

## Brokerage Agreement

This Agreement made on this (DAY)\_\_\_\_\_ day of (MONTH)\_\_\_\_\_, (YEAR)\_\_\_\_\_ by and between HIGHLAND RISK SERVICES, hereinafter referred to as BROKER and (YOUR COMPANY)\_\_\_\_\_. (licensed by the state of (YOUR STATE)\_\_\_\_\_ under license number (YOUR COMPANY LICENSE NO.)\_\_\_\_\_, hereinafter referred to as AGENT).

WITNESSETH, in consideration for BROKER placing risks from time to time hereafter for AGENT with an insurer, or insurers, and for the mutual promises and covenants hereinafter set out:

1. AGENT acknowledges that he is the agent of the insured and is not the agent of, and has no authority to bind BROKER or any of its principals. AGENT warrants that he is licensed to represent the insured as a broker as required by the insurance laws and regulations of all jurisdiction(s) where the insured(s) and the risk(s) are located including surplus lines licenses where required.
2. AGENT shall be primarily liable to BROKER for the full amount of premium and applicable state taxes, less commission, including additional premiums developed under audits or retrospective penalties on every insurance contract placed for AGENT or any entity acquired by AGENT. Such premiums and taxes shall be due from AGENT to BROKER from the date that liability is assumed by the insurer and are to be remitted to BROKER as follows:
  - a. BROKER shall bill AGENT for each insurance contract placed. Such bill shall indicate a payment date. AGENT agrees to remit the balance in full by the payment date indicated on each billing.
3. No insurance contract may be returned to BROKER by AGENT for flat cancellation unless it is returned prior to the inception or effective date of contract. Earned premium shall be computed and charged on every contract cancelled after inception in accordance with the cancellation provisions of such contract or applicable state law.
4. In consideration of commission allowed AGENT on all premiums, and additional premiums, AGENT agrees to pay BROKER the commission on all return premiums at the same rate such commissions were originally retained.
5. BROKER shall be entitled to reimbursement for the costs of collection, including reasonable attorney's fees, incurred in an effort to collect unpaid premium from AGENT or other person(s) responsible for payment of the same.
6. AGENT is required to maintain in full force and effect during the term of this Agreement a policy, (or policies), of Errors and Omissions Insurance issued by an insurer, (or insurers) rated no less than A- VI by A.M. Best Co and which afford coverage in the minimum amount of \$1,000,000 with a deductible not to exceed \$20,000. *Please forward*

*a copy of the declaration page of existing Errors and Omissions Insurance policy with this signed agreement.*

7. AGENT shall operate in compliance with the privacy provisions of the Gramm- Leach- Bliley Act, 15 U.S.C. 6801- 6810 (hereafter GLBA) and state laws and regulations enacted to implement the same; and
  - a. Not use or disclose Nonpublic Personal Information of the BROKER'S consumers, customers, former customers, or claimants for purposes other than as permitted by the privacy provisions of the GLBA and state laws enacted to implement the same, and  
  
Otherwise comply with all applicable requirements of the privacy provisions of the GLBA and state laws and regulations enacted to implement same as they now exist or may be revised as necessary in the future.
8. This agreement shall apply to current policies already placed and in force at the date hereof, to all future policies which may be placed by BROKER for AGENT and to any outstanding debt on policies which were placed by BROKER for any entity acquired by AGENT. This Agreement may be cancelled at any time by written notice by either party to the other, but said cancellation shall not alter in any way the continued application of this Agreement to insurance policies effected prior to the date of such cancellation.
9. In the event of termination or suspension of this Agreement, the AGENT'S ownership, use, and control of expirations, and the records thereof, shall remain in the undisputed and exclusive ownership and possession of the AGENT. Notwithstanding part 2a., if the AGENT has not accounted for and paid all premiums due the BROKER at the time of termination or suspension of this Agreement, the use and control of AGENT'S expirations, including all rights, title, and interest in and to the records thereof, shall be vested in the BROKER as of the date of such termination or suspension. Any indebtedness due from the AGENT shall not prevent application of the ownership of expirations in favor of the AGENT if the AGENT furnishes the BROKER with collateral acceptable to the BROKER, at its sole discretion, in the full amount of such indebtedness, to be held by the BROKER until the indebtedness is fully satisfied. In the event of its right to collect any indebtedness due from the AGENT, the BROKER shall use reasonable business judgment in selling the expirations and shall be accountable to the AGENT for all sums received which, net of BROKER'S expenses, exceed the amount of the indebtedness. The AGENT shall remain liable for the excess of any indebtedness over the sums received by the BROKER, (net of the expenses).
10. The BROKER will hold the AGENT harmless against liability resulting from loss to the policyholder's based on error or omission of the BROKER in the processing or handling of the policies if the AGENT has not contributed to or compounded such error or omission. Conversely, the AGENT will hold the BROKER harmless against liability they may incur to or on behalf of their policyholder, actual or alleged, based on error or omission of the AGENT if the BROKER has not contributed to or compounded such error or omission. The BROKER agrees to hold the AGENT harmless against any civil liability for damages and expenses, including the cost of defense, which he may be obligated to pay as a direct result of the failure of the BROKER to comply with the requirements of the Fair Credit Reporting Act, except in the case of willful or intentional act or omission or negligence on the part of the AGENT. Each party shall promptly notify the other of any claim or the commencement of any action, which could result in a claim for indemnification under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

HIGHLAND RISK SERVICES

(YOUR COMPANY NAME)

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_