Company shall have the right, in addition to other available remedies, to injunctive relief, it being acknowledged that legal remedies are inadequate.

3.6. Licensing.

The Agent shall be responsible for securing and keeping in effect the required license for the Agent (individual and/or corporate) and the Agent’s officers, employees and solicitors and the Agent shall not solicit any lines of insurance unless the Agent has the required license to do so. The Agent agrees that all activities to be performed by the Agent under this Agreement shall be performed by employees of the Agent and in compliance with all applicable Laws. The Company, prior to the Agent submitting business to the Company, shall also appoint each individual employed by the Agent that handles the Company’s business and is required by Law to be so

licensed and appointed. The Agent shall promptly notify the Company of any changes in the status of a licensed insurance producer employed by the Agent and appointed by the Company, including without limitation an individual producer's (1) new hiring by the Agent or (2) separation of employment from the Agent or (3) change in name due to marriage, divorce or otherwise. The Agent shall comply with all of the Company's underwriting guidelines, and shall cooperate in the investigation of all claims arising under policies procured by the Agent. The Agent shall report all losses to the Company promptly after the Agent becomes aware of them, and shall forward any lawsuits or complaints to the Company promptly.

3.7. FCRA / GLBA / VCCLEA.

3.7.1. It is agreed upon and understood as a condition precedent to entering into this Agreement that the Company shall have the right to conduct background checks on all officers, employees, agents and servants of the Agent to verify their trustworthiness. In addition, the Company may, at its option, conduct an annual audit of the Agent and all Persons employed by the Agent and appointed by the Company (either directly or through their affiliation with the Agent) as well as all persons appointed by the Company and authorized by the Agent to solicit insurance on behalf of the Agent. The Agent understands in connection with these background checks that (1) the Company may obtain consumer reports (which may include a credit report, credit score or criminal history report) or personal or privileged information from third parties and the Agent grants the Company the authority to do so, (2) in certain circumstances, such information as well as other personal privileged information subsequently collected by the Company may be disclosed to other Company affiliated third parties or to third parties, as required by Law or regulatory authority, without the Agent's permission; (3) upon the Agent's written request, within a reasonable time period, the Company will inform the Agent whether or not a consumer report was requested and the name and address of the Consumer Reporting Agency that furnished the report; (4) the Company may request and utilize subsequent consumer reports on the Agent for the purposes set forth in this Section 3.7.1 without the Agent's prior authorization.

3.7.2. The Agent agrees to comply with all applicable Laws relating to the use of consumer reports (which may include but are not limited to Motor Vehicle Reports, C.L.U.E. Reports, Credit Scores, Credit Reports, etc.) including FCRA.

FCRA provides that any person who knowingly and willfully obtains information on a consumer from a Consumer Credit Reporting Agency under false pretenses shall be fined under Title 18, or imprisoned not more than two years, or both.

3.7.3. The Agent agrees to hold in strict confidence all credit card information and any other non-public personal information (as such is defined by applicable Law) concerning a policyholder or potential policyholder, consumer or customer (as defined by applicable Law), insured, applicant or potential applicant received by the Agent on behalf of the Company, to comply with all Laws with regard to the use and protection of such information including, but not limited to, FCRA, GLBA and PCI-DSS and not distribute, disseminate or reveal any such non-public personal information to any other party, other than the Company or its authorized representative, except as permitted or required by Law.

3.7.4. The Agent certifies, to the best of his knowledge, that neither the Agent nor anyone employed by the Agent and appointed by the Company (either directly or by reason of his/her affiliation with the Agent) nor anyone appointed by the Company and authorized by the Agent to solicit insurance on behalf of the Agent has been convicted of a felony or pleaded guilty or nolo contendere (no contest) to a felony involving a crime of dishonesty or breach of trust as defined and governed under VCCLEA. The Agent agrees to notify the Company immediately if the Agent, anyone employed by the Agent and appointed by the Company (either directly or by reason of his/her affiliation with the Agent) or any person appointed by the Company and authorized by the Agent to solicit insurance on

behalf of the Agent, has been convicted of a felony or pleaded guilty or nolo contendere to a felony as noted above.

- 3.7.5. The Agent shall notify the Company immediately in the event of any security breach or unauthorized release or use of, or access to, policyholders' personal information. Such notice shall include the date and time of such event, the scope and extent of personal information involved, and the actions taken by the Agent in response to the event.

