



**PREMIER AGENCY AGREEMENT 90/10 (V2022A1)**

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## PREMIER AGENCY AGREEMENT

THIS PREMIER AGENCY AGREEMENT (“Agreement”), effective as of the last date set forth on the signature page of this Agreement (“Effective Date”), is entered into by and between Premier Group Insurance, Inc., a Colorado corporation, having its principal place of business at 8089 S. Lincoln St., Ste. 300, Littleton, Colorado 80122 (“Company”), and Mid Atlantic Insurance Agency LLC, having his/her/its principal place of business at 117 Farmridge Way Moyock, NC 27958 (“Contractor”), possessing a current individual insurance license number of 588788/341484 in the state of VA/NC and/or a current agency insurance license number of Pending in the state of Pending. In this Agreement, Company and Contractor may be referred to singly as “Party” and collectively as the “Parties.”

### RECITALS

**WHEREAS**, Company desires to engage Contractor to act as a broker and perform certain insurance services, and Contractor is willing to perform such services, on the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for the mutual promises and covenants set forth below, and for other good and valuable consideration, the Parties agree as follows:

### AGREEMENT

#### SECTION 1

#### RELATIONSHIP OF THE PARTIES – INDEPENDENT CONTRACTOR STATUS

**1.1** Contractor acknowledges that Contractor is not an employee of Company for local, state, or federal tax purposes or any other purpose. Contractor shall not be entitled to unemployment compensation insurance benefits and/or worker's compensation from Company. Contractor is aware, acknowledges, and agrees that Company shall not be liable or responsible for withholding taxes, FICA, workers' compensation insurance, unemployment compensation insurance or the like for Contractor, all of which shall remain the complete responsibility of Contractor. Contractor assumes full responsibility for the payment of all contributions, payroll taxes, income taxes, withholdings and backup withholdings or assessments under state and federal law. Company shall only provide Contractor with, and Company shall file, when legally required, an IRS Form 1099 on an annual basis. Contractor shall be solely liable and responsible for compliance with all federal, state, and local laws and regulations regarding (i) the payment of Contractor's employees' wages and taxes; (ii) maintenance of worker's compensation insurance; (iii) filing of all required reports; and (iv) health, safety, and all other of Contractor's employment matters.

**1.2** Contractor shall supply all equipment, materials, supplies, labor, and supervision as the Contractor deems necessary to perform the services for Company contemplated under this Agreement, except as expressly stated on Exhibit A which is attached to and incorporated into this Agreement by this reference. Company shall have no control or supervision over the hours worked or the manner in which the Contractor performs the services for Company. Nothing in this Agreement shall be construed to create a relationship between Company and Contractor, any of Contractor's employees, and Contractor's independent contractors or subcontractors, in the nature of a partnership, joint venture, employer/employee relationship or any other type of relationship that might impose liability on Company for Contractor's past, present or future debts, liabilities, obligations, acts or omissions.

**1.3** Contractor, in accordance with any non-disclosure agreement entered into with Company prior to the Effective Date of this Agreement, and in accordance with Section 4 of this Agreement, agrees to not share the terms of this Agreement with any third party in any way and also agrees to not share the discussions

between Contractor and Company resulting in negotiated terms, if any, of this Agreement with any third party in any way including but not limited to Contractor sharing the terms of this Agreement and/or any negotiated terms in any online forum.

## SECTION 2 - GENERAL DUTIES OF THE PARTIES AND EXHIBIT A

**2.1 Company's Duties.** Company shall provide Contractor with such services and assistances as are reasonably necessary to allow Contractor to perform the duties assigned to Contractor hereunder without altering the independent contractor relationship between the Parties. Company will provide Contractor with an errors and omissions insurance policy of Company's choosing, quoting software, auxiliary services and support as stated under **Exhibit A**. An additional service fee for these services will be applied and deducted from Contractor's monthly insurance carrier commissions as stated under **Exhibit A**.

### 2.2 Contractor's Duties.

**2.2.1 Definition of "Client" or "Clients".** This Agreement pertains only to property and casualty insurance Company/Contractor clients and their business, information, and future business, specifically automobile insurance, homeowner's insurance, all lines of commercial insurance and related ancillary lines of property and casualty insurance (the "Client" or "Clients"). Except for Exhibit B's language associated with its sub-section titled "Formula for Calculating Base Commissions", this Agreement does not intend to limit the Contractor with regard to the client relationship already held by Contractor for writing life insurance, health insurance, securities, or other business not exclusive to this Agreement that is other than property and casualty lines of coverage.

**2.2.2 Generally.** Contractor is expected to be available as necessary on a full-time, and not part-time, basis in a professional and timely manner, and is expected to provide to Company and Clients insurance sales services and continued policyholder servicing for insurance policies written by Contractor. If Contractor has other professional endeavors and responsibilities, they cannot substantially interfere with Contractor's ability to, on a full-time basis, sell and service the Clients and perform in a manner to meet the Clients' reasonable expectations.

**2.2.3 Co-branding with Company.** Contractor shall sell insurance policies and renewals as a co-branded entity or individual of Company for the purpose of brand alignment to Clients as stated in this Section 2.2.3 and Section 2.2.4. This co-branding shall occur on all marketing mediums that Contractor shares or uses to communicate with Clients. Contractor agrees to follow Company's co-branding requirements as posted on Company's website or elsewhere.

**2.2.4 Contractor's Communication/Correspondence with Clients.** Contractor shall manage all activities related to the sale and renewal of Clients' policies, including providing Contractor's contact information to Clients. Clients shall be provided sufficient contact information by Contractor such that the Clients contact Contractor directly and not the Company. Contractor's presentations to Clients shall include Contractor's business entity/agency name, if applicable, and individual agent's name, direct phone number, and email address and shall be delivered to Clients at the point of sale and each renewal of the Client's insurance policy. Contractor shall communicate and deliver insurance policies to Clients when not delivered directly to the Clients by the insurance carrier.

**2.2.5 Company and Insurance Carrier Audits.** Contractor shall complete and fully satisfy, as a matter of compliance, all Company and insurance carrier requested

book of business audits. Contractor shall collect and retain all Client signed signature documents. Contractor shall complete and retain all Client signed annual and pre-renewal questionnaires. All Client records for all transactions must be input by Contractor into Company's agency management system immediately, including new business transaction input which must be completed by Contractor at policy issuance prior to download by the insurance carrier. If Contractor fails to input Client records for any transaction, Company may withhold payment of Contractor's insurance commissions. Contractor shall have until the next monthly insurance commission cycle (1 month) to fully create the insurance client profile, reconcile any duplicate entries, and notify Company, and if Contractor fails to do so, Contractor agrees that Contractor shall forfeit Contractor's insurance commissions associated with the affected Client or Clients for that insurance commission cycle and each subsequent insurance commission cycle.

**2.2.6 Client's Claims.** Contractor shall assist with Clients' on-site claims as requested by Company and/or an insurance carrier. Contractor shall assist Clients with any loss control questions. Contractor shall update all Clients' exposure information.

**2.2.7 Company and Insurance Carrier Training.** Before binding any property and casualty insurance business, Contractor agrees to attend and satisfactorily complete all training programs Company and insurance carriers provide, and follow Company and/or insurance carrier guidelines for underwriting (including front line, Contractor, and licensed staff underwriting), and placement and mix of business by Contractor and Contractor's licensed staff.

**2.2.8 Compliance.**

2.2.8.1 Contractor is responsible for all actions of Contractor's employees, independent contractors, including sub-agents, and producers (the "Personnel") and for complying with the specific regulatory requirements of states Contractor and Contractor's Personnel, are licensed to conduct property and casualty insurance business in.

