

**PATRIOT NATIONAL UNDERWRITERS, INC.**

**Agent Agreement**

THIS AGENT AGREEMENT (the "Agreement") is made and entered into by and between Patriot National Underwriters, Inc., a Texas corporation ("Patriot"), and the undersigned ("Agent"), as of the date appearing immediately prior to the signatures of the parties hereto. Patriot and Agent are collectively referred to herein as the "Parties".

WITNESSETH

WHEREAS, Patriot represents insurance companies and other similar entities in the placement and writing of insurance and reinsurance generally; and

WHEREAS, Agent requires the services of Patriot to place insurance for its clients (commonly referred to as insureds); and

WHEREAS, Agent and Patriot desire to enter into this Agreement under which Agent will submit policies of insurance on various risks to Patriot for Patriot's submission to insurance companies and other similar entities that Patriot represents.

NOW, THEREFORE, in consideration of the mutual promises made in this Agreement, the sufficiency of which is hereby acknowledged, it is agreed as follows:

1. Term. This Agreement shall become effective upon its full execution by each party and remain in full force and effect thereafter subject to either party terminating the Agreement in accordance with the termination provisions contained herein.
2. Scope of Agreement / Authority of Agent. Agent shall solicit and receive applications for insurance coverage and similar related documents for its insureds and shall submit the same to Patriot for the purpose of effectuating insurance coverage. However, Agent shall have no underwriting or binding authority with respect to applications for insurance coverage received by Agent on behalf of Patriot or any insurance company or underwriter represented by Patriot. Upon Agent's receipt of such applications for insurance coverage, Agent shall promptly forward such applications to Patriot. If a company represented by Patriot accepts any such application, Agent shall deliver certificates of insurance or contracts to its insureds promptly in accordance with Patriot's delivery requirements. No authority shall be implied from any authority expressly granted in this Agreement.

3. Restrictions on Agent's Authority. Except as expressly set forth in this Agreement, Agent shall have no authority to, and hereby agrees it will not, perform any of the following acts: (a) act for, bind, or commit Patriot or any insurance company or underwriter represented by Patriot; (b) waive, modify, alter, or change any terms, rates, conditions, or limitations of any certificate, policy, or contract; (c) approve evidence of insurability or bind or commit Patriot or any insurance company or underwriter represented by Patriot on any risk in any manner; (d) extend the time for any premium payment or reinstate any certificate, policy, or contract; (e) adjust or settle any claim; (f) solicit applications in any state without a valid insurance license and appointment in that state; or (g) enter into any legal proceedings pertaining to Patriot's business as a representative of Patriot.
4. Direct Bill Policies. On policies for which a company ("Company") represented by Patriot will bill the insureds directly, the following provisions apply:
  - A. Agent shall submit all applications to Patriot and shall collect and remit to the Company with each binder request any required deposit premium in full. Commissions to be paid by Patriot to Agent for such direct bill policies will be paid according to Patriot's billing procedures.
  - B. Following issuance of the initial policy and collection of the deposit premium, Company shall assume full responsibility for billing and collecting all premiums, including any endorsement and/or audit premium.
  - C. Patriot shall pay commission within twenty (20) days from the date it receives and records commission from the Company, subject to any offset to which it is entitled.
  - D. Company shall clearly identify Agent by name on all policies, endorsements, premium notices, renewal certificates, cancellation and nonrenewal notices to policyholders.
  - E. In the event outstanding premiums become uncollectible through the direct bill process, Patriot and the Company shall have the right to collect such premium in any manner it may see fit. No commission shall be paid on any premium collected as hereinabove indicated.
  - F. When practical, Company shall try to provide Agent with copies of policyholder notifications.
5. Commissions. Patriot shall pay to Agent commissions earned on insurance certificates, policies, and contracts procured by Agent and issued pursuant to this Agreement; provided, however, (a) Agent is living (if Agent is an individual); (b) Agent continues to be listed as the agent of record on the certificate, policy, and contract for which commissions are to be paid; and (c) Agent is continuously and actively engaged as a licensed agent in the insurance business and services the active business written pursuant to this Agreement. Commissions shall be in such

amounts and under such terms as agreed upon for a particular account or as set forth in Patriot's commission schedule in effect from time to time during the term hereof, which schedule is hereby incorporated herein by reference. Any commission due the Agent shall be paid to Agent on or before the expiration of twenty (20) days following the end of the month in which premiums upon which such commission shall be paid are received from Agent by Patriot. Agent hereby acknowledges and agrees that Patriot may at any time and from time to time at Patriot's sole discretion change the Commission Rates. Any such change shall be made by written notice sent to the Agent.

