

**PRODUCER AGREEMENT**

This producer agreement (this “Agreement”) between Convelo Insurance Group, LLC, a Delaware limited liability company, having its principal office located at 103 South Wissahickon Avenue, Ventnor City, New Jersey 08406 (“Convelo”) and \_\_\_\_\_, a [corporation, partnership, limited liability company] having its principal office located at \_\_\_\_\_ (“Producer”), is effective as of \_\_\_\_\_.

WHEREAS, Convelo has authority to underwrite policies and/or place business with one or more insurance companies (each a “Convelo Insurer”); and

WHEREAS, Producer desires to place business through Convelo with a Convelo Insurer;

NOW, THEREFORE, in consideration of the foregoing and the promises and covenants contained hereinafter, Convelo and Producer, intending to be legally bound, do hereby agree as follows:

**I. AUTHORITY & PRODUCER DUTIES**

- A. Convelo hereby grants to Producer, and Producer hereby accepts from Convelo, limited authority to solicit and receive applications, on a non-exclusive basis, for insurance coverage on eligible risks, as such eligibility is determined by Convelo, and to then submit the applications to Convelo for the purposes set forth in and pursuant to the Agreement.
- B. However, and notwithstanding the foregoing, Producer shall not have the power or authority to:
  - 1. bind coverage or to insure any risk on behalf of Convelo or a Convelo Insurer;
  - 2. act on behalf of Convelo or a Convelo Insurer in any manner other than as is expressly stated in this Agreement;
  - 3. modify any of the terms of any insurance policy;
  - 4. alter or change any advertising promotional material received from, or on behalf of, Convelo;
  - 5. (without Convelo’s prior written approval) publish or distribute any advertising material, supplies, or other written, printed or electronic material, concerning Convelo, Convelo’s products or any Convelo Insurer; or
  - 6. appoint any sub-agent or sub-producer.
- C. Producer warrants and represents to Convelo that it is properly licensed to transact business as an insurance producer in any state that Producer will place business through Convelo. Producer shall provide copies of its licenses to Convelo upon renewal or request.
- D. In Convelo’s sole discretion, Convelo may accept or reject applications and bind risks submitted by or through Producer, and nothing contained herein shall require or obligate Convelo to accept any application or bind any such risk.
- E. Convelo shall accept applications and bind risks only through the issuance of binders, policies, and contracts of insurance.

- F. Nothing in this Agreement shall be construed as limiting or restricting Convelo's right to cancel or terminate any such binder, policy or contract of insurance.
- G. Producer shall immediately notify Convelo of any and all claims or potential claims under any policy:
  - 1. placed by Producer through Convelo; or
  - 2. that was placed through Convelo by another producer but of which Producer is now the broker of record.

## **II. BILLING**

- A. For Producer billed business, Producer shall be responsible for prompt billing and collection of premium for any and all Producer placed policies and endorsements a Convelo Insurer issues. Following the end of each month, Convelo will send Producer a statement showing all Producer billed transactions for that month. Within thirty (30) days of the end of each month, Producer shall pay in full the balance shown on such statement.
- B. For Convelo billed business, Convelo shall pay Producer for Producer placed business within thirty (30) days of the end of the month that the policy becomes effective or the installment becomes due, provided Producer renders timely all balances due on the Producer billed business, if any. Notwithstanding the foregoing, Producer shall only be paid based on premium actually collected by Convelo. Convelo shall have the right to offset any amount owed Producer by any amount Producer owes to Convelo or a Convelo Insurer.
- C. Producer shall hold all premium payments received by it in a fiduciary capacity, in accordance with all applicable laws and regulations. Producer may retain interest income earned on such payments during the period between receipt of such payments from insureds and the time such payments are required to be paid to Convelo. Producer may transfer such interest income, together with the commission payable out of such premium, from the premium account to its own operating account. Producer may disclose to its clients (Convelo's insureds) that Producer will retain such interest income.

## **III. COMPENSATION**

- A. Convelo shall pay Producer, as commission, a percentage of the premium written at a rate agreed upon by Convelo and Producer from time to time.
- B. If any premium on Produced placed business is required to be returned to a policyholder, Producer shall be responsible for returning to Convelo the same portion of Producer's compensation as the premium to be returned to the policyholder and in the same percentages as such compensation was paid to Producer. Such compensation to be returned shall be remitted to Convelo no later than ten (10) days from the date Producer is advised of the reason that warrants the return premium to the policyholder.
- C. Regarding Producer billed business, at Convelo's sole discretion, Convelo may remit the returned premium due to Producer who shall add to such premium such compensation to be returned or refunded by Producer and shall remit it to the policyholder no later than ten (10) days from the date that Producer received the returned premium from Convelo.
- D. Producer shall not assign, pledge, sell or encumber any compensation payable under this Agreement, except with Convelo's prior written consent. Convelo assumes no responsibility as to the validity or effect of any such transaction to which it consents.