2.2.8.2 Contractor and Contractor's Personnel shall also comply with all insurance carrier requirements including, but not limited to, MVR, earned premiums, audits, and other charges and chargebacks by the insurance carriers for commissions advanced, and by the insurance regulatory body for the state or states that Contractor and Contractor's Personnel are licensed to conduct property and casualty insurance business in.

2.2.8.3 Contractor shall keep Company updated with a list of contracted Personnel and licensed staff by location as requested by Company and/or insurance carriers. Upon Company request, Contractor agrees to provide Personnel contracts and property and casualty license copies for Contractor and Contractor's Personnel to Company.

2.2.8.4 Contractor agrees to not share Contractor's insurance carrier provided codes with any other entity, without securing written approval from an officer of Company.

2.2.8.5 For any cash received by Contractor or Contractor's Personnel from a Client for payment of insurance premiums (the "Cash Payment" and "Cash Payments"), Contractor is responsible for immediately forwarding the Cash Payment to the appropriate insurance carrier or broker.

2.2.8.6 Company does not endorse and actively discourages Contractor and

Contractor's Personnel from charging Clients broker fees for services not related to the placement of the Client's property and casualty insurance business with Company's list of approved insurance carriers and brokers. Accordingly, Company shall not handle any broker fees charged by Contractor and/or Contractor's Personnel and Company shall immediately forward any such broker fees to the Client.

**2.2.9 Contractor's Duty to Notify Company.** After the Effective Date, Contractor must notify Company immediately, in writing, when:

2.2.9.1 Contractor receives, directly from an insurance carrier, insurance commissions that are associated with the developed book of business and not from policies that have been approved by Company, via an ownership addendum, to be owed by Contractor independent of this Agreement's vesting schedule;

2.2.9.2 Contractor intends to change his/her/its bank account to receive insurance commissions payments; or

2.2.9.3 Contractor secures a direct code/codes from an insurance carrier.

**2.2.10 Contractor's Duties regarding Excess and Surplus Lines Clients.** Contractor agrees to closely monitor the premium payments of those Clients with excess and surplus lines policies. Upon notice from Company to Contractor of a Client with an outstanding premium balance with an excess and surplus lines insurance carrier, Contractor shall immediately forward Company the appropriate funds to cure the Client's outstanding balance by the respective insurance carrier/broker payment due date. Immediate forwarding of funds by Contractor to Company is required because Clients' failure to timely pay their premiums could hold up commission payments to other of Company's independent contractors. Contractor agrees that repeated late payments by Contractor and/or Clients of excess and surplus lines policies premiums may result in Company suspending and/or limiting Contractor's ability to write excess and surplus lines coverage.

**2.2.11 Contractor's Agency Bill/Earned Premium Duties.** For any Client for which Contractor receives earned premium payments directly through an agency bill payment method or by any other billing method, Contractor agrees to be liable and responsible for forwarding the correct earned premium payment dollar amount from Client to the correct property and casualty insurance carrier or broker. Failure by Contractor to timely forward earned premiums received by Contractor directly from a Client through an agency bill payment method or by any other billing method to the appropriate insurance carrier may be considered by Company to be a material breach of this Agreement. Contractor agrees to be liable, responsible, and immediately remedy with sufficient funds any earned premium an insurance carrier or insurance broker may attempt to collect from Company that is not timely paid by a Client in Contractor's developed book of business.

**2.2.12 Contractor's Duties regarding Data Privacy and Security.** Contractor shall comply with all regulatory requirements and undertake all commercially reasonable efforts to ensure the security, confidentiality, and privacy of Client, applicant, insured, and/or claimant data Contractor comes to possess after the Effective Date. These commercially reasonable efforts include, but are not limited to, having written procedures in place to properly destroy, or arrange for the destruction of, data containing such information that is no longer to be retained by Contractor. Methods of such destruction can include shredding, erasing or otherwise modifying personal information in the affected records to

make these records unreadable or undecipherable through any legal means.

**2.3** The Parties may agree on additional responsibilities or tasks to be performed by Contractor regarding the developed book of business during the term of this Agreement, which additional responsibilities or tasks shall be set forth in writing signed by both Parties. Where additional duties are related to insurance carrier, regulatory or vendor compliance matters, it is agreed they shall be unilateral additional duties from Company to Contractor.

**Exhibit A – Equipment & Overhead Expenses Supplied by Premier to Contractor**

Contractor agrees to pay three hundred ninety-five dollars and 00/100 cents (\$395.00) (the “Monthly Deduction” or “Monthly Deductions”), per Contractor contracted agency location, to be withheld from Contractor’s monthly insurance commissions, for the benefit of receiving access to and use of the following Company services:

1. Personal Lines Comparative Quoting Software license for one (1) user. Each additional user shall incur a cost of twenty-five dollars and 00/100 cents (\$25.00) monthly to Contractor. Some insurance carriers do not participate in comparative quoting software.

2. Agency Management System license for one (1) user. Each additional user shall incur a cost of fifty-five dollars and 00/100 cents (\$55.00) monthly to Contractor.

3. Errors & omissions policy for one (1) insurance state regulator licensed entity. Each additional insurance state regulator licensed entity shall incur a cost of twenty dollars and 00/100 cents (\$20.00) monthly to Contractor. Company’s errors and omissions policy is limited to covering all property and casualty, life, and health business that Contractor writes directly through Company and the agreements Company has with its insurance carriers and brokers. Any access to an insurance carrier that Company is not directly appointed with through Company’s insurance carrier and broker agreements is not covered under Company’s errors and omissions policy.

[This sentence ends the list of Company services that are associated with the Monthly Deduction.]

Company shall not, during the month of the Effective Date and for the next two (2) calendar months, carry forward any negative balance of Monthly Deductions if Contractor’s insurance commissions are deficient to cover the Monthly Deductions. From calendar month three (3) after the month of the Effective Date and each month thereafter, Contractor shall pay Company, and satisfy, upon notice from Company’s Finance Department, any outstanding balance associated with the Monthly Deduction. In any given month, after the month of the Effective Date, Contractor shall be provided, by Company’s Finance Department, Contractor’s commission statement which may detail any outstanding balance Contractor may owe Company. Contractor shall pay Company the outstanding balance due prior to the next monthly insurance commission period. In the event Contractor does not pay the outstanding balance due by the next insurance commission period, Company shall have the right to immediately terminate this Agreement, upon prior written notice to Contractor. The Parties agree that the accrual of Monthly Deductions shall extend to the end of any month in which this Agreement is terminated.

If inflationary pressures necessitate an increase in the Monthly Deduction, the increase is capped at five percent (5%) annually. Company reserves the right to apply a ten percent (10%) additional charge to the Monthly Deduction as an ongoing increase by number of locations/licensed users/state licensed regulated entities in the event Company changes vendors for the quoting software and/or agency management system. This ten percent (10%) increase shall be limited to once every ten (10) years and shall only be undertaken by the Company to move to a more sophisticated platform, as determined by the Company. Contractor shall be notified, in writing, of any unilateral increase thirty (30) days in advance.

Contractor agrees to fully comply with the errors and omissions procedures and best practices, as well as document retention procedures, required by the Company and insurance carriers, including those located on the Company's website or elsewhere, that are provided by the Company to the Contractor. In the event of a covered errors and omissions claim, Contractor shall pay the first fifty percent (50%) of the self-insured retention deductible and Company shall pay the second fifty percent (50%) of the self-insured retention deductible, provided Contractor has complied with the errors and omissions procedures and best practices recommended by the Company. In the event of non-compliance, as determined solely by Company, Contractor shall be responsible for the entire (one hundred percent) self-insured retention deductible. Any failure by Contractor to not have insurance carrier required signature documents, including broker of record changes for coverage offerings and selections or rejections of coverages available shall not be considered an errors and omissions matter under this Agreement. Company reserves the right to direct Contractor to secure Contractor's own errors and omission policy from a Company approved insurance carrier after Company's review of Contractor's errors and omission claim history and compliance with the terms of this Agreement.

