



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

BROKER AGREEMENT

WITNESSETH

This BROKER AGREEMENT, (“Agreement”) entered into by and between _____, having its principal place of business at _____ (the “Broker”) and such insurance company (-ies) identified above and any of their affiliated companies as the Broker shall be from time to time authorized to present applications (the “Company”) and provided such Company is licensed to write business in such State as of this _____ day of _____, 20__ (the “Effective Date”). The Broker 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 Broker desires to offer the Products to its customers; and

WHEREAS, the Company wishes to allow the Broker to make the Products available to such customers.

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 and the Broker agree to the following:

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 Broker pursuant to Article 6 hereof, but does not include any compensation paid to the Broker by insureds or any other third parties.
- 1.3. **“Consumer”** means any Person for whom the Broker 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 Broker to make available to its customers.
- 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 authorized the Broker to submit policyholder applications 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 Broker 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 Broker or, if the Broker is a legal entity, an individual authorized to sign and complete agreements on the Broker’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 BROKER

- 3.1. **Independent Contractor.**

The Broker is an independent contractor and not an agent or employee of the Company. The Broker shall be free to exercise its own judgment as to the Persons from whom he shall solicit insurance and the time, place and manner of such solicitations. The Broker shall have the exclusive control of its time, the conduct of its brokerage and the selection of companies whose products it will offer.
- 3.2. **General Authority, Duties and Obligations of Broker.**
 - 3.2.1. The Broker is authorized during the term of this Agreement to:
 - a. Receive and submit 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 Broker to place;

- b. Collect and receive premiums as authorized by the Company;
- c. 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 Broker has the full knowledge and authority to answer;

Notwithstanding the foregoing, the Broker shall be authorized to take actions set forth above only in the Territory.

- 3.2.2. It is agreed and understood that the Broker has no binding authority. It is further agreed that the inception date of a policy shall not be prior to the Broker's submission of the appropriate application to the Company, as mandated by the Company and required by applicable Law, with all required signatures, documents, offer of coverages, verification of eligible risk and the Company's receipt of the appropriate premium payment, and the Broker's receipt of electronic confirmation from the Company.
- 3.2.3. Unless otherwise stipulated in writing by the Company, the Broker agrees to forward to the Company copies of all applications, certificates and endorsements completed by the Broker, not later than 96 hours following the requested inception date of coverage.
- 3.2.4. Upon request, the Broker shall present to all insureds or prospective insureds, as directed by the Company, such promotional or instructional materials as the Company may provide to the Broker from time to time.
- 3.2.5. The Broker 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 Broker shall furnish to the Company copies of the policies upon request.
- 3.2.6. The Broker 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 Broker for services rendered solely by the Broker 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 Broker 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 Broker shall not give the Company's rates, rules and applications to any third party including, but not limited to, other brokers, agents or solicitors unless expressly authorized in writing by the Company. The Broker shall not assign or grant any of the Broker'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.
- 3.2.7. Except as provided in this Agreement, the Broker's duties and responsibilities are subject to the following limitations:
 - a. The Broker shall not advertise to the public that it represents the Company.
 - b. The Company shall not supervise, control, or direct the manner in which the Broker conducts its business.
 - c. The Broker shall comply with all Laws relating to insurance brokers and shall, prior to submitting any applications for insurance to the Company pursuant to this

Agreement, disclose the following (in writing, where required by Law) to the Consumer:

- (1) That the Broker transacts insurance on behalf of the Consumer, and not on behalf of the Company.
- (2) A description of the basic services the Broker will perform on behalf of the Consumer.
- (3) The amount of any and all broker fees to be charged by the Broker.
- (4) That the Broker is or may be entitled to compensation from the Company for the Consumer's purchase of insurance through the Broker.

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 Broker by the Company shall at all times remain the property of the Company and shall be accounted for and returned by the Broker to the Company or its representative upon demand or automatically upon termination of this Agreement. The Broker 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 Broker may broadcast, publish and distribute materials referring to the Company and to the Company's products and services; *provided however*, that the Broker 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 Broker shall maintain complete and accurate records on all transactions involving 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 Broker 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 Broker shall comply with the State requirement. After such period of time, the Broker may destroy such records without notice to Company unless, prior to destruction, the Company has notified the Broker in writing of the specific Company records the Broker must retain. Such written notice from the Company shall specify the exact records to be retained by the Broker and the period of time for which the Broker must retain such records. All records of the Broker 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 Broker, or in connection with any claims investigation, or to ensure compliance with all Company guidelines and applicable Law. Provided that the Broker has not violated any terms of this Agreement, the Company shall conduct the inspection during the Broker's normal business hours. If the Broker has violated any terms of this Agreement then the Company may request, and the Broker shall agree to, an immediate inspection of all records pertaining to Company business placed by the Broker.

3.5. Company Logo and Signage.

- 3.5.1. The Broker 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 Broker, 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 Broker harmless from and against any and all claims, costs, losses, damages, liabilities and expenses suffered or incurred by the Broker relating to claims that the Broker’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 Broker 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 Broker’s right to use the Logo shall be limited to its display in its office, *provided, however*, that with the Company’s prior written approval, the Broker 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 Broker, and the Broker 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 Broker does not maintain the Signage Display within public view while this Agreement and an applicable Signage Addendum remains in force, the Broker 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 Broker from the Company. In the event that the Broker does not generate sufficient commissions to repay the Company for its costs, the Company reserves the right to invoice the Broker for any amount unpaid and the Broker shall pay such invoice within thirty (30) days upon receipt.
- 3.5.6. Notwithstanding the foregoing, the Broker’s use of the Logo and Signage Display shall immediately cease and the Broker shall take all reasonable and necessary steps to remove the Logo and Signage Display at the Broker’s expense from its 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 Broker’s use of the Logo and/or the Signage Display is not in the Company’s best interest, or (iii) the Broker fails to comply with the quality or character standards prescribed by the Company from time to time.
- 3.5.7. The Broker 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 Broker’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 Broker 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 Broker 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 Broker’s office.

