

ARROWHEAD WHOLESALE INSURANCE SERVICES, LLC PRODUCER AGREEMENT

This agreement is entered into by and between Arrowhead Wholesale Insurance Services, LLC (referred to herein as "AWIS"), and _____ (referred herein as "Producer") with its principal office located at: _____

Whereas the Producer is desirous of placing contracts of insurance through companies represented by AWIS and utilizing the underwriting facilities, knowledge, and services of AWIS, and in consideration of AWIS placing risks of Producer's clients (referred herein as "insured" or "applicant") from time to time with an Insurer or Insurers and for mutual promises and covenants set forth in this document it is agreed as follows:

I. Authority. Producer shall have the authority to submit risks to AWIS for placement with one or more Insurers represented by AWIS. Producer is an agent for the applicant, and acts on behalf of the applicant for insurance, and is not acting as an agent, subagent or broker for AWIS. This agreement or the relationship between the parties and their officers and employees is not intended, and shall not be construed, to create a partnership, joint venture or employment relationship between AWIS and Producer. Producer is for all purposes an independent contractor.

AWIS shall be the sole judge of whether to accept, reject, or submit to Insurer for acceptance any applications of insurance for risks submitted by Producer and shall incur no liability for failure to place any such risk. Producer shall have no authority to bind any Insurer for AWIS, commit to or issue binders, policies, or other written evidence of insurance on behalf of AWIS or to make representations not strictly in accordance with the provisions of the policies and contracts placed under the terms of this Agreement. Producer shall not make, alter or vary any terms of coverage, or modify terms of payment of any premium or deposit, or incur any liability for AWIS or its Insurers.

II. Licensing. Producer warrants and represents that Producer is in compliance with all applicable licensing laws in each jurisdiction Producer transacts business as an agent or broker. Producer will maintain such license or licenses in good standing for the duration of this agreement and will furnish proof of such licensing upon request by AWIS. Producer will promptly notify AWIS of any suspension, cancellation or disciplinary action in respect of its license(s).

III. Surplus Lines Insurance. If Producer is a licensed surplus lines broker and submits a risk for placement on a non-admitted (surplus lines) basis, Producer shall automatically be deemed the surplus lines broker of record. In this instance, Producer is responsible for the payment of surplus lines taxes and fees and shall also be responsible for full compliance with all relevant surplus lines laws of the pertinent State, including but not limited to, the collection and payment of surplus lines taxes, filing of affidavits, and providing the appropriate statutory and/or regulatory disclosure legends on all documents. If Producer does not possess a surplus lines license, AWIS shall be the surplus lines broker of record and be responsible for the collection and payment of all applicable surplus lines taxes and fees, as well as all surplus lines filings as required under applicable laws and regulations.

IV. Payment of Premium and Commission

A. All Policies: AWIS shall pay to Producer commissions on premiums (excluding taxes and fees) that are actually paid to AWIS or its insurer in valid and collectable funds for policies ordered through AWIS by Producer. The commission rate payable to Producer for such policies shall be determined by AWIS on a policy-by-policy basis and shall be specified in each quote for insurance and invoice provided to Producer by AWIS. Producer's acceptance of the commission rate specified in its insurance quote is deemed complete at the time the policy is bound, unless Producer notifies AWIS in writing prior to requesting that coverage be bound, and AWIS agrees in writing to change the rate of commission. In the event a policy is cancelled or endorsed resulting in a return premium, producer shall return its unearned commission on such return premium (at the same rate of commission as producer was paid on the policy) to the appropriate party (as indicated on AWIS's invoice) within thirty (30) days of AWIS's invoice, or sooner if so required by applicable law.

Producer's obligation to make applicable payments to AWIS is not contingent upon the issuance of a policy. Any credit extended to the Insured or others shall be at the sole risk and responsibility of the Producer unless agreed to in writing by an officer of AWIS. If Producer is not in default as respects any of its obligations under this Producer Agreement, Producer may withhold its commission from premiums it remits to AWIS for business produced hereunder.

Producer may arrange for Premium Financing of policies written under this agreement. However, Producer, his agents, employees, and representatives shall not arrange any Premium Financing wherein the premium advanced under such

agreement is paid to anyone other than AWIS. All premium finance contracts arranged by Producer must require direct payment of the financed premium to AWIS. Producer's failure to comply with this requirement shall be deemed a material breach of this Agreement, and shall constitute grounds for immediate termination of Producer's appointment with AWIS. Producer shall further request that all premium finance agreements arranged by Producer contain a provision requiring the premium finance company to notify AWIS of said premium financing. The parties agree that this paragraph shall not apply to premium financing contracts arranged directly by an applicant or insured without Producer's involvement.

B. Direct Bill Policies only: Producer unconditionally guarantees to AWIS that it will pay AWIS all deposit premiums, plus 100% of all fees, taxes and surcharges, within 25 days of the effective date of each policy bound at Producer's request, whether or not Producer has collected such premium from the insured. AWIS shall pay Producer its commission on premiums remitted by the insured directly to the insurer (or insurer's general agent) within 30 days of AWIS's receipt of its commission from the insurer (or insurer's general agent).

