



PRODUCER AGREEMENT

This Producer Agreement (“Agreement”) is entered into as of the _____ day of _____, 20____, by and between Altamont Insurance Group, LLC (AIG), Currently and temporarily operating as Avant Brokerage Stockton LLC and _____, (“Producer”).

WHEREAS, through separate arrangements, AIG provides insurance brokerage services in its capacity as a general agent and general agent on behalf of various insurers (“Insurers”):

WHEREAS, AIG desires to market, solicit, and sell the insurance-related products and services that AIG administers and maintains on behalf of various Insurers; and

WHEREAS, Producer is desirous of placing insurance-related products and services on behalf of AIG for the benefit of AIG and the Insurers and utilizing the brokerage facilities, knowledge, and other services of AIG to accomplish such services as a producer.

NOW, THEREFORE, in consideration of the foregoing and mutual covenants and agreements herein expressed, the parties hereto agree to be bound as follows:

1. STATUS AND AUTHORITY OF PRODUCER.

- 1.1. AIG and Producer mutually agree that the interests of the parties are best served when the Producer is an independent contractor for all purposes. Nothing in the Agreement shall be construed to create the relationship of employer and employee between AIG and Producer.
- 1.2. Producer agrees that, without the prior written consent of AIG, Producer has no authority:
 - a. to bind or to cause to have bound any risk, insured or contract of insurance on behalf of AIG or the Insurers, or to issue a cause to be issued any binder, policy endorsement or certificate or to otherwise bind coverage on behalf of AIG or the Insurers; or
 - b. to waive or extend any conditions of a policy or application or to make, vary, or discharge any policy contract; or
 - c. to make representations concerning AIG or Insurers or their products and services including, but not limited to, representations regarding the application of coverage to specific situations; the existence or extent of coverage that is not consistent with the terms and conditions of such coverage; or
 - d. to extend the time for payment of premiums; or
 - e. to incur any liability on behalf of AIG or the Insurers; or
 - f. to act in any way as an agent of AIG; or

- g. to refer to the Insurers, AIG, or affiliated or related entities or the business covered by this Agreement in any advertisement, letter, circular, pamphlet, or other written material and then only in strict compliance with any restrictions or guidelines contained in such consent. All supplies and advertising materials furnished by AIG shall remain the property of AIG and shall be returned upon demand.
- 1.3. Producer and AIG agree that all binding authority remains with AB or the Insurers pursuant to the terms and conditions of the agreement and arrangements between the AIG and each Insurer. Producer, subject to a written, email, or faxed authorization from AIG, may quote contracts of insurance, provided they conform to the terms of this Agreement, the terms of the faxed or written quote, rules, restrictions and rates or those of the respective Insurer. Further, Producer shall give prompt written notice to AIG of any quote requiring coverage bound pursuant to AIB's authorization. Coverage is not bound until written, email, or faxed notification of bound coverage is received from AIG.
- 1.4. Any binders, certificates or other evidence of coverage including policy forms shall be in a form designated by AIG or the Insurers. AIG and the Insurers reserve the right to amend or change such forms at any time.
- 1.5. To the extent Producer extends or has extended credit to any insured, policyholder/certificate holder or other party for the payment of premiums on insurance business written hereunder, such extension of credit shall be at the sole and exclusive risk of Producer and Producer shall be liable to AIG for any loss AIG may sustain thereby.
- 1.6. Nothing in this Agreement shall be construed as limiting or restricting the right of AIG to decline or accept any application for coverage or to cancel any binder, policy, or contract of insurance issued under this Agreement in accordance with the cancellation provisions of such binder, policy, or contract. Producer may request in writing, cancellation of policies, binders or contracts on behalf of an Insured or the Producer subject to the provisions of such policies, binders or contracts.

2. CONDUCT OF THE BUSINESS.

- 2.1. Producer will provide all the usual and customary services of an insurance producer on all business transacted under this Agreement and shall pay all expenses attendant to the performance of Producer's duties hereunder.
- 2.2. AIG shall pay Producer, as full compensation for insurance placed with AIG, a commission for a contract of insurance bound by Producer, accepted by AIG, and fully paid for under this Agreement at the rate stipulation by AIG and as specified on the quote letter for the business to be bound. AIG hereby reserves the unilateral right to revise the rates of commission at any time. Such change shall not affect commission on premiums due or collected. The commission paid to Producer shall include all commissions or fees which Producer is required to pay to sub-producers or countersigning agents. AIG shall incur no liability for any commissions or fees, which Producer is required to pay to sub-producers or countersigning agents.

- 2.3. Producer shall pay AIG during the continuance of this Agreement or after its cancellation, a return of unearned commissions on any and all return premiums at the rate originally allowed when the contract of insurance in question was originally written or renewed, including, but not limited to, premiums on cancellations ordered or made by AIG.
- 2.4. Any commission payable to Producer shall be subject to offset by AIG of any money due AIG from Producer including premiums developed under audits or retrospective adjustments.
- 2.5. In the event Producer's business is sold or merged with another entity, this Agreement shall be deemed canceled at the date of any such sale or merger unless otherwise agreed in writing by AIG. This Agreement shall not be assigned in whole or in part by Producer.

