

NEW JERSEY MEMBER AGENCY AGREEMENT

For current Big I New Jersey member agents in good standing that want to write with UPC Insurance through the IIANJ Marketing Programs, Inc. Program.

Date: _____

To: UPC Insurance
c/o IIANJ Marketing Programs, Inc.
PO Box 3230
Trenton, NJ 08619-0230

The signing of this agreement signifies your acknowledgment and acceptance of the terms as outlined on your own behalf and on behalf of all licensed insurance producers that conduct insurance producer activity on behalf of your agency. You also acknowledge that United Property & Casualty will rely upon your agency's agreement with these terms as the basis for your agency allowance to access United Property & Casualty* (herein after referred to as "Company").

SECTION I – DUTIES OF THE PARTIES

1. GOVERNING RULES AND LAW.

The Member Agency and its Producers agree to know and abide by the terms and conditions of this Agreement, all applicable provisions of the New Jersey Insurance Laws and Rules and Regulations of the New Jersey Department of Banking and Insurance, the Company's underwriting standards and rules, as set forth in the Company's Agency Manual, all Company Bulletins or other directives provided to the Agency by the Company, as well as all amendments, modifications and supplements to any of these items.

2. AGENT APPOINTMENTS.

- a. The Company may appoint licensed producers, which are employed by or directly affiliated with the Member Agency, to produce or service Company business. Such agents are herein referred to as "Producers."
- b. The Member Agency shall be responsible for all Company business conducted by its Producers. No Producer shall have any claim against the Company for commissions, salaries or any other remuneration. Remuneration of Producers is the responsibility of the Member Agency.

*UPC has a Demotech Financial Stability Rating of "A". They are not currently rated by A.M. Best.

- c. The Member Agency agrees that all of its Producers shall be subordinate to the Member Agency and subject to all of the rules, restrictions, requirements and regulations set forth in this Agreement that apply to the Member Agency. The Member Agency shall ensure the Producers and any agent appointed by the Company and affiliated with the Member Agency agrees in writing to waive any post termination right to continue to service, and receive from the Company, commissions or other compensation relative to, policies written by him or her for the Company during the existence of the appointment, and agrees to waive any post termination right to countersign certificates or endorsements necessary to continue such policies to the expiration date thereof, including renewal option periods, and agrees to waive any right to collect and remit premiums due thereon. If the Member Agency fails to obtain said written waivers then the Member Agency shall be responsible for all costs associated with the Company's obligations, if any,
- d. The Company reserves the right to decline to appoint any Producer. Furthermore, the Company reserves the right to terminate the appointment of any Producer.
- e. The Member Agency understands that the Company will require a minimum commitment of two (2) Homeowner or Condo policies (or combination of both) issued per agency per month, in order to maintain continued access to this program.

3. BINDING AUTHORITY.

The binding authority of the Member Agency and its Producers is limited to only those lines of insurance specified on the Commission Schedule attached hereto and incorporated herein, as may be amended from time-to-time by the Company. With respect to those classes of insurance only, the Member Agency and its Producers may solicit and receive applications and bind coverage on behalf of the Company. Binding authority for the Member Agency and its Producers shall cease immediately upon termination of this Agreement.

4. DIRECT BILL ADMINISTRATION.

- a. All applications for coverage written and bound by the Member Agency and its Producers shall be direct-bill only, unless otherwise agreed to by the Company in writing.
- b. The Company shall be responsible for the issuance of all policies of insurance, endorsements, notices, renewals and billing statements, unless otherwise agreed to by the Company in writing.
- c. Under no circumstances shall the Member Agency or its Producers have the authority to issue, endorse or cancel any policy on behalf of the Company.
- d. The Company shall clearly and prominently display the name of the Member Agency on all policies, endorsements, notices or other correspondence sent directly by the Company to the applicant or insured, and will promptly provide the Member Agency with a copy of all such communications.

5. PREMIUM SUBMISSION.

All premiums received or collected by the Member Agency on behalf of the Company, whether in

gross or as a down payment under a Premium Payment Plan, shall be forwarded, along with the corresponding applications and other supporting documents, to the Company within five (5) business days following the inception date of coverage or the date application is taken, whichever occurs first. The Member Agency and its Producers shall not deduct commissions from the premiums, nor shall the Member Agency or its Producers charge or collect any fee or surcharge from an applicant or insured in excess of the applicable Company premium. The Member Agency shall solely be responsible for the payment of all costs and expenses incurred in connection with any accounts written or service provided under this agreement.

