

**TARGET INSURANCE SERVICES
BROKER AGREEMENT**

IT IS IMPORTANT TO NOTE THAT TARGET UNDERWRITING MANAGEMENT CORPORATION d/b/a TARGET INSURANCE SERVICES ("Target") EXTENDS NO BINDING AUTHORITY TO ANY BROKER.

Name of Broker:

Phone Number:

Fax Number:

Email Address:

I. AUTHORITY

The above-referenced broker (the "Broker") is granted a non-exclusive right to offer to its clients certain insurance policies and products offered through Target, and Broker hereby accepts such appointment, subject to all conditions stated herein.

Broker shall have no authority to act as agent for Target or the insurance companies represented by Target. Without limiting the foregoing, Broker shall have no authority to (a) make, alter or discharge any contract, or bind Target to any promise or agreement; (b) incur any indebtedness, obligation or liability on behalf of Target; (c) waive or modify any terms, conditions or limitations of any policy; (d) adjust or settle any claim; or (e) make any representation, offer any advice or consultation, or render opinions or information on behalf of Target.

II. REPRESENTATIONS AND WARRANTIES

The Broker warrants to Target that it is, and shall remain at all times during the term of this Agreement, properly licensed to operate as an insurance broker in accordance with applicable state insurance law. Broker shall not place an order with Target for any excess or surplus lines insurance unless Broker has first complied, or ensured that sub-producers have first complied with any applicable state laws requiring Broker to attempt to procure such insurance from insurers authorized to do business in the state of residence of the proposed insured.

Broker further warrants that it shall maintain Errors and Omissions insurance with a policy limit of at least One Million Dollars (\$1,000,000), at all times during the term of this Agreement. When requested by Target and in accordance with procedures established by Target, Broker will provide evidence from time to time of (i) Broker's maintenance in good standing of appropriate license (s) for the state(s) in which Broker may transact business under this Agreement and (ii) the required Errors and Omissions insurance. This evidence may include, but is not necessarily limited to, (i) copies of current agent/broker licenses and Errors and Omissions insurance policies and certificates requiring thirty (30) days notice from the insurer to Target of cancellation or non-renewal.

III. FIDUCIARY RESPONSIBILITIES OF THE BROKER

The Broker agrees that all monies collected while acting in the capacity of broker for Target shall be held by the Broker in a fiduciary account in accordance with applicable state insurance laws. If law requires the Broker to obtain written permission of the insurer before depositing such funds in interest bearing or investment accounts, the broker accepts responsibility for requesting and obtaining such permission from Target. Permission granted by this provision may be withdrawn at any time by written notice.

IV. GUARANTEE AND REMITTANCE OF PREMIUM AND APPLICABLE TAXES

In consideration of Target placing the Broker's insurance risks for good and valuable consideration, the Broker agrees to guarantee payment to Target for all applicable premiums of insurance, and the filing of all applicable taxes, fees and state-required affidavits placed through Target for any amounts outstanding. The Broker further agrees that such payments are due Target by the effective date of the policy or endorsement.

The Broker further agrees that it is the Broker's responsibility to collect the appropriate surplus lines taxes, and to file the appropriate surplus lines forms and affidavits and remit surplus lines taxes as required by applicable state insurance laws and regulations.

Audit premiums and retrospective adjustments are due when invoiced. The Broker will not be held responsible for such premiums if the Brokers notifies Target in writing of its inability to collect such premiums within 30 days of Target's invoice. The Broker will not receive any commission or other compensation from Target for any uncollected audit premiums or retrospective adjustments.

V. COMPENSATION

Target shall pay the Broker as sole and full compensation, commissions as stated in Exhibit 1 to this Broker Agreement.

VI. OWNERSHIP OF EXPIRATIONS; NON-SOLICITATION

Except as provided in VII D herein, Broker's records and use and control of expirations shall remain Broker's absolute property and be left in Broker's undisputed possession throughout the term of this Agreement and after its termination. To the extent Target may learn information proprietary to Broker relating to its insureds as a result of the parties relationship pursuant to this Agreement, Target will hold all such information confidential and will not utilize such information to Broker's detriment, including solicitation, marketing or selling either during the term or following termination of this Agreement, except that Target may use the information to notify existing insureds as to how renewal may be obtained through the expiring carrier as may be required by regulation or statute.

VII. SUSPENSION AND TERMINATION OF AGREEMENT

This agreement will remain in effect unless suspended or terminated as provided below.