E. Convelo shall not be responsible for any of Producer's expenses.

#### **IV. LOSS CONTROL & RISK IMPROVEMENT OBLIGATIONS**

- A. Producer agrees to aid Convelo in its efforts to assist policyholders and insureds in risk improvement and loss control.
- B. For this purpose, Producer shall obtain the insured's permission for Convelo's loss control representative to perform an inspection of the insured's facilities, workforce policies and/or whatever else applies.
- C. Producer agrees to assist Convelo, to the best of Producer's ability, in securing the respective insured's consideration and implementation of Convelo's recommendations made in the area of risk improvement and loss control.

#### **V. RELATIONSHIP**

- A. Producer expressly acknowledges and agrees that:
  - 1. Producer's performance of any and all services relating to, or arising out of, this Agreement shall be as an independent contractor;
  - 2. the relationship between Producer and Convelo is that of independent contractor; and
  - 3. Producer is not, shall not be considered, and shall not hold himself/herself/itself out to be, or represent himself/herself/itself as, for any purpose whatsoever, a Convelo agent, employee, servant, workman, partner, or principal.
- B. Convelo shall not exercise any control or direction over:
  - 1. Producer's; or
  - 2. Producer's employees, agents, servants, or associates time or activities.

#### **VI. OWNERSHIP OF EXPIRATIONS**

Producer's records, together with the use, control and ownership of the expirations applicable to any insurance policy placed, or arranged, by or through Producer remain Producer's property. Such records and expirations remain Producer's property even if there is a good faith dispute between Producer and Convelo regarding the accounting and/or payment of premium, taxes and/or any other amount due and owing.

#### **VII. TERMINATION**

- A. Convelo may immediately terminate this Agreement, by sending Producer written notice, in the event that:
  - 1. Producer fails to maintain an errors and omissions liability insurance policy with limits and terms as described in Section VII.A. of this Agreement;
  - 2. Producer, its employees, agents or assigns, commits fraud or is in any way dishonest;
  - 3. there is abandonment, insolvency, or gross negligence, or willful misconduct by Producer;
  - 4. any public authority suspends, revokes, or cancels Producer's license or any certificate of authority, or declines to renew Producer's license or any certificate of authority; or
  - 5. Producer materially breaches this Agreement.

- B. Either party may terminate this Agreement without cause by providing ninety (90) days' written notice to the other party.
- C. Upon the effective date of termination of this Agreement, the limited authority granted herein shall terminate. Producer shall be obligated to perform the duties necessary to service in-force policies until the date of expiration of such policy (or policies), except, at Convelo's discretion, in the case of termination by Convelo for cause under Section VI.A. Producer will not, without Convelo's prior written approval, solicit or submit any new risk, or increase Convelo's exposure under any in-force policy. So long as Producer is not in breach of this Agreement, Producer shall continue to receive any commission due after termination and before the date of expiration of the policy.

## VIII. INSURANCE & INDEMNIFICATION

- A. As a condition precedent, and an ongoing obligation throughout the term of this Agreement, Producer shall, prior to contemporaneously with execution of this Agreement, provide Convelo with certificates of insurance demonstrating the existence of errors and omissions coverage provided by an insurer rated "A-" or better by A.M. Best with limits of liability of not less than \$1,000,000 per claim and in the aggregate.
- B. At renewal of such policies, Producer shall provide Convelo with updated certificates of insurance.
- C. Regarding any such policy, Producer shall, within the same time frame afforded to the insureds under the relevant policies, notify Convelo in the event of any:
  - 1. claim(s) that materially impact the amount of coverage available to another claimant under such policy;
  - 2. cancellation, non-renewal, or reduction of insurance coverage.
- D. Producer shall be solely responsible to pay any and all deductibles and self-insured retentions that its errors and omissions' liability and employee dishonesty carrier may apply.
- E. Producer agrees to defend and indemnify Convelo, its parents, subsidiaries, affiliates, successors, and assigns, and the shareholders, directors, officers, agents, and employees of any of them (collectively, "Convelo Indemnitees"), against and regarding any and all claims (not including covered claims made under any policy properly issued in accordance with this Agreement), demands, actions, proceedings, liability, losses, damages (except consequential damages), judgments, costs and expenses, including, without limitation, attorney's fees, disbursements, court costs, and punitive, exemplary, or compensatory damages, suffered, made or instituted against, or incurred by, Convelo Indemnitees, or any of them, and that directly, or indirectly, arises out of, or relates to Producer's, or Producer's employees' or representatives':
  - 1. negligence in discharging his/hers/its obligations to Convelo, policyholders or insureds;
  - 2. failure to perform any of his/hers/its obligations under, or relating to, this Agreement.
- F. Convelo agrees to defend and indemnify Producer, its parents, subsidiaries, affiliates, successors, and assigns, and the shareholders, directors, officers, agents, and employees of any of them (collectively, "Producer Indemnitees"), against and regarding any and all claims (not including covered claims made under any policy properly issued in accordance with this Agreement), demands, actions, proceedings, liability, losses, damages (except consequential damages), judgments, costs and expenses, including, without limitation, attorney's fees, disbursements, court costs, and punitive, exemplary, or compensatory damages, suffered, made or instituted against, or incurred by, Producer Indemnitees, or

