

**SOUTHLAND NATIONAL INSURANCE CORPORATION**

**BROKERAGE AGREEMENT FOR SUPPLEMENTAL INSURANCE PRODUCTS**

This Agreement (this "Agreement") is made by and between Southland National Insurance Corporation ("Southland") and the Agent whose name appears at the end of this Agreement ("Agent"). Subject to the terms and conditions set forth, Southland will pay to Agent, commissions in accordance with the applicable Commission Schedule attached to this Agreement, which may be changed, amended, or replaced as Southland may determine.

**Terms and Conditions**

**1. EFFECTIVE DATE**

This Agreement applies to all policies issued on applications submitted by Agent and received at Southland's home office on or after the effective date.

**2. AUTHORIZATION**

Agent may solicit applications only from groups located in states in which Southland is admitted to do business, and then only for those products offered by Southland in such state. Soliciting territories are nonexclusive. By advance written notice to Agent, Southland may exclude any state, or portion thereof, from the territory in which Agent may solicit applications.

**2.1 Licensing**

Agent must be licensed by the appropriate regulatory agencies in the each of the states in which Agent transacts business and be appointed by Southland in such states. Agent acknowledges that he/she may be assigned to a General Agent of Southland for supervision, training and assistance. It is agreed and understood that this assignment may be changed from time to time by Southland at its discretion.

**2.2 Relationship**

Agent is an independent contractor and not an employee; and shall be free to determine the time, place, and persons from whom Agent will solicit applications. Agent agrees to pay all expenses incurred by Agent in the performance of this Agreement.

**2.3 Limitations**

Agent shall not and has no authority to:

- a. accept risks, pass upon insurability, or bind Southland in any way;
- b. make or modify policies on behalf of Southland or waive any of Southland's rights or requirements;
- c. collect or receipt for deferred or renewal premiums;
- d. cash or deposit any check or draft made payable to Southland; or

- e. open any bank account or trust account on behalf of or for the benefit of Southland.

**3. AGENT RESPONSIBILITIES**

Agent agrees to comply with Southland's rules and regulations pertaining to the conduct of business covered by this Agreement, but such rules and regulations shall not interfere with Agent's freedom of action as described in subparagraph 2.2, Relationship.

**3.1 Representation and Service**

Agent agrees to become fully informed as to the provisions and benefits of each product offered by Southland for which Agent solicits applications and to represent such products adequately and fairly to all prospects. Agent further agrees to use Agent's best efforts to provide service to customers and to maintain in force any business placed with Southland.

**3.2 Assignment of Commissions**

Agent may not assign any compensation payable under this Agreement without the prior written consent of Southland.

**3.3 Prompt Transmittal**

Agent agrees to transmit to Southland, immediately upon receipt, all insurance applications and payments on or under such applications. Agent shall transmit to the home office of Southland by USPS certified mail, return receipt requested,, within 24 hours after receipt, any paper served upon Agent in connection with any legal proceedings by or against Southland.

**3.4 Advertising**

Agent may advertise Southland products, provided the text of all such advertising, including all electronic communications and the Internet, as well as the use of all sales material, is approved in advance by Southland, and records of such advertising are maintained and transmitted to Southland in a manner directed by Southland.

**3.5 Hold Harmless**

Agent agrees to indemnify and hold harmless Southland from losses, expenses, costs and damages resulting from any acts or inaction by Agent which breach any of the terms of this Agreement or Southland's rules and regulations pertaining to the conduct of Agent's business. Agent will be covered by errors and omissions insurance policy comparable to industry standards for his/her geographical area. Agent further agrees to immediately notify Southland of any termination, suspension or expiration of any health insurance license(s) that he/she holds with any state department of insurance.

**3.6 Examination of Records**

Agent agrees to keep accurate records of all transactions on behalf of Southland and to make such records

available for examination at any time by authorized representatives of Southland.

### 3.7 Repayment of Compensation

Agent agrees to repay to Southland on demand any unearned compensation or any compensation received by Agent for or with respect to premiums returned to policyowners by Southland for any reason.