6. APPLICATIONS.

The Member Agency shall be responsible for ensuring that all applications submitted by the Member Agency and its Producers are complete and accurate. All applicants shall be furnished a copy of the completed application at the time of writing.

7. BOOKS AND RECORDS.

- a. The Member Agency shall maintain legible copies of all applications and related documents, correspondence, reports, claims information, books, accounts and records and any other documentation, electronic, film or otherwise (hereinafter referred to as "Company Records") used, prepared or obtained by the Member Agency or its Producers in conducting Company business for a period of five (5) years after creation.
- b. Company Records for the current year and the prior policy year shall at all times be maintained at the Member Agency's primary place of business. Thereafter, Company Records may be stored outside of the Member Agency's primary place of business.
- c. The Member Agency shall maintain a complete, accurate and current Binder Log.
- d. While this Agreement remains in effect, all Company Records of the Member Agency deemed necessary by Company to verify the Member Agency's compliance with this Agreement, the New Jersey Insurance Laws or the rules and regulations of the New Jersey Department of Banking and Insurance shall be open and subject to inspection by the Company or any representative acting on behalf of the Company during normal business hours. The authorized representative(s) of the Company shall properly identify himself/herself and may examine, inspect and photocopy the Company Records of the Member Agency as deemed necessary by such authorized representative.
- e. Upon termination of this Agreement, the Member Agency shall, upon request, promptly deliver all Company Records to the Company. Furthermore, the Member Agency shall grant the Company full liberty to inspect, review and record all information pertaining to Company business that belongs to or is in the possession of the Member Agency or its Producers.

8. ERRORS AND OMISSIONS COVERAGE.

- a. The Member Agency shall have a current Errors and Omissions policy in full force and effect in an amount not less than \$1,000,000 per occurrence and \$1,000,000 annual aggregate and shall continue to maintain the same during the duration of this Agreement.

- b. The Member Agency's Errors and Omissions policy must be issued by an insurer with at least a 'B' rating authorized to do business in the State of New Jersey or by an eligible Surplus Lines insurer with at least a 'B' (A.M. Best's) rating. The Member Agency shall promptly furnish the Company with a copy of such Errors and Omissions policy upon request. Failure to do so shall constitute grounds for the immediate termination of this Agreement by the Company.
- c. The Member Agency shall notify the Company, in writing, within three business days, of termination or cancellation of the Agency's Errors and Omissions policy.

9. HOLD HARMLESS.

As to the Company:

The Company shall indemnify and hold harmless the Member Agency and its Producers, directors, officers and employees from and against any and all claims, causes of action, liabilities, demands, costs, fees (including reasonable attorney's fees), expenses, suits, judgments, adjudications and losses of whatever kind or nature arising or incurred as a result of the acts or omissions of the Company in connection with this Agreement.

The Member Agency shall notify the Company, in writing, within twenty-four (24) hours, of its receipt of any notice of action relating to any of the above-referenced liabilities, and the Company shall be entitled to participate in such action or to assume the defense of any such action. If the Company assumes the defense of any such action, it shall not be liable for any legal or other expenses subsequently incurred by the Member Agency and/or its Producers, directors, officers or employees absent the Company's approval, in writing, of such expenses.

As to the Member Agency:

The Member Agency shall indemnify and hold harmless the Company and its directors, officers and employees from and against any and all claims, causes of action, liabilities, demands, costs, fees (including reasonable attorney's fees), expenses, suits, judgments, adjudications and losses of whatever kind or nature arising or incurred as a result of the acts or omissions of the Member Agency in connection with this Agreement.

The Company shall notify the Member Agency, in writing, within twenty-four (24) hours, of its receipt of any notice of action relating to any of the above-referenced liabilities, and the Member Agency shall be entitled to participate in such action or to assume the defense of any such action. If the Member Agency assumes the defense of any such action, it shall not be liable for any legal or other expenses subsequently incurred by the Company and/or its directors, officers or employees absent the Member Agency's approval, in writing, of such expenses.

