

Ironwood Surplus, Inc.

&

Ironwood Brokers and Insurance Marketing

****Attach Copy of Producer License & E&O Insurance****

This agreement, made this ____ day of _____, 2012 between **Ironwood** Surplus, Inc. DBA **Ironwood** Brokers and Insurance Marketing (referenced as **Ironwood** from here on out) a California Corporation with offices at 30448 Rancho Viejo Rd. Ste 115, and the Producer:

AGENCY: _____ LICENSE: _____

ADDRESS: _____

CITY: _____, ST: _____ ZIP: _____

Ironwood hereby grants authority to the above Agency as a defined Producer to submit for insurance coverage, risks located in the Licensing State under insurance programs available through **Ironwood** and to the terms and conditions hereinafter set forth. The Producer is clearly defined in this agreement as a Producer, not an employee or agent of Ironwood.

Producer does not have authority to bind coverage. Once a risk is bound by **Ironwood**, Producer shall professionally service the policies including handling any changes or other requests related to the Applicant's policy. In addition Producer shall not submit sub-produced or act in the capacity of a wholesaler.

It is Hereby Agreed between **Ironwood** and the above named Producer as follows:

Producer's Responsibilities

During the term of this Agreement or as otherwise required by law, Producer shall keep true, separate, accurate, and complete records of all transactions relating to the policies and correspondence including, but not limited to, correspondence with policyholders, insured's, state insurance departments, and **Ironwood**. All premiums, taxes, and other charges hereinafter shall be referred to as "premium". Premium that is billed directly to the insured by **Ironwood** or the insurance carrier shall be considered "direct-billed." Premium that is billed directly to the insured by Producer shall be considered "Agency-billed".

The Producer agrees to maintain all insurance licenses for property and casualty insurance written through **Ironwood** and to adhere to the laws and responsibilities that apply. A copy of said license and proof of E&O insurance coverage shall be submitted with this Agreement. Subsequent renewals of said license will be submitted to **Ironwood** in a timely manner. Compensation due Producer under this Agreement, **Ironwood** shall pay Producer, as commission, a percentage of the collected premium received for policies placed by Producer (excluding all fees charged by Insurer or **Ironwood**) on each policy produced and paid for under this Agreement. Commission due producer is paid as earned and said amount will be displayed on each quote.

If **Ironwood** or the Insurer has not received the amount of direct-billed premium due within the time specified in the billing invoice, **Ironwood** or its appointed carriers may at its option collect delinquent direct-billed premium out of any dividends declared or refer the direct-billed premium to the Insurer for collection. In the event delinquent direct-billed premium is paid from dividends or collected directly by the Insurer, Producer shall not be entitled to any commission on the delinquent direct-billed premium so collected. If **Ironwood** has not received the amount of any Agency-billed premium due from Producer within the time specified by **Ironwood**, **Ironwood** may collect directly from the insured any Agency-billed premium due. In the event **Ironwood** collects the Agency-billed premium directly from the insured, Producer shall not be entitled to any commission on the Agency-billed premium so

collected. Attempts by **Ironwood** to collect from the insured shall not relieve Producer of liability to **Ironwood** except to the extent of amounts actually collected by **Ironwood**, less expenses of such collection, provided. However, that Producer will not be held responsible for premiums if (a) Producer has made a reasonable effort to collect such premium and has failed; and (b) Producer refers such items to **Ironwood** for direct collection within 30 days of the Producer's receipt from **Ironwood** for such outstanding items.

Errors and Omissions Insurance

Producer is required to maintain in full force and effect during the term of this Agreement a policy of Errors and Omissions Insurance issued by an insurer rated no less than A- VIII by A.M. Best Company and which afford(s) coverage in the minimum amount of \$500,000. Such Errors and Omissions Insurance shall be maintained by Producer at Producer's sole cost and expense and shall be primary and non-contributing coverage over any valid and collectible insurance available to **Ironwood**. Producer shall provide notification to **Ironwood** in the event of lapse and shall furnish proof of such insurance at inception of this Agreement and at each subsequent renewal.

Return Premiums

Ironwood will remit all gross return direct-billed premiums directly to insured's. Producer shall refund unearned commissions on return direct-billed premium due for cancellation and direct-billed premium reductions at the same rate as the commission as allowed to Producer.