- 3.5.10. The Broker agrees not to engage in any deceptive, misleading, illegal, or unethical practices or advertising in connection with use of the Logo. The Broker 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 Broker'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 Broker 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 Broker shall be responsible for securing and keeping in effect the required license for the Broker (individual and/or corporate), including any bonds required by Law, and the Broker's officers, employees and solicitors and the Broker shall not solicit any lines of insurance unless the Broker has the required license to do so. The Broker agrees that all activities to be performed by the Broker under this Agreement shall be performed in compliance with all applicable Laws. The Broker shall comply with all of the Company's underwriting guidelines (except to the extent that such guidelines relate solely to appointed agents with binding authority), and shall cooperate in the investigation of all claims arising under policies procured by the Broker. The Broker shall report all losses to the Company promptly after the Broker 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 Broker to verify their trustworthiness. In addition, the Company may, at its option, conduct an annual audit of the Broker and all Persons employed by the Broker and placing business through the Company. The Broker 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 Broker 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 Broker's permission; (3) upon the Broker's written request, within a reasonable time period, the Company will inform the Broker 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 Broker for the purposes set forth in this Section 3.7.1 without the Broker's prior authorization.
- 3.7.2. The Broker 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 Broker 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 Broker 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 Broker certifies, to the best of its knowledge, that neither the Broker nor anyone employed by the Broker and placing business with the Company 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 Broker agrees to notify the Company immediately if the Broker or anyone employed by the Broker and placing business with the Company has been convicted of a felony or pleaded guilty or nolo contendere to a felony as noted above.
- 3.7.5. The Broker 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 Broker 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 Broker's authority hereunder.
- 4.1.2. Change the Company's underwriting requirements or guidelines upon written notice to the Broker, 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 Broker's compliance with the provisions of this Agreement, or any other purpose not inconsistent with Section 4.2 below.
- 4.1.5. Notify the Broker of offers and promotions pertaining to this Agreement from time to time, by electronic mail or by facsimile, unless the Broker has expressly advised the Company that it does not wish to receive such notices by electronic mail or by facsimile, as applicable.

4.2. Use of Broker's Records.

Unless authorized by the Broker, the Company shall not use or permit the use of its records of business placed by the Broker 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 Broker has expressly advised the Company in writing that it 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 Broker cannot resubmit an application for coverage without prior approval of the Company.

**ARTICLE 5
INDEMNITY**

- 5.1.** The Company shall indemnify and hold the Broker harmless against any claims, liabilities, losses, damages, judgments, actions or costs of defense which the Broker 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 Broker following Company instructions or procedures, or any action of the Company which is in violation of any Law, except to the extent that the Broker is determined to have substantially caused, contributed to, or compounded such violation or error, or the Broker has failed to fully comply with applicable Law or Company instructions or procedures. The Company shall also reimburse the Broker for any legal or other expenses reasonably incurred by the Broker in connection with investigating any such liabilities.
- 5.2.** The Broker 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 Broker, any act of the Broker outside the scope of authority granted to the Broker by the Company under this Agreement or any action of the Broker 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 Broker 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 Broker in accordance with the rates, conditions and procedures as promulgated by the Company. The Company agrees to pay such Commissions to the Broker within thirty (30) days after the end of the month in which the Company records the premium.
- 6.2.** The Broker 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 Broker.
- 6.3.** The Broker 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 Broker and paid within twenty (20) days of notice from the Company.

- 6.4. If the Broker's license lapses, is revoked or suspended, or otherwise ceases to be in effect, the Company shall suspend payment of all Commissions until the Broker'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 Broker agrees to comply with all legal and regulatory requirements regarding disclosure to the Broker's customers of any and all compensation the Broker may earn under this Agreement, as well as any further directives regarding disclosure that the Company may provide the Broker 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 Broker 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 Broker's possession, the Broker shall remit such premium in gross to the Company within the time period set forth from time to time by the Company. Further, the Broker agrees to hold all premiums collected by it 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 Broker 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 Broker 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 Broker 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 Broker 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 Broker 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 Broker's records, use and control of expirations shall remain the exclusive property of the Broker and be left in its 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 Broker's indebtedness to the Company, the Broker 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 Broker.

- 8.2.** It is further agreed that should there be a difference of opinion as to the extent of the Broker'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 Broker, provided that the Broker 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 Broker and vested in the Company upon any of the following events or occurrences:
- 8.3.1. The Broker abandons its business;
- 8.3.2. The Broker'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 Broker'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 Broker'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 Broker 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 Broker 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 Broker is delinquent in either accounting or payment of monies due to the Company, the Company may, by written notice to the Broker, immediately terminate, suspend, or modify any of the provisions of this Agreement.
- 9.3.** The Broker agrees to give thirty (30) days advance written notice to the Company of any sale or transfer of the Broker'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 Broker, 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 Broker.
- 12.2. Amendments.** The Company may change, supplement, amend or revise the terms and/or the provisions of this Agreement by giving the Broker 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 Broker 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

Broker

By: Lawrence R. Pentis
Title: President

By: _____
Title: _____

**EXHIBIT A
LOGO**

