



# NORTH AMERICAN COMPANY FOR LIFE & HEALTH INSURANCE'S

## PRODUCER'S AGREEMENT

### 1. RELATIONSHIPS

The ATTACHED AGREEMENT is made by and between North American Company For Life and Health Insurance ("NACOLAH", "Company" or "its"), the undersigned Producer ("Producer", "you", "your"), and the undersigned Managing General Agent ("General Agent"). The Producer shall act in the good faith when dealing with NACOLAH's policyholders and acknowledges that all policies and the information contained therein are the property of NACOLAH. The Producer is an independent contractor for NACOLAH and not an employee of NACOLAH.

Incorporated into this Agreement as an integral part is Commission Schedule Form # L - \_\_\_\_\_ .  
(Indicate the selected Commission Schedule form number.)

This Agreement shall be effective on the date indicated below.

**Producer:** \_\_\_\_\_ **Code:** \_\_\_\_\_

Agency Name: \_\_\_\_\_

Agent (please print): \_\_\_\_\_

By: \_\_\_\_\_  
(Authorized signature)

Social Security or Tax Identification Number: \_\_\_\_\_

**Managing General Agent:** \_\_\_\_\_ **Code: 2E398**

Printed Name: **Lawrence S Brodsky**

By: \_\_\_\_\_  
(Authorized signature)

### North American Company for Life and Health Insurance

By: \_\_\_\_\_  
(Authorized signature)

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

Effective Date: \_\_\_\_\_

### 2. AUTHORITY

a) The Producer agrees to:

1. procure applications for policies written by NACOLAH and, if applicable, recommend qualified solicitors, agents and/or brokers for NACOLAH appointment,
2. promptly forward all applications and initial premiums to NACOLAH,
3. take all reasonable steps to deliver policies issued by NACOLAH in accordance with NACOLAH's underwriting guidelines and agent bulletins; in the event policy delivery is not possible then you must return the policies immediately to NACOLAH's home office,
4. make reasonable efforts to maintain NACOLAH's policies and provide reasonable assistance to NACOLAH's policyholders,
5. operate in strict compliance with all applicable laws and regulations,
6. supervise and be responsible for keeping your agents and brokers informed of NACOLAH's published rules, guidelines, procedures, and practices which your General Agent provides to you,
7. exercise reasonable due care for the faithful performance, fidelity and honesty of your employees, agents and brokers and to maintain responsibility for all funds collected and business done by or entrusted to you and your employees,
8. promptly report to NACOLAH, in writing, any known or alleged misappropriation of funds by any agent, broker or employee regardless of whether such known or alleged misappropriation is with respect to funds of NACOLAH or funds of any other person or company,

9. fully cooperate with NACOLAH in any investigation or proceeding of any federal, state or other regulatory or governmental body, or court, if it is determined by NACOLAH that the investigation or proceeding affects matters covered by or arising out of this Agreement,
  10. immediately notify NACOLAH if it is served with any legal document received by you through any medium or if you have knowledge of any legal or administrative action, and
  11. maintain any and all state insurance licenses and to be in good standing with all applicable state and regulatory authorities.
- b) The Producer may:
1. solicit, personally and through brokers and agents, applications for NACOLAH insurance policies described in the Schedule of Commissions, and
  2. collect the full initial premium for the NACOLAH policies.

### **3. LIMITATION OF AUTHORITY**

The Producer may not:

- a) make, alter or discharge any NACOLAH policy, contract, temporary insurance agreement or other NACOLAH agreement,
- b) pay any premium personally or rebate premium to any policyholder,
- c) waive or modify any terms of any NACOLAH policy or contract, including rates or conditions of limitation,
- d) execute any documents on behalf of a proposed NACOLAH insured or policyholder,
- e) approve evidence of insurability,
- f) bind or commit NACOLAH to any policy, contract, risk or otherwise, except to NACOLAH's temporary insurance agreement,
- g) deliver to a NACOLAH applicant any policy where the health of the applicant at the time of the delivery is other than as stated in NACOLAH's application for insurance,
- h) receive any premiums after the initial premium,
- i) extend time for any premium payment or reinstate any lapsed policy,
- j) adjust or settle any claim,
- k) retain any issued NACOLAH policy beyond thirty (30) days of issue,
- l) enter into any legal proceedings pertaining to NACOLAH or obligate NACOLAH for any expenses with respect to such proceedings,
- m) publish or circulate any advertisement, sales literature, policy analysis, proposal (other than Company provided illustration software), or other printed material referring to NACOLAH or its products without NACOLAH's prior written consent.
- n) exercise any authority on behalf of NACOLAH other than as authorized by Section 2 of this Agreement,
- o) waive any forfeiture outstanding debts, and
- p) incur any expenses not authorized by the Company.

