

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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Request of Life Insurance Direct Marketing
Association, National Association of
Insurance and Financial Advisors, National
Association of Independent Life Brokerage
Agencies and Association for Advanced
Life Underwriting for Clarification &
Declaratory Ruling

File No.

02-278

**LIFE INSURANCE DIRECT MARKETING ASSOCIATION,
NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS
NATIONAL ASSOCIATION OF INDEPENDENT LIFE BROKERAGE AGENCIES,
AND ASSOCIATION FOR ADVANCED LIFE UNDERWRITING
REQUEST FOR CLARIFICATION & DECLARATORY RULING**

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File No. _____

To: Patrick Weber, Chief, Consumer and Governmental Affairs Bureau

**LIFE INSURANCE DIRECT MARKETING ASSOCIATION,
NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS
NATIONAL ASSOCIATION OF INDEPENDENT LIFE BROKERAGE AGENCIES,
AND ASSOCIATION FOR ADVANCED LIFE UNDERWRITING
REQUEST FOR CLARIFICATION & DECLARATORY RULING**

Pursuant to the Commission's authority to issue declaratory rulings,¹ the Life Insurance Direct Marketing Association ("LIDMA"), the National Association of Insurance and Financial Advisors ("NAIFA"), the Association for Advanced Life Underwriting ("AALU"), and the National Association of Independent Life Brokerage Agencies ("NAILBA") (collectively, "Petitioners") respectfully request the expedited clarification of the application of one of the Commission's do-not-call requirements.² Petitioners request clarification or a ruling from the Commission that life insurance agents and brokers (collectively, "servicing agents")³ are

¹ 47 C.F.R. § 1.2.

² See 47 C.F.R. § 64.1200(c)(2).

³ In the insurance industry, the term "agent" is often used to refer to those insurance producers who represent a single insurance company for a particular line of insurance. For example, State Farm's independent contractor insurance agents are only allowed to sell State Farm policies. The term "broker" is typically used to refer to insurance producers who are appointed by more than one insurance company.

permitted to call their customers while the life insurance policies sold by servicing agents are in effect and for a period of 18 months after the policies expire based on an “established business relationship” (“EBR”)⁴ between life insurance servicing agents and their customers.

LIDMA is the primary organization dedicated to supporting businesses and professionals active in direct sales of life insurance products to consumers. LIDMA is the main voice for life insurance direct response industry producers, carriers, business partners and exam companies.

Founded in 1890, NAIFA represents the interests of insurance professionals. NAIFA’s mission is to advocate on behalf of its members for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. NAIFA’s membership includes insurance agents, financial advisors, and health insurance and employee benefits specialists. NAIFA works to protect and promote the critical role of insurance in a sound financial plan and the essential role provided by our professional agents and advisors.

For over 60 years, the AALU has been the trusted, influential voice for life insurance distribution in Washington, DC. AALU’s mission is to strengthen, grow, promote, and advocate for the life insurance community, with a focus on the most critical issues impacting life insurance products, professionals, and clients.

Brokers take their customers to market to find the best combination of price, coverage, and service to meet their customers’ insurance needs. The terms “agent” and “broker” also apply to producers who are assigned by an insurance company to service policies when the prior servicing agent resigns or retires. Both insurance agents and brokers are most often independent contractors running their own businesses. As explained below, whether insurance companies sell through exclusive agents or through brokers, insurers depend on independent contractor servicing agents to provide on-going service to policyholders during the life of the insurance policies.

⁴ 47 C.F.R. § 64.1200(f)(3) (EBR “means a prior or existing relationship formed by a voluntary two-way communication between a person or entity and a residential subscriber with or without an exchange of consideration, on the basis of the subscriber’s purchase or transaction with the entity within the eighteen (18) months immediately preceding the date of the telephone call”).

NAILBA is the premiere insurance industry organization promoting financial security and consumer choice through the use of independent brokerage distribution. NAILBA serves as the national association of life, health, and annuity insurance distributors.

Petitioners and their members have a direct interest in clarifying the rules governing the ability of life insurance servicing agents to service the ongoing life insurance needs of their customers over the entire term of a life insurance policy.

