



Producer Contract

The parties to this Agreement are _____
doing business as _____,
whose address is _____
(hereinafter referred to as "**Producer**") and **Stone Oak Underwriters, Inc.** whose address is P.O. Box 782209, San Antonio, Texas, 78278 (hereinafter known as "**SOU**"). For good and valuable consideration, it is mutually understood and agreed as follows:

1. BINDING AUTHORITY

- A. **SOU** shall be the sole judge whether it will attempt to review risks and accept or reject such risks submitted by **Producer** and shall incur no liability for failure to accept any risk.
- B. **Producer's** binding authority is limited to risks for which **SOU** has received from **Producer** application(s) for placement of insurance and for which **SOU** has released to **Producer** a quotation or offer of acceptance to insure.
- C. The **Producer** shall have full power to receive and forward to **SOU** proposals for insurance covering only such classes of risks and in such amounts as **SOU** may, from time to time, authorize **Producer** to solicit. **Producer** has authority to collect, receive and receipt for premium on insurance submitted by the **Producer** to, and accepted by **SOU**. **Producer** has authority to retain, out of premiums, collected commissions at the rates or terms as may be agreed upon between **SOU** and **Producer**. The retained commissions shall serve as sole and full compensation for business placed with **SOU**.

2. PREMIUM COLLECTION

- A. All Premiums collected by the **Producer** are trust funds and are the property of **SOU**. The **Producer** has no interest in the premiums collected by him and shall make no deductions therefrom before paying the same to **SOU**, except as authorized in paragraph 1.C. above, and shall make no other use of such funds either in paying expenses of the agency or otherwise. Until remitted to **SOU**, premiums collected by the **Producer** hereunder shall be held by it at all times in a premium trust account maintained by it exclusively for such purpose at a bank or trust company. Such premiums shall be held by the **Producer** in such trust accounts separately from other funds held by or belonging to the **Producer**, and shall not be commingled with any such other funds.
- B. Itemized statements of balances due shall be prepared on an account by account basis by **SOU** or, when mutually agreed, by the **Producer**.
- C. The balance shown in the statement due **SOU** shall be payable not later than ten (10) days after the effective date of the coverage noted on the statement.
- D. The omission of any item(s) from a statement shall not affect the responsibility of either party to account for and pay all amounts due the other, nor shall it prejudice the rights of either party to collect all amounts due each other.

- E. If any interim or final additional premiums, developed by audit or under reporting form policies, any interim installment premiums or any renewal premiums, cannot be collected by the **Producer**, **SOU** shall undertake direct collection and the **Producer** shall not be responsible for such premiums provided:
1. The **Producer** notifies **SOU** within forty-five (45) days of **SOU's** initial date of billing the **Producer** for such items.
 2. On any such premiums collected by **SOU**, no commission shall be paid to **Producer**.
 3. In the event **Producer** fails to give **SOU** notice with respect to any such items within the forty-five (45) days period, the **Producer** shall become primarily responsible for payment to **SOU** of the full amount of such items, net of the commissions that would have been payable to the **Producer** had such items been timely collected. **SOU** shall at all times have the right to effect direct collection of any items returned as uncollectible, other than items for which **Producers** has paid the premium.
- F. If the **Producer** fails to pay premium due to **SOU** in accordance with the terms of this Agreement, and is thereby considered to be in default, **SOU** reserves the right, without releasing the **Producer** in any way, to communicate with the insureds and attempt to make collection directly of any premiums due or to become due. Any sum so collected by **SOU** shall be credited to the **Producer's** account after deduction of any expenses incurred by **SOU** in making such collection.

3. OWNERSHIP OF EXPIRATIONS

- A. In the event of termination of this Agreement, provided the **Producer** has promptly accounted for and paid premiums for which the **Producer** may be liable to **SOU**, the **Producer's** records, use, and control of expirations shall remain the property of the **Producer** and be left in his undisputed possession, otherwise the records, use, and control of expiration shall be vested in **SOU**.
- B. It is further agreed that, should there be a difference of opinion as to the extent of the **Producer's** liability to **SOU**, such difference of opinion shall not prevent application of the ownership of expiration clause to be in favor of the **Producer**, provided the **Producer** promptly furnished collateral security acceptable to **SOU** in the amount of such difference, to be held by **SOU** until the difference is resolved.
- C. It is understood and agreed that the ownership of expirations shall not be affected by the marketing methods or contracts used by **SOU** or the **Producer**.