### **4. NACOLAH'S RIGHTS**

NACOLAH at any time may:

- a) discontinue any policy form in any state,
- b) change any policy form or premium rate,
- c) determine maximum or minimum policy limits,
- d) change the conditions under which any policy may be offered,
- e) change, delete or add any NACOLAH procedure, guideline or practice,
- f) cease doing business in any state,
- g) change compensation for new business without your consent but announced in a General Agent bulletin,
- h) determine whether to accept any applications and determine underwriting standards with respect to any application,
- i) recapture underwriting expenses in accordance with NACOLAH's New Business Department's standards and guidelines,
- j) terminate any agent or broker for any reason with appropriate notice, and
- k) choose not to contract or appoint any agent or broker recommended by you for any reason.

### **5. COMPENSATION**

The Producer agrees that:

- a) you shall accept such compensation from NACOLAH as your sole compensation for all matters covered in this Agreement and under your "Schedule of Commissions",
- b) no compensation or financial benefits shall be payable to you by NACOLAH under this Agreement that are not expressly provided for in this Agreement and in your "Schedule of Commissions",
- c) your compensation shall consist of commissions earned on premiums paid on policies issued by NACOLAH on applications obtained by you or your producers in accordance with this Agreement.

- d) commission rates shown on your "Schedule of Commissions" are effective as of the effective date stated on the applicable schedule,
- e) your compensation will be paid at the commission rates in effect at the time a NACOLAH application is submitted to us according to the "Schedule of Commissions" and payment method agreement,
- f) commissions shall not be paid on premiums being waived under any non-forfeiture or waiver of premium provision of any NACOLAH policy, including retroactively waived premium,
- g) in the event of the rescission or cancellation by us of any policy, or if commission is paid to you in error, all such compensation paid to you and/or to your agents or brokers shall be promptly refunded by you to us,
- h) commissions may be paid for certain internal replacements, to the extent that new commissions exceed previous commission payments, depending upon the types of policies involved and the age of the replaced policy. A lapse or surrender of a policy from six months before to six months after the issue of a new policy is construed to be a replacement. Commission will be adjusted appropriately,
- i) for all riders, unless otherwise announced, the rates of commission are the same as the policy to which they are attached if they are added at the time of issue. If riders are added after the first year, the renewal commissions rates, if any, will apply,
- j) target premium is the maximum amount on which first year commissions are paid. On certain products target premium equals base premium or extra interest premium. Excess premium is the amount over the target premium on which excess commissions are paid. Certain universal life policies have maximum commissionable target premiums. Refer to your "Schedule of Commissions" for details,
- k) table ratings and permanent flat extras receive full commissions on term policies and most universal life policies, subject to maximum commissionable premium, and

## **6. VESTING**

The Producer agrees that:

- a) except as provided herein, all first year and renewal commissions will vest immediately,
- b) vesting, if any, applies only to business remaining in force after termination of this Agreement,
- c) if this Agreement is terminated by NACOLAH for cause, commissions from the date of termination are excluded from vesting.
- d) if, after termination other than by cause, commissions are less than \$600 in any calendar year, NACOLAH shall have the option of purchasing from the Producer any future commission payable for their present value. "Present Value" as used here means the value of such commissions determined by NACOLAH on the basis of accepted actuarial practices,
- e) if you are appointed as a sole proprietorship and this Agreement is terminated by your death or physical disability at a time when commissions are payable to you,
  - i) the Company will continue to pay, for the vesting period specified in this section, such commissions to your legal surviving spouse during his or her life, and,
  - ii) thereafter to such persons as your spouse may appoint by will or, in default of appointment, to your spouse's legal representative, and
- f) if this Agreement is terminated by your mental disability or if you die leaving no legal surviving spouse, such commissions will be payable to your legal representative.

## **7. INDEBTEDNESS**

You shall be responsible for your and your employees' present and future indebtedness to NACOLAH. The Company may offset such indebtedness from compensation otherwise due to the Producer from NACOLAH. Any unsatisfied indebtedness to NACOLAH shall accrue interest at a rate equal to NACOLAH's current practice rate and shall be payable upon demand together with all collection costs incurred by NACOLAH.

## **8. TERRITORY**

The General Agent has not been assigned an exclusive territory or market segment.