ARTICLE 4 DUTIES OF COMPANY

4.1. General Authority, Duties and Obligations of Company.

The Company has the authority and reserves the right to:

- 4.1.1. Expand, restrict, or modify, in writing, any part or all of the Agent's authority to represent the Company hereunder.
- 4.1.2. Change the Company's underwriting requirements or guidelines upon written notice to the Agent, specifying the effective date of any such change.
- 4.1.3. Contact, or use or allow any third party to contact, any Person insured by the Company, or who has applied to be insured by the Company, to:
 - a. Provide customer service to the Person;
 - b. Request, receive, or verify any information related to the Person;
 - c. Notify the Person of, and collect premiums due on, any policy or renewal; or
 - d. Change the terms of the policy or renewal.
- 4.1.4. Access and use information regarding policies and renewals, including the expiration information, for the purposes set forth in Section 4.1.3 above, market research, product development, regulatory compliance, determining the Agent's compliance with the provisions of this Agreement, or any other purpose not inconsistent with Section 4.2 below.
- 4.1.5. Notify the Agent of offers and promotions pertaining to this Agreement from time to time, by electronic mail or by facsimile, unless the Agent has expressly advised the Company that he does not wish to receive such notices by electronic mail or by facsimile, as applicable.

4.2. Use of Agent's Records.

Unless authorized by the Agent, the Company shall not use or permit the use of its records of business placed by the Agent with the Company to solicit individual policyholders for the sale of other lines of insurance, but the Company may provide policyholders information of general interest such as broader perils, available options for deductibles, loss reduction information, or other optional insurance coverage and/or non-insurance products offered by or through the Company or its Affiliates or business partners, unless the Agent has expressly advised the Company in writing that he does not desire for the Company to provide such information to the policyholders.

4.3. Cancellation and Reinstatements.

Unless otherwise stipulated in writing by the Company, it is agreed that when the Company cancels a policy, or in any other situation where a premium debt remains owing to the Company, the Agent cannot reinstate coverage without prior approval of the Company.

**ARTICLE 5
INDEMNITY**

- 5.1.** The Company shall indemnify and hold the Agent harmless against any claims, liabilities, losses, damages, judgments, actions or costs of defense which the Agent may become obligated to pay as a result of loss to policyholders or potential policyholders, caused by an error of the Company or caused by the Agent following Company instructions or procedures, or any action of the Company which is in violation of any Law, except to the extent that the Agent is determined to have substantially caused, contributed to, or compounded such violation or error, or the Agent has failed to fully comply with applicable Law or Company instructions or procedures. The Company shall also reimburse the Agent for any legal or other expenses reasonably incurred by the Agent in connection with investigating any such liabilities.
- 5.2.** The Agent shall indemnify and hold harmless the Company against any claims, liabilities, losses, damages, judgments, actions or costs of defense which the Company may become obligated to pay as a result of any violation of this Agreement, any violation of the Company's underwriting guidelines by the Agent, any act of the Agent outside the scope of authority granted to the Agent by the Company under this Agreement or any action of the Agent which is in violation of any Law, except to the extent that the Company is determined to have substantially caused, contributed to, or compounded the violation, act or error. The Agent shall also reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such liabilities.
- 5.3.** The obligation of either Party (in each case, the "Indemnitor") to indemnify the other (the "Indemnitee") pursuant to Section 5.1 or 5.2 above, as applicable, shall be conditioned upon prompt notification by the Indemnitee to the Indemnitor of any claim and/or legal action brought against the Indemnitee that is subject to indemnification as set forth above. The Indemnitor shall have the right to participate in the investigation or defense of any such claim or action but shall not assume full defense of any action filed without the consent of the Indemnitee, which consent shall not be unreasonably withheld where the sole relief sought by the claimant is monetary damages and all related claims against the Indemnitee are dismissed with prejudice. If the Indemnitor assumes full defense of any action filed, the Indemnitor shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such action. If the Indemnitee fails to promptly notify the Indemnitor of any action or fails to cooperate fully with the Indemnitor in the defense of such action, the Indemnitor shall be relieved of its indemnification obligations hereunder.