In addition, Contractor agrees that Contractor shall, and all Contractor's Personnel shall, within thirty (30) days of the Effective Date, and before writing any new business, learn and use the agency management system for all personal and commercial lines business, shall subsequently keep timely file records for each of Contractor's Clients in the agency management system, including but not limited to scanning into the agency management system all applications, coverage selection or rejection forms, and other signature documents, and shall provide documents and Client file information to Company, insurance carriers, and regulators as may be requested. Failure by Contractor to comply with the terms of this Exhibit A may be deemed a material breach of this Agreement by Company, the Contractor being held responsible for the full self-insured retention deductible for any errors and omissions claim(s) related to Contractor's failure to comply, the Contractor being charged fees against his/her/its commissions for any work Company must do with regard to Contractor's noncompliance, including but not limited to matching Contractor's downloads to Company's agency management system. A charge against Contractor's insurance commissions may also be assessed by Company for any damages incurred by Company or Company's other independent contractors as a result of Contractor's failure to comply with the terms of this Exhibit A, specifically Contractor's actions or inactions resulting in a loss of or reduction in Company's profit sharing bonus and/or increase in Company's errors and omissions insurance premiums as a direct result of Contractor's failure to comply with the terms of this Exhibit A.

Contractor further understands and agrees to independently secure a general liability insurance policy to provide coverage for Contractor's location(s) and shall secure such a policy and maintain such a policy concurrent with the signing of this Agreement and at all times while this Agreement is in force. An initial certificate of insurance, evidencing the general liability insurance policy, is required to be provided by Contractor to Company within thirty (30) days of the Effective Date.

[This sentence marks the end of Exhibit A and Section 2 of the Agreement. The next Section of the Agreement is Section 3 – Consideration and Exhibit B.]

### **SECTION 3 – CONSIDERATION AND EXHIBIT B**

**3.1 Commissions.** In consideration for the insurance services to be performed by Contractor for Company pursuant to this Agreement, Company will pay Contractor insurance commissions on property and casualty insurance business received by Company through Contractor's services. Commissions will be calculated according to the attached **Exhibit B** and this Section 3. In addition to insurance commissions, bonuses may be available to Contractor based on the formulas detailed on **Exhibit B** which is incorporated into this Agreement by this reference.

**3.2 When Earned.** Commissions are determinable when the Client has paid the Contractor for the policy or renewal, the applicable insurance carrier has been paid in full for the policy or renewal, the

Company has received the amount of the insurance commission from the insurance carrier, and Contractor has entered into Company's agency management system the Client's policyholder information at the time of insurance policy issuance by Contractor. If Contractor terminates this Agreement with the Company for any reason, Contractor shall forfeit all outstanding insurance commissions. No insurance commissions will be earned by Contractor on sales for which payment is received after the Effective Date of Termination.

**3.3 Initial Agency Fee.** Contractor agrees to pay to the Company, for each agency location, a lump sum fee, on the Effective Date, in the amount of nine thousand dollars and 00/100 cents (\$9,000.00) for the single location designated in the recital paragraph of this Agreement, at the Effective Date (the "Initial Agency Fee"). Each additional location, under the same Contractor name, is subject to the same Initial Agency Fee but with a fifty percent (50%) discount.

**3.4 Non-refundable and fully earned.** Any payment made by Contractor to Company to satisfy the Initial Agency Fee shall be considered fully earned by Company and non-refundable to Contractor upon the Effective Date. Company shall have the right to pursue all legal remedies to collect any outstanding portion of the Initial Agency Fee.

**3.5 Outstanding Balances and Company's Rights.** Contractor is responsible for paying each and every Monthly Deduction and Initial Agency Fee on time with certified funds, a cashier's check, or through Company's online payment portal, in accordance with each deduction or fee's respective schedule stated in this Agreement without notice from Company. If Contractor maintains an outstanding balance with Company after a thirty (30) day grace period from the due date of the Monthly Deduction or Initial Agency Fee, the Company may, unilaterally, and in the Company's sole discretion, deduct from Contractor's insurance commissions any amount owed by Contractor to Company for any legal reason, and make the following irrevocable changes to this Agreement:

**3.5.1** The insurance commissions split stated in Exhibit B between Company and Contractor for all business directly issued by Contractor shall change to 80% Contractor/20% Company from 90% Contractor/10% Company for all insurance commissions previously stated to be paid at ninety percent (90%).

**3.5.2** Any qualifying profit sharing bonuses shall be paid at fifty percent (50%) after \$250,000 earned premium per carrier is achieved by Contractor, where bonus is qualified for and earned by Contractor.

**3.5.3** The valuation factor in Exhibit C, which is attached to and incorporated into this Agreement by this reference, for preferred business shall be reduced to a 1.5 factor, with an equity position of twenty percent (20%) held by Company. The Parties agree that the full vesting potential shall be eighty percent (80%) and not ninety percent (90%).

**3.5.4** Except for property and casualty insurance Clients' policies designated by Company as purchased or owned by Contractor pursuant to an addendum to this Agreement, ownership of all records, customer lists, expirations, renewals, insured accounts and files generated or maintained pursuant to this Agreement are owned by the Company and shall begin accruing to the benefit of the Contractor at the Effective Date. At twenty-four (24) months after the Effective Date, Contractor's percent ownership of the developed book of business shall be twenty percent (20.00%) of the eighty percent (80%) full vesting amount and increase in increments of ten percent (10.00%) of the eighty percent (80%) full vesting amount each year thereafter until the end of the tenth (10<sup>th</sup>) year. At the end of the tenth (10<sup>th</sup>) year, Contractor shall be fully vested at eighty percent (80.00%) of the developed book of business as described in Exhibit C which is attached to and incorporated into this Agreement by this reference. Contractor's eligibility for an Additional Vesting Term shall be at the sole and exclusive discretion of Company. If Company decides that Contractor is eligible for an Additional Vesting Term, the Parties agree to appropriately amend this Agreement.



**Exhibit B – Commissions, Commission Overrides, Profit Sharing Bonus Schedule,  
and Finance Companies,**

**Formula for Calculating Base Commissions**

Of the determinable commissions earned and received monthly, Company will pay the Contractor ninety percent (90%) of these determinable commissions on all personal lines and commercial lines business written with the insurance carriers that the Contractor is appointed with through the Company and issued directly by the Contractor. For personal and commercial lines of business, Contractor acknowledges and agrees to provide quotes, issue all appropriate insurance policies, and provide all appropriate insurance related services to Clients. Insurance commissions shall be paid directly to the Company by the insurance carriers and then distributed to the Contractor by Company. In the event that Contractor receives insurance commissions from an insurance carrier directly, Contractor shall immediately notify Company. Failure by Contractor to notify Company of any insurance commission directly received by an insurance carrier shall be considered a material breach of this Agreement and shall provide Company the right to immediately terminate this Agreement, upon prior written notice to Contractor. Any direct life insurance or health insurance carrier business with direct access to Contractor through Company and placement solely by Contractor shall also be paid at the same percentage schedule except for broker or insurance carrier access for life and health insurance through the Company which has an existing negotiated commission arrangement by Company with the respective broker or insurance carrier, to Contractor for life insurance and/or health insurance.