In the event that premiums shall be billed and/or paid in installments, Patriot shall remit to the Agent the portion of the commission applicable to such portion of the premium as received by Patriot.

Insurance policy premiums that have been determined by audits, retrospective adjustments, non-cancelable bonds and interim reports shall be fully earned subject to the terms of this Agreement. If Agent is responsible for the collection and payment of such premiums and if Agent fails to submit payment for such premiums by the applicable due date, then Patriot may seek such payments directly from the insured. No commissions shall be paid or otherwise allowed to Agent with respect to such premiums collected directly by Patriot or payable by Agent.

6. Cancellation. Nothing in this Agreement shall be construed as limiting or restricting the right of Patriot or any insurance company or underwriter represented by Patriot to cancel any policy issued pursuant to this Agreement in accordance with the provisions of such policy. No policy may be returned to Patriot by Agent for flat cancellation. All coverages affected at the request of Agent are submitted by Agent with the understanding that they are not subject to flat cancellation, and will be cancelled in accordance with the policy issued and the Company's procedures, subject to any applicable state law.

Earned premiums shall be computed on every policy cancelled after its inception or effective date in accordance with the policy provisions and the insurer's pro rata or short rate tables, as appropriate, including the minimum and/or minimum earned premium provisions of the policy, if any. Any earned premium and taxes as a result of cancellation of any policy for non-payment shall be the sole responsibility and liability of Agent.

Policy cancellation as the result of payment default under any premium finance plan or agreement shall be considered as having been requested by the insured and return premium credit shall be determined in accordance with the short rate tables except where such action is contrary to law.

Neither Patriot nor any insurer shall be obligated to backdate the cancellation date of any policy returned for cancellation to a date prior to the date received by Patriot.

Neither Patriot nor any insurer shall be obligated to reinstate any policy after the effective date of the cancellation of such policy.

7. Adjustments to Premium Payments and Commissions. In the event of a cancellation of a policy or the discontinuance of a policy for any reason, any commission paid to the Agent on refunded premiums shall be returned promptly to Patriot. In the event of a refund or return by Patriot of premiums on which compensation has been paid or credited to the account of Agent, Patriot may, at its discretion, require Agent to reimburse Patriot for such compensation or offset said amount of compensation from any future compensation earned by Agent.

Patriot may deduct or offset the amount of commissions due to the Agent by any amount of money, which the Agent owes Patriot in arrears, and by any expense, which Patriot incurs as a result of the Agent's breach of this Agreement. Such right of offset shall be in addition to any other remedies available to Patriot.

The Agent is obligated herein to collect audit premium, except audit premium on direct bill policies. Uncollectible audits must be returned to Patriot within fifteen (15) days of audit processing date. In the event that premiums are uncollected by Agent, or by Company on direct bill policies, Patriot has no obligation to pay these commissions to Agent.

If commissions or compensation have been paid to Agent on uncollected or reduced premiums, Agent must promptly return (within 30 days) to Patriot all commissions or compensation on these uncollected or reduced premiums. Patriot reserves the right to deduct or offset overpayment of commission or compensation from any future commission or other amounts due from Patriot to Agent.

The provisions of this Section 7 shall survive the termination of this Agreement.

8. Failure to Pay Amounts Due. If Agent fails to pay Patriot when due any amount required to be paid to Patriot pursuant to this Agreement or to a policy of insurance solicited pursuant to this Agreement, or otherwise breaches the terms hereof or thereof, then Patriot shall have the right to sue for and recover all amounts then due under this Agreement or that policy, in addition to having the right to pursue any other remedy now or hereafter existing at law or equity, and Agent shall pay Patriot all costs and expenses, including reasonable attorneys' fees and other costs of collection, incurred by Patriot in its efforts to collect the amounts due Patriot or in exercising any of its other rights hereunder.

9. Excess and Surplus Lines. For policies issued as excess and surplus lines, Patriot shall be responsible for compliance with all surplus lines regulations including, but not limited to, licensing, remittance of applicable surplus lines taxes and/or fees, and submission of policies to state surplus lines stamping office(s). The Agent shall be responsible for compliance with surplus lines regulations including, but not limited to, collection of taxes and fees to be remitted to Patriot and insuring that proper due diligence with respect to authorized company declinations

has been conducted and documented, to the extent such due diligence is required by state regulation.

10. Covenants of Agent. Agent shall follow all applicable state statutes and regulations prior to placing any order for insurance or excess surplus lines insurance with Patriot.