**ARTICLE 6
COMMISSIONS**

- 6.1.** The Company agrees to pay Commissions to the Agent in accordance with the rates, conditions and procedures as promulgated by the Company. The Company agrees to pay such Commissions to the Agent within thirty (30) days after the end of the month in which the Company records the premium.
- 6.2.** The Agent agrees that any undistributed Commissions in the hands of the Company at any time may be applied to, and constitute an offset against, any monies due the Company or its Affiliates from the Agent.
- 6.3.** The Agent agrees to refund any advance Commissions to the Company on policy cancellations, renewals not taken, premium reductions, and premiums earned by the Company but uncollected at the end of the policy term. The refund shall be paid at the rate at which Commissions were originally paid to the Agent and paid within twenty (20) days of notice from the Company.
- 6.4.** If the Agent's license lapses, is revoked or suspended, or otherwise ceases to be in effect, the Company shall suspend payment of all Commissions until the Agent's license has been reinstated, *provided, however*, that unless such reinstatement is made retroactive, no Commissions shall be payable with respect to any new or renewal policies sold while that license was not in force.

- 6.5. The Agent agrees to comply with all legal and regulatory requirements regarding disclosure to the Agent's customers of any and all compensation the Agent may earn under this Agreement, as well as any further directives regarding disclosure that the Company may provide the Agent during the term of this Agreement.

**ARTICLE 7
DIRECT BILLED OR PREMIUM FINANCED POLICIES**

- 7.1. With respect to all direct billed or premium finance business, the Agent agrees to collect and remit to the Company the initial premium (either down payment or full payment as required by the Company on a direct billed policy or down payment or full payment as required by the Company on a premium financed policy) within the time period set forth from time to time by the Company together with each completed application.
- 7.2. The Company shall bill all renewal or adjustment premiums direct to the insured or to a designated lending institution or servicing agency holding such premiums in escrow or reserve, and such premiums shall be payable in gross to the Company.
- 7.3. Should any renewal, additional or endorsement premiums on business written pursuant to this Agreement come into the Agent's possession, the Agent shall remit such premium in gross to the Company within the time period set forth from time to time by the Company. Further, the Agent agrees to hold all premiums collected by him as a fiduciary in trust for the Company until payment has been duly made to the Company.
- 7.4. All checks, drafts orders or other payments made or to be made by the Agent to the Company pursuant to this Agreement shall be subject to a non-sufficient funds ("NSF") fee in such amount as the Company has identified to the Agent from time to time, *provided, however*, that if the Company has provided no such notice under this Section 7.4, the amount of the NSF fee shall be twenty-five dollars (\$25) and *provided further*, that if State Law prohibits NSF fees in this amount or the amount identified in a separate writing by the Company, as applicable, the NSF fee shall be payable in the maximum amount permitted by State Law. The Agent acknowledges and agrees that any NSF fee triggered by an electronic funds transfer ("EFT") may itself be collected by EFT, and that any use of EFT by the Agent in connection with this Agreement shall constitute an authorization of such charge for purposes of 12 CFR 205.3(b)(3) and all other applicable Law.

**ARTICLE 8
OWNERSHIP OF EXPIRATIONS**

- 8.1. While this Agreement is in effect, or in the event of termination or expiration of this Agreement, provided the Agent has promptly accounted for and paid and continues to pay over all monies for which he may be or may become liable to the Company, the Agent's records, use and control of expirations shall remain the exclusive property of the Agent and be left in his undisputed possession; otherwise, the records, use and control of expirations shall be vested in the Company. The amount owed to the Company shall constitute a lien against the value of the expirations. If in disposing of such records and expirations the Company does not realize sufficient funds to discharge in full the Agent's indebtedness to the Company, the Agent shall remain liable for the entire balance of such indebtedness. Any payment received by the Company for these expirations in excess of such indebtedness, less any expense of disposing of such records and expirations, shall be returned to the Agent.
- 8.2. It is further agreed that should there be a difference of opinion as to the extent of the Agent's liability to the Company, such difference of opinion shall not prevent application of the ownership of expirations clause to be in favor of the Agent, provided that the Agent promptly pays the undisputed portion of such liability to the Company and furnishes collateral security acceptable to the Company in the amount of the disputed portion, to be held by the Company until the difference is resolved.

- 8.3. Forfeiture of Expirations.** All use and control of the expirations shall be surrendered by the Agent and vested in the Company upon any of the following events or occurrences:
- 8.3.1. The Agent abandons his business;
 - 8.3.2. The Agent's license to produce insurance in the Territory is revoked. For purposes of this Section 8.3.2, a license shall be deemed to have been "revoked" if the issuing authority has suspended the license, or if such license has been allowed to expire, and such license has not been reinstated within thirty (30) days following such suspension or expiration, as applicable.
 - 8.3.3. The Company terminates this Agreement because of the Agent's fraud or gross or intentional misconduct.

