

Southern General Agency Inc.

Producer Agreement

Date
Herein after referred to as Effective Date

Producer Corporate Name
Herein after referred to as Producer

Owner Name
Herein after referred to as Owner

Producer Mailing Address
Herein after referred to as Mailing Address

State Of Operation
Herein after referred to as Authorized State

This agreement is entered into on the Effective Date by and between Southern General Agency on the one side (herein after referred to as SGA) and the Producer and Owner on the other side.

Whereas SGA wishes to distribute insurance through the Producer's office and Producer wishes to sell insurance from its office.

Now, for the mutual consideration provided by SGA, Producer and Owner they hereby agree as follows.

1. Producer is authorized to:

1. Solicit and service contracts of insurance on behalf of SGA for those lines of insurance listed in the Schedule of Commissions; and,
2. To receive, receipt and hold in trust premiums due SGA under this agreement.
3. Submit, process, and issue online new applications, endorsement applications, cancellations, reinstatements, and payments via the SGA website.

2. Producer is NOT authorized to:

1. Bind coverage, however, once the SGA system issues a policy or endorsement, coverage will be bound.
2. Issue policies, endorsements, or cancellations, financial responsibility filings, certificates of insurance, or filings required by governmental agencies.
3. Extend authority to any other producer, broker, solicitor or sub-producer.
4. Give SGA rates, guidelines, and/or applications to anyone other than employees of Producer.
5. Backdate the effective date of coverage on any policy or endorsement.
6. Adjust, negotiate or settle claims.

3. Producer will:

1. Maintain in effect all licenses required by the Authorized State.
2. Allow inspection of Producer's books and records related to business placed with SGA.
3. Comply with only risks that meet the guidelines in the SGA Underwriting Manual.
4. Guarantee compliance with SGA's electronic signature protocol to provide with certainty that all documents are electronically signed or initialed by the Named Insured only, upon the election by the applicant to do business electronically. It is the Producer's responsibility to properly explain, oversee, and assist in the execution and use of electronic signature by the Named Insured. The Producer also guarantees that only an authorized and properly licensed and appointed Producer will sign on behalf of the Producer where a Producer signature and/or initials are required.
5. Deliver upon policy issuance a copy of the executed application documents along with the automobile insurance policy, declarations page, and automobile ID card(s) to the Insured.
6. Retain originals and reproductions of insurance documents, including but not limited to insurance applications, photographs, documents necessary to secure premium discounts in accordance with underwriting criteria and any document produced or secured in the normal course of obtaining automobile insurance, in a fiduciary capacity on behalf of SGA.
7. Be an independent contractor, responsible for Producer's operating expenses, fees, and taxes associated with the operation of Producer's business.
8. Maintain in force at least \$300,000 Errors and Omissions coverage with an insurer acceptable to Company.
9. Comply with all laws relating to the sale of insurance covered by this agreement.
10. Report all losses and refer all claims inquiries to Company immediately when reported to Producer.

11. Guarantee compliance with each and every provision of this agreement by any and all locations listed in Additional Locations Exhibit, if attached.

4. SGA will:

1. Issue policies, renewals, endorsements and cancellations.
2. Bill policyholders for monthly renewal premiums or monthly installment premiums as required.
3. Provide Producer with guidelines outlined in the Underwriting Manual that will apply on the date the policy is issued.
4. Accept risks bound that meet SGA guidelines outlined in the Underwriting Manual.

5. Commission:

1. SGA will pay Producer commissions for insurance policies written under this agreement as specified in the Schedule of Commissions and applicable on the policy effective date. SGA may amend The Schedule of Commissions at any time by giving Producer written notice of the change.
2. In the event that this agreement includes an *Additional Locations Exhibit*, it is understood and agreed that the commissions specified on The Schedule of Commissions, are applied on an individual location basis, and not collectively.
3. Producer will refund to SGA any unearned commissions at the same rate that commissions were paid Producer.
4. SGA may offset any commissions due Producer from SGA against any other balances owed by Producer to SGA.

6. Termination:

Either party may suspend or terminate this Agreement by giving the other party thirty (30) days written notice.