As to IIANJ Marketing Programs, Inc.:

The Member Agency hereby agrees to indemnify and hold IIANJ Marketing Programs and its affiliates, and its and their officers, directors, employees and agents, harmless from any and all claims, losses, costs, expenses, deficiencies, liabilities, obligations or damages (including related counsel fees and disbursements) arising from or in any manner related to (i) any inaccurate

representation made in this Agreement, (ii) any breach of any of the agreements or warranties or any default in the performance of any of the covenants made under, or which are to be performed pursuant to, this Agreement, (iii) any errors and omissions, or intentional misconduct, of the Member Agency or any of its employees, contractors, agents or licensed producers, or (iv) any action brought by a regulatory body as a result of actions or omissions by the Member Agency or any of its employees, contractors, agents or licensed producers. The Member Agency shall be solely responsible for all acts and omissions of its employees, contractors, agents and licensed producers. This provision shall survive any termination of this Agreement.

10. MAINTAINING MEMBER AGENCY/PRODUCER INFORMATION.

The Member Agency shall notify the Company, in writing, within five (5) business days of any change to its mailing address, phone number, fax number, name, or Tax Identification Number.

11. INDEPENDENT CONTRACTOR RELATIONSHIP.

The parties hereto acknowledge that, pursuant to this Agreement, an independent service contractor relationship between Company and the Member Agency is established. Nothing contained herein shall be construed as giving rise to an employee/employer relationship between the Member Agency or its Producers and the Company. The Member Agency and its Producers shall comply with all state and local statutes and regulations and shall pay all taxes, license fees or other levies upon the business of the Member Agency or its Producers.

12. BROKERAGE OF COMPANY BUSINESS.

The Member Agency is expressly prohibited from writing applications for coverage in the Company or otherwise producing any business on behalf of the Company pursuant to a formal or informal brokering arrangement with any person who is not a Producer for the Member Agency. Any such activity shall constitute grounds for the immediate termination of this Agreement.

13. SALE, TRANSFER, OR MERGER

This Agreement will not be sold or assigned without the written consent of both parties. The Member Agency will give sixty (60) days prior written notice to the Company of any sale or transfer of ownership in the Member Agency, or any sale or transfer of the Member Agency's business with the Company, or of any merger or consolidation with a successor entity, so the Company may:

- a. Continue this Agreement with the Member Agency that is under new ownership, or
- b. Enter into a new Agreement with the successor entity, or
- c. Enter into a Limited Agreement with the Member Agency who is under the new ownership or the successor entity which will provide authority to service existing policies only, or
- d. Decline a new Agreement and terminate existing business in accordance with state law.

14. ADVERTISING.

The Member Agency and its Producers shall not publish or cause to be published any advertisement, circular or other material referring to the Company without first obtaining the Company's written approval. The Member Agency's use of the Company's trademark, logo or other identifying mark is also subject to prior written approval by the Company.

15. REPORTING OF LOSS OR CLAIM.

The Member Agency and its Producers shall report all claims, suits and notices of loss to the Company within twenty-four (24) hours of their receipt or ascertainment of such claims, suits or notices of loss. Furthermore, the Member Agency and its Producers shall cooperate with the Company to facilitate the investigation, adjustment, settlement and payment of any claim or suit.

16. COMPENSATION/COMMISSIONS.

- a. The Company shall pay commissions due the Member Agency on paid premiums in a timely manner, but not later than the last day of the calendar month following the calendar month in which each Company policy becomes effective or is issued, whichever is later. Commissions shall be payable to the Member Agency in accordance with the Company's Commission Schedule attached hereto and incorporated herein, minus any commissions on return premiums. Commissions shall not be earned by the Member Agency on any premiums collected by the Company through the use of an attorney or collection agency.
- b. In the event the Company refunds premiums under any policy of insurance due to cancellation or otherwise, either during the term of this Agreement or after its termination, the Member Agency agrees to immediately return to the Company the amount of commission received by the Member Agency with respect to such premiums refunded. The Company reserves the right to offset such amounts against any amounts due to the Member Agency.
- c. No assignment of commissions shall be binding on the Company unless written consent is given by a Corporate Officer of the Company.
- d. The Company shall not be responsible for Member Agency expenses or the expenses of its Producers. There shall be no commission payable on any policy or installment fee charged by the Company.

