

BROKER AGREEMENT

This Broker "Agreement" is made and entered into between Bliss & Glennon, Inc. ("**B&G**"),

AND

"BROKER" _____

STREET ADDRESS _____

CITY _____ **STATE** _____ **ZIP** _____

with regard to the following facts:

A. Broker desires to procure from time to time, for its clients, insurance coverages through the underwriting facilities of B&G; and

B. B&G desires to make its underwriting facilities available to Broker during the term of this Agreement and on terms and conditions set forth in this Agreement.

Now, therefore, the parties hereto agree as follows:

A. Limited Authority

1 The Broker acknowledges that: (i) Broker has read; (ii) understands; (iii) agrees to the limitations contained in this Agreement and that no insurance submitted for consideration is effective until accepted by B&G under the terms and conditions of this Agreement.

2 Broker shall have no authority to issue a binder or certificate in the name of B&G or any "Company(s)" represented by B&G without the express advance written authorization of B&G for the issuance of any binder. Any attempt to issue an unauthorized binder or certificate by Broker is grounds for immediate termination of this Agreement by B&G.

3 In the event an unauthorized binder or certificate is issued by the Broker, and B&G and/or Company suffers any claim, loss, cost, expense (including actual attorney fees and the cost of litigation, investigation, expert witness testimony, and appeal), damages, judgments, settlements, fines, or penalties (collectively referred to in this Agreement as "Losses"), Broker shall indemnify, hold harmless and defend B&G (with counsel selected by B&G) and/or the Company against any and all Losses.

4 Except as expressly provided herein, Broker is not hereby receiving any rights or authority with respect to B&G nor any of the Companies.

B. Commissions

1 B&G will pay commissions at such rates as are agreed to in writing from time to time by the parties hereto.

2 In the event of return premium becoming due for any reason whatsoever, Broker shall refund unearned commission to B&G or to premium finance companies at the same rate at which commission was originally allowed.

3 It is agreed there will be no commission paid on any policy fees assessed to policy. The policy fee will be fully earned and therefore will not be subject to rebate or proration on policy cancellation.

C. Payment of Premium

1 Broker must submit with a fully written completed application, twenty-five percent (25%) of the premium quoted. Broker agrees to pay B&G the balance no later than twenty (20) days after the effective date of the policy. If the payment is not received within said twenty (20) days, the policy is subject to cancellation.

2 Broker specifically agrees that any extension of credit by the Broker to or on behalf of an insured or to any other person is solely at Broker's own risk and Broker has no authority to extend credit or terms on behalf of B&G. Broker shall pay B&G all earned premiums due whether or not Broker has been paid by the insured.

3 The Broker will be responsible for payment of any additional premiums caused or resulting from audits or endorsements. These additional premiums shall be paid to B&G within thirty (30) days after date of invoice. Broker recognizes that in agreeing to pay B&G, Broker does so as an original undertaking on its own part, and not as guarantor or surety of another's obligation.

4 Broker shall be responsible for the diligent collection of any additional premiums that are determined to be owed pursuant to any mid-term and/or final audits. If the Broker is not able to collect such additional premiums, the Broker agrees to return to B&G the invoiced premiums for direct collection within the time period specified in audit correspondence. Once the premium is return for direct collection all commissions paid are forfeited.

D. Term

1 The term of this Agreement shall commence on the date inserted in the last paragraph of this Agreement and shall continue thereafter unless terminated pursuant to the provisions of Paragraph D-2 below. In the event that neither Broker nor B&G gives the notice set forth in Paragraph D-2, this Agreement shall remain continuous.

2 Termination of Agreement. This Agreement shall terminate and be of no further force or effect:

2.1 Upon the filing by or against Broker of a bankruptcy proceeding.

2.2 The failure of Broker or B&G to cure any default hereunder within ten (10) days following written demand of the other.

2.3 At any time with or without cause and without penalty by either of the parties hereto by giving thirty (30) days written notice to the other at the address shown in this Agreement.

E. Cancellation of policies

1 No policy, binder or cover note will be cancelled flat as B&G shall be entitled to retain the full policy fee and minimum earned premium.

2 Notwithstanding the return of an original policy for cancellation, or cancellation by a premium finance company, cancellation will not be effective until sufficient time has elapsed for proper notice to mortgagees, loss payees, certificate holders, public regulatory bodies, etc. in cases where such notice is required.