Life insurance servicing agents should be permitted to call their customers while the life insurance policies sold by the servicing agents are in effect and for a period of 18 months after the policies expire based on an EBR between servicing agents and their customers. A finding of a continuing EBR between the servicing agents and their customers, which runs concurrently with the EBR between life insurance companies and their policyholders who are also customers of the servicing agents, is simply an acknowledgment of how the insurance industry works. Life insurance companies routinely rely on independent contractor servicing agents for communications with policyholders while policies are in effect. Recognizing an EBR for servicing agents during the term of life insurance policies strikes the proper balance between protecting consumers from unwanted calls and giving consumers the current information they need to protect their families from ever changing financial risks and life insurance needs.

On February 10, 2005, the Commission issued a Second Order On Reconsideration resolving several petitions received from various industries.⁵ As part of that order, the Commission clarified that “the existence of financial agreements, including bank accounts, credit cards, loans, insurance policies and mortgages, constitute ongoing relationships that should

⁵ *In the Matter of Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991*, Second Order on Reconsideration, FCC 05-28, CG Docket No. 02-278, 20 FCC Rcd. 3788 (Adopted: Feb. 10, 2005) (“Second Order”), ¶ 26.

permit a company to contact the consumer to, for example, notify them of changes in terms of a contract or offer new products and services that may benefit them.”⁶ The Commission reasoned that consumers “are likely to expect to receive calls from insurance companies with whom they hold an insurance policy.”⁷ Thus, the Commission determined that insurance companies may call their policyholders during the duration of an insurance policy pursuant to the EBR exception⁸ even if the policyholder is registered on the National Do-Not-Call Registry.⁹ The Commission emphasized that consumers are free to terminate the EBR for purposes of telemarketing at any time by making a company-specific do-not-call request.¹⁰ However, the Commission concluded that insurance *agents* may only call policyholders for a period of 18 months following an agent’s sale of the policy. The Commission based this distinction between the role of the insurance company and the role of the agent or broker on the assumption that unlike an insurance company “with which a consumer has an ongoing relationship,” an “insurance agent *typically* is only involved in the original [sales] transaction.”¹¹ Respectfully, the Commission’s assumption about the nature of the role servicing agents typically play and services they render in the ongoing relationship with their customers is misguided.

In a Declaratory Ruling dated August 16, 2005, the Commission acknowledged that some insurance agents play a more significant role in servicing customers during the life of an

⁶ *Id.*, ¶ 26.

⁷ *Id.*

⁸ See 47 C.F.R. § 64.1200(f)(9)(ii).

⁹ Second Order at ¶¶ 26-27.

¹⁰ *Id.*, ¶ 26.

¹¹ *Id.* at n. 77 (emphasis added).

insurance policy.¹² In the State Farm Ruling, the Commission granted State Farm’s request that its independent contractor “exclusive agents” were entitled to rely on the EBR exception “to make telephone solicitations on behalf of State Farm to consumers on the national do-not-call list.”¹³ In issuing its ruling, the Commission relied on the fact that State Farm’s agents “are responsible for answering policyholders’ questions, providing updates to consumers when adjustments in coverage may be appropriate, soliciting applications for coverage, submitting claims, and in some cases, paying claims.”¹⁴ In other words, State Farm’s agents were permitted to rely on the EBR exception because they are not only involved in the original sales transaction, but also continued to service the policyholders. The Commission found that the insurance agents “perform the same services for State Farm as employees of companies that ‘in-source’ customer service functions.”¹⁵

The responsibilities of servicing agents listed in the State Farm Ruling are not unique to State Farm’s exclusive agents. All of the same services the Commission relied on in recognizing an EBR between State Farm’s independent contractor agents and their customers exist for other servicing agents.¹⁶

Life insurance is sold through a number of distribution channels. The most common avenue is through independent agents and brokers (49 percent), followed by exclusive agents like

¹² *In the Matter of Rules and Regulations Implementing the Telephone Consumer Protection Act of 1991*, Declaratory Ruling, DA 05-2293, CG Docket No. 02-278 (Adopted: Aug. 16, 2005) (“State Farm Ruling”).

¹³ *Id.*, ¶ 1.

¹⁴ *Id.* at ¶ 6.