### 3.8 Indebtedness

A first lien is specifically reserved to Southland upon any compensation or other sums due Agent under this Agreement to secure any indebtedness of Agent to Southland. Southland shall have a right of set off against any such compensation or other sums due Agent. Such indebtedness may be deducted from such compensation or other sums without the necessity of demand or prior notice to Agent.

### 3.9 Property

Agent agrees to return on demand all records, manuals, supplies and other property of Southland.

### 3.10 Third Party Litigation

Agent may not pursue litigation against a third party for any cause related to the conduct of business covered by this Agreement.

### 3.11 Guarantee

If Agent is a corporation, the principal(s) signing this Agreement on behalf of Agent, as evidenced by their signature(s), jointly and severally guarantee to repay to Southland on demand any indebtedness it is unable to collect from Agent, whether or not Southland has exhausted its recourse against Agent.

### 3.12 Confidentiality

In connection with this Agreement, Agent may from time to time have access to information regarding Southland's customers or former customers ("Confidential Information").

- a. Agent agrees to preserve the confidential nature of all Confidential Information. Not in limitation of the foregoing, Agent (a) may disclose or use Confidential Information only (i) as permitted by the express terms of this Agreement or (ii) as required in compliance with a valid court order or subpoena issued in connection with a legal or administrative enforcement proceeding, and (b) shall limit access to all Confidential Information to those employees who need access to the Confidential Information for such purposes.
- b. Agent further agrees to maintain the security and integrity of all Confidential Information as required by applicable law, and agrees that Confidential Information shall not be incorporated as part of Agent's records or database and shall be segregated from all other types of information or data. All Confidential Information is and shall remain the property of Southland and shall be destroyed or delivered to Southland or its designee promptly upon the earlier of the termination of this

Agreement or Southland National Insurance Corporation's request. Agent shall promptly certify to Southland National Insurance Corporation that the foregoing has occurred.

- c. This section is intended to be perpetual in nature and to survive termination of this Agreement. This section shall control any inconsistency between the terms of this Section 3.12 and any other provisions of this Agreement.

## 4. COMMISSIONS AND SERVICE FEES

Southland agrees to pay Agent commissions and service fees for policies issued on applications submitted by Agent according to the Commission Schedule attached to this Agreement. Payment of commissions and service fees shall be made in accordance with Southland's usual procedures. The Commissions Schedule may be changed by Southland at any time upon written notice to Agent to:

- a. add new plans and establish commissions and service fees thereon;
- b. change commissions and service fees on policies thereafter issued by Southland
- c. change or discontinue any plan and the commissions and fees associated therewith.

## 5. AWARD, RECOGNITION AND INCENTIVE PROGRAMS

Agent, if eligible, may participate in any award, recognition and incentive programs that Southland may, from time to time, provide for its agents, according to the rules of each such program.

## 6. TERMINATION

Termination of this Agreement is effected as follows:

- a. Cause. This Agreement may be terminated for cause by Southland immediately upon written notice to Agent, when Agent has (i) misappropriated funds from any policyowner or Southland, or (ii) otherwise acted to prejudice materially the interests of Southland in breach of this Agreement.
- b. Death or Corporation Dissolution. If Agent is not a corporation, this Agreement shall terminate on date of Agent's death. If Agent is a corporation, this Agreement shall terminate on date such corporation is dissolved or Agreement judged by appropriate regulatory agencies to no longer be a legal entity.
- c. Without Cause. Either party without cause, for any reason or no reason, may terminate this Agreement at all, by giving the other party at least 30 days advance written notice.

## 7. BENEFICIARY

Unless otherwise designated by amendment to this Agreement, Agent's beneficiary shall be Agent's spouse,

if living, otherwise Agent's estate. Any compensation due beneficiary under this Agreement shall commence upon receipt by Southland of proof of Agent's death.

8. WRITTEN NOTICE

Unless otherwise specified, any written notice given under any provision of this Agreement shall be complete upon deposit, postage prepaid, in the U.S. mail addressed to Agent at Agent's address according to Southland's records or to Southland at its home office, whichever applies.

