

Effective this _____ day of _____, _____, Northwest Insurance Agency, a Managing General Agent, hereinafter referred to as "Company", and _____, hereinafter referred to as "Broker", agree that the following provisions apply to all programs offered by Company:

I. AUTHORITY OF BROKER

- A. Broker is an independent contractor, not an employee of Company, and is subject to the requirements imposed by law, the terms of this contract, and the written rules and regulations of Company as they are from time to time constituted.
- B. Broker is authorized for such classes of risks as Company may authorize, only in those States as Company may authorize, and pursuant to Company's Underwriting and Rating Guidelines and Manual(s):
1. To solicit applications for insurance, to collect, receive and receipt for premiums and fees on insurance tendered by Broker to and accepted by Company.
 2. To provide all the usual and customary services of an Insurance Broker on all insurance contracts written in accordance with this contract.
- C. Broker agrees to:
1. Comply with the Underwriting Rules and Guidelines of Company.
 2. Maintain complete and accurate records of all insurance contracts written, renewed or continued with/through Company, including records on all premiums and fees collected or refunded. All such records shall be subject to inspection by Company or its representative at any reasonable time.
 3. Forward all applications and endorsement requests within the time allowed by Company's Underwriting Guidelines with the required premiums and fees to Company in accordance with this contract and Company Underwriting and Rating Manual(s).
 4. Broker agrees to refund unearned commissions on policy cancellations or coverage reductions at the same rate at which such commissions were originally credited or paid. Broker shall, at all times, act in a fiduciary capacity with respect to premiums collected.
- D. Broker may bind insurance only in strict accordance with Company Underwriting and Rating Manual(s) and this contract. Broker agrees to adhere to all underwriting, binding, postmark, and rating rules, and procedural and payment requirements of Company as stated in Company Underwriting and Rating Manual(s).
- E. Broker shall not have the exclusive right to act on behalf of Company in any jurisdiction and Broker shall at all times have the right to represent other companies in any jurisdiction in which Broker is licensed. Furthermore,

Broker shall not appoint any sub-Agents or sub-Brokers to represent Company. Broker is not to accept business for Company from any other Agent or Broker.

- F. Company shall not be responsible for any Broker or Brokerage expenses.
- G. Broker shall not publish, list or distribute any advertisements, brochures, pamphlets or other materials referring to Company or its Underwriting Company(ies), or bearing the name of Company or that of its Underwriting Company(ies), without prior written approval of Company. The Brokerage shall be liable for all costs and damages associated with or arising from unauthorized advertising statements by Broker.
- H. Broker shall not alter, vary, discharge, issue or reinstate any Policy Contract: to extend the time for payment of premiums, except as authorized in writing by Company; or waive or extend any policy obligation or condition; or incur any liability on behalf of Company; or authorize any claim settlement or bind Company in any way with respect to any claim matter or claim settlement.
- I. In reference to cancellation or non-renewal of policies:
 1. Company shall have the absolute right to cancel or non-renew any policy in accordance with its terms and subject to applicable law, and Company shall notify Broker of cancellation or non-renewal of such policy;
 2. Subject to requirements imposed by law and in compliance with policy terms, Company shall, at Broker's request, cancel or non-renew any policy for sufficient cause. Notice of cancellation or non-renewal will be provided to the policyholder in accordance with applicable law.

II. PREMIUM PAYMENT AND ACCOUNTING

- A. Brokerage-Bill Policies: All net premiums (after deduction of granted commission) and fees on Brokerage-bill new and renewal business which is written by or through Broker shall be paid in full by Broker to Company.
1. Such payment shall accompany the application(s) for Insurance or renewal request(s) and be tendered to Company in the following forms only:
 - a) Broker's trustee check for net premiums and fees, made payable to Company;
 - b) Draft for new premiums and fees, issued by a Company-approved premium finance organization, made payable to Company.
 2. Company will render Broker a monthly statement for any premiums, additional or return premiums, fees,

commissions or return commissions, generated by policies, endorsements, or other transactions which occurred in the current and/or preceding months. All amounts due Company shall be paid by Broker, without change, so that the entire amount due is received by Company within fifteen (15) days of the billing date; otherwise all unpaid policies shall be subject to cancellation. If a credit balance is due Broker, Company agrees to pay Broker forthwith. Any corrections to Company billing will be provided in the following statement(s). Statement balances must be paid via Broker's trustee checking account or premium finance draft(s)/check(s).