C. Agency Bill Policies only: Producer unconditionally guarantees to AWIS that it will pay AWIS all premiums, fees, taxes and surcharges due on each policy bound at Producer's request by the due date indicated on the invoice or binder sent to Producer by AWIS (generally invoices shall be payable within 25 days of the invoice date), whether or not Producer has collected such premium from the insured. Producer understands that failure to make payments of premium, taxes, fees and surcharges by the date due may result in cancellation of the policy for which payment is past-due, but the cancellation of a policy will not affect Producer's obligation to pay AWIS the earned premium, fees, taxes and surcharges on such policy.

V. Adjustable Premiums. For those policies where Producer invoices the insured directly for premium (commonly known as Agency Billed policies) and the full premium cannot be fully determined in advance and/or where an adjustment or determination is made by an audit, retrospective rating or by interim reports, such premiums are due at the invoice date as evidenced by a AWIS or insurance company invoice. Producer will make all reasonable efforts to collect all premium (including fees, taxes and surcharges). Producer will be relieved of responsibility amount so adjusted or determined if Producer notifies AWIS in writing within 20 days after said invoice date, stating that Producer has made diligent efforts and is unable to collect such premiums and, provided the Insurer releases AWIS of liability for such premium. A copy of the Producer's invoice to the Insured, as well as copies of correspondence pertaining to the collection, must be sent with this notification. Failure to give AWIS timely notice shall constitute Producer's acceptance of responsibility to pay such premiums. If commission applies to these adjustments, none will be allowed to Producer on premiums collected directly by AWIS or Insurer under this provision.

VI. Funds Held in Trust

Producer shall hold funds in a fiduciary account for business generated under this Agreement to the extent required by the insurance laws of each state in which Producer conducts business. Provided Producer is in compliance with all terms of this Agreement they may retain any interest earned on such funds while in Producer's fiduciary account.

VII. Claims. Producer shall notify AWIS promptly of any claims, suits or notices of loss (or circumstances which might reasonably be expected to result in a claim, suit or notice of loss) and shall cooperate fully with AWIS to facilitate the investigation and adjustment of any claim when and as requested by AWIS.

VIII. Advertising. Producer shall not cause any advertisement referring to or using the name of AWIS or Insurer, or issue or cause to have issued any letter, circular, pamphlet, or other publication or statement so referring, without the express written consent of AWIS. In the event AWIS suffers a loss or expense arising out of any unauthorized advertisement, publication or statement of the Producer, the Producer shall be liable for and hereby agrees to indemnify AWIS and hold AWIS harmless from all resulting damages, fines, penalties and costs.

IX. Indemnity. Producer agrees to jointly and severally indemnify, defend and hold harmless AWIS, its Insurer(s), claims administrators, and servicing companies (hereinafter referred to as "its affiliates") against any and all claims, demands, losses, expenses, liabilities and damages of whatever nature, including interest, penalties and attorney fees AWIS and its affiliates shall incur, which result from, arise out of, or relate to Producer's duties, acts, omissions, obligations, or performance under this Agreement, or relate to any dispute, including allegations of negligence or other unlawful conduct including violation of insurance alleged by any governmental authority, including but not limited to, the state Department of Insurance having jurisdiction thereof, or consumer protection and privacy laws (including, but not limited to, the Fair Credit Reporting Act, the Gramm-Leach Bliley Act or similar privacy law) on the part of Producer and its' agents, employees, or representatives.

X. Modification Of Agreement. AWIS may, at its sole discretion, modify this Agreement at any time subsequent to its execution by providing written notice to Producer. Such modification(s) may include, but are not limited to (1) permitting or revoking Producer's authority to submit business to AWIS for any insurance product offered by AWIS; and

(2) modification of Producer's commission for new or renewal policies of insurance written through AWIS. Such modification may be made by sending written notice to Producer via registered U.S. mail, electronic mail ("E-Mail"), or facsimile to the address provided in this Agreement, or to Producer's last known address on file with AWIS. AWIS's proof of receipt shall serve as Producer's acknowledgment of receipt of modification. Producer's acceptance of the modification(s) to this Agreement, including any and all conditions, restrictions, commission rate(s), underwriting guidelines, requirements and limitations, shall be conclusively established when Producer, subsequent to receipt of notification of the modification from AWIS, submits one or more applications for insurance to AWIS for placement of Insureds.

XI. Termination of Agreement. This Agreement may be terminated immediately at any time by either party giving written notice to the other by certified mail, return receipt requested. This Agreement will also terminate: (1) automatically, if any public authority cancels or declines to renew the Producer's license or certificate of authority, (2) automatically, on the effective date of the sale, transfer, or merger of Producer's business with the provision AWIS may, upon review, appoint the successor as a Producer, or (3) immediately, upon either party giving written notice to the other of termination because of fraud, insolvency, failure to pay balances, or willful or gross misconduct. All representations and obligations of the Producer herein shall survive the termination of this Agreement.