17. COMMISSION STATEMENTS.

The Company shall issue a commission statement to the Member Agency by the last day of each calendar month detailing the Member Agency's policy and commission activity for the previous calendar month. The statement shall include identification of the policies issued or renewed, and commissions earned.

18. COMPANY FORMS.

The Member Agency shall be sent Company-prepared brochures, documents, manuals, forms and supplies, as well as any changes thereto. All such brochures, documents, manuals, forms and

supplies shall remain the property of the Company and shall be returned by the Member Agency to the Company upon demand. The Member Agency shall comply with any and all changes to such brochures, documents, manuals and forms as of the effective date of such changes.

SECTION II – TERMINATION

1. TERMINATION.

- a. This Agreement shall continue in full force and effect until terminated, in writing, by either party. Termination of this Agreement shall be effectuated by either party sending written notice of termination to the other party. This Agreement shall terminate not less than 90 days after receipt of such written notice by the non-terminating party, in accordance with the notice provisions set forth in Section III, paragraph 8 of this Agreement. However, no new business or changes in liability on renewal or in force business shall be written by the Member Agency for the Company after the notice of termination is received, without prior written approval of the Company.
- b. Notwithstanding the termination of this Agreement by either party, all Company policies shall continue in force and be serviced by the Member Agency until their expiration, unless first canceled or non-renewed by the Company in accordance with all applicable statutes and regulations. The Company shall be responsible for issuing all notices required by law to effectuate such cancellations or non-renewals.
- c. In the event that this Agreement is terminated by the Company the Company shall not refuse to renew such business from the Member Agency as would be in accordance with the Company's current underwriting standards during the 90 day notice period. The Company shall, during a period of 12 months from the effective date of such termination, provided the Member Agency has not been replaced as the broker of record, and upon request in writing of the terminated agent, renew all contracts of insurance for such Member Agency for the Company as may be in accordance with the Company's then current underwriting standards and pay to the terminated Member Agency a commission in accordance with the commission schedule in effect at the time the notice of termination was issued. The commission shall only be paid to the holder of a valid New Jersey insurance producer's license. The Company may decline its renewal during the aforesaid 12 month period in the event any risk does not meet the Company's then current underwriting standards in which case the Company shall give the Member Agency and the insured not less than 60 days notice of its intention not to renew the insurance contract.
- d. In the event this Agreement is terminated and the Company determines, in its sole discretion, that the Member Agency has properly accounted for and paid to the Company all monies for which it is liable, then the records, use and control of expirations on business written for the Company shall remain the property of the Member Agency and left in its undisputed possession. If the Company, in its sole discretion, determines that the Member Agency has not properly accounted for and paid to the Company all monies for which it is liable, then the records, use and control of all expirations of business placed with the Company by the Member Agency shall become vested in the Company.

- e. In addition to all other provisions herein concerning termination, this Agreement or a Producer appointment may be terminated immediately and without notice by the Company upon the occurrence of any one of the following events:
 - (1) The dissolution or deactivation of the Company;
 - (2) The loss, suspension, revocation or expiration of the license held by a Producer; or
 - (3) Upon the effective date of sale, transfer or merger of the Member Agency; provided, however, that the Company may offer an Agency Agreement to any successor that meets the Company's requirements for appointment.

2. SUSPENSION.

- a. In lieu of terminating this Agreement, the Company may, at its sole discretion, suspend for a stated period the authority of the Member Agency and its Producers to bind new Company business or to write new Company applications. During the suspension period, the Company may immediately terminate this Agreement without notice in the event the Member Agency binds new Company business or writes a new Company application.
- b. Suspension shall not affect the Member Agency or its Producers' authority to service existing Company policies and renewals thereof and to receive related commissions.

3. ADMINISTRATIVE PAYMENT.

In addition to any other rights of the Company set forth herein or in the Company's Agency Manual, the Company may require payment by the Member Agency of an amount not to exceed any commission derived by the Member Agency on any Company policy or policies written or bound in violation of, or not in accordance with, this Agreement, the Company's Agency Manual, the New Jersey Insurance Laws or the Rules and Regulations of the New Jersey Department of Banking and Insurance. Failure of the Member Agency to make such payment shall constitute grounds for the immediate termination of this Agreement.