¹⁵ *Id.*

¹⁶ State Farmer Ruling, *supra*, ¶ 6.

those employed by State Farm (39 percent).¹⁷ Because the relationships between many life insurance companies and their policyholders are distant ones in which the insurers rely on independent contractor servicing agents to communicate with customers, servicing agents routinely provide on-going customer service during the term of life insurance policies.¹⁸ Life insurance companies typically out-source many customer service functions to independent contractor servicing agents because the servicing agents have more frequent contact with their customers and are the ones who first established these customer relationships.¹⁹

Servicing agents are not just “order takers” selling a policy and then having no more

¹⁷ Exhibit 1, Insurance Information Institute, *Background on: Buying Insurance: Evolving Distribution Channels*, p. 2, available at <https://www.iii.org/publications/insurance-handbook/regulatory-and-financial-environment/background-on-buying-insurance-evolving-distribution-channels>; Thomas R. Trenkner, Annotation, *Liability of Insurance Broker or Agent to Insured for Failure to Procure Insurance*, 64 A.L.R.3d 398, 404 (1976).

¹⁸ See Exhibit 2, Wassink, Bernhard, Castagnetta, Avril, Metz, Simon, *Life Insurance Distribution at a Crossroads*, p. 1, available at [http://www.ey.com/Publication/vwLUAssets/ey-life-insurance-distribution-at-a-crossroads/\\$FILE/ey-life-insurance-distribution-at-a-crossroads.pdf](http://www.ey.com/Publication/vwLUAssets/ey-life-insurance-distribution-at-a-crossroads/$FILE/ey-life-insurance-distribution-at-a-crossroads.pdf).

¹⁹ *Id.*, p. 7 (“Historically, [life insurance] carriers have ceded ‘ownership’ of client relationships to agents.”); see e.g. Exhibit 3, *New York Life 2017 Report to Policy Owners* at p. 13 (“[A]gents do more than simply sell life insurance and annuity products—they offer you a service....Working with us is not a one-shot deal. Your New York Life agent is a partner who will continue to be there for you. He or she will work with you in the years to come to help you keep on track with your evolving needs.”); Exhibit 4, American General Life Insurance Company, Producer Agreement § 4 (“Company hereby contracts with and appoints Producer, and Producer agrees to perform the following: . . . (b) Service Issued Products. Service customers, endeavor to maintain in-force all issued Products”); Exhibit 5, American National Insurance Company, Agent’s Agreement at p. 2 (listing on-going services provided by servicing agent to customers); Exhibit 6, Liberty Bankers Life Insurance Company, General Agent Contract, § 3(h) (listing duties and responsibilities of general agent, including “h) Servicing Business. You will provide for all usual and customary services to insureds and policyholders including prompt delivery of Policies, appropriate responses to inquiries and to complaints from insureds or policyholders or members of the public and to comply with any service standards set forth in any exhibit.”); Exhibit 7, Lincoln Financial Group, Producer Agreement, § 1 (“Lincoln hereby appoints the Producer to . . . (d) service the policyowner”); Exhibit 8, Mutual of Omaha Insurance Company, General Agent Agreement § C(4) (“Service. GA shall help its Other General Agents in servicing customers. If GA is contracting as an individual, GA shall provide service to GA’s customers.”); Exhibit 9, Principal Financial Group, Broker Contract, § 3 (listing Duties and Responsibilities of servicing agent); Exhibit 10, Prudential, Broker Agreement (Life Insurance), § 2 (“This Agreement authorizes the Broker to: . . . (iii) assist policyowners in obtaining prompt service from the Company with respect to the administration of Policies, and in maintaining their coverage as long as that coverage is in the interest of the policyowner.”).

contact with the customer.²⁰ Servicing agents serve a pivotal role helping consumers provide for their financial security on an on-going, timely basis. They serve as a critical link between consumers seeking to obtain insurance coverage and the insurance companies seeking to offer insurance coverage and benefits. Servicing agents work on behalf of their customers to fulfill the customer's insurance needs, which naturally change over time as customers experience life-change events which oftentimes change their insurance needs. Servicing agents do comparison shopping to find the best combination of value and service that meet the unique needs of the customer. Servicing agents consult with their customers to understand the customers' specific needs. Servicing agents normally learn of their customers' new insurance needs, such as the birth of a child or the purchase of a new home, well before an insurance company does. They act on behalf of the customer in communicating with insurers and other professionals. Also, servicing agents monitor changes and trends in the insurance industry which affect their customers. They offer a whole array of services including claims assistance and financial planning.²¹

The failure to recognize an EBR directly between the customer and his servicing agent acts as a detrimental hurdle to meeting the customer's needs by making it more difficult for the servicing agent to communicate with the customer. Customers depend on their servicing agents to give them important information about their coverages and their insurance carriers. Telephone calls and text messages are the best way to make sure that customers receive this important information.

