

PRODUCER AGREEMENT

THIS AGREEMENT, is made effective _____, by and between **Surplus & Excess Lines, LTD**, a Delaware corporation with offices at Smyrna, Delaware, (hereinafter "Surplus"), and _____, a _____ corporation, with offices at _____ (hereinafter "Producer")

W I T N E S S E T H:

WHEREAS, by this agreement the parties intend to enter into an agreement under which Producer will submit for the approval of Surplus applications for insurance on various risks, and

WHEREAS, the parties have reached certain understandings that they seek by this agreement to reduce to a single written memorandum expressing all of the terms of their agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, each party agrees as follows:

1. REPRESENTATION OF STATUS

Producer represents that it is an insurance broker in good standing, licensed by the regulating authorities in each State in which it conducts business, including the State of Delaware, and that Producer shall remain licensed as aforesaid at all times during the term of this agreement as a condition of this agreement.

2. TERM

This agreement shall become effective upon its full execution by each party and remain in force and effect thereafter subject to either party terminating the agreement in accordance with provisions herein below.

3. COMPENSATION

Premium for accounts produced by Producer and accepted by Surplus are to be paid within 5 business days from the effective date of the policy whether Producer is paid or not, unless other terms are agreed upon in writing by Surplus. Producer is solely liable for payment of the premium to Surplus whether or not the insured has paid Producer. The commission shall be paid to Producer on an agreed upon individual risk basis for each account produced and then accepted by Surplus. Absent the prior written approval of Surplus, Surplus shall not be responsible for any expense of Producer. Producer has permission to hold all funds under this Agreement in an interest bearing trust account in accordance with applicable State law. Surplus authorizes the Producer to retain any interest earned on such funds.

4. CANCELLATIONS

Absent the prior written approval of Surplus, flat cancellations of policies shall not be permitted.

5. ADJUSTMENTS TO PREMIUM PAYMENT AND COMMISSION

In the event of a cancellation of a policy or the discontinuance of a policy for any reason, any commissions paid to the Producer on refunded premiums shall be returned promptly to Surplus, and this obligation shall survive this agreement. Producer is obligated to collect audit premiums within 30 days of the billing date to the Producer and this obligation shall survive this agreement. In the event that premiums shall be uncollected by Producer, there shall be no obligation of payment of commission to the Producer. Any such uncollected audits shall be referred to Surplus for direct collection within 30 days of the billing date along with full documentation of at least three attempts to collect the premium. All uncollectible audits must be

returned to Surplus within 30 days of the billing date, otherwise Surplus will hold Producer responsible for the total amount due. Any commission or compensation paid to Producer for premiums thereafter uncollected or reduced shall be immediately refunded to Surplus, and Surplus reserves the right to deduct overpayment of commission from any commission thereafter due from Surplus to Producer.

6. EXCESS AND SURPLUS LINES

For policies issued as excess and surplus lines, Producer shall be solely responsible for the collection of any applicable surplus lines taxes and/or fees and remittance to Surplus unless otherwise approved and agreed to in writing by Surplus. Surplus shall arrange for the compliance with all surplus lines regulations including licensing and remittance of applicable surplus lines taxes and/or fees and affidavits to authorities.

7. HOLD HARMLESS

Producer shall hold harmless and indemnify Surplus from any claim, cost or expense, including attorneys' fees, arising by error, act or omission of the Producer incident to or relating to Producer's conduct or performance or lack thereof under this agreement. Surplus shall hold harmless and indemnify Producer from any claim, cost or expense, including attorneys' fees, arising by error, act or omission of Surplus incident to or relating to Surplus' conduct or performance or lack thereof under this agreement.

8. ERRORS AND OMISSIONS COVERAGE

Producer agrees during the term of this agreement and for a period corresponding to any applicable Statute of Limitations after termination of this agreement to maintain errors and omissions insurance with limits of a least \$1,000,000 each occurrence or claim. A copy of said policy or certificate thereof shall be provided by Producer to Surplus simultaneously with the signing of this agreement and at each anniversary of said policy. Any said policy shall be subject to approval by Surplus, but any carrier rated "A-" or higher by A.M. Best shall in all events be deemed acceptable.

9. CLAIM REPORTS

Producer shall immediately report to Surplus any claim under any policy issued pursuant to this agreement and Producer shall cooperate in the investigation and adjustment of any said claim. This paragraph shall survive this agreement.

10. INDEPENDENT CONTRACTOR

Producer is not an agent of Surplus and is without authority to bind any policy of insurance absent the prior written approval of Surplus. Producer in all events and under all circumstances is an independent contractor.

11. OWNERSHIP OF EXPIRATIONS

It is agreed that the ownership of expirations is with the Producer providing Producer's account with Surplus is current.

12. TERMINATION

This agreement may be terminated by either party upon 30 days notice in writing from either party to the other. In addition, this agreement shall be deemed terminated immediately upon the suspension or revocation of the Producer's insurance brokerage license or conduct by the Producer constituting fraud or dishonesty or the application by the Producer to any Court of competent jurisdiction for protection against its creditors, including an involuntary application, and including an assignment for the benefit of creditors or the appointment of a receiver on behalf of the Producer.

13. ADVERTISING

Producer agrees that it may not use the name of Surplus in any advertising absent the prior written approval of Surplus.

14. NOTICES

Notices hereunder shall be sent by certified mail, return receipt requested, to the last known address of each party.

15. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the parties.

16. SURVIVAL

All representations and obligations of the Producer herein shall survive the termination of this agreement.

17. ASSIGNMENT

Producer is prohibited from assigning all or any portion of its rights under this agreement and any said assignment shall at the option of Surplus be deemed a termination of this agreement.

18. CONFIDENTIALITY

Surplus agrees to maintain the confidentiality of any information Producer submits on behalf of its clients to Surplus. Surplus shall only disclose such information to the extent such disclosure is required to perform the services under this Agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

Surplus & Excess Lines, LTD

By _____
Howell F. Wallace, President

By _____