3. Broker shall be responsible for and agrees to pay to Company all premiums and fees on all Brokerage-bill policies written by or through Broker, whether such premiums and fees are collected by Broker or not. In the event Broker fails to collect said premiums and fees, Company reserves the right to collect all such premiums and fees in any manner Company deems appropriate. Any premiums or fees so collected shall be credited to Broker's account. It is fully agreed and understood that no commissions will be paid to Broker on any premiums so collected by Company. Furthermore, Company's efforts to collect such premiums or fees will in no way relieve Broker of liability and responsibility for payment of such premiums and fees.
- B. Direct-Bill Policies: Premiums and fees, other than deposit premiums and fees on new business, which are directly billed by Company to the Insured shall be the responsibility of Company. It is fully agreed and understood that all deposit premiums and fees on said direct-bill policies will be sent to Company in full by Broker, governed by the same terms as set forth in section II-A, entitled "Brokerage-Bill Policies".
- C. On both Brokerage and direct-bill policies, Broker shall refund ratably to the Insured, finance company, or Company on all business heretofore or hereafter written, unearned premiums and/or commissions on canceled Insurance, reductions in premiums, and overpayments. Commissions shall be refunded at the same rate at which such commissions were originally paid, even though this contract may have been modified or terminated as hereinafter provided. At any time, any and all undistributed commissions in Company's possession may be applied to, and as an offset on, any due and unpaid obligations of Broker.
- D. In the event of termination or suspension of this contract, provided Broker shall pay in full all amounts due Company or finance company within thirty (30) days of the billing due date(s), and all return premiums and commissions due insureds, as required by and in compliance with state regulations and the terms of this con-

tract, Broker's records and policy expirations and their use and control shall remain his property and in his absolute possession. If Broker does not pay all amounts due as provided above, title to all records and policy expirations shall transfer to Company for its exclusive use and control, as provided in Article VI. If the amounts due Company are disputed, Broker shall nominate a national accounting firm to render an independent accounting. This nomination must be made in writing within ten (10) days of receipt of the monthly statement. If demand for an accounting is not made within ten (10) days, future agreement to an independent accounting will be at the sole discretion of Company. Amounts found due will be paid within ten (10) days of the date the accounting firm renders its opinion. Expenses of such independent accounting will be paid by Broker, except in the case of Company error, where expenses will be shared by Broker and Company equally.

III. COMMISSIONS

- A. All commissions paid to Broker shall be those set forth in the attached commission schedule(s). Such commission schedule percentages may from time to time be changed at Company's discretion. However, Company must provide Broker with written notice of such change at least fifteen (15) days prior to the effective date of such change. The placement of new or renewal policies by Broker with Company after the effective date of such commission schedule shall be conclusive evidence of Broker's acceptance of such change.

IV. BROKER SALE OR TRANSFER

- A. In the event of the sale or transfer of Broker's policies, or the merger or consolidation of the Brokerage, or any change in control or majority ownership of Brokerage, neither this contract nor any rights granted hereunder may be assigned by Broker without the express written consent of Company.
- B. Broker agrees to give no-less-than fifteen (15) days' advance written notice by certified mail, return receipt requested, to Company of any sale or transfer of Broker's policies, or its consolidation with a successor firm, or any change in control or majority ownership of Brokerage, in order that Company may, at its election:
 1. Enter into a new Brokerage-Company contract with the successor; or
 2. Terminate the Brokerage contract and arrange for payment of outstanding and prospective premiums on business written under this contract, including but not limited to, the obtaining of collateral security for any existing indebtedness, or ownership assumption of expirations for business written under this contract.
- C. In no event, without the written consent of Company, will the sale or transfer of Broker's policies, or the merger

or consolidation of Brokerage, or any change in control or majority ownership of Brokerage, relieve Broker of any obligations under this contract, including but not limited to, the payment of all premiums and the return of all unearned premiums and commissions which are due or may become due in the future.

V. TERMINATION OR SUSPENSION

A. This contract shall terminate:

1. At any time by either party giving written notice to the other;
2. Automatically and immediately in the event of abandonment, fraud, insolvency or gross or willful misconduct by either party;
3. Automatically and immediately if any public authority cancels or declines to renew Broker's license;
4. Automatically and immediately in the event that the beneficial ownership of the majority of the outstanding capital stock of Broker shall cease to belong to the person or persons who have such ownership at the effective date of this contract, or, upon any sale, transfer, or change in control or ownership of Broker, Broker's policies or Brokerage, unless Broker has mailed to Company the required minimum fifteen (15) days' advance written notice of any such change or sale in accordance with the applicable provisions outlined in Article IV-B above.