3 If the cancellation is requested by the named insured, the return premium shall be computed on a standard short rate table and subject to the minimum earned premium.

4 If cancellation is requested by the finance company, the return premium shall be computed on a standard short rate table unless regulations of the state require a pro rata. Cancellations are subject to the minimum earned premium.

5 If the cancellation is requested by B&G or by the carrier for underwriting reasons or non-payment, the return premium shall be computed on a pro rata basis. Minimum earned premiums may apply.

F. Notice of Expiration and Renewal Requests

- 1 The insured will receive sixty (60) days notice of expiration and offer to renew or non-renew, of all policies written with admitted carriers and procured through the underwriting facilities of B&G.
- 2 Broker agrees that it is the Broker's responsibility to properly notify the policyholder of the expiration date of any and all policies written with a non-admitted carrier through the underwriting facilities of B&G.
- 3 B&G will renew policies only upon written request of the Broker together with twenty-five percent (25%) of the premium.
- 4 Broker shall indemnify, defend with counsel selected by B&G, and hold harmless B&G and any Company(s) from any and all Losses arising out of Broker's failure to notify the insured of policy cancellation or expiration.

G. Premiums Held in Trust

- 1 All premiums received by Broker shall be held in trust for B&G as Trustee for the insurance carrier(s) until delivered to B&G. The privilege of retaining commission out of such premiums, the keeping of accounts by Broker or B&G on their respective books as a creditor or debtor or the alteration in compensation rate, failure to enforce prompt remittance, or entry into a compromise or settlement or declaration of balance due, shall not change nor be held to waive assertion of such trust relationships.
- 2 Broker is granted permission to use interest bearing trust accounts for deposit of trust funds with federally insured banks or savings and loan associations.

H. Ownership

1. Both parties to this Agreement expressly recognize the independent ownership by the Broker of the insurance business covered by this Agreement. In the event of cancellation of this Agreement for violation of its terms, B&G waives and relinquishes all rights or claims to subsequent renewals.

I. Independent Contractor

- 1 Nothing herein is intended or shall be deemed to constitute the Broker as an employee, agent, or representative of B&G or the Company(s).
- 2 The Broker expressly agrees that Broker and its employees and sub-producers who may solicit applications for insurance cannot make any representations which are not explicitly set forth in the policies. The Broker will indemnify, defend with counsel selected by B&G, and hold harmless B&G against any and all Losses which result from, or arise out of, any such unauthorized representations.

J. Limitations of Broker

1 Broker has no authority to investigate or settle claims but must notify B&G immediately in writing upon receipt of a claim. The Broker agrees to have proper certification and follow the claims regulations and procedures set forth by the "State" or any other jurisdiction in which the broker may be operating (defined in Paragraph K 1 below).

2 Notice to Broker of change in risk does not constitute notice to B&G of the Company(s). Upon receipt of any such notice from an insured, or upon Broker otherwise learning of a change in risk, Broker must immediately notify B&G in writing.

3. Broker shall not assign, transfer, or convey any interest in this Agreement.

4. Any change in ownership of Broker shall give B&G the option of cancellation of Agreement.

K. Broker's Warranty

1. Broker warrants that he/she/it is properly licensed as a Fire and Casualty Broker in all States of the United States and any other jurisdiction in which it acts pursuant to this Agreement. Should the Broker's license lapse in any such State or jurisdiction or be revoked for any reason, the Broker shall immediately give written notice to B&G and shall be cause for termination by B&G of this Agreement.

L. Guarantee

1. In the event the Broker under this Agreement is a corporation, it is further understood and agreed that the individual stockholders of the corporation hereby unconditionally guarantee the full and timely performance of all obligations of Broker under this Agreement and any supplement, amendment, extensions or renewals thereof which shall be binding upon them severally and jointly in the same manner as upon the corporation named as Broker. The undersigned shareholders waive all rights and defenses available to a guarantor under the laws of the State, including (i) the requirement that a recovery be sought first against a principal obligor; (ii) raising any statute of limitations defenses available to Broker; (iii) absolving shareholders from liability due to any change in any of the terms or conditions in this Agreement or Broker's obligations hereunder; (iv) bankruptcy of Broker; (v) revoking a continuing guarantee. All notices hereunder to Broker shall be deemed automatically given to shareholders.

M. Collection Costs

1. Should a dispute arise under this Agreement, the prevailing party shall be awarded actual attorney fees and costs of litigation, investigation, expert witness testimony and appeal.