**Formula for Calculating Agency Designated Commission Overrides**

Company advocates on behalf of Contractor for Contractor designated insurance commission overrides for property and casualty business with Company's insurance carriers. Such commission overrides shall be shared with Contractor at the same rate as the base commissions subject to the terms and conditions stated by Company. Contractor is advised that payment of the overrides may be conditionally determined by Company's aggregate performance metrics and/or based on individual Contractor performance metrics, and that payment schedules are provided by the respective insurance carrier and generally may be paid monthly, quarterly, semi-annually, or annually. If Company is paid insurance commissions and the insurance commission override simultaneously on a monthly basis, the overrides shall be included with monthly payment of base commissions. If Company is paid on another schedule by the insurance carrier, Company shall pay Contractor, earning the override, within 30 days after the next pay period following receipt of the funds.

**Commission Amounts and Schedules**

Insurance commission amounts, levels and schedules are provided by the insurance carriers and brokers and can vary and change based on a number of factors including but not limited to line of business, state, areas within states, credit score and underwriting tier, underwriting guidelines, youthful operator, elderly operator, mono-line business or account rounded business, affinity program business, service and sales center commission offsets, by size of account and coverage for commercial lines, other exposure based factors, and can be subject to change unilaterally by insurance carriers based on any number of factors such as market conditions, loss costs, and regulatory considerations. The commission statement provided by an insurance carrier, whether by paper, excel spreadsheet, agency management system or other medium shall state the amount used in the formula calculation paid to Contractor by Company. Such commission statements and/or information shall be provided to or made accessible to Contractor by Company for purposes of reconciliation by the Contractor. Any summary overview information provided to Contractor from Company regarding commission schedules is for internal guidance only and is subject to the source and statement commission information from the insurance carriers.

**Profit Sharing and Profit Sharing with Growth Bonus Formulas**

- a. Profit sharing and bonuses received by Company from any and all insurance carriers that the Contractor is affiliated with Company by sub-code shall be paid to the Contractor within sixty (60) days of receipt by the Company. Contractor will participate in the profit sharing at a rate of seventy five percent (75%) of their earned premium proportionate to the total written premium of the Company provided Contractor's Agreement with Company is still in force and has not been terminated by either Party. If the Agreement is terminated, any profit-sharing bonus shall be forfeited by the Contractor.
- b. The Contractor must not exceed the calendar year loss ratio goals of fifty percent (50%) in order to qualify for that particular insurance carrier's profit sharing or bonus with whom Company has a direct appointment via agreement.
- c. If the Contractor does not meet the calendar year loss ratio factor, the Contractor would not qualify for any profit sharing or bonus from that specific insurance carrier.
- d. To qualify, the Contractor must end the calendar year that the profit sharing or bonus is based on with an increase in written premium, even by one dollar, related to the standard insurance carriers that the Contractor is contracted with and with whom the Company has a profit sharing or bonus agreement, and must have an earned premium level of twenty-five thousand dollars and 00/100 cents (\$25,000.00) per respective insurance carrier to earn a profit sharing bonus.
- e. Where Company earns a growth bonus in tandem with the profit sharing bonus as an additional factor payout for reaching a specific growth level, Contractor shall earn the growth bonus part of the bonus at the same rate as the qualifying profit sharing bonus if Contractor's growth for his/her/its sub-code is at the level of growth or greater for which the bonus is paid out by the insurance carrier to Company.

## **Finance Companies**

Where Contractor and Client have a desire to finance the property and casualty premium, as may be permissible by insurance carriers and or brokers for some agency bill business, surplus lines business, and other commercial lines business, Contractor agrees to exclusively use Company's approved finance company or companies.

[This sentence marks the end of Exhibit B and Section 3 of the Agreement. The next Section of the Agreement is Section 4 – Restrictions on Activities.]

## **SECTION 4 - RESTRICTIONS ON ACTIVITIES**

### **4.1 Non-Disclosure of Confidential Information.**

**4.1.1 Non-Disclosure.** Contractor agrees that, except as required in his/her/its duties to Company, he/she/it will not, during his/her performance of this Agreement and for all times subsequent to the termination of this Agreement, directly or indirectly, use, disseminate, or disclose any "Confidential Information" (as defined below) concerning the business, technology, services provided, plans for expansion, customers, brand partners, vendors, service providers, service partners or amenity providers of Company and will hold any and all such Confidential Information as a fiduciary.

**4.1.2 "Confidential Information" Defined.** "Confidential Information" means any and all trade secrets (as defined by Colorado law), software (in source or object code form), reports, plans, specifications, prototypes, designs, research studies, reimbursement studies, information regarding products sold, distributed or being developed by the Company and any other non-public information regarding the Company's current and developing technology, information regarding customers, prospective customers, clients, business contacts, prospective and executed

contracts and subcontracts, information of a confidential or proprietary nature received from insureds or other third parties, marketing and/or sales plans, training programs, or any other plans and proposals used by the Company in the course of its business; and any proprietary information regarding the Company's present or future business plans, financial information, budgets or any intellectual property, whether any of the foregoing is embodied in hard copy, computer-readable form, electronic form or otherwise.

**4.1.3 Return of Confidential Information.** Upon termination of this Agreement, Contractor shall not be entitled to keep, reproduce, or use any Confidential Information, whether or not prepared by him/her/it, but rather shall immediately return any such Confidential Information to Company, except with respect to property and casualty insurance Client policies designated by Company as purchased or owned by Contractor pursuant to an addendum to this Agreement.

#### **4.2 Non-Solicitation in event of Termination or Purchase by Company**

**4.2.1 Clients/Customers.** Except with respect to accounts purchased or owned pursuant to an addendum to this Agreement, Contractor agrees he/she/it will not, directly or indirectly, recruit, solicit or provide services to Clients of Company or any of Company's subsidiaries or affiliated entities during the Restricted Period unless written permission is obtained from Company, which permission may be withheld by Company in its sole and absolute discretion. In so agreeing, Contractor expressly agrees not to partner with brand partners, vendors, service providers, service partners or amenity providers. The Restricted Period is defined as two (2) years from the Effective Date of Termination. The Parties agree that this Section 4.2.1 is necessary to protect Company's trade secrets, is reasonably limited in scope to the protection of Company's trade secrets, and is justified in light of all the facts associated with Company and Contractor's independent contractor business relationship.

**4.2.2 "Solicitation" Defined.** For the purposes of this Agreement, the term "solicit" shall mean any direct or indirect communication of any kind whatsoever, regardless of who initiated the communication, inviting, advising, encouraging, or requesting any person, in any manner, to do business, purchase services or goods.

#### **4.3 Miscellaneous**

**4.3.1 Independent Obligations.** The obligations of Contractor in this Section 4 are independent of any other covenant or promise by Contractor, and the existence of any claim or cause of action against Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement of this Section 4.

**4.3.2 Written Records.** Contractor agrees that, to the extent reasonably possible, Contractor will maintain written records of Confidential Information received or generated by Contractor in the course of Contractor's performance of services for Company, which records will be the exclusive property of Company and will be available to Company at all times.

**4.3.3 Documentation.** Contractor shall cooperate in the preparation and delivery to Company, both during the term of the Contractor's business relationship with Company and thereafter, any and all documents deemed necessary by Company to

protect, maintain, preserve, and enjoy Company's full right, title and interest to all Confidential Information disclosed and to be disclosed by Contractor to Company.