B. In the event that this contract is terminated for any reason as outlined above:

1. Broker shall not solicit or bind any new risk after the effective date of such cancellation;
2. Broker shall retain authority and agrees to service existing policies which are permitted to run to expiration or cancellation, whichever occurs first;
3. Broker fully understands and agrees that all terms and conditions of this contract will continue to apply and remain in full force and effect as long as policies which have been allowed to run to expiration or cancellation are in effect.

C. If at any time Broker is delinquent, in either accounting or payment of moneys due Company, Company may, at its option, and upon written or oral notice to Broker, suspend Broker's authority to write any new or renewal business.

D. Ownership of expirations:

1. Subject to exception for delinquency of accounts, the use and control of expirations and the records thereof shall remain in the undisputed possession of Broker. Company shall not use its records of said expirations in any marketing effort for the sale, service or renewal of any form of insurance coverage or other product which shall abridge Broker's rights of ownership, use, and control, nor shall Company refer or communicate such expiration information to

any other agent, broker or company unless so directed by law or any regulatory authority.

2. In the event of termination or suspension of this contract, provided Broker shall pay in full all amounts due Company or finance company within thirty (30) days of the billing due date(s), and all return premiums and commissions due insureds, as required by and in compliance with state regulations and the terms of this contract, Broker's records and policy expirations and their use and control shall remain his property and in his absolute possession. If Broker does not pay all amounts due as provided above, title to all records and policy expirations shall transfer to Company for its exclusive use and control, as provided in Article II-D. Broker agrees to execute all documents necessary to perfect Company's ownership interest. Any moneys received by Company through the use, control, or sale of such expirations, policies or the records thereof, less reasonable costs, shall be applied to Broker's indebtedness to Company, and any surplus over and above such indebtedness shall be given over to Broker. However, if such sale, use or control of said expirations or records by Company shall not fully satisfy Broker's indebtedness, Broker shall remain liable for any remaining unpaid balance.

VI. INDEMNIFICATION

- A. Subject to compliance by Broker with the provisions of Article VI-B below, Company shall indemnify and hold Broker harmless against liability for damages and expenses, including legal or other expenses reasonably incurred in defense or investigation of any claim or suit, arising out of Company's error or omission in the preparation or handling of any insurance policy or billing procedure to which this contract applies, including compliance with the provisions of the Federal Fair Credit Reporting Act or similar state laws, except to such extent that Broker may have caused or compounded such error.
- B. As a condition precedent to Company's obligation and/or liability as set forth herein, Broker shall notify Company within twenty-four (24) hours of receipt of any such claim or suit, and Company shall, at its option, assume or associate itself in the defense of such claim or suit with the full cooperation of Broker. Should Company assume the defense of any action related to such claim or suit, it shall not be liable to Broker for any legal or other expenses.
- C. Broker will be liable for and agrees to indemnify Company against any and all loss suffered by Company where Broker binds beyond the given authority; furthermore, Broker agrees to save Company harmless from all loss, expense, cost or liability resulting from unauthorized acts, improper transactions, errors or omissions

by Broker or any persons engaged by Broker or acting on Broker's behalf.

VII. MISCELLANEOUS

- A. Attorney's Fees. In the event of any controversy, claim or dispute relating to this contract, commission or policy, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees, and all costs of suit.
- B. To the extent that any attached schedule or addendum changes, modifies or supersedes any of the terms of this contract, the provisions contained in the schedule or addendum shall control as respects to all business written or renewed after the effective date of such schedule or addendum, except as otherwise provided in this contract.
- C. Time. Time is of the essence with respect to the performance of every provision of this contract in which time or performance is a factor.
- D. Waiver. The waiver by Company of any breach of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of any subse-

quent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of, or in any way affect the right of Company to insist upon, strict adherence to said terms.

- E. Severability. If any portion of this contract shall be held unenforceable, the remaining portions of the contract shall continue in full force and effect.
- F. This contract supersedes all previous agency, broker or producer contracts or agreements whether oral or written between Company and Broker, and shall remain in effect until terminated by either party, at any time, pursuant to the terms of this contract.
- G. By placement of Broker's initials in this space _____, Broker acknowledges that he/she has read, fully understands and agrees to all the terms and conditions of this contract as outlined on each page, Article I through Article VII inclusive.

In witness whereof, Company and Broker have caused this contract to be signed on the date first above written.

Signature of witness to Broker's Signature

Signature of Broker

Printed Name & Title

Broker Appointment Number

Signature of Witness to Company's Signature

Signature of Authorized Officer of Company

Printed Name & Title