Agent agrees that coverage may only be bound in writing. Oral telephonic communication is not sufficient. Facsimile communications are acceptable if signed originals are forwarded to Patriot on the day of signing. Receipt of cash with or without application for a policy shall not constitute automatic binding coverage for said policy.

Agent shall have ownership of all business subject to this Agreement. Agent agrees to keep complete records and accounts of all transactions and will allow Patriot to inspect and audit all such requests and accounts.

Agent acknowledges its duty to fully inform all clients of the terms, conditions, exclusions, and limitations of any insurance placed through Patriot. Agent further acknowledges its responsibility to request proper coverages for its clients, review all quotes, policies and binders for accuracy and keep Agent's clients fully informed.

11. Accounting. When a discrepancy exists in accounting between Agent and Patriot, it shall be Agent's responsibility to notify Patriot in writing within twenty (20) days from receipt of invoice of the amounts in variance with Patriot's records. If no written notice is received by Patriot within this period of time, Patriot's accounts will stand as correct and agreed to by Agent.

12. Claims and Reports of Losses. Agent agrees to immediately report in writing to Patriot upon receipt any claim, loss, or possible claim or loss for which Agent has knowledge. Agent further agrees to immediately report in writing any fact, occurrence, or incident that may result in a loss or claim under any policy of insurance placed through Patriot. Agent does not have authority to adjust, handle, investigate, or provide coverage opinions regarding any claim, loss, or occurrence.

13. Agent's Status. Agent's relationship to Patriot shall be that of an independent contractor. Nothing contained in this Agreement shall make, or be construed as making, Agent or any of its employees an employee or agent of Patriot.

14. Licenses. Agent represents and warrants that Agent is properly licensed to sell insurance in Agent's state of domicile, and all other states in which Agent sells insurance, and agrees to act in compliance with all laws and regulations regarding placement of insurance with admitted and/or nonadmitted insurance companies in such state(s). Agent further represents and warrants that it is in good standing with the licensing authorities. Agent agrees to remain licensed as represented above at all times during the term of this Agreement. Failure to remain so licensed shall be considered a material breach of this Agreement and, notwithstanding any other termination provisions herein, this Agreement shall immediately and automatically terminate upon such failure to maintain such licensing.

15. Rights of Patriot. Patriot specifically reserves the right to (a) discontinue or withdraw from the sale of any certificate, contract, or special marketing concept in any state; (b) modify, change, or amend the conditions or terms under which any certificate or contract may be offered; (c) modify, change, amend, delete, or add any Patriot procedure; (e) cease doing business in any state; and (f) change future commission rates.

16. Advertising. Agent may not, without the express written consent of Patriot, issue, print, publish, broadcast, or circulate any material, letter, pamphlet, advertisement, publication or statement, oral or written, referring in any way to Patriot or representing any relationship of any kind between Agent, Patriot, or any market represented by Patriot other than those advertising materials furnished by Patriot. Agent specifically agrees to indemnify Patriot for any loss, legal fees, or other expenses Patriot may sustain from any unauthorized advertisement, publication, or statement by Agent. All costs and expenses incurred by Agent relating to any advertising for which Patriot has consented shall be the sole responsibility of Agent. Patriot shall bear no such costs or expenses, even if Patriot supplies advertising materials.

17. Indemnification. Agent shall indemnify and hold harmless Patriot from and against any and all claims, suits, actions, judgments, damages, losses, or expenses (including court costs and legal fees) directly or indirectly arising out of, related to, or resulting from any act by Agent (and Agent's agents, servants, and employees), failure to act by Agent (and Agent's agents, servants, and employees), error or omission of Agent (and Agent's agents, servants, and employees), the relationship of the Parties, the rights and obligations arising from this Agreement, the performance of any term of this Agreement, or the nonperformance of any term of this Agreement. If Agent is other than an individual, the principals and affiliates of Agent hereby personally guarantee the obligations, if any, that Agent assumes under this Agreement.

18. Errors and Omissions Insurance. Agent shall maintain, at all times while this Agreement is in effect and for a period corresponding to any applicable Statute of Limitations after termination of this Agreement, errors and omissions coverage for itself and its employees in an amount not less than \$1,000,000 for each occurrence or claim. A copy of such policy or certificate of coverage shall be submitted to Patriot within ten (10) days of the execution of this Agreement and on or before each anniversary of this Agreement. This Agreement shall terminate automatically in the event Agent fails to provide the required confirmation of coverage. Agent must notify Patriot within ten (10) days of any changes to coverages for error and omissions coverage. This notification includes but is not limited to a copy of the policy or certificate of coverage.