- A. This Agreement may be terminated without cause by either party by providing sixty (60) days notice in writing.
- B. Target may suspend the authority of the Broker or any of its agents, representatives or employees, under this Agreement, as well as Target's obligations to perform under this Agreement, in any of the circumstances listed below. Twenty-four (24) hour written notice will be given to Broker of any such suspension by Target.
 - 1. During the pendency of any dispute regarding the cause of termination as set forth in this Section VII;
 - 2. If the Broker or its designated agent, representative or employee:
 - a. Fails to account for premiums;
 - b. Fails to pay premiums when due;
 - c. Exceeds their authority hereunder;
 - d. Fails to comply with insurance company directives or;
 - e. Fails to comply with the terms of this Agreement; or
 - 3. If the Broker's license is suspended in any state in which it is required to be licensed for purposes of this Agreement or if the Broker's E&O insurance lapses, or is canceled or non-renewed. If any such event occurs, Broker shall notify Target within one business day. During the period of suspension, Broker shall refer to Target, on a non-exclusive basis, any client in the affected state that is seeking coverage through Broker of the type offered by Target. Target shall not be required to pay commissions to Broker for insurance underwritten in the affected state(s) during the suspension period.
- C. This agreement may be terminated by Target as follows:
 - 1. Immediately upon written notice of fraud, abandonment, insolvency, failure to pay balances, willful or gross misconduct of the Broker or its agents or representatives, or any other breach of this Agreement by Broker.

2. Immediately upon the termination or revocation of the license of the Broker in any state in which it is required to be licensed for purposes of this Agreement, or upon the expiration of sixty (60) days following the suspension of any such license if such suspension continues in whole or in part.
 3. Immediately upon written notice if any of the conditions for a suspension under Section VII. B.2. continue and are not cured by Broker within ten (10) days.
- D. During any suspension of Broker's authority under paragraph VII. B., and/or following any termination of this Agreement by Target, Target (either itself or through its designee) shall have the right to directly solicit and write renewals and other coverages with and for the clients of the Broker insured through Target, without obligation to Broker for the payment of commissions, fees or other sums with respect to such renewals or coverages written. In the event of a termination of this Agreement by Target due to the failure of Broker to account for and pay premiums when due, Target's right to directly solicit and write renewals for such clients shall be to the exclusion of Broker, and Broker shall not compete with Target for such business.

VIII. HOLD HARMLESS

The Broker agrees to hold Target harmless from any demand or claim advanced against Target based upon or arising out of any act, error or omission of the Broker, its agents, representatives or employees. Target agrees to hold Broker harmless from any demand or claim advanced against Broker based upon or arising out of any act, error or omission of Target.

IX. TRADENAME/SERVICE MARK

Target reserves the right to, and control of the use of, the words "Target Insurance Services" and all symbols, trade names, trademarks and service marks of Target presently existing or hereafter established. The Broker agrees that he will not use such words, symbols, trade names, trademarks or service marks in any manner without the prior written consent of Target, which consent may be withheld by Target in its sole discretion; provided that Broker may identify Target as the underwriter of insurance programs and products marketed by Broker in accordance with this Agreement. The Broker shall not hold itself out as, or foster the impression that it is, an agent or representative of Target with any powers other than as expressly authorized herein.

X. MISCELLANEOUS

- A. This Agreement shall not be assigned, delegated or transferred, and Broker shall not have the right to appoint agents or subagents hereunder, without the prior written consent of Target.
- B. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.
- C. Each party shall comply with all applicable federal, state and local laws, statutes, orders and regulations in the performance of this Agreement.
- D. No failure by any party to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right or remedy hereunder shall constitute a waiver. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement and term of this Agreement shall continue in full force and effect with respect to any other existing or subsequent breach.
- E. No amendment of this Agreement shall be binding on any party unless in writing and executed by the duly authorized representatives of all of the parties.

**TARGET INSURANCE SERVICES
BROKER AGREEMENT**

**EXHIBIT I
BROKER COMPENSATION**

Broker Name: _____

Effective Date: _____

Target will pay the Broker, as sole and full compensation, commission on gross written premium on policies bound under this Broker Agreement as follows:

Program	%
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This Exhibit may be revised by Target with sixty (60) days notice in writing to the Broker.

**TARGET INSURANCE SERVICES
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**AMENDMENT 1
ACCOUNT PAYMENT TERMS**

Target agrees to amend Section 4 of the Broker Agreement and extend credit to the Broker. Target will send Broker a monthly statement of premiums of insurance, taxes and fees due. The Broker agrees that full payment for the statement is due to Target by the 15th day of the following month, **even if the Broker has not received premium payment from the insured.** Any debt or liability of the Broker, including overpayments by Target, may be set-off by Target against sums otherwise due or becoming due the Broker by Target under this or any other agreement or understanding between the parties. No interest shall be computed or paid to the Broker on commissions payable by Target to the Broker.

Target's agreements with its insurance company partners stipulate that premium is due for all bound policies. If a bound policy is subsequently canceled, a minimum premium or short-rate premium is due. The Broker agrees to pay all minimum or short-rate premiums on canceled policies, even if the Broker is unable to collect any premium from the insured.

The Broker further agrees to pay the statement in full by the 15th day of the following month or document valid exceptions for all unpaid terms.

Valid exceptions do not include:

- Cancellation credits
- Non receipt of issued policies on bound accounts
- Unprocessed endorsements
- **Payment from insured has not been received**
- Funding from premium finance company has not been received
- Commission rate differences
- Differences between bound amount and amount billed on statement

This amendment may be canceled by Target immediately upon written notice to Broker.