9. ETHICAL MARKET CONDUCT COMPLIANCE

- A. In the sales and marketing of supplemental benefit products offered by Southland, the Agent agrees to conduct business according to high standards of honesty and fairness and to demonstrate the highest ethical standards in his/her representation of Southland to his/her customers.
- B. In matters regarding Active and Fair Competition you agree to: (i) Refrain from providing false or misleading information or otherwise making disparaging remarks about a competitor or its products. ("Disparaging remarks" do not include relevant, factually accurate information); (ii) Make only fair comparisons between Southland products and services and those of competitors; and (iii) Communicate these standards to any producers or office personnel that you directly supervise and request their agreement to be bound by these conditions as well.
- C. In matters regarding Customer Complaints you agree to immediately report to Southland any customer and/or regulatory complaint, whether written or oral, and assist Southland in a good faith effort to review and resolve any complaint to the satisfaction of all parties.

By promoting the sale of a Southland product to a customer, you agree to be bound by the terms and conditions of this Agreement without modification.

10. AMENDMENT

Any amendment to this Agreement must be accomplished in writing and executed by the parties hereto. Notwithstanding the foregoing, Southland may revise or amend the Schedule of Commissions, or issue a substitute schedule, at any time with such frequency, as it deems necessary or appropriate.

11. NO WAIVER.

The forbearance, neglect or failure of Southland to take advantage of its rights and privileges hereunder shall not constitute a waiver or estoppel against the assertion of such rights or privileges, and such rights and privileges shall continue to be in full force and effect.

12. APPLICABLE LAW; VENUE

This Agreement is entered into under and shall be construed in accordance with the laws of the State of Alabama. It is agreed that the operative provisions of this Agreement are to be performed in Tuscaloosa, Alabama.

13. SUPERCEDING NATURE

This Agreement supercedes any prior written or oral, and contemporaneous oral, agreements between the parties and constitutes the entire agreement between Agent and Southland in relation to policies sold and issued by Southland pursuant to applications acquired by Agent after the effective date of this Agreement.

14. BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Southland and Agent and their respective heirs, successors and assigns. This Agreement may not be assigned without the prior written consent of both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as indicated below; if Agent is an entity rather than a natural person, the natural person signing as a representative of Agent executes this Agreement in his or her individual capacity, as well as any representative capacity for the Agent entity:

Agent signature:

\_\_\_\_\_

Name (print): \_\_\_\_\_

Address: \_\_\_\_\_

City, State & Zip Code: \_\_\_\_\_

Phone ( ) \_\_\_\_\_

Fax ( ) \_\_\_\_\_

SSN or Tax ID: \_\_\_\_\_

Date: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Southland National Insurance Corporation

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

Name (print): \_\_\_\_\_

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

\*\*\*\*\*

FOR SOUTHLAND NATIONAL USE ONLY

Agent code \_\_\_\_\_

General Agent code \_\_\_\_\_

# **Attachment 1**

## **Commission Schedule**

### **I. Commission Rates**

<b>Group Type</b>	<b>Selling Agent (flat rate)</b>
Traditional Dental Plans	0 to 10%
Defined Care Dental Plans	0 to 10%

### **II. Other Information**

1. A minimum of ten (10) subscribers is necessary to constitute a Traditional group. A minimum of three (3) subscribers is necessary to constitute a Defined Care group.
2. Commissions are generated on or around the 20<sup>th</sup> of each month on all premiums due and collected from the previous month if the total commission due is greater than \$25.00. If the total commission due the Agent is less than \$25.00 for the month, the commissions will accrue without interest until the amount reaches \$25.00 at which time the Agent will receive his/her commission.
3. Commissions are payable on all business for which the agent has an Agent of Record letter on the date said business becomes effective with the Plan.
4. SNIC, at its sole discretion, may offer promotional incentives in addition to those outlined above.
5. SNIC has the right to change this attachment as it may determine. SNIC retains the right to establish, implement, modify, or discontinue production standards and other objective criteria to qualify for commissions or other incentives payable hereunder.