After the date of termination of this Agreement, the Producer shall complete the collection and accounting to AWIS for all premiums, commissions and other transactions unaccounted for on the date of termination or arising thereafter in respect of outstanding policies of insurance, including but not limited to, return premium and return commissions. Outstanding policies will be permitted to run to expiration.

Producer shall remain the owner of the records and use and control of all Expirations upon termination of this Agreement, except in the event of Producers death, cessation of business, incapacity, or where if Producer abandons, grossly mismanages, or fails to service renewal and/or run-off business placed through AWIS. In the case of Producer's abandonment, gross mismanagement, or failure to service business, ownership of Expirations and records related thereto shall vest exclusively with AWIS. "Expirations" shall mean the exclusive right to own and use applicant and/or insured information generated by Producer, including customer names, addresses, coverage terms and conditions in connection with the solicitation and placement of renewal business.

XII. Errors and Omissions Coverage. Producer now has, and shall maintain until the last policy written under this agreement expires, Insurance Agent's Errors and Omission coverage with a minimum policy limit of one million dollars (\$1,000,000). Producer, upon being requested by AWIS, shall have a certificate of insurance evidencing such coverage issued in favor of AWIS and providing AWIS at least 10 days advance written notice in the event such insurance is cancelled. Producer will also provide AWIS with prompt written notice of any change, cancellation or other termination of this policy.

XIII. Broker Disclosure Warranty. Producer hereby represents and warrants that Producer shall disclose and obtain the insured's consent to all broker fees, and otherwise comply with all laws and regulations relating to disclosure of broker compensation to insureds and potential insureds in all transactions under this Agreement.

XIV. Miscellaneous Provisions

A. This Agreement constitutes the entire agreement between AWIS and Producer and supersedes and replaces any previous agreements between AWIS and Producer. No oral promises or representations shall be binding, nor shall this Agreement be modified, except by agreement in writing and executed by AWIS. This Agreement shall apply to current policies already placed through AWIS and in force at the date hereof and all future policies which may be placed by AWIS for Producer.

B. If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect.

C. A party's failure to enforce any provision herein, will not be deemed a waiver of any subsequent breach, a waiver of the particular provision breached, or a waiver of any other provision of this Agreement.

D. This Agreement shall be deemed to have been made and performed in San Diego County, California and shall be governed by, and construed and enforced in accordance with the laws of the State of California. The rights, duties and obligations of the parties to this agreement to such extent they are not dealt with specifically or by necessary implication in this instrument shall be in accordance with the customs prevailing in the surplus lines and special risks insurance business in the state in which Producer is domiciled.

E. Producer expressly acknowledges and agrees that AWIS and its affiliates may, from time to time, send Producer via facsimile machine or e-mail, information and advertisements about any and/or all Program(s) managed by or available through AWIS, its affiliates and business partners, or its Insurers. Requests for additional information about risks submitted to AWIS, quotes on such risks, and general correspondence about such risks may also be communicated to Producer in this manner. Each party further agrees to accept all written notifications under this Agreement by facsimile in lieu of U.S. mail and shall keep the other party apprised of its then current facsimile number.

F. Both parties represent and warrant to the other party that they will abide by the requirements of the Gramm-Leach-Bliley Act of 2000 (15 USC §1701 et seq.) and the Violent Crime Control Act of 1994 (18 USC §1033 et seq.), and have established procedures to ensure compliance therewith.

G. It is understood and agreed that each Insurer is hereby made a third party beneficiary under this Agreement. Specifically, each Insurer shall have the right to assert the same rights of recovery, indemnification, or causes of action as AWIS under this Agreement with regard or related to the policies produced by Producer written by such Insurer. This paragraph shall not be altered, amended, or deleted without the applicable Insurer's prior written consent.

XV. Execution and Acceptance of Agreement

Producer acknowledges that a breach of any of the terms, conditions, or provisions of this Agreement by the Producer may give rise to a cause of action by AWIS against the Producer and/or may result in disciplinary action by AWIS, including but not limited to, the termination of this Agreement, all in the sole discretion of AWIS. Each individual who executes this Agreement in a representative capacity represents and warrants that he or she has the full right and power to execute this Agreement and to bind the entity or individuals on whose behalf he or she so signs. If the Producer is an individual, the individual must sign; if the Producer is a partnership, one of the partners must sign; if the Producer is a corporation, an authorized officer must sign and indicate the title of such authorized officer. The parties hereto agree this Agreement shall not become effective until accepted by AWIS.

PRODUCER: _____

BY: _____

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

DATE: _____

Agreement Accepted and Effected by AWIS.

BY: _____

TITLE: _____

DATE: _____

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

1. Copy of your **INSURANCE LICENSE issued to you for each state you are licensed to do business.**
2. Copy of your **E & O POLICY DEC PAGE.**
3. Completed **CONFIDENTIAL PRODUCER PROFILE.**

Please check one: Corporation [] Partnership [] Sole Proprietorship []

Federal Tax I.D. Number: _____ (SS Number if individual)

Complete Exact Legal Name _____

Surplus Lines License Number: _____ (If applicable)

04/26/10