3. PREMIUMS AND ACCOUNTS.

- 3.1. Producer hereby guarantees payment of all premiums due AIG on insurance bound or written hereunder, whether or not collected by Producer and whether or not such premiums are financed or developed by audit.
- 3.2. Where an insurance contract provides for premiums developed by audit, Producer agrees to pay AIG premium balances developed by audit, net of applicable commissions ("net audit premium"). Producer shall be responsible for uncollectable premiums on business written by Producer, subject to AIG's reservation of right to waive this requirement as deemed appropriate by AIG. Producer agrees to cooperate with and assist AIG in its efforts to collect such additional premiums and shall waive any commission on uncollectable premiums.
- 3.3. Unless otherwise specified in writing, all premiums related to the business produced under this Agreement, net of the commissions specified in this Agreement, received by Producer shall be held in separate premium trust account by Producer in a fiduciary capacity as trustee for the AIG. The premium amounts shall not be comingled with the Producer's other assets or operating funds and the premium trust account must not be assessed expenses or bear interest.
- 3.4. The net balance shown as due for a particular item of insurance shall be remitted by Producer to AIG immediately upon binding coverage, unless otherwise agreed in writing by AIG. In no event will payment be contingent upon issuance of a policy.

4. CLAIMS.

- 4.1. Producer agrees to do everything possible to safeguard the interests of AIG and shall immediately report to AIG or the Insurers (when appropriate), with full details of any fact, occurrence or incident that may result in a claim or loss or increased risk of loss to AIG or the Insurers.

- 4.2. Producer shall forward all claims, suits and notices of loss and cooperate fully with AIG to facilitate the investigation, adjustment, settlement and payment of any claim when and as requested by AIG or the Insurers.
- 4.3. Producer will assist AIG or the Insurers in the collection of any deductible due from an insured. Producer has no authority to adjust, compromise, settle, or pay any claim on the policies written or bound pursuant to this Agreement.
- 4.4. To the extent electronic claims files exist, Producer shall timely transmit such files to AIG.

5. MAINTENANCE AND INSPECTION OF RECORDS.

- 5.1. AIG recognizes that Producer is the owner of the records and expirations of the insurance business transacted under this Agreement. Producer agrees to keep complete records and accounts of all such transactions. At the request of AIG, Producer will permit AIG to inspect or audit all such records and accounts wherever they may be located.
- 5.2. Producer shall not contract with other parties in regard to the insurance business transacted under this Agreement.
- 5.3. If Producer violates any provision of this Agreement, Producer agrees, at the request of AIG, to grant AIG a security interest in the records and expirations of the insurance business transacted under this Agreement.
- 5.4. When this Agreement is terminated, if Producer has not properly accounted for and paid all premiums owed to AIG, the ownership of the records and expirations will vest in AIG, which will have the sole right to use and control them.

6. COMPLIANCE WITH LAW.

- 6.1. Producer warrants and represents that Producer holds all licenses necessary for the conduct of all business which is the subject of this Agreement and that said licenses will be maintained in force for the duration of this Agreement. Producer will provide AIG with copies of all licenses and permits required of Producer for the proper conduct of its duties under this Agreement.
- 6.2. Producer will comply with, and use all reasonable efforts to see that any sub-producers comply with, any and all laws and regulations governing the conduct of business which is the subject of this Agreement, including but not limited to laws and regulations governing:
 - a. the writing of surplus and excess lines;
 - b. countersignature;
 - c. the filing of affidavits with regulatory authorities;
 - d. the payment of surplus or excess lines taxes; and

- e. the charging of fees to any policyholder.
- 6.3. Producer agrees to promptly notify AIG in writing of all contacts and correspondence received from insurance regulatory or other governmental authorities, to forward promptly upon receipt all summonses, complaints, subpoenas or other court documents, and to cooperate fully with AIG and the Insurers in making any responses.
- 6.4. Producer will furnish to AIG such information as may be required by various state insurance regulators for AIG to enable the Insurers to maintain their status as an approved admitted or non-admitted carriers.
- 6.5. Both Producer and AIG are aware that there are or may be laws or regulations in the various jurisdictions served by Producer that may be interpreted to provide Producer with certain rights of notice, "run-off," continuation of business written through AIG, prevention of termination and regulatory review and possible disapproval of the termination of the Agreement. Because this Agreement has been mutually entered into for a special purpose, Producer acknowledges that this therefore involves and necessitates a different relationship.
- 6.6. Producer hereby specifically waives any and all rights with respect to termination of this Agreement that may now or hereafter be provided Producer by such statute or regulation in recognition of that different relationship, and agrees not to impose upon or require compliance by AB or the Insurers of any obligations relating to termination of this Agreement other than those provided for specifically in this Agreement.