19. Termination. This Agreement may be terminated at any time by either Party upon written notice mailed to the other Party. This Agreement and any and all rights and obligations hereunder shall be immediately and automatically terminated without further notice upon the (a) permanent cessation of business by Agent; (b) insolvency of Agent; (c) the institution of any proceeding or arrangement by or against Agent relating to or in the nature of a bankruptcy, insolvency, or assignment for the benefit of creditors, including, but not limited to, the filing by or against Agent of a voluntary or involuntary petition in bankruptcy, which proceeding or arrangement is consented to by Agent or is not dismissed or discontinued within thirty (30) days after the institution of such proceeding or arrangement; (d) Agent makes an assignment of its

assets for the benefit of creditors; (e) a receiver, trustee in bankruptcy, or similar officer is appointed to take control of all or a substantial part of Agent's property; or (f) Agent is adjudicated a bankrupt. Termination does not affect Agent's duties related to other provisions of this Agreement.

20. Governing Law; Venue. THE PARTIES ACKNOWLEDGE THAT THIS AGREEMENT HAS BEEN MADE IN DALLAS, TEXAS AND AGREE THAT THIS AGREEMENT SHALL BE CONSTRUED PURSUANT TO THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAW OF TEXAS OR ANY OTHER JURISDICTION. THE PARTIES AGREE THAT THIS AGREEMENT IS PERFORMABLE IN DALLAS, DALLAS COUNTY, TEXAS. FOR ANY ACTIONS ARISING UNDER, OR RELATED TO, THIS AGREEMENT, THE PARTIES AGREE THAT EXCLUSIVE VENUE FOR SUCH ACTIONS SHALL BE IN THE STATE OR FEDERAL DISTRICT COURTS SITTING IN TYLER, SMITH COUNTY, TEXAS.

21. Attorney's Fees. Except as otherwise provided herein, if any legal proceeding is necessary to enforce the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees actually incurred and other costs in addition to any other relief to which that Party may be entitled.

22. Assignment. The rights and obligations of Patriot shall inure to the benefit of and shall be binding on its successors and assigns. The Agreement shall not be assigned by Agent without the prior written consent of Patriot.

23. Entire Agreement. This Agreement, and any schedules or attachments referred to herein, constitute the entire, complete, and exclusive understanding and agreement between the Parties and supersede all previous oral or written agreements entered into between the Parties, and all such previous agreements, whether oral or written, are hereby merged into this Agreement, except that any previous agreements relating solely to the payment of commissions or compensation shall remain in full force and effect provided that they are not otherwise in conflict with any provision contained in this Agreement.

24. Modifications. This Agreement may not be modified, changed, amended, or altered except in a writing properly executed by persons authorized to execute agreements on behalf of the Parties.

25. Nonwaiver. The Parties agree that a waiver of a breach or default under this Agreement shall not constitute a waiver of any subsequent breach or default. The Parties also agree that a failure to exercise, or a delay in exercising, any right under this Agreement on the part of either Party shall not operate as a waiver of such right.

26. Survival. Notwithstanding the termination of this Agreement, the Parties acknowledge and agree that those rights and obligations which by their nature are intended to survive such expiration or termination shall survive including, but not limited to, the provisions of Sections 4, 5, 6, 7, 8, 11, 12, 16, 17, 18, 20, 21, 26, and 28.

27. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

28. Notices and Payments. Any notices and payments required or permitted hereunder shall personally delivered or mailed by certified mail, return receipt requested, postage prepaid and addressed to the address of each Party noted below the signature of each Party.



IN WITNESS WHEREOF, the undersigned have executed this Agreement in \_\_\_\_\_, Texas, as of the \_\_\_\_ day of \_\_\_\_\_, 200\_\_.

PATRIOT:

Patriot National Underwriters, Inc.,  
A Texas Corporation

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

Address:  
P. O. Box 803143  
Dallas, Texas 75380

AGENT:

Printed Name: \_\_\_\_\_  
A \_\_\_\_\_

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

Address:  
\_\_\_\_\_  
\_\_\_\_\_

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

PLEASE ATTACH COPIES OF THE FOLLOWING DOCUMENTS:

- AGENCY LICENSE(S) – GENERAL AGENTS AND SURPLUS LINES
- ERRORS & OMISSIONS CERTIFICATE OR A COPY OF THE DECLARATIONS PAGE
- W-9 FORM