any of them, and that directly, or indirectly, arises out of, or relates to Producer's, or Producer's employees' or representatives':

1. negligence in discharging his/hers/its obligations to Producer, policyholders or insureds; or
  2. failure to perform any of his/hers/its obligations under, or relating to, this Agreement.
- G. Either party that intends to claim their right to indemnification hereunder shall promptly notify the other party when it receives notice of the commencement of any action or proceeding related to such claim or alleged liability, and such other party shall be entitled to participate in such action with counsel satisfactory to both parties.
- H. Producer shall be fully responsible for the conduct and performance of any sub-producers of Producers, and shall defend, indemnify and hold harmless Convelo against any loss, claim, expense, damage, fine, penalty, or attorney fee arising out of any act on the part of its sub-producers, including, but not limited to, the failure of such sub-producer to maintain the appropriate licenses and certificates. However, nothing in this paragraph shall be construed to allow Producer to appoint or contract with sub-producers except as authorized by Convelo in writing.

#### **IX. CONFIDENTIALITY & TERMS OF USE**

- A. All printed promotional material, including, but not limited to, any website or social media site, are Convelo's sole property. Nothing may be copied, modified, reproduced, republished, uploaded, transmitted, posted, distributed, or used, in any form, without Convelo's prior written permission, including, but not limited to, any .html code.
- B. All sales, promotional materials, policies, manuals, and guidelines issues by Convelo, or that Convelo provides to Producer, are Convelo's property alone. If any binder, policy or contract of insurance placed through Convelo is terminated, cancelled, or discontinued, for any reason, Producer shall not have the right to use or have the control of any sales, promotional material, policy, manual, or guideline and/or other document obtained and/or maintained in connection with such binder, policy, or contract of insurance and Convelo shall have the absolute and unqualified access to all such documents. Producer shall return or destroy any materials or documents upon request, in our sole discretion, in the event of termination of the Agreement.

#### **X. JURISDICTION & FORUM SELECTION**

This Agreement shall be construed in accordance with the laws of the State of New York, without regard to conflict of laws principles thereof. Each party hereby consents to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder, and waives to the fullest extent permitted by law its right to a trial by jury.

#### **XI. AUDIT & RECORD KEEPING**

- A. Producer shall maintain accurate records regarding all business transacted pursuant to this Agreement.
- B. Producer shall take all appropriate measures to maintain the confidentiality of such records.
- C. Producer agrees that, at any time and upon request, Convelo may audit, during Producer's business hours and at a reasonable location, all records pertaining to the business of this Agreement.

**XII. MISCELLANEOUS**

- A. All the terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the heirs and successors, and assigns of the parties hereto.
- B. Convelo’s failure to insist upon strict compliance with any provision of this Agreement shall not constitute a waiver of that, or any other, provision of this Agreement.
- C. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way limit, define, extend, or describe the scope of this Agreement, or the intent of any provision thereof.
- D. If any one or more of the provisions of this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision(s) of this Agreement and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision(s) was never contained therein.
- E. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter herein, and discussions, whether oral or written. There are no warranties, representations, or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.
- F. Any and all notices required under this Agreement shall be provided in writing, by certified mail, return receipt requested, postage prepaid, to the following:

If to Convelo:

Convelo Insurance Group, LLC  
1385 Hwy 35 PMB 170  
Middletown, New Jersey 07748  
Attention: Eric Smith

If to Producer:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- G. No amendment, supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing the party bound thereby.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the parties hereto have, through their respective authorized representatives, affixed their respective hands and seals the day and year first referenced above.

PRODUCER

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

CONVELO INSURANCE GROUP, LLC

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

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