## **9. ASSIGNMENT**

NACOLAH, by any of its officers or designated employees, must approve in writing any assignment of this Agreement or any current or future compensation assignment under this Agreement. NACOLAH does not assume any responsibility for the validity, sufficiency, or tax consequences of any assignment. No assignment shall be effective until any indebtedness to NACOLAH incurred prior to, or subsequent to, such assignment is satisfied.

## **10. INDEMNITY**

- a) The Producer will indemnify and hold NACOLAH harmless from all expenses (including reasonable attorneys' fees incurred by the Company), loss or damages (including punitive and extra contractual damages) suffered by NACOLAH because of violation of, or refusal or failure to comply with the terms of this Agreement or with any federal or state laws, rules or regulations, or resulting from unauthorized acts or transactions, errors or omissions by the Producer or the Producer's employees in the performance of its services under this Agreement.

- b) NACOLAH will indemnify and hold the Producer harmless for all non-commission related expenses, loss or damage suffered by the Producer resulting from any intentional act or omission by the Company or any of its employees contrary to the terms and provisions of this Agreement, or any claim under or in connection with the issuance or sale of products provided that such claim does not arise out of an act or omission by Producer contrary to the terms of this Agreement. However, NACOLAH will not be liable to the Producer for any legal or other expense the Producer chooses to incur, solely on its own, in connection with any such error.
- c) The Producer shall maintain Errors & Omissions liability insurance coverage and a Bond of Indemnity in such amount during the term of this Agreement and in such terms as NACOLAH may from time to time determine. The Producer shall provide evidence of such coverage when requested by NACOLAH.
- d) Additionally, the Producer will communicate that the Company requires all agents and brokers to have and maintain Errors and Omissions liability insurance covering themselves during the term of this Agreement.

## 11. RECORDS AND CONFIDENTIALITY

The Producer shall keep full and true records of all business transacted by such Producer and by producers appointed by the Producer. NACOLAH may, during regular business hours, examine any of these records pertaining to NACOLAH 's business which are reasonably necessary to show compliance with this Agreement or meet regulatory requirements. All records, books, and papers supplied by NACOLAH shall be and remain the property of NACOLAH and shall be delivered to NACOLAH upon demand.

## 12. TERMINATION

The Producer agrees that:

- a) this Agreement may be terminated by any party to the Agreement upon thirty (30) days written notice by certified mail, return receipt requested,
- b) if the Producer is a corporation, corporate dissolution or cessation of doing business will cause immediate termination of this Agreement,
- c) if the Producer is a partnership, death of one of the partners will cause immediate termination of this Agreement,
- d) if the Producer is an individual, his or her death, will cause immediate termination of this Agreement,
- e) if the Producer is an individual or corporation, bankruptcy or commission of any act of bankruptcy, will cause immediate termination for cause of this Agreement,
- f) NACOLAH at any time also may terminate this Agreement immediately for cause. "For cause" includes any determination by NACOLAH that the Producer:
  - i) has breached this Agreement,
  - ii) has become involved in any legal or regulatory proceeding which might impair its ability to perform its obligation,
  - iii) has committed, or attempted to commit, an illegal or fraudulent act,
  - iv) has encouraged the replacement of NACOLAH policies,
  - v) has acted detrimentally towards NACOLAH or its policyholders,
  - vi) has withheld funds or documents from NACOLAH or its policyholders,
  - vii) has misrepresented NACOLAH's products or services,
  - viii) or has misrepresented, falsified or omitted (or has encouraged or attempted to misrepresent, falsify, or omit) material information furnished to NACOLAH on any applicable license or bond or if the applicable license or bond is refused, canceled, or not renewed,
- g) upon termination, the Producer or its legal representative will immediately cease acting on behalf of NACOLAH, will return all of NACOLAH's property, and will promptly account to NACOLAH for all funds held on behalf of NACOLAH, and
- h) commissions will continue to vest as provided in Section 6 of this Agreement.

## 13. CONSTRUCTION AND EFFECT

The Producer and NACOLAH agree that:

- a) as used in the Agreement, the term "Producer" includes the Producer and the Producer's employees,
- b) the term "contract" includes any NACOLAH policy, certificate, endorsement, rider, temporary insurance agreement, addendum or agent agreement,
- c) this Agreement constitutes the entire understanding between NACOLAH, the General Agent, and the Producer and supersedes all prior agreements,
- d) failure to exercise any right in this Agreement will not constitute a waiver,
- e) any written notice under this Agreement must be delivered by certified mail, return receipt requested and postage prepaid, to the last address furnished in writing by either party to this Agreement to the other,
- f) Illinois law governs this Agreement.