**4.3.4 Exclusivity.** With regard to property and casualty business, for ten (10) years, or longer, if eligible, as per **Section 6.3**, from the Effective Date of this Agreement, Contractor agrees to place all property and casualty insurance business through insurance carriers that are expressly approved by the Company and with whom the Contractor has been appointed with or granted access to by the Company. Contractor may not contract directly with any other property and casualty insurance carrier without a signed addendum, by both Parties, to this Agreement listing the Company approved insurance carriers and/or brokers. This exclusivity applies to all states Company is licensed in, and to any and all other entities Contractor may in the future create or have a business relationship with, with regard to property and casualty insurance business produced by Contractor, Contractor's employees, and any sub-contractors or relatives of Contractor. Prior to the Effective Date, Contractor must disclose to Company all of Contractor's present insurance carrier and broker agreements. Property and casualty insurance business under these disclosed agreements is subject to the terms of this Agreement and shall be transferred by Contractor to Company within thirty (30) days of the Effective Date. Concurrent with the Effective Date, Contractor shall sign a separate addendum to this Agreement recognizing Contractor's ownership and also authorizing the transfer of business to this Agreement, and disclosing the respective business by insurance carrier, code(s) or sub-code(s), and shall provide to Company the most recent three (3) months of source insurance carrier or broker commission statements and production reports for all such related business. Contractor further represents that any and all insurance carrier agreements from the past resulting in termination for any reason have been fully disclosed to Company as that may impact Company's ability to provide access to Contractor. Contractor is advised to co-brand with Company name as insurance carriers and brokers may vary in their ability to generate a Contractor's name or DBA on the declarations and renewal output.

## **SECTION 5 - PROPERTY RIGHTS/OWNERSHIP OF FILES AND EXHIBIT C**

**5.1 Confidential Information.** All Confidential Information, as defined in Section 4 above, shall at all times, remain the exclusive property of Company.

**5.2 Work Product.** Unless otherwise agreed by Company, all material prepared or developed by Contractor pursuant to this Agreement, including, but not limited to, files, documents, calculations, notes, reports, data, models, samples, word processing documents, spreadsheets, data bases, source and object code, and computer-aided drafting documents shall: (i) remain the property of Company when prepared, whether delivered to Company or not; and (ii) together with any materials furnished by Company be returned to Company upon request, and in any event, upon termination of this Agreement.

**5.3 Clients.**

**5.3.1 Ownership.** Except for property and casualty insurance Clients' policies designated by Company as purchased or owned by Contractor pursuant to an addendum to this Agreement, ownership of all records, customer lists, expirations, renewals, insured accounts and files generated or maintained pursuant to this Agreement are owned by the Company and shall begin accruing to the benefit of

the Contractor after twenty-four (24) months from the Effective Date. At twenty-four (24) months after the Effective Date, Contractor's percent ownership of the developed book of business shall be twenty percent (20.00%) of the ninety percent (90%) full vesting amount and increase in increments of ten percent (10.00%) of the 90% full vesting amount each year thereafter until the end of the tenth (10<sup>th</sup>) year. At the end of the tenth (10<sup>th</sup>) year, Contractor shall be fully vested at ninety percent (90.00%) of the developed book of business as described in **Exhibit C** which is attached to and incorporated into this Agreement by this reference.

**5.3.2 Transfer of Ownership after Full 90% Vesting and before.** After ten (10) years from the Effective Date ("Vested Ownership Date"), provided the Agreement has not been terminated by either Party, the following purchase rights shall exist:

**5.3.2.1 Status Quo/Post Vested Ownership Date.** Subject to the terms and conditions of Section 6.3 of this Agreement, after the Vested Ownership Date, if Contractor desires to continue Contractor's business relationship with Company and continue servicing existing Clients, this Agreement shall remain in full force and effect, with all rights, duties, and obligations for both Parties as set forth in this Agreement.

**5.3.2.2 Company's Payment Right.** In the event that Contractor retires from the Company following the Vested Ownership Date, and shall not remain in the property and casualty insurance business, and has fully complied with all the terms of this Agreement, including all documents and signature documents being in Company's agency management system, and is in good standing with Company and all insurance carriers, for business under this Agreement valued by Company in accordance with **Exhibit C** between five hundred thousand dollars (\$500,000.00) and two million dollars (\$2,000,000.00) value, Company has the right and option to make payment to Contractor, pursuant to the terms set forth in **Exhibit C**, and subject to the remaining ten percent (10%) Company held equity balance being deducted from the valuation if payment is to Contractor by Company, or added to the valuation if payment is to Company by Contractor. Company's right and option to make payment to Contractor is also subject to all accounts and all client transactions records being in the Company's agency management system, which shall entitle Company to sole possession of Contractor's records and Client lists. If Company exercises its right and option to make payment to Contractor under this Section 5.3.2.2, then the purchase right granted to Contractor under Section 5.3.2.3 below shall not be available to Contractor. Following payment by the Company, Contractor agrees that for a period of two (2) years from the date of purchase, Contractor will not use, disclose, or have any direct or indirect interest in any of the Client lists. Contractor expressly acknowledges that he/she/it possesses skills and abilities of a general nature and has other opportunities for performing such skills. Consequently, enforcement of the covenants made in this Section will not deprive him/her/it of the ability to earn a living. The Parties also agree that this Section 5.3.2.2 is necessary to protect Company's trade secrets, is reasonably limited in scope to the protection of Company's

trade secrets, and is justified in light of all the facts associated with Company and Contractor's independent contractor business relationship.

**5.3.2.3 Contractor's Ownership Right.** In the event that the Contractor chooses to terminate this Agreement after the Vested Ownership Date, but desires to continue servicing the existing Clients, Contractor may exercise Contractor's right to Contractor's vested ownership of all Client lists and materials from the developed book of business related to Client information. Contractor must give the Company ninety (90) days advance written notice that they are exercising their right to ownership and termination of the Agreement and comply with the terms and conditions of **Exhibit C**. This notice may be given at any time after the Vested Ownership Date.

**5.3.2.4 Hardship Termination by Contractor before Full 90% vesting.** Where Contractor has reached a vesting level of greater than fifty percent (50%) equity in the developed book of business, at the discretion of Company, Company may purchase the pro-rata share of the amount not vested for reasons of hardship as presented to Company by Contractor, and with Contractor's signing of a buy-sell and/or transfer agreement. Under a buy-sell and/or transfer agreement, Contractor agrees not to be in the property and casualty insurance business for two years and to not compete with Company or any of Company's other independent contractors for business under this Agreement or any property and casualty business for a period of two (2) years. The Parties agree that this Section 5.3.2.4 is necessary to protect Company's trade secrets, is reasonably limited in scope to the protection of Company's trade secrets, and is justified in light of all the facts associated with Company and Contractor's independent contractor business relationship.

In all other cases where Contractor wishes to terminate prior to being fully vested at ninety percent (90%) and is greater than fifty percent (50%) vested, Contractor may sell the pro rata share of the business to another buyer approved by Company and who shall contract with Company under separate agreement and purchase the remaining non-vested balance from Company. In such cases the Contractor must be in good standing with Company, the insurance carriers, regulators, and the terms of this Agreement. In all cases Company may charge Contractor a ten percent (10%) valuation settlement fee for the early termination.

