

**BROKERS FACILITIES CORP.**

53 North Park Avenue  
Rockville Centre, New York 11571

**Broker Agreement**

Agreement dated as of \_\_\_\_\_, \_\_\_\_, \_\_\_\_, by and between \_\_\_\_\_, with its principal office located at \_\_\_\_\_ (the "Broker"), and Brokers Facilities Corp., with its principal office located at 53 North Park Avenue, Rockville Centre, New York 11571 (the "Wholesaler"). This Agreement replaces all previous agreements or contracts, whether oral or written, and shall continue in full force and effect until amended, suspended or terminated in writing.

WHEREAS, the Broker desires to offer business to the Wholesaler and the Wholesaler desires to consider such offering.

NOW, THEREFORE, the Wholesaler and the Broker agree to be bound by the following terms and conditions with respect to such offering:

1. The Broker represents and warrants that it is a duly licensed broker or agent pursuant to the laws of the State where it is located and where it operates and desires to effect and/or continue to effect insurance coverages for its clients through the Wholesaler with admitted and non-admitted insurance companies in accordance with the laws and regulations of the State wherein the Broker operates. A copy of the Broker's license is attached hereto as Exhibit 1.
2. The Broker agrees to pay and remit promptly to the Wholesaler any and all premiums, net of allowed commissions, on such insurance business received from, and bound on behalf of the Broker pursuant to this Agreement. All monies received by the Broker, shall be held in its fiduciary capacity for the benefit of the insurance company(ies) with which Wholesaler is doing business. It is specifically agreed that commissions shall be determined by the Wholesaler separately at its sole discretion for each policy, and each such policy may be billed separately or by statement to the Broker by the Wholesaler, net of allowable commission.
3. The Broker shall guarantee and be liable for payment to the Wholesaler of any earned premium on all contracts of insurance accepted or written by the Wholesaler pursuant to an order by the Broker to bind, whether or not the premium is invoiced, collected, or received by the Broker. The Broker further agrees to pay or remit payment of any such earned premium promptly to the Wholesaler or the insurer, upon demand, net of allowable commission.

4. In the event that the Broker shall become unable to collect and pay any additional premium due to audit, the Broker may be permitted to request the Wholesaler to assist in the collection of the premium from policyholders. Provided the Broker shall make such request in writing, within twenty (20) days from the day of mailing said billing statement to the Broker by the Wholesaler, the Broker may be relieved from responsibility for the payment of premium. No commission shall be paid or deemed earned on any such premium so collected by the Wholesaler. Failure to comply with this paragraph shall obligate the Broker for all payment and remittance of additional premium due to the Wholesaler.
5. The Broker shall obtain and remit to the Wholesaler thirty percent (30%) of each gross premium, as a binder deposit, within seven (7) calendar days of the inception date or invoice date, whichever is earlier, of each binder or policy, new or renewal, ordered bound by the Broker. The Broker shall further remit to the Wholesaler the full balance of the gross premium net of allowable commission for each such policy, and the full gross premium for each additional premium endorsement, net of allowable commission within thirty (30) days from the effective date of such item. Additionally, in consideration of placing insurance for the Broker, said Broker agrees to pay the total costs for the insurance, including all charges in excess of the premium charged and the commissions earned. Said total costs are non-refundable and fully earned from the inception date of policy coverage regardless of whether any risks bound are cancelled. Failure by the Broker to remit such binder deposit and/or premium balance and/or additional premium within the indicated time frame will result in prompt cancellation of the policy for non-payment in accordance with applicable insurance law.
6. The Wholesaler shall pay the Broker as commission a percentage of the premium on each policy written and paid for under this Agreement at the rate stipulated by the Wholesaler. The Broker shall pay the Wholesaler a return for all unearned commission at the same rate on any return premiums, including return premiums whether on cancellations ordered or made by the insured or the insurance company with which coverage is effected.
7. The Broker represents and warrants that the Broker maintains insurance agent and brokers errors and omissions insurance. A copy of such policy is attached hereto as Exhibit 2.
8. The Wholesaler expressly recognizes the independent ownership by the Broker of the insurance business covered by this Agreement. However, in the event it is necessary for the Wholesaler to cancel this Agreement for violation of its terms of remittance by the Broker, the Broker relinquishes all right or claim to subsequent renewals, additional premiums or commissions thereon, insofar as they may be necessary to satisfy the interest of the Wholesaler.
9. The Broker agrees to provide notice of all claims known to it and agrees to cooperate fully with the Wholesaler, any insurer, any assigned adjuster, or the

designate of any or all of the foregoing, to facilitate the investigation and adjustment of any such claim and all claims. The Broker shall not appoint any adjuster or attorney to represent the Wholesaler or any insurer.

10. The Broker shall notify and forward to the Wholesaler immediately, upon receipt, or upon its knowledge thereof, all correspondence or notices with relation to the financing or proposed financing of insurance premiums on any policy.
11. The Broker is not permitted, nor shall it hold itself out as the agent or representative of the Wholesaler or its insurers for the purpose of obtaining premium financing. The Broker shall be responsible and not cause the Wholesaler or its insurers, in any way, to be responsible to any finance company or to any other entity, for any claim of premium payments.
12. This Agreement is non-assignable and the Broker may not assign or delegate any of the Broker's rights, interests, or obligations under this Agreement.
- ~~13. The Broker shall be responsible for making the client familiar with the terms, conditions and exclusions of each policy written for the Broker and any liability or obligation incurred herewith shall be the sole responsibility of the Broker.~~
14. Nothing in this Agreement shall be construed as limiting or restricting the right of the Wholesaler or the insurance company with which coverage is effected to cancel any policy or policies or contracts of insurance issued under this Agreement. Nothing herein contained shall be construed as permitting the Broker to bind the Wholesaler or any insurance company with whom the Wholesaler does business to effect any insurance coverage.
15. This Agreement is not a contract of employment and nothing herein contained shall be construed to create the relationship of employer and employee between the Wholesaler and the Broker. The Broker is an independent contractor and shall be free to exercise judgment and discretion with regard to the conduct of his business as the Broker.
16. The Broker agrees to indemnify and hold the Wholesaler harmless for any damages resulting directly or indirectly from any violations of any insurance department regulation and/or breach of the Broker's obligations under this Agreement.
17. This Agreement supercedes all previous agreements and understandings, whether oral or written, and may be terminated by either party upon thirty (30) days prior written notice of termination to the other. Such termination, however, should not affect the rights of the parties including but not limited to coverage, obligation to pay premiums, commission and return commission in effect on the date of termination.
18. Upon the signing of this Agreement by the Broker, the terms hereof shall apply to all coverage now in effect or which may thereafter be affected by the Wholesaler.

19. The failure of the Wholesaler to enforce any of the terms, covenants and provisions of this Agreement shall not be deemed a waiver thereof.

IN WITNESS WHEREOF, the undersigned being duly authorized, hereby execute this Agreement effective as of the date set forth above.

WITNESS:

BROKERS FACILITIES CORP.

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

WITNESS:

Brokerage Name: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

License #: \_\_\_\_\_

Federal Tax ID #: \_\_\_\_\_

Social Security #: \_\_\_\_ - \_\_\_\_ - \_\_\_\_  
(If individual)