7. WAIVER.

- 7.1. The forbearance, neglect or failure of AIG to enforce any or all of the provisions of this Agreement or to insist upon strict compliance by Producer shall not be construed as a waiver of any rights or privileges of AIG. A waiver of a past act or circumstance shall not constitute or be a course of conduct or waiver of any subsequent action or circumstance.

8. INDEMNIFICATION OF AIG.

- 8.1. Producer will defend, indemnify, save harmless and protect AIG against any and all claims, suits, actions, liabilities, losses, expenses, or damages, including reasonable attorney's fees, now existing or which hereafter arise that AIG may incur directly or indirectly as a result of any actual or alleged act, error, or omission of Producer or any person for whom Producer is legally responsible including, but not limited, any of the following:
 - a. any violation or alleged violation of law governing the business transacted under this Agreement, whether such violation is committed or alleged to have been committed by Producer or by any sub-producer of Producer; or
 - b. any unauthorized advertisement, publication, or statement of Producer.

- 8.2. If Producer fails to perform the duties required of Producer under this Agreement (including, but not limited to, Producer's duty to collect and remit premiums, and pay surplus lines taxes) and AIG finds it necessary to perform such duties, Producer shall indemnify AIG for all costs and expenses (including reasonable attorney's fees) incurred by AIG as a result.
- 8.3. Producer shall at all times during the term of this Agreement maintain professional errors and omissions insurance with a company and in an amount acceptable to AIG. Producer shall provide AIG with copies of policies evidencing such coverage or, at AIG's option, certificates of insurance may be accepted by AIG as evidence of insurance. Any such policy or certificate shall provide for thirty (30) days notice to AIG in the event of cancellation or non-renewal.

9. INDEMNIFICATION OF PRODUCER.

- 9.1. AIG will defend, indemnify, save harmless and protect Producer against any and all claims, suits, actions, liabilities, losses, expenses, or damages, including reasonable attorney's fees, now existing or which hereafter arise that Producer may incur directly or indirectly as a result of any actual or alleged act, error, or omission of AIG or any person for whom AIG is legally responsible including, but not limited, any of the following:
 - a. any violation or alleged violation of law governing the business transacted under this Agreement, whether such violation is committed or alleged to have been committed by AIG or by any employee of AIG; or
 - b. any unauthorized advertisement, publication, or statement of AIG.

10. CANCELLATION OF AGREEMENT.

- 10.1. This Agreement may be canceled at any time by either party giving at least thirty (30) day advance written notice to the other stating the cancellation is to be effective. After the effective date of cancellation, unless AIG directs otherwise, Producer shall complete the collection of premiums and account to AIG for all premiums, commissions, and other transactions unaccounted for on the date of cancellation, or arising thereafter with respect to outstanding insurance. AIG may suspend Producer's authority under the Agreement during pendency of any dispute.
- 10.2. Producer shall continue to provide its usual and customary services in regard to business which is subject to this Agreement after the termination of this Agreement. There shall be no abandonment of any duty or responsibility of Producer to AIG.

11. ENTIRE AGREEMENT.

- 11.1. This Agreement represents the entire agreement of the parties. It supersedes all previous agreements, whether oral or written, between AIG and Producer, and may not be altered, changed or amended by either party, except as authorized in writing by AIG.

12. APPLICABLE LAW.

- 12.1. Any dispute arising out of this Agreement shall be submitted to the decision of a board of arbitration composed of two arbitrators and an umpire meeting at AIG's offices in Stockton, California unless otherwise mutually agreed.
- 12.2. The notice requesting arbitration shall state in particulars all principal issues to be resolved and shall set a date for the hearing, which date shall be no sooner than ninety (90) days and no later than one hundred twenty (120) days from the date that the notice requesting arbitration is mailed.
- 12.3. The members of the board of arbitration shall be active or retired and disinterested officials of insurance companies. Each party shall appoint its own arbitrator and the two arbitrators shall choose a third arbitrator as umpire before the date set for the hearing. If a party fails to appoint its arbitrator within thirty (30) days after having received a written request from the other, the other shall appoint the second arbitrator. If the two arbitrators fail to agree upon the appointment of the umpire within thirty (30) days after their appointment, then the umpire shall be selected by either party by requesting the American Arbitration Association select such umpire. The umpire shall promptly notify all parties to the arbitration of his selection.
- 12.4. This Agreement shall be construed under and governed by the laws of the State of California.

IN WITNESS WHEREOF the parties hereto have set their hands and seals this _____ day of _____, 20__.

AIB:

Producer:

By: _____

By: _____

(Printed Name and Title)

(Printed Name and Title)

Attest: _____

Attest: _____

(Witness' Signature)

(Witness' Signature)

Dated: _____

Dated: _____