²⁰ *Durham v. McFarland, Gay & Clay, Inc.*, 527 So.2d 403, 504 (La. Ct. App. 1988).

²¹ See e.g., *Durham*, 527 So.2d at 405 (services provided by servicing agent include "advising his client with regards to recommended coverage, to investigate and ascertain the financial condition of prospective companies, and to notify the insured of cancellation or termination of coverage.").

Customers want and expect their servicing agents to keep them abreast of changes in the insurance industry, the financial condition of their insurers, and to help customers make sure that their coverages are up-to-date so that their families are protected by adjusting coverages as customers experience changes in their lives.²² As it stands, approximately one-third of wives and 10 percent of husbands would suffer a significant decline in living standards if their spouse died.²³ More than two-thirds of households with dependent children are underinsured, more than 25 percent are severely underinsured, for life insurance purposes.²⁴ Allowing servicing agents to call their customers during the term of the policy would help reduce the number of families facing financial hardship in the event of a death or disability of a family member.

In the Second Order, the Commission found that customers “are likely to expect to receive calls from insurance companies with whom they hold an insurance policy.”²⁵ But given all of the services provided by independent contractor servicing agents to their customers, customers are much more likely to expect to receive a call from their servicing agent than directly from the insurer. Recognizing the EBR between an individual customer and his or her life insurance agent or broker during the term of the life insurance policy strikes the proper balance between protecting consumers from unwanted telemarketing calls from insurers, agents and brokers with whom the consumer has no relationship and the need for consumers to be kept up-to-date with their insurance needs. The requested ruling would not lead to consumers being inundated with calls from random insurance agents and brokers. The ruling would allow one

²² *Life Insurance Distribution at a Crossroads*, *supra* at p. 5 (“consumers want more contact with their agent/carrier”).

²³ Exhibit 11, Balls, Andrew, *Many Households Are Underinsured*, National Bureau of Economic Research, available at <http://www.nber.org/digest/mar00/w7372.html>.

²⁴ *Id.*

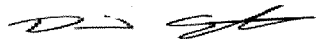
²⁵ Second Order, *supra* ¶ 26.

servicing agent, who already has a pre-existing relationship with the customer, to call an existing customer. As noted in the Second Order, the customer could stop unwanted calls from the servicing agent at any time by making a do-not-call request.

Petitioners respectfully submit that the Commission should clarify that servicing agents are permitted to call policyholders during the life of an insurance policy and for a period of 18 months thereafter, or until the EBR between the servicing agent and the consumer is otherwise terminated.²⁶

June 15, 2018

Respectfully submitted,

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²⁶ In its Ruling expanding the EBR to State Farm's agents, the Commission made a general statement that State Farm would be responsible for the telemarketing activities of its exclusive agents. State Farm Ruling at ¶ 7. The Commission need not, and should not, issue a blanket ruling on common law agency applicable to all servicing agents. As explained above, the relationships between insurance agents/brokers and insurers vary greatly. If a servicing agent is an employee of the insurer, common law agency would be clear. However, if a servicing agent was calling to move a customer from one insurer to another to save money or increase coverage, the servicing agent would not be acting on behalf of the current insurer with whom the customer has a policy. The EBR between servicing agents and their customers exists independently of the relationship between insurers and those customers. Any determination as to whether a given servicing agent is acting as a common law agent calling on behalf of a specific insurer should be made on a case-by-case basis after considering the facts of the specific relationships involved.

EXHIBIT 1



Background on: Buying Insurance

Evolving Distribution Channels

Insurance Industry

August 2, 2017

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Life Individual Market Share By
Distribution Channel, 2007-2016

Annuity distribution

Sales Of Individual Annuities By
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Worksite marketing

WORKSITE LIFE INSURANCE SALES BY
LINE OF BUSINESS, 2014

Banks in insurance

BANK INDIVIDUAL LIFE INSURANCE
SALES, 2009-2013 (1)

Background

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The topic

Insurance is generally bought directly through an insurer (through its captive agents, the web or other direct channels) or through independent agents and commercial brokers who provide access to the products of several insurers. Direct writers dominate auto and homeowners insurance sales,

accounting for 72.4 and 68.4 percent, respectively, of net premiums written in 2015, according to A.M. Best.