4. PRODUCER'S RELATION TO COMPANY

- A. Insofar as transactions under this contract are concerned, **Producer** is an independent contractor and is not the employee of **SOU**.
- B. **SOU** shall have no right of control over **Producer** as to time, means or manner of **Producer's** conduct within the authority herein granted and nothing herein is intended to or shall it be deemed to constitute **Producer** an employee of **SOU**. **SOU** may appoint other **Producers** in the territory from which **Producer** solicits insurance on behalf of **SOU** and **Producer** may represent other insurers.

5. REPORTING OF CLAIMS AND OCCURRENCES

- A. **Producer** shall report promptly to **SOU** all claims involving contracts of insurance issued by **SOU** hereunder. **Producer** may not assign the adjustment of claims, such assignments being the right of **SOU**.
- B. In connection with the settlement of claims under contracts of insurance issued by **SOU** for risks submitted by **Producer**. **SOU** may, from time to time, on behalf of the insureds, arrange for

payment of the deductible amounts pursuant to said contracts of insurance. **Producer** agrees to assist in the collection of such deductible amounts for which payment is arranged from the insureds on whose behalf payment is made.

6. OTHER TERMS AND CONDITIONS

- A. **Producer** must be currently licensed as an agent in the state in which business is produced for **SOU**. This license must be maintained at all times, without lapse, by the **Producer**.
- B. **Producer** must maintain, in continuous force, an Errors and Omission insurance policy, with a minimum limit of at least \$250,000.00.
- C. The **Producer** must comply with all of the laws and regulations governing the conduct and operational responsibilities as prescribed by the appropriate state regulatory body in the state(s) where business for **SOU** is produced.
- D. **Producer** acknowledges and agrees to comply with the terms of the (1) Confidentiality Agreement, and (2) Privacy Policy attached hereto as Exhibits A and B, respectively.
- E. **Producer** may not insert any advertisements with respect to **SOU** or any affiliate of **SOU** in any publications or issue any circular, paper or electronic publication referring to **SOU** or any affiliate of **SOU** without first obtaining the consent of **SOU** in writing. In case **SOU** or an affiliate of **SOU** shall be subjected to loss or expense growing out of such unauthorized action or statement of **Producer**, **Producer** shall be liable for all costs and damage arising therefrom.
- F. **SOU** is not responsible for any **Producer** or other expenses incurred without its prior written approval.
- G. Any policy forms or other **SOU** supplies furnished to **Producer** by **SOU**, shall always remain the property of **SOU**, and all property of **SOU** shall be returned to it or its representatives promptly upon demand.
- H. **Producer** shall keep true and complete records and accounts of all transactions with policyholders and with **SOU**. Such records shall be open at all reasonable times to the inspection of duly authorized representatives of **SOU**.
- I. If **Producer** is a partnership, the death, withdrawal or addition of one or more partners shall not terminate this contract, but it shall continue to be binding as between **SOU** and the partnership as then constituted. If **Producer** is an individual and takes one or more partners, this contract shall not terminate but shall be binding upon each and all of the members of such partnership.
- J. **Producer** agrees to give advance notice to **SOU** of any transfer or sale of **Producer's** business, or the consolidation or merger of **Producer** with successor firms and this contract shall be binding on the new **Producer** or successor or firm until such time as **SOU** may do one or more of the following: (1) Enter into a new **Producer** Contract with the successor, (2) Permit **Producer** to assign this contract to the successor, or (3) Terminate this contract.
- K. This Agreement supercedes all other agreements between **SOU** and **Producer** as respects the subject matter hereof and shall continue in force until terminated by mutual agreement of the Parties or by one of the Parties giving their (60) days advance written notice of intent to terminate to the other. The above notwithstanding, in the event of fraud or breach of any of its conditions or provision on the part of **Producer**, this contract may be canceled by **SOU** at any time thereafter by written notice effective immediately. In the event of cancellation on account of fraud or breach of conditions, any indebtedness of **Producer** to **SOU** and all premiums in the hands of **Producer** due **SOU** or for the collection of which he/she is responsible on behalf of **SOU** shall, notwithstanding any provisions herein to the contrary, become immediately due **SOU**.

7. COMPANY INDEMNIFICATION

SOU shall indemnify and save the **Producer** harmless from any and all costs, expenses, claims, exposures, damages and liability, including attorneys' fees, for any claim made allegedly arising out of or as a result of any violation of this agreement by **SOU**.

8. PRODUCER INDEMNIFICATION

Producer shall indemnify and save **SOU** harmless from any and all costs, expenses, claims; exposures, damages and liability, including attorneys' fees, for any claim made allegedly arising out of or as a result of any violation of this agreement by **Producer**.

