

LIMITED PRODUCER AGREEMENT

THIS PRODUCER AGREEMENT (the "Agreement") is made as of _____ by and between, **Integrated Specialty Coverages LLC.**, its subsidiaries, and affiliated companies, (hereinafter collectively referred to as "ISC") and _____ (hereinafter referred to as "Producer").

WHEREAS, ISC is in the business of placing contracts on behalf of insurance carriers ("Carrier"); and

WHEREAS, Producer desires to submit insurance applications on behalf of its customers to ISC to be placed with Carrier, subject to all of the terms, conditions, and restrictions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Article I - Authority

Section 1.1. ISC grants Producer the non-exclusive right to submit proposals for insurance covering such classes of risks as ISC may, from time to time, authorize in writing to be insured. Producer may issue quotes on behalf of ISC only as authorized by ISC. Producer is not authorized to accept or bind ISC or any Carrier represented by ISC to any quote, binder, policy or endorsement or amend, modify or alter the terms of any policy placed by Producer except as permitted by ISC. The only authority provided to Producer under this Agreement is to submit applications and premiums to ISC. At all times during the term of this Agreement, Producer agrees in good faith to use its best efforts to increase the volume of submissions for insurance to ISC by actively marketing and selling ISC's products.

It is understood and agreed that in carrying out its duties under this Agreement, Producer is acting as an independent contractor representing the interests of applicants and policyholders. Nothing herein shall be construed to make Producer an agent of ISC in fact or by operation of law. In recognition of Producer's status as an independent contractor, the parties agree that this Agreement is not a contract of employment and does not create any kind of employment relationship. Producer's relationship to ISC is solely that of an independent contractor.

Section 1.2. Producer may charge producer fees, broker fees or other charges for services provided in connection with policy transactions only to the extent and in the amount allowed by law in the state where the risk is located. The determination of such fees and responsibility are solely that of Producer.

Section 1.3. Producer is not authorized to extend credit or financial terms to an insured. Producer agrees that if Producer extends credit or financial terms to an insured, Producer shall be responsible to pay ISC and or the Carrier all amounts due ISC or the Carrier whether or not Producer has collected these amounts from the insured.

Section 1.4. Producer has no authority to cancel coverage, assign any losses or adjust any losses on behalf of ISC or Carrier. All claims are to be reported to the party specified by ISC or Carrier.

Article II - Accounting

Section 2.1. Producer is responsible for payment of all premiums due on binders, policies and endorsements issued by ISC on behalf of the Carrier and at the request of Producer. As used herein, premium means policy premium, additional premium on audits and inspections and unearned commission on cancelled binders, policies and endorsements. Producer shall pay all premium, including earned premium on cancelled binders, policies and endorsements when due, whether or not such premium has been collected by Producer.

All premium and return premium received by Producer on policies issued by ISC on behalf of the Carrier shall be held by Producer in a fiduciary capacity and in trust for ISC until such time as the Premium is paid to ISC, or, in case of unearned premium, returned to the policyholder. All premiums collected by Producer shall be deposited into a premium trust account maintained solely and exclusively for that purpose, except as allowed by law. No sums may be withdrawn from such account other than to remit premium due to ISC and to pay commissions earned by Producer, except as otherwise allowed by law. Producer shall have no ownership interest in the premium in such account, however, to the extent allowed by law and with ISC's prior approval, Producer may establish an interest bearing premium trust account and retain the interest earned thereon.

In the event Producer is relieved of the obligation to pay premium as provided herein, no commission shall be payable to Producer.

Article III - Ownership of Expirations

Section 3.1. During the term of this Agreement or upon the expiration or early termination thereof, provided that Producer has fully complied with all of the provisions thereof, the ownership, use and control of expirations, and the records of Producer pertaining thereto, shall be vested in Producer. If ISC terminates this Agreement due to a material breach by Producer, the ownership, use and control of expirations shall be vested in ISC as of the effective date of termination. For purposes of this Section, material breach means and includes but is not limited to (1) Producer's failure to pay premium as required under the terms of this Agreement; (2) Producer's license is suspended or revoked by a regulatory agency; (3) Producer becomes insolvent, files for bankruptcy, or goes into receivership; (4) Producer violates any law(s) applicable to the transaction of business covered by this Agreement; (5) Producer's violation of any fiduciary duty or duty of loyalty owed to the ISC or acts of dishonesty or (6) Producer fails to perform or breaches any of its obligations under this agreement. If ISC terminates this Agreement with the intent to assume ownership of the expirations, ISC will provide 15 days prior written notice to Producer. During the 15 day period, Producer may prevent the transfer of ownership by curing such material breach within that time or, in the event that Producer disagrees that it materially breached the Agreement, seeking judicial intervention to prevent the transfer of ownership.