### **Exhibit C – Purchase of Clients, Customers, and Files**

#### **Terms for Purchase of Clients From/By Company/Contractor**

#### **Payment by Company to Contractor at 90% Full vesting and Contractor in Good Standing.**

a. The sales price of the Contractor's personal lines and commercial lines business, from any and all of the Contractor's contracted standard insurance carriers through the Company, on condition that the monthly insurance commissions for the most recent three months is not less than ten percent as compared

to the oldest three months of the trailing twelve months, will use a factor of 2.0 times the Contractor's gross insurance commissions for the last trailing twelve months with an adjustment subtracted for the ten percent (10%) remaining balance.

b. The sales price of the Contractor's personal lines business and commercial lines business from any and all of the Contractor's contracted nonstandard insurance carriers and all surplus lines broker business written through the Company, on condition that the monthly insurance commissions for the most recent three months is not less than ten percent as compared to the oldest three months of the trailing twelve months, will use a factor of .50 times the Contractor's gross insurance commissions for the last trailing 12 months with an adjustment subtracted for the ten percent (10%) remaining vesting balance.

c. The Company has the first right to purchase the developed book of business following these guidelines:

1. The Company must be notified by Contractor of Contractor's intent to sell his/her/its developed book of business.
2. Company has ninety (90) days from original notification to exercise the first right to purchase Contractor's developed book of business.
3. Company shall remit to Contractor the value as determined in paragraph "a" and "b" above of this Exhibit C, in equal, monthly installments over a two-year period for sum total valuations under \$1,000,000. Monthly installment payments for valuations greater than \$1,000,000 shall be negotiated between Company and Contractor for a period not less than three years. An additional administrative closing fee shall be charged at the closing by Company to Contractor and paid at closing, subject to a maximum of two thousand five hundred dollars and 00/100 cents (\$2,500.00)
4. Subject to Section 10.10 of the Agreement, the Company will give these same rights to the Contractor's heirs/estate if the Contractor becomes deceased during the contract period.
5. The Contractor shall have the right to sell the book of business to a third party only if the prospective buyer is approved by the Company and enters into Company's Premier Agency Agreement.

#### **Purchase by Contractor from Company at 90% Full vesting and Contractor in Good Standing.**

a. The purchase price of the Contractor's personal lines and commercial lines business from any and all of the Contractor's contracted standard insurance carriers through the Company will use a factor of 2.0 times the total Company's gross insurance commission for the last trailing 12 months of the Contractor's policies with an adjustment to subtract ninety percent (90%) of that valuation with Contractor owing Company ten percent (10%) for the remaining balance owned by Company.

b. The purchase price of the Contractor's personal lines business from any and all of the Contractor's contracted nonstandard carriers through the Company will use an insurance commission factor of .50 times the total Company's gross commissions for the last trailing 12 months of the Contractor's policies with an adjustment to subtract ninety percent (90%) of that valuation with Contractor owing Company ten percent (10%) for the remaining balance owned by Company. An additional administrative closing fee shall be charged at the closing by Company to Contractor and paid at closing, subject to a maximum of two thousand five hundred dollars and 00/100 cents (\$2,500.00)

c. The Contractor must notify Company of Contractor's intent to purchase the developed book of business ninety (90) days prior to actual purchase date.

d. All funds used for the purchase of the developed book of business from Contractor to Company shall be in the form of certified funds.

e. The Contractor shall have the right to sell the book of business to a third party only if the prospective buyer is approved by the Company and enters into Company's Premier Agency Agreement.

[This sentence marks the end of Exhibit C and Section 5 of the Agreement. The next Section of the Agreement is Section 6 – Term and Termination and Exhibit D.]

#### **SECTION 6 - TERM and TERMINATION and EXHIBIT D**

- 6.1 At-Will.** Contractor's services performed for Company and Company's services performed for Contractor under this Agreement are "at will."
- 6.2 Initial Term.** The initial term of this Agreement expires ten (10) years from the Effective Date (the "Initial Term") and may be extended as stated under Section 6.3 of this Agreement. For clarity, the Vested Ownership Date is an equivalent phrase to the Initial Term and may be used interchangeably. During the Initial Term, Section 5 and Exhibit C of this Agreement shall control and resolve questions regarding percentage vesting, ownership, valuation, and purchase and/or sale of the developed book of business.
- 6.3 Additional Vesting Term.**
- 6.3.1 After the Initial Term, Contractor will continue Contractor's business relationship with Company and continue servicing Clients, unless, subject to Section 6.4, Contractor notifies Company ninety (90) days prior to the eleventh (11) year after the Effective Date that Contractor intends to terminate the Agreement.
- 6.3.2 If eligible, the eleventh year until the fifteenth year after the Effective Date shall constitute the Additional Vesting Term (the "Additional Vesting Term"). During the Additional Vesting Term, this Agreement shall remain in full force and effect, with all rights, duties, and obligations for both Parties as set forth in this Agreement.
- 6.3.3 For clarity, during the Additional Vesting Term, Section 5 and Exhibit C of this Agreement shall control and resolve questions regarding percentage vesting, ownership, valuation, and purchase and/or sale of the developed book of business.
- 6.3.4 **Exhibit D** is attached to and incorporated into this Agreement by this reference. After the Additional Vesting Term, Exhibit D of this Agreement shall control and resolve questions regarding percentage vesting, ownership, valuation, and purchase and/or sale of the developed book of business.
- 6.3.5 After the Additional Vesting Term, Contractor will continue Contractor's business relationship with Company and continue servicing Clients, unless, subject to Section 6.4, Contractor notifies Company, upon ninety (90) days prior written notice that Contractor intends to terminate the Agreement. For clarity, the terms of this Agreement shall continue to apply, be binding, and fully enforced to any term under this Agreement.
- 6.4 Contractor's Right to Terminate the Agreement.** This Agreement may be terminated at any time by the Contractor, with or without cause, and with ninety (90) days prior written notice to Company. The Parties agree that the effective date of termination shall be the first of the month following the ninety (90) day prior written notice period (the "Effective Date of Termination").
- 6.4.1 Prior to the Effective Date of Termination, Contractor agrees to complete, clear, and satisfy an audit of the developed book of business and satisfy any outstanding balance owed to Company.
- 6.4.2 During the Initial Term and the Additional Vesting Term, ownership interests of the developed book of business by the Effective Date of Termination shall be determined in accordance with **Section 5 and Exhibit C of this Agreement.**
- 6.4.3 After the Additional Vesting Term, ownership interests of the developed book of business by the Effective Date of Termination shall be determined in accordance with **Exhibit D of this Agreement.**



**6.5 Company's Right to Terminate the Agreement.** Company may only terminate the Agreement immediately through same day written notice to Contractor but only in the event of certain Contractor business practices that are:

6.5.1 illegal and/or unethical;

6.5.2 not in accordance with the governing state regulatory body of insurance or related statutes;

6.5.3 broker fee charges that are illegal and/or non-compliant with state statutes (see **Section 2.2.8.6 of the Agreement**);

6.5.4 associated with sharing of Company or insurance carrier codes resulting in access of carriers from Contractor or Contractor's employees or independent contractors to any other person or entity not party to this Agreement;

6.5.5 associated and/or engaged in the business of brokering property and casualty insurance through any entity or individual that is not Company;

6.5.6 associated with providing services that are not performed in a general professional manner customary for a business setting, including communication with insurance carrier or Company or broker personnel that is inflammatory;

6.5.7 associated with a failure to comply with Company and/or insurance carrier policies and guidelines, and other practices resulting in a failure to fulfill the duties and terms herein under this Agreement that are a material breach of the terms of this Agreement, including failure to pay the Monthly Deductions or any other monies owed Company; or

6.5.7.1 Where breach of this Agreement is for failure to pay the Monthly Deductions in Exhibit A, Contractor shall be given a 30-day grace period to cure the breach with notification by the Company to Contractor of the amount due and the date due via email.

6.5.8 related to the abandonment of the developed book of business by Contractor which could include the inability of Company, insurance carriers, or Clients to reach Contractor in a timely manner after successive attempts.

**6.6 Contractor's Indemnification of Company.** Company's right to terminate the Agreement for the reasons set forth in Section 6.5 are absolute and in Company's sole discretion. Contractor waives any claim to the contrary and releases Company from any claim to damages, compensation or indemnification arising out of or relating to the termination of the Agreement. Termination of this Agreement shall result in Contractor forfeiting the vested equity position in the developed book of business granted by Company and the earning and receipt of payment of future commissions.