9. AMENDMENTS

All amendments to this agreement require the express written consent of both parties.

10. ARBITRATION

- A. The parties will make every effort to establish a meeting for the purpose of settling unresolved disputes. It is understood that this meeting will take place in good faith.
- B. If the parties to the agreement are unable to resolve their conflict within fifteen days, the controversy may be resolved by arbitration.
- C. **SOU** shall choose one arbitrator and **Producer** shall choose one arbitrator. An umpire shall be chosen by the two arbitrators.
- D. Both **Producer** and **SOU** shall choose an arbitrator within thirty (30) days following a written request by one party to the other to name an arbitrator. In the event either **SOU** or **Producer** fail to choose an arbitrator within this time period, the party who has chosen its arbitrator, may choose the unchosen arbitrator. Thereafter, the arbitrators shall choose an umpire before entering upon arbitration. If the arbitrators fail to agree upon the selection for the umpire within thirty (30) days following their appointment, each arbitrator shall name three (3) nominees of whom the other shall decline two (2), and the decision shall be made by drawing lots.
- E. Each side shall present its case to the arbitrators and umpire at a hearing in San Antonio, Texas. The arbitrators and umpire shall consider this Agreement as an honorable engagement, as well as a legal obligation, and they are relieved of all judicial formalities and may abstain from following the strict rules of law regarding entering of evidence. The decision in writing by a majority of the arbitrators and umpire when filed with **SOU** and **Producer** shall be final and binding, with no right of appeal by either party. Judgment upon the final decision of the arbitrators and umpire may be entered in any court of competent jurisdiction.
- F. In the event of a dispute between **SOU** and **Producer** concerning this Agreement and any agency or producer agreement (regardless of whether either party has claims against the agent or producer), the entire dispute between **SOU** and **Producer** shall be subject to arbitration as provided under this Article.
- G. The costs of arbitration, including the fees of the arbitrators and the umpire, shall be borne equally by the sides unless the arbitrators and umpire shall decide otherwise.

11. GOVERNING LAW

The Agreement shall be interpreted under the laws of Texas, without giving effect to any choice of law provisions therein.

12. NOTICES

All written notices pursuant to this Agreement shall be sent by U.S. Post Office Certified Mail, Return Receipt Requested, By Fed EX or similar delivery service, next day delivery.

If to **Producer**, sent to:

Producer/Agency Name: _____

Address: _____

City, State, Zip Code: _____

If to **Stone Oak Underwriters, Inc.** sent to:

Stone Oak Underwriters, Inc.
P.O. Box 782209
San Antonio, TX 78278

13. SEVERABILITY

If any term, provision, covenant or restriction of the Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, **SOU** and **Producer** each direct that such court interpret and apply the remainder of Agreement in the manner that it determines most closely effectuates their intent in entering into this Agreement, and doing so particularly take into account the relative importance of the term, provision, covenant or restriction being held invalid, void or unenforceable.

IN WITNESS WHEREOF: The **Producer** and **SOU** have caused this Producer's Agreement to be executed this _____ day of _____ Year _____.

FOR THE PRODUCER BY:

FOR **SOU** BY:

Producer's License Number

Federal Tax Identification Number

STONE OAK

UNDERWRITERSSM

Exhibit A CONFIDENTIALITY AGREEMENT

In connection with work-related duties and responsibilities and/or any current or prospective transaction between SOU and You, we each may furnish the other with certain information relating to our respective business. All such information furnished by our respective directors, officers, employees, affiliates, partners, consultants, representatives, or agents to either party is herein referred to as the "Information". The term Information will not, however, include information which (i) is or becomes publicly available other than as a result of a non authorized disclosure by either party, (ii) is or becomes available to either party on a non-confidential basis from a source which is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation, (iii) was within either parties possession prior to its being furnished, or (iv) is independently developed by or on behalf of either party.