This Agreement is terminated automatically, without notice when:

1. Producer does not have a valid and active license to do business as an insurance producer in the Authorized State.
2. There is any change in ownership or control of Producer.
3. Producer commits an act which is unethical and/or unlawful in the sole discretion of SGA.

7. Upon Termination of This Agreement:

1. Producer's authority under this Agreement ceases.
2. Producer owns the right to expirations as long as all amounts owed to SGA have been paid. SGA will provide Producer with a written statement of amounts owed. If that amount is not paid with fifteen (15) days, Company owns the expirations.
3. If termination is because Producer is not licensed to sell insurance, SGA may appoint another producer to service the business produced under this agreement.
4. Policies will continue in force to normal expiration, unless cancelled according to policy terms.
5. If required by law to do so, SGA will offer renewal of expiring policies.

8. Premium Accounting:

1. Producer will remit all premium and fees due SGA on a gross basis and commission will be paid on net collected premium.
2. SGA will prepare a statement of premiums written and commissions due Producer and either mail it to Producer not later than the 15th day of each month or make it available via SGA online system. Commissions due Producer will either be mailed in the form of a check or Direct Deposit to Producer account.
3. Omission of any item from a monthly statement shall not affect the responsibility of either party to account for and pay all amounts due the other and it shall not prejudice the rights of either party to collect such amounts.

9. Fiduciary Responsibility:

Funds received by Producer, as premiums for insurance written under this agreement, shall be held by Producer in a fiduciary capacity in trust for SGA. SGA shall have a first lien on such funds. SGA may deduct the amounts owed by Producer to SGA from any compensation or amounts due Producer from SGA.

10. Arbitration:

If irreconcilable differences of opinion arise as to the interpretation of this Agreement, the difference shall be submitted to arbitration, one arbitrator to be chosen by SGA, one by Producer and an umpire by the two arbitrators. The arbitrators and umpire shall be active or retired disinterested officers of fire and casualty insurance companies or insurance producers authorized to transact business in the Authorized State.

If either party fails to name its arbitrator within thirty (30) days after receiving the written request by registered mail, return receipt requested, of the other party to

do so the latter shall name both arbitrators and they shall select an umpire as stipulated herein.

If the two arbitrators fail to agree upon the selection of an umpire within thirty (30) days following their appointment, each arbiter shall name three nominees, of whom the other shall decline two, and a decision shall be made by drawing lots.

The arbitrators are relieved from all judicial formalities and may abstain from following the strict rules of law. They shall interpret this Agreement as an honorable engagement, and their decision shall be final and binding upon both parties.

Each party shall bear the expense of its own arbitrator and shall jointly and equally bear the expense of the umpire and other expenses of the arbitration. Any arbitration shall take place in the Authorized State, unless otherwise mutually agreed.

11. Miscellaneous:

This Agreement:

1. Contains the entire understanding between Producer and SGA.
2. Supersedes all previous agreements, whether oral or written.
3. May not be altered or modified except in writing.
4. May not be assigned or transferred by either party without the prior written consent of the other party.
5. Shall be governed by and interpreted under the laws of the Authorized State. Any provision in this Agreement that is contrary to the controlling law is deemed to be amended to bring it into compliance with that law. The judicial determination that any section of the agreement is unenforceable shall in no way impair or affect the validity or enforceability of any other provision of this agreement.

In the event SGA should not insist upon strict compliance with any of the terms of this agreement or any provisions contained in SGA Underwriting Manual, such failure shall not constitute a waiver or relinquishment on our part to insist upon such compliance at any other time or times.

The obligations and duties of this agreement are fully performable in Authorized State.

All payments to SGA shall be made to the processing office of SGA.

12. Additional Provisions:

None

Company

Date

Producer

Date

Owner

Date

SCHEDULE OF COMMISSIONS

Private Passenger Automobile Insurance:

- A. Monthly direct bill premium (premium does not include any of the fees) 15.00% commission new and 15.00% commission Renewal.
- B. Semi Annual Policy-Paid in Full and installment pay plans (premium does not include any of the fees) 15.00% commission New and 15.00% commission Renewal.