N. Notices

1. Any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if served either personally, by facsimile transmission, deposited in the United States mail, certified or registered, postage prepaid, or deposited with an overnight courier (e.g. Federal Express, UPS, etc.). If such notice, demand or other communication be served personally, service shall be conclusively deemed made at the time of such personal service or refusal to accept service. If such notice, demand or other communication be served by facsimile transmission, receipt shall conclusively be deemed to have occurred on the first business day following the date of transmission to the facsimile number, if any, following each party's signature to this Agreement. If such notice, demand or other communication be given by mail, such shall conclusively be deemed given three (3) business days after the deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given at the address following each party's signature hereto. If such notice, demand or other communication is given by overnight courier; such shall conclusively be deemed given on the next business day following delivery to the overnight courier. Any party hereto may change it's address or facsimile number for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party or parties hereto.

O. Prior Agreements

1. All former contracts, agreements or underwriting, whether written or oral, between the parties hereto relating to the business covered herein, if any, are hereby cancelled and superseded in their entirety by this Agreement.

P. Investigation

1. It is understood that as a part of B&G's procedure, inquiries may be made of Broker which will provide applicable information concerning character, general reputation and personal characteristics and Broker hereby consents to such investigation. Upon written request by Broker, additional information as to the nature and scope of the report, if one is made, will be provided to Broker.

Q. E&O Insurance

1 Broker acknowledges and agrees that from and after the date hereof through and including the expiration or termination of this Agreement, Broker shall maintain, at Broker's sole expense, an Errors and Omissions Liability Policy of insurance with an insurance carrier reasonably acceptable to B&G, in an amount of not less than One Million Dollars (\$1,000,000).

2 Broker shall provide to B&G a certificate of insurance which evidences the above referenced coverages within five (5) days following execution of this Agreement. Failure to provide such certificate shall, at B&G's option, result in the immediate termination of this Agreement, except for any obligations that may have accrued up to the effective date of termination.

This Agreement is effective as of the _____ day of _____, 20_____.

Without limitation, Broker expressly agrees to Paragraphs: A.3, F.4, I.2, and J

Signature of Broker _____ **Date** _____

Printed Name _____

Title _____

Bliss & Glennon, Inc. "B&G"
A California Corporation

Signature _____ **Date** _____

Title _____

Bliss & Glennon Inc. Office Locations

Western Region
Redondo Beach (home office)
Bliss & Glennon, Inc
435 N Pacific Coast Hwy, Ste 200
Redondo Beach, CA 90277
(p) 800.829.7330 (f) 310.372.1903

Western Region
Morgan Hill
Bliss & Glennon, Inc
18630 S Sutter Blvd
Morgan Hill, CA 95037
(p) 800.729.3654 (f) 408.778.6096

Western Region
San Diego
Bliss & Glennon, Inc
940 Canterbury Place, Ste 200
Escondido, CA 92025
(p) 800.414.7659 (f) 760.737.7989

Western Region
Santa Clarita
Bliss & Glennon, Inc
25060 W Ave Stanford, Ste 200
Valencia, CA 91355
(p) 661.297.7216 (f) 661.297.7619

Western Region
San Francisco
Bliss & Glennon, Inc
565 Commercial Street, Ste 100
San Francisco, CA 94111
(p) 415.955.1135 (f) 415.955.1924

Midwest Region
Oak Brook
Bliss & Glennon, Inc
1100 Jorie Blvd, Ste 126
Oak Brook, IL 60523
(p) 630.645.0500 (f) 630.645.0501

Northeast Region
New Hampshire
Bliss & Glennon, Inc
168 S River Road Ste 3A
Bedford, NH 03110
(p) 603.222.1240 (f) 603.222.9017

Southeast Region
Alabama
Bliss & Glennon, Inc
Two Chase Corporate Dr, Ste 135
Birmingham, AL 35244
(p) 205.402.0001 (f) 205.402.0007

Southeast Region
Florida
Bliss & Glennon, Inc
735 Primera Blvd, Ste 225
Lake Mary, FL 32746
(p) 407.833.9192 (f) 407.833.9194

Central Region
Conroe
Bliss & Glennon, Inc
1406 Wilson Rd
Conroe, TX 77304
(p) 936.521.7400 (f) 936.521.7471

Central Region
Dallas
Bliss & Glennon, Inc
10000 N Central Expressway, Ste 448
Dallas, TX 75231
(p) 800.922.7587 (f) 936.521.7471