Article IV – Commission and Expenses

Section 4.1. Except as otherwise agreed by the parties, all commissions due and payable under the Producer Agreement shall be paid to Producer by ISC on premiums (excluding taxes and fees) that are actually paid to ISC or its Carrier in valid and collectable funds for policies ordered through ISC by Producer. The commission rate payable to Producer for such policies shall be determined by ISC on a policy-by-policy basis and shall be specified in each quote for insurance and invoice provided to Producer by ISC. 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 ISC in writing prior to requesting that coverage be bound, and ISC agrees in writing to change the rate of commission. The commission rates may be modified from time to time in the sole discretion of ISC. Commissions are payable only on premium remitted to ISC by Producer. Producer will refund unearned commission on cancelled binders, policies or endorsements to ISC within thirty (30) days after notice of policy cancellation. Unearned commission shall be refunded by Producer at the same percentage rate as the commission was originally paid.

Article V - Reporting

Section 5.1. Producer shall promptly report all requests from policyholders for changes or modifications to policies, binders, and endorsements on policies placed by Producer under this Agreement.

Section 5.2. Producer shall promptly report claims and losses on policies placed by Producer under this Agreement. Producer has no authority to refer claims and losses to third-parties for investigation or adjustment or to negotiate settlement of any claims and losses on behalf of ISC. Producer will cooperate fully with ISC, Carrier or their adjusters, attorneys, or others in the investigation, adjustment, settlement, or payment of any claim or loss on policies placed by Producer under this Agreement.

Article VI - Compliance

Section 6.1. Producer represents that it is a duly licensed insurance agent and/or broker and that it along with its employees, agents and contractors engaged in the solicitation, negotiation and placement of insurance under this Agreement are duly licensed as required by law in the state(s) where the risk(s) is located. Producer and its employees, agents and contractors warrant that they will maintain all such licenses in good standing during the term of this Agreement.

Section 6.2. Fees may be charged by Producer on policies issued under the Producer Agreement only as permitted by law in the state where the risk is located. ISC shall have no ownership interest in or right to retain any fees collected on behalf of Producer. ISC is not responsible or liable for filing or payment of any Federal, state or local taxes, assessments or surcharges of any kind on fees collected on behalf of Producer. Producer represents and warrants that it is, and will remain, in full compliance with all laws and regulations applicable to fees charged on policies issued by ISC or the Carrier under the Producer Agreement.

Section 6.3. Producer shall provide each insured with the applicable policy documents, along with a full and complete explanation of the terms, conditions and provisions of the policy of insurance, including but not limited to, coverage being afforded, amendments, endorsements, exclusions and any other such information affecting the policy of insurance. Upon submittal of the final policy documents to Producer, he shall then deliver to the insured, all policy documents, including but not limited to, the policy, endorsements, or any other such documents effecting coverage. The coverage type, amounts and insurance needs of the insured are the sole responsibility of the Producer.

Section 6.4. Producer shall NOT have authority to appoint subproducers.

Article VII – Suspension and Termination

Section 7.1. ISC may, by written notice to Producer without terminating this Agreement, suspend the authority of Producer to exercise any or all of the rights granted to Producer hereunder.

Section 7.2. This Agreement may be terminated immediately by ISC at any time upon the occurrence of any of the following: (1) Producer commits a material breach of this Agreement; (2) Producer violates any law(s) applicable to the transaction of business covered by this Agreement; or (3) Producer becomes insolvent, declares bankruptcy, goes into receivership or has its license suspended or revoked by any regulatory agency.

Section 7.3. At its sole option, ISC may terminate this Agreement with ten (10) days prior written notice if Producer is acquired by or merges with another person or entity regardless of whether Producer is the surviving party, or upon the sale of more than fifty percent (50%) of the assets or voting interests of Producer or if Producer fails to give notice of a change in ownership as required per this agreement.

Section 7.4. This Agreement may be terminated by either party without cause with not less than sixty (60) days prior written notice to the other party stating the effective date on which this Agreement shall be terminated.

Article VIII – Service Marks and Advertisements

Section 8.1. Producer may not use, in any form, the name, trade mark, trade name or service mark of ISC or its parent or affiliated companies without the prior written consent of ISC.

Article IX – Insurance

Section 9.1. During the term of this Agreement, Producer shall maintain errors and omissions insurance coverage with limits of liability not less than One Million Dollars (\$1,000,000.) each claim and in the aggregate with defense costs outside of policy limits.

Producer hereby verifies that such coverage is in effect and Producer agrees to provide the certificates of insurance evidencing the coverages required by this section, upon request. Such insurance shall be maintained by the Producer at its sole cost and expense. This insurance shall be primary and noncontributing coverage not withstanding any valid and collectible insurance available to ISC.