Many insurance companies use a number of different channels to distribute their products. In the early days of the U.S. insurance industry, insurers hired agents, often on a part-time basis, to sign up applicants for insurance. Some agents, known nowadays as "captive" or "exclusive" agents, represented a single company. Others, the equivalent of today's independent agent, worked for a number of companies. At the same time that the two agency systems were expanding, commercial insurance brokers, who were often underwriters, began to set up shop in cities. While agents usually represented insurers, brokers represented clients who were buying insurance.

These three distribution channels (captive agents, independent agents and brokers) exist in much the same form today. But with the development of information technology, which provided faster access to company representatives and made the exchange of information for underwriting purposes much easier, alternative distribution channels sprang up, including direct sales by telephone, mail and the Internet. In addition, insurers are using other types of outlets, such as banks, workplaces, associations and car dealers, to access potential policyholders.

Recent developments

- **Life Insurance Sales:** Eighty-eight percent of consumers said they would use the internet to research life insurance before purchasing coverage in 2016, about the same number as a year earlier, according to the *2016 Insurance Barometer Study* survey by the Life and Health Insurance Foundation for Education (LIFE) and LIMRA. Ninety-five percent of millennials would use the internet to research life insurance. That amount falls for older age groups, down to 70 percent for consumers age 65 and older. Although half of consumers prefer to purchase life insurance in person with a financial adviser, the second most popular method was online, with 21 percent of respondents preferring this method.

P/C distribution

A.M. Best organizes insurance into two main distribution channels: agency writers and direct writers. Its agency writers category includes insurers that distribute through independent agencies, brokers, general agents and managing general agents. Its direct writers category includes insurers that distribute through the internet, exclusive/captive agents, direct response and affinity groups.

- In 2015 direct writers accounted for 51.4 percent of P/C insurance net premiums written and agency writers accounted for 46.1 percent, according to A.M. Best.*
- In the personal lines market, direct writers accounted for 71.2 percent of net premiums written in 2015 and agency writers accounted for 27.0 percent. Direct writers accounted for 68.4 percent of the homeowners market and agency writers accounted for 27.9 percent. Direct writers accounted for 72.4 percent of the personal auto market and agency writers accounted for 26.6 percent.*
- Agency writers accounted for 67.1 percent of commercial P/C net premiums written, and direct writers accounted for 29.5 percent.*

*Unspecified distribution channels accounted for the remainder.

Traditionally, there has been a distinction between agents and brokers, with agents (whether captive or

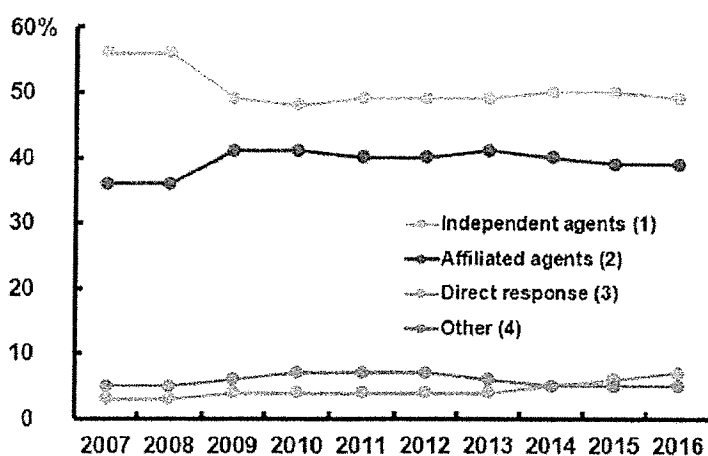
independent) representing the insurance company and brokers representing the client. Recently, the line between agencies and brokers has blurred, with intermediary firms operating as brokers and agents, depending on their jurisdiction and the type of risk.

Life insurance distribution

- In 2016 independent agents held 49 percent of the new individual life insurance sales market, followed by affiliated (i.e., captive) agents with 39 percent, direct marketers with 7 percent and others accounting for the remaining 5 percent, according to LIMRA, a life insurance trade association.

Life Individual Market Share By Distribution Channel, 2007-2016

(Based on first year collected premiums)



(1) Includes brokers, stockbrokers and personal producing general agents.

(2) Includes career, multiline exclusive and home service agents.

(3) No producers are involved. Excludes direct marketing efforts involving agents.