Ironwood will bill Producer for all return commissions within 30 days of the end of the month in which gross direct-billed premium is returned to the insured. Producer will remit return commissions within 30 days of the date of return commissions are billed by **Ironwood**. Producer shall refund unearned commissions on return Agency-billed premium due for cancellations or Agency-billed premium reductions at the same rate as the commissions allowed to Producer. In the event of such cancellations or Agency-billed premium reductions, **Ironwood** shall remit to Producer all previously paid unearned net Agency-billed premium owed to insured, and Producer shall reimburse the insured the unearned gross Agency-billed premium due, including the amount of unearned commissions allowed to Producer.

Right of offset

Ironwood shall have the right to offset compensation due Producer under this Agreement by the amount of (1) past due premiums, unearned commissions, or other amounts currently due and owed by Producer to **Ironwood** and/or its Insurer(s) arising out of any policy of insurance issued under this Agreement; and (2) Liabilities incurred by **Ironwood** or the Insurers caused by the negligent or illegal acts or omissions of Producer. Producer's failure to timely submit applications, premium payments, return commissions or otherwise comply with **Ironwood's** then-current underwriting rules, procedures, or written instructions for one or more Program(s) provided to Producer may, at **Ironwood's** sole discretion, result in a reduction in or forfeiture of all or part of Producer's commission amount for the particular business submission in violation of this provision. Producer shall have no right to offset any balance due from **Ironwood** to Producer under this Agreement, Program Agreement, or any other Agreement.

Any premium received by Producer shall be held in a fiduciary capacity on behalf of Insurers, and shall not be deposited into Producer's operating account, and shall pay in accordance with this Agreement and **Ironwood's** instructions. Unless otherwise specified, all commissions due Producer will be paid to Producer within 60 days following the end of the month during which the premiums due have been paid in full. **Any credit extended to the insured by Producer shall be at the sole risk and responsibility of Producer.** Any Producer fees charged by the Producer to the insured are strictly a contractual matter between Producer and insured.

Upon receipt of a written request by **Ironwood**, Producer agrees to allow **Ironwood** or its authorized representative to conduct an audit at Producer's place of business and permit copying of Producer's business records relating to premiums received from insured(s), the insured name, address, telephone number, additional insured information, correspondence, any contracts entered into with third parties and such other information as it relates to all Program Agreements of Producer in effect at any time under this Agreement. The audit shall take place during normal business hours solely to confirm Producer's performance under this Agreement. **Ironwood** agrees not to make use of any information acquired in such audit in any manner otherwise prohibited by law or this Agreement. **Ironwood** shall bear the expense of such audit. Producer shall make such records available for examination and copying by Insurer, reinsurers, or any state insurance department or regulatory board which so requires.

Premium Remittance

It is agreed and understood that for any programs requiring premiums to be collected by the Producer are held in trust and that such premiums are the property of the Companies and that the Producer has no interest in the premiums collected by him and shall make no deductions. Should the Producer fail to pay the insurance Companies or **Ironwood** any premiums when due, including those incurred by audits or interim reports, then the Producer agrees to bear any collection or other expenses, including reasonable attorney fees and costs, expended by the Companies or **Ironwood** to enforce collection from the Producer to the extent allowed by law. Interest will be charged on unpaid premiums at a rate of fifteen percent (15%) per annum or the highest rate permitted by law. Any earned premium owed by the Producer to the Companies or **Ironwood** will be offset with earned commissions owed to the Producer by **Ironwood** or the Companies.

If the Producer has failed to account for and pay to **Ironwood** or the Companies immediately upon demand, all premiums for which he may be liable, all records and use and control of expirations shall be vested in **Ironwood** and the Producer agrees to execute any documents necessary to formally place the title thereto in **Ironwood**. **Ironwood** likewise shall have the immediate right thereafter, at its discretion to sell, transfer, assign or otherwise handle and control the business and expirations covered by this contract to satisfy in whole or in part the obligations of the Producer to **Ironwood** or the Companies. **Ironwood** shall not be responsible for any expenses of the Producer.

Termination

This agreement may be terminated upon written notice, in the event there has been violation of either **Ironwood** or the Producer's fiduciary responsibility, and /or insolvency, threat of insolvency, fraud, abandonment, willful, gross or negligent misconduct, as it relates to this agreement, including the termination or suspension of either **Ironwood**'s or the Producer's License. This agreement will be continuous and may be terminated by either party at any time by 10 days written notice. In the event of termination, the Producer's records, use and control of expirations shall remain the property of the Producer and shall be left in his possession unless any provisions from right to offset exist. The use and control of expirations, and the records thereof, shall remain in the undisputed possession and ownership of the Producer, unless any provisions from right to offset exist

By (Signature): _____

By (Printed): _____

(Title): _____