I. Accordingly it is hereby agreed as follows:

a. You and SOU will keep the Information confidential and will not, (except as required by applicable law, regulation or legal process) disclose any Information to anyone who does not have authorization to receive such information. We agree that the Information will in no event be disclosed to any of our competitors. We will advise all of our Representatives (if any) of the confidential nature of the Information and the compliance with this Agreement.

b. In the event that SOU, You or any of our Representatives (if any) are requested pursuant to, or required by, applicable law, regulation, legal process or stock exchange rule to disclose any of the Information, notification of the other party will be prompt so that either party may seek a protective order or other appropriate remedy or, in our discretion, waive compliance with the terms of this agreement. In the event that no such protective order or other remedy is obtained, or we do not waive compliance with the terms of this letter agreement, SOU or You will furnish only that portion of the Information which are advised by counsel is legally required.

c. If this Agreement is executed in connection with a prospective transaction, except for the obligations of confidentiality expressly set forth herein, neither of us shall be under any obligation in connection with a Transaction unless and until we enter into an actual agreement with respect to a Transaction.

d. The parties hereby agree that, in the event either party breaches the Confidentiality Agreement in any way, monetary damages will not be sufficient to compensate the injured party so that in addition to monetary damages the other party will be entitled to immediate injunctive relief, attorney fees and costs of enforcing this Agreement.

II. It is hereby further agreed and understood that the undersigns acknowledge that he or she has received the attached Privacy Policy of Stone Oak Underwriters, INC and agrees to:

- a. Comply with the Privacy Policy of Stone Oak Underwriters, INC ("SOU") as it exists currently and as it may be revised as necessary in the future; and
- b. Do business only with succeeding third parties that operate in compliance with the privacy provisions of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801-6810 (hereinafter GLBA) and state laws and regulations enacted to implement the same; and
- c. Not use or disclose **Nonpublic Personal Information of consumers, customers, former customers**, or claimants for purposes other than as permitted by the privacy provisions of the GLBA and state laws enacted to implement the same, and
- d. Otherwise comply with all applicable requirements of the privacy provisions of the GLBA and state laws and regulations enacted to implement same as they now exist or may be revised as necessary in the future.

Note: Terms in **bold** have the meanings assigned to them in the privacy provisions of the GLBA.

Company Name: _____

Date: _____

By: _____

Title: _____

Date: _____

Stone Oak Underwriters, Inc. Representative: _____

Title: _____



Exhibit B
PRIVACY POLICY

Privacy is important to us at SOU. We understand that consumers really care about their privacy and want it to be protected. SOU is committed to safeguarding nonpublic personal information we collect about our consumers.

We treat personal information carefully and take steps to assure that it remains private. We allow only authorized employees to have access to personal information. We maintain physical, electronic and procedural security protections to safeguard the information in our records.

In order to conveniently and effectively provide and service the insurance products we sell, we may collect and use personal information from consumers, on applications or other forms; from our transactions with consumers, such as payment and claims history; and from third parties, such as credit reports, driving and medical records, and claims history.

Except as required or permitted by law, we do not share personal information outside our company without obtaining the consumer's permission.

Keeping consumer information accurate and up to date is important to us. Consumers may see and request correction of personal information about them in our files by writing to Privacy Coordinator, Stone Oak Underwriters, Inc., P.O. Box 782209, San Antonio, Texas 78278. If you have any questions about this privacy policy, please contact us.

I. Indemnity Stone Oak Underwriters, Inc.

It is further hereby agreed and understood that the undersigned agrees to defend and indemnify SOU, its subsidiaries and affiliates, for, hold them harmless from and against, and pay on its behalf the amount of any payment SOU may be compelled to make as a result of a judgment or settlement relating to any person or entity with respect to the undersigned's failure to comply with paragraph I (a), (b), and/or (c) or with the privacy provisions of GLBA and state laws and regulations enacted to implement same, or the undersigned's failure to otherwise properly protect the privacy, confidentiality and security of **nonpublic personal information** of SOU's **consumers, customers, former customers**, or claimants. It is further hereby agreed and understood that the undersigned will reimburse SOU the entire amount SOU may expend in its defense to the herein described claims whether successfully defended or otherwise, including the cost of enforcing this agreement if necessary.

II. Indemnity to our Representative.

It is hereby agreed and understood that the SOU agrees to defend and indemnify our Representative, its subsidiaries and affiliates, for, hold them harmless from and against, and pay on its behalf the amount of any payment our Representative may be compelled to make as a result of a judgment or settlement relating to any person or entity with respect to the SOU's failure to comply with the privacy provisions of GLBA and state laws and regulations enacted to implement same, or SOU's failure to otherwise properly protect the privacy, confidentiality and security of **nonpublic personal information** of our Representative's **consumers, customers, former customers**, or claimants. It is further hereby agreed and understood that SOU will reimburse our Representative the entire amount our Representative may expect in its defense to the herein described claims whether successfully defended or otherwise, including the cost of enforcing this agreement if necessary.

Acknowledged and Agreed:

Company Name: _____

By: _____

Title: _____

Stone Oak Underwriters, Inc.

By _____

Title: _____