Article X – Indemnification

Section 10.1. With the exception that the following provisions of this section shall in no event be construed to require indemnification by Producer in excess of that permitted under the public policy and law of the State of risk, Producer shall immediately defend, hold harmless and indemnify ISC, including its employees, agents, subsidiaries, affiliated companies, underwriting companies, claim adjusting companies or Carrier from and against all loss, claims, demands, causes of actions, complaints, regulatory matters, petitions, damages, costs, attorney’s fees, fines, or liabilities, in law or in equity, of every kind and nature whatsoever, that arise from or in any manner are directly or indirectly connected with the performance of this Agreement. Producer’s obligations hereunder shall survive termination of this Agreement.

Notwithstanding the above, such indemnity obligations shall not apply to matters involving the sole negligence or willful misconduct of ISC.

Article XI – Miscellaneous

Section 11.1. Amendments. This Agreement may only be amended, supplemented or modified by a written instrument, signed by the party against which the enforcement of the amendment, modification, or supplement is sought.

Section 11.2. Notices. All notices; demands and other communications which may be given hereunder shall be in writing to the respective parties as follows:

ISC: 3250 Grey Hawk Ct., Carlsbad, CA 92010
Attention: Legal Department

Producer: _____

Attention: _____;

or to such other address as the parties may from time to time designate by prior written notice to the other.

Section 11.3. Right of Offset. ISC shall have the right of offset for any and all amounts owed by Producer to ISC, whether incurred under this Agreement or any other agreement, audit or any other financial transaction between the parties hereto or between Producer and any other affiliates of ISC. ISC is authorized to deduct from and offset any amounts owed by Producer to ISC or its affiliates before paying any amounts due to Producer under this Agreement.

Section 11.4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for any action, arbitration or other proceedings shall be San Diego, California. Any provision of this Agreement that is contrary to the controlling law is hereby deemed to be amended to bring it in compliance with that law. The determination by a court or arbitrator of competent

jurisdiction that any provision of this Agreement is unenforceable will in no way impair or affect the validity or enforceability of any other provision of this Agreement.

Section 11.5. Attorney Fees. In the event of any dispute between the parties arising out of this Agreement, the party prevailing in any legal action or proceeding shall be entitled to recover from the other its costs and expenses thereof, including, its reasonable attorneys' fees, costs and expenses.

Section 11.6. Changes in Ownership and Assignment. The Producer agrees to provide timely notice to ISC of any anticipated or planned changes in ownership. For purposes of this section, a change in ownership means (1) the acquisition of or merger with another entity, whether or not the party giving notice will be the surviving entity, or (2) a sale of more than 50% of the assets or voting interests of the party giving notice. Notice under this section shall be given as soon as practicable but not less than ten (10) days after a letter of intent or other preliminary agreement for such change in ownership is completed. Neither this Agreement nor any rights hereunder may be assigned by Producer without the prior written consent of ISC.

Section 11.7. Confidential Information. ISC and Producer agree not to use or disclose "Confidential Information" except as required to perform their duties and obligations under this Agreement and in accordance with applicable privacy laws. As used herein, the term "Confidential Information" means proprietary business information and non-public individual personal and financial information belonging to ISC, Producer and/or policyholders.

The term "Confidential Information" DOES NOT INCLUDE information which (1) was or becomes generally available to the public, or (2) becomes available to a party from a source other than the disclosing party. If a party becomes legally compelled to disclose any "Confidential Information", such party shall provide the other party with prompt written notice of any such requirement, before making any such disclosure.

Section 11.8. Communication. By executing this Agreement, Producer grants ISC the right to communicate with Producer via telephone, facsimile transmission, e-mail and/or regular mail for the purposes of transacting business under this Agreement. Such communication may include but is not limited to unsolicited advertising material.

Section 11.9. Final Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements, oral and written, between the parties hereto with respect to the subject matter of this Agreement.

Section 11.10. Successors. This Agreement will be binding on and will inure to the benefit of the parties and their respective successors and permitted assigns. Except as provided in this Section, neither this Agreement nor any rights or duties hereunder may be assigned or delegated by Producer without the prior consent in writing of ISC.

Section 11.11. Waiver. ISC's failure to insist upon strict compliance with any of the provisions of this Agreement or the underwriting guidelines will not constitute continuing waiver of the right to insist upon such compliance.

Section 11.12. Severability. In the event any provision of this Agreement is deemed to be invalid, illegal, or unenforceable, all other provisions of the Agreement that are not affected by the invalidity, illegality, or unenforceability shall remain in full force and effect.

Section 11.13. Counterparts. This Agreement may be executed in counterparts with the same effect as if all original signatures were placed on one document, and which, when taken together, shall constitute one original agreement. Moreover, this Agreement may be executed by facsimile, email and/or other electronic signature.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, and intending to be legally bound, have executed this Agreement as of the day, month, and year first above written.

Integrated Specialty Coverages LLC

By: _____ Date: _____

PRODUCER:

Signature: _____ Date: _____

Print Name: _____

Title _____