**6.7 Transfer of Contractor's Duties.** Upon termination, Contractor shall reasonably assist Company in the smooth transition of Contractor's duties and responsibilities to another employee or independent contractor of Company.

**6.8 Return of Property upon Termination.** Upon termination of this Agreement, Contractor shall immediately return to Company all property belonging to Company, including but not limited to Confidential Information, and any and all records, files and office supplies belonging to Company. In the event that Contractor does not return all of Company's property upon termination of his/her/its Agreement with the Company, Company may reduce any payments owed to Contractor under this

Agreement, including insurance commissions, by the value of any property not returned. In addition, Company may take all appropriate action to recover its property (or the value of Company's property), including but not limited to seeking equitable and/or injunctive relief.

### **Exhibit D – After the Additional Vesting Term, Purchase of Clients, Customers, and Files**

#### **A. Clients.**

**1. Ownership.** Except for property and casualty insurance Clients' policies designated by Company as purchased or owned by Contractor pursuant to an addendum to this Agreement, ownership of all records, customer lists, expirations, renewals, insured accounts and files generated or maintained pursuant to this Agreement are owned by the Company and shall begin accruing to the benefit of the Contractor after ten (10) years from the Effective Date. At ten (10) years after the Effective Date, Contractor's percent ownership of the developed book of business shall be ninety percent (90.00%) of the one hundred percent (100%) full vesting amount and increase in a single increment of ten percent (10.00%) of the 100% full vesting amount after the end of the fifteenth (15<sup>th</sup>) year. Subject to Section A(2.2.1), at the end of the fifteenth (15<sup>th</sup>) year, Contractor shall be fully vested at one hundred percent (100.00%) of the developed book of business.

**2. Transfer of Ownership after Full 100% Vesting and before.** After the Additional Vesting Term, as defined in Section 6.3.2 of the Agreement, provided the Agreement has not been terminated by either Party, the following purchase rights shall exist:

2.1 Company's Payment Right. In the event that Contractor retires from the Company following the Additional Vesting Term, and shall not remain in the property and casualty insurance business, and has fully complied with all the terms of this Agreement, including all documents and signature documents being in Company's agency management system, and is in good standing with Company and all insurance carriers, for business under this Agreement valued by Company in accordance with this **Exhibit D** between five hundred thousand dollars and 00/100 cents (\$500,000.00) and two million dollars and 00/100 cents (\$2,000,000.00) value, Company has the right and option to make payment to Contractor, pursuant to the terms set forth in this **Exhibit D**. Company's right and option to make payment to Contractor is also subject to all accounts and all client transactions records being in the Company's agency management system, which shall entitle Company to sole possession of Contractor's records and Client lists. If Company exercises its right and option to make payment to Contractor under this Section A(2.1), then the purchase right granted to Contractor under Section A(2.2) below shall not be available to Contractor. Following payment by the Company, Contractor agrees that for a period of two (2) years from the date of purchase, Contractor will not use, disclose, or have any direct or indirect interest in any of the Client lists. Contractor expressly acknowledges that he/she/it possesses skills and abilities of a general nature and has other opportunities for performing such skills. Consequently, enforcement of the covenants made in this Section will not deprive him/her/it of the ability to earn a living. The Parties also agree that this Section A(2.1) is necessary to protect Company's trade secrets, is reasonably limited in scope to the protection of Company's trade secrets, and is justified in light of all the facts associated with Company and Contractor's independent contractor business relationship.

2.2 Contractor's Ownership Right. In the event that the Contractor chooses to terminate this Agreement after the Additional Vesting Term, but desires to continue servicing the existing Clients, Contractor may exercise Contractor's right to Contractor's vested ownership of all Client lists and materials from the developed book of business related to Client information. Contractor must give the Company ninety (90) days advance written notice that they are exercising their right to ownership and termination of the Agreement and comply with the terms and conditions of this Exhibit D. This notice may be given at any time after the Additional Vesting Term.

2.2.1 After the Additional Vesting Term, Contractor shall have the right to sell the book of business to a third party that is not affiliated with Company on the condition that Contractor forfeits

Contractor's one hundred percent (100%) vested ownership interest in the developed book of business and agrees that Contractor's vested ownership interest in the developed book of business shall immediately revert to 90% Contractor / 10% Company and that Section 5 and Exhibit C of the Agreement shall control and resolve questions regarding percentage vesting, ownership, valuation, and purchase and/or sale of the developed book of business. Contractor must then pay Company the ten percent (10%) valuation of the developed book of business prior to completing the sale of the developed book of business to a third party that is not affiliated with Company.

2.3 Hardship Termination by Contractor before Full 100% vesting. When Contractor has reached a vesting level of ninety percent (90%) equity in the developed book of business, and prior to the end of the Additional Vesting Term, at the discretion of Company, Company may purchase the pro-rata share of the amount not vested for reasons of hardship as presented to Company by Contractor, and with Contractor's signing of a buy-sell or transfer agreement. Under one of these agreements, Contractor agrees not to be in the property and casualty insurance business for two years and to not compete with Company or any of Company's other independent contractors for business under this Agreement or any property and casualty business for a period of two (2) years. The Parties agree that this Section A(2.3) is necessary to protect Company's trade secrets, is reasonably limited in scope to the protection of Company's trade secrets, and is justified in light of all the facts associated with Company and Contractor's independent contractor business relationship.

In all other cases where Contractor wishes to terminate prior to being fully vested at one hundred percent (100%) but is ninety percent (90%) vested, Contractor may sell the pro rata share of the business to another buyer approved by Company and who shall contract with Company under separate agreement and purchase the remaining non-vested balance from Company. In such cases the Contractor must be in good standing with Company, the insurance carriers, regulators, and the terms of this Agreement. In these cases, Section 5 and Exhibit C of the Agreement shall control and resolve questions regarding percentage vesting, ownership, valuation, and purchase and/or sale of the developed book of business.

## **B. Terms for Purchase of Clients From/By Company/Contractor**

### **1. Payment by Company to Contractor after the Additional Vesting Term and Contractor in Good Standing.**

- 1.1 After the Additional Vesting Term, the sales price of the Contractor's personal lines and commercial lines business, from any and all of the Contractor's contracted standard insurance carriers through the Company, on condition that the monthly insurance commissions for the most recent three months is not less than ten percent as compared to the oldest three months of the trailing twelve months, will use a factor of 2.0 times the Contractor's gross insurance commissions for the last trailing twelve months.
- 1.2 After the Additional Vesting Term, the sales price of the Contractor's personal lines business and commercial lines business from any and all of the Contractor's contracted nonstandard insurance carriers and all surplus lines broker business written through the Company, on condition that the monthly insurance commissions for the most recent three months is not less than ten percent as compared to the oldest three months of the trailing twelve months, will use a factor of .50 times the Contractor's gross insurance commissions for the last trailing 12 months.
- 1.3 After the Additional Vesting Term, the Company has the first right to purchase the developed book of business following these guidelines:
  - 1.3.1 The Company must be notified by Contractor of Contractor's intent to sell his/her/its developed book of business.
  - 1.3.2 Company has ninety (90) days from original notification to exercise the first right to purchase Contractor's developed book of business.