SECTION III – GENERAL PROVISIONS

1. CONTROLLING LAW.

This Agreement shall be controlled by and subject to the laws of the State of New Jersey.

2. ENTIRE AGREEMENT.

This Agreement and the attached Commission Schedule supersedes all prior agreements between the parties and constitutes the sole and entire agreement setting forth the benefits and obligations of the parties hereto.

3. AMENDMENT AND MODIFICATION.

This Agreement may not be modified except in writing signed by the parties hereto; provided, however, that the Member Agency acknowledges and agrees that the Company may, from time to

time, unilaterally amend the Commission Schedule attached hereto as well as change or discontinue any policy form now or hereafter in use. Any such amendment to the Commission Schedule shall be binding on the Member Agency upon its receipt of written notice thereof from the Company. Furthermore, the Member Agency acknowledges and agrees that the Company may, from time to time, adopt requirements, procedures and/or standards applicable to the Member Agency and its Producers, which requirements, procedures and/or standards shall be adhered to and enforced by the Member Agency and its Producers.

4. SURVIVAL OF OBLIGATIONS.

The parties hereto acknowledge that they shall continue to be bound by and shall perform, subsequent to the termination of the Agreement, all of the obligations set forth herein necessary to fulfill the obligations of the parties pursuant to this Agreement.

5. SEVERABILITY.

In the event any provision of this Agreement is held to be invalid by a court of competent jurisdiction, the remainder of this Agreement not held otherwise unenforceable shall be deemed valid and enforceable.

6. WAIVER.

The failure of the Company to take any action, or to delay taking any action, respecting any default by the Member Agency or its Producers shall not be deemed to constitute a waiver of any subsequent default or an amendment to this Agreement.

7. HEADINGS.

The section and paragraph headings herein are for convenience of reference only and do not define or limit any of the provisions hereof.

8. NOTICES.

Any and all notices, designations, consents, offers, acceptances, or any other communications provided for herein, or as may otherwise be required or necessitated by this Agreement, shall be given in writing by hand delivery, by overnight carrier, by facsimile transmission, or by registered or certified mail and shall be addressed as follows:

As to the Company:

UNITED INSURANCE MANAGEMENT, L.C.

Attn: Deepak Menon, CPCU, Vice President
UPC Insurance
800 2nd Avenue S
St. Petersburg, FL 33701

Fax: (800) 380-5053

As to the Member Agency:

Attn.: _____

Address: _____

Fax: _____

Notices sent by hand delivery shall be deemed effective on the date of hand delivery. Notices sent by overnight carrier shall be deemed effective on the next business day after being placed into the hands of the overnight carrier. Notices sent by registered or certified mail shall be deemed effective on the third (3rd) business day after being deposited into the post office. Notices sent by facsimile transmission shall be deemed to be effective on the day when sent if sent prior to 4:30 p.m. (the time being determined by the time zone of the recipient); otherwise they shall be deemed effective on the next business day.

IN WITNESS WHEREOF, the Member Agency has caused this Agreement to be executed on its behalf by its authorized representative below.

Dated this ____ day of _____.

Agency Name

By Agency Principal: _____
(Signature)

Printed Name: _____

Title: _____

As to:

IN WITNESS WHEREOF, IIANJ Marketing Programs, Inc. has caused this Agreement to be executed on its behalf by its authorized representative below.

Dated this _____ day of _____.

IIANJ Marketing Programs, Inc.

Sheri A. Acconzo
Corporate Secretary

This schedule is attached to and made a part of the Member Agency Agreement, dated _____ between IIANJ Marketing Programs, Inc., and

Member Agency

Location

The effective date of this schedule (if different from the Agreement) is:

Lines of Business	
Line	Commission Rate
HOMEOWNERS	15 % New
All Territories	15% Renewal
FLOOD INSURANCE – Written through National Flood Service	18% New
	18% Renewal
DWELLING FIRE (DP3)	15% New
	13% Renewal

Accepted by: _____
IIANJ Marketing Programs, Inc.

Date: _____

Print Name and Title: Sheri A. Acconzo, Corporate Secretary

Accepted by: _____
Member Agency Principal

Date: _____

Print Name and Title: _____