ARTICLE 9 TERM AND TERMINATION

- 9.1.** This Agreement shall terminate:
- 9.1.1. By mutual agreement.
 - 9.1.2. Upon any public authority suspending, revoking, canceling or declining to renew the Agent's license or certificate of authority.
 - 9.1.3. Upon either Party giving written notice to the other. Notwithstanding the foregoing, if State Law prohibits the Parties from mutually agreeing to make the Agreement terminable by either Party immediately upon notice to the other, then termination pursuant to this Section 9.1.3 shall be effective on the first date following such notice as is permitted by Law.
 - 9.1.4. Subject to requirements imposed by Law, if this Agreement is terminated as provided in Section 9.1.3:
 - a. All provisions of this Agreement shall remain in force and effect, except the authority granted to the Agent under Section 3.2.1, Paragraphs (a) and (c), until all insurance policies in force at the time of termination have expired or been terminated and all premiums thereon have been collected.
 - b. The Agent is authorized to issue and countersign appropriate endorsements on policies in force, except that such endorsements shall not extend the term of any insurance policy or contract without the Company's prior approval.
 - c. The Company shall continue to provide to the policyholders all normal and appropriate services on all in force insurance policies or contracts without interruption.
- 9.2.** If the Agent is delinquent in either accounting or payment of monies due to the Company, the Company may, by written notice to the Agent, immediately terminate, suspend, or modify any of the provisions of this Agreement.
- 9.3.** The Agent agrees to give thirty (30) days advance written notice to the Company of any sale or transfer of the Agent's business, or any part thereof, or of its consolidation or merger with a successor firm. The Company may at its option, terminate this Agreement, assign this Agreement to the successor or enter into a new agreement with the successor.

**ARTICLE 10
CHOICE OF LAW; WAIVER OF JURY TRIAL**

The validity, construction, interpretation or performance of this Agreement shall be governed by the laws of the state of North Carolina. To the extent permitted by law, the parties waive their respective rights to a jury trial in any civil matter relating to this Agreement.

**ARTICLE 11
NOTICE**

All notices required or permitted under this Agreement shall be in writing and deemed given when deposited with the United States Postal Service and sent by Certified Mail, Return Receipt Requested, or when deposited with any nationally recognized overnight carrier, or upon receipt if hand delivered, as follows:

If to the Company: 500 W. Fifth Street
 Winston-Salem, NC 27101-2728
 Attn: General Counsel

If to the Agent, at the address set forth in the preamble

or to such other address or addresses as have been communicated by the other Party pursuant to this Article 11 from time to time.

**ARTICLE 12
GENERAL PROVISIONS**

- 12.1. Prior Agreements.** This Agreement supersedes and replaces as of the Effective Date all prior or contemporaneous agreements, whether oral or written, between the Company and the Agent.
- 12.2. Amendments.** The Company may change, supplement, amend or revise the terms and/or the provisions of this Agreement by giving the Agent at least 15 days prior written notice.
- 12.3. Conformity to Law.** This Agreement shall, without prior notice, be automatically modified to conform to any Law having application to or jurisdiction over the subject matter of this Agreement or the Parties.
- 12.4. Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provisions in any other jurisdiction.
- 12.5. Survival of Terms.** The following provisions of this Agreement shall survive termination or expiration of this Agreement: Article 1, Article 5, Article 7, Article 8, Article 11 and Article 12.
- 12.6. Gender and Number.** As used in this Agreement, except where the context requires otherwise, each gender shall include the other, the singular shall include the plural, and the plural shall include the singular.
- 12.7. No Waiver.** Failure of the Company for any reason to insist upon compliance by the Agent with the provisions of this Agreement or the rules and regulations of the Company shall not be construed as or constitute a waiver thereof.
- 12.8. Captions and Headings.** All captions and headings in this Agreement are for the convenience of the reader only, and do not affect the substance of the sections and articles to which they refer.
- 12.9. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the Effective Date.

COMPANY

AGENT

By: Lawrence R. Pentis

Title: President

By: _____

Title: _____

**EXHIBIT A
LOGO**