- 1.3.3 Company shall remit to Contractor the value as determined in paragraph B(1.1) and B(1.2) above of this Exhibit D, in equal, monthly installments over a two-year period for sum total valuations under \$1,000,000. Monthly installment payments for valuations greater than \$1,000,000 shall be negotiated between Company and Contractor for a period not less than three years. An additional administrative closing fee shall be charged at the closing by Company to Contractor and paid at closing, subject to a maximum of two thousand five hundred dollars and 00/100 cents (\$2,500.00)
- 1.4 Subject to Section 10.10 of the Agreement, the Company will give these same rights to the Contractor's heirs/estate if the Contractor becomes deceased during the contract period.
- 1.5 After the Additional Vesting Term, the Contractor shall have the right to sell the developed book of business to a third party only if the prospective buyer is approved by the Company and enters into Company's Premier Agency Agreement. After the Additional Vesting Term, Section A(2.2.1) controls the situation where Contractor wants to sell the developed book of business to an unapproved third party.

[This sentence marks the end of Exhibit D and Section 6 of the Agreement. The next Section of the Agreement is Section 7 – Indemnification.]

## SECTION 7 - INDEMNIFICATION

**7.1 Indemnification.** Contractor shall indemnify, defend, and hold the Company harmless from and against any and all liabilities, losses, damages, expenses (including attorneys' fees, court costs, and other expenses of litigation), claims, penalties, or fines (collectively referred to as "Claims") the Company may suffer, incur, or become liable for, based on or as a result of the following: (i) the Contractor's breach of this Agreement; (ii) Claims based upon the Contractor's illegal discrimination, retaliation, wrongful discharge, personal injury, unprofessional, unworkmanlike or poorly-performed services, or property damage; (iii) Contractor's failure to comply with employment or workplace-related governmental statutes or regulations; and (iv) Claims arising from the Contractor's acts or omissions, or the acts or omissions of Contractor's contractors, employees or assigns, including but not limited to Claims concerning misuse of the Confidential Information of the Company and/or Clients. This indemnification is mutual by Company back to Contractor for clauses ii through iv.

## SECTION 8 - CONFLICTING OBLIGATIONS

**8.1 Conflicting Obligations.** In accordance with Section 2.2.2, Contractor represents to the Company that the Contractor is free from and not under any obligations to any other property and casualty insurance entity and/or third-party that conflict or may conflict, in any way, with any of the obligations under this Agreement and that Contractor's Personnel are also exclusive to this Agreement for property and casualty insurance related business while employed or under contract with Contractor. Notwithstanding, Contractor's non-property and casualty relationships and/or arrangements are acceptable so long as Contractor meets Contractor's duties under Section 2.2.2. Contractor further represents that Contractor is in good standing with all independent insurance carriers and has disclosed all information to Company that may make an insurance carrier hesitant to appoint Contractor to represent them through Company such as previous terminations for any reason by any insurance carrier or broker, adverse credit issues, including bankruptcies, liens, garnishments, and any and all criminal arrests and/or convictions for the past ten years, and any felonies without time limitation. Contractor fully understands that Company shall have the right to order background checks and Contractor gives permission to Company, insurance carriers, brokers, and related vendors to run background checks on Contractor and Contractor's Personnel

as necessary.

## SECTION 9 - MONIES HELD IN TRUST

**9.1 Monies Held in Trust.** All money received or collected by Contractor shall be held safely in trust for the benefit of the insurance company or companies and, while so held, shall not be used in a manner inconsistent with the insurance law, insurance code, or insurance regulations of the state involved.

## SECTION 10 - AGREEMENT IS BINDING

**10.1 Agreement is Binding.** This Agreement shall be binding upon and shall inure to the benefit of Contractor and Company and Company's successors and assigns. Nothing in this Agreement shall be construed to permit the assignment or delegation by Contractor of any of its rights or obligations under this Agreement, and such assignment or delegation is expressly prohibited without the prior written consent of an officer of the Company.

**10.2 Entire Agreement.** This Agreement is the final integration of the Agreement between the Parties with respect to the matters covered by it and supersedes any prior understanding or agreements, oral or written, with respect thereto.

**10.3 Modification, Waiver and Severability.** This Agreement may not be modified or supplemented except by written instrument signed by the Parties. No waiver of any default or breach of any agreement or provision herein contained shall be deemed a waiver of any other default or breach thereof or of any other agreement or provision herein contained. If any provision or portion of a provision of this Agreement is declared void and/or unenforceable, such provision or portion shall be deemed severed from this Agreement, which shall otherwise remain in full force and effect.

**10.4 Headings.** The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

**10.5 Governing Law, Jurisdiction, Mandatory Arbitration, and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, which arbitration shall be held in Denver, Colorado. Any decision or judgment entered by the arbitrator shall be final and non-appealable. Any judgment rendered by the arbitrator may be entered in the Denver District Court, State of Colorado, which court shall have exclusive *in personam* jurisdiction over the parties to this Agreement and shall be an appropriate venue to enter such judgment.

**10.6 Costs of Enforcement.** All costs and expenses incurred by a Party (including but not limited to attorneys' fees) in any action or legal proceeding, including arbitration, to enforce any claim under or any provision of this Agreement will be paid by the Party who does not prevail as to such claim.

**10.7 Notice.** Unless otherwise agreed in writing by both Parties, or separately addressed in this Agreement, all notices required or permitted to be given under this Agreement shall be in writing and shall be given to the Parties thereto by personal service (including receipted confirmed facsimile), or by certified or registered mail, return receipt requested, or by recognized overnight courier service, to the individuals at the addresses set forth in the introductory paragraph of this Agreement. All notices shall be deemed given upon the actual receipt thereof.

**10.8 Counterparts; Electronic Signatures.** This Agreement may be executed in

several counterparts, each of which together shall constitute one and the same instrument. Signatures exchanged by facsimile or other electronic means shall be deemed original signatures for all purposes herein.

**10.9 Survival.** The provisions of Sections 4, 5, 6, 7, and 10 shall survive any termination of this Agreement in accordance with their respective terms.

**10.10 Contractor's Heirs and/or Successors.** Contractor represents and warrants that Contractor is in possession of Contractor's will and/or succession plan in the event that Contractor is dissolved, incapacitated beyond Contractor's ability to perform services under this Agreement, and/or death. Contractor represents and warrants that Contractor's will and/or succession plan specifically names a designated beneficiary. In the event of Contractor's death, Company will only approve the assignment of this Agreement to a designated beneficiary that is (i) licensed for property and casualty insurance in all states required to service Contractor's developed book of business (ii) the designated beneficiary is in good standing with the state, insurance carriers, and Company, and (iii) the designated beneficiary must be competent to service Contractor's developed book of business a manner satisfactory to Company. Company shall not withhold, without good sound business reason, the approval of the designated beneficiary to assume the duties, obligations, terms and conditions of this Agreement due to Contractor's death or dissolution. In the event a designated beneficiary is not identified within thirty (30) days, Contractor shall forfeit Contractor's right to service the developed book of business, forfeit any outstanding property and casualty insurance commissions, and grant Company the right to transfer the developed book of business to Company's service centers and/or Company's designated independent contractor(s).

**10.11 Independent Counsel and Construction of Agreement.** Contractor acknowledges that this Agreement has been prepared on behalf of Company by counsel to Company and that Company's counsel does not represent, and is not acting on behalf of, Contractor. Contractor has been provided with an opportunity to consult with Contractor's own counsel with respect to this Agreement and has done so.

IN WITNESS, WHEREOF, the Parties have executed this Agreement, with no handwritten modification or other changes made to this Agreement as it was presented to Contractor, as of the Effective Date, and by signature attest the individuals signing on behalf of Contractor are authorized to sign this Agreement, as being an officer or owner of the Contractor's business to which this Agreement applies.

Premier Group Insurance Inc.:	Contractor: Christina House	Contractor:
(Signature)	(Signature) Christina House	(Signature)
Name and Title	Name (and Title if applicable) Christina House	Name (and Title if applicable)
Date	Date 11/18/2022   8:14 AM PST	Date