(4) Includes financial institutions, worksite and other channels.

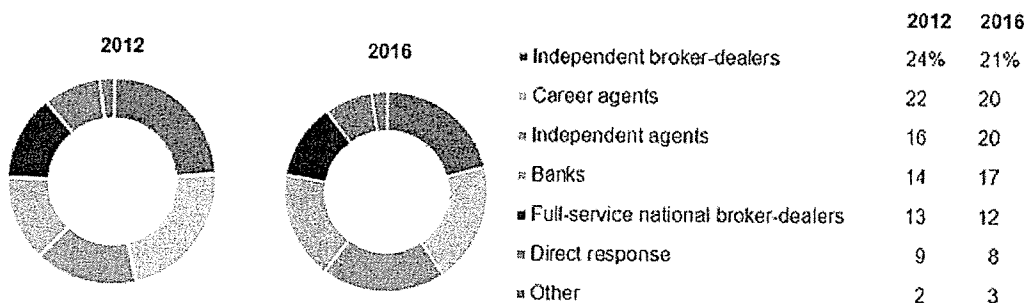
Source: LIMRA's U.S. Individual Life Insurance Sales survey results and LIMRA estimates.

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Annuity distribution

Insurance agents, including career agents, who sell the products of a single life insurance company, and independent agents, who represent several insurers, account for 40 percent of annuity sales in 2016. State and federal regulators require sellers of variable annuities to register with the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission.

Sales Of Individual Annuities By Distribution Channels, 2012 And 2016



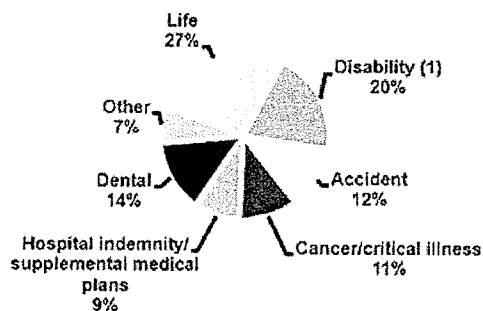
Source: U.S. Individual Annuity Yearbook - 2016, LIMRA Secure Retirement Institute

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Worksite marketing

Worksite marketing is the selling of voluntary (employee-paid) insurance and financial products at the worksite. The products may be on either an individual or group platform and are usually paid through periodic payroll deductions. Worksite sales of life and health insurance totaled \$6.89 billion in 2014, up about 3.7 percent from 2013.

WORKSITE LIFE INSURANCE SALES BY LINE OF BUSINESS, 2014



(1) Short-term and long-term disability.

Source: Eastbridge Consulting Group, Inc.

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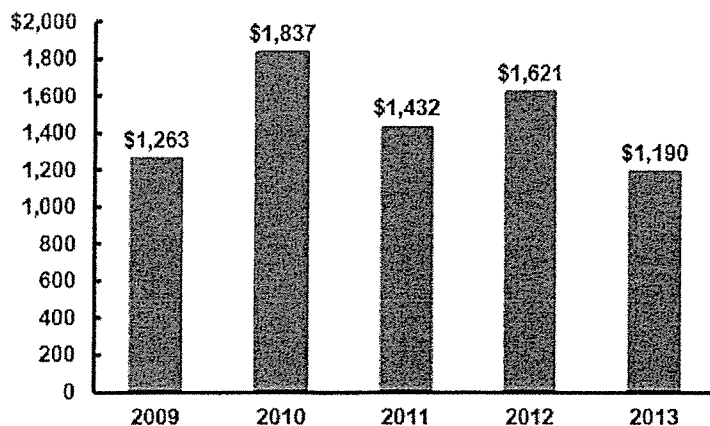
Banks in insurance

Total life insurance premiums sold through financial institutions fell by 27 percent from \$1.6 billion in 2012 to \$1.2 billion in 2013, according to BISRA. Liberty Life of Boston was the leading underwriter of

life insurance sold through banks, with \$400.9 million in new premiums in 2013, followed by Great West L & A (\$270.4 million), OneAmerica (\$119.4 million) and the Western & Southern Group (\$61.8 million).

BANK INDIVIDUAL LIFE INSURANCE SALES, 2009-2013 (1)

(\$ millions)



(1) Based on total new premiums.

Source: Bank Insurance and Securities Research Associates (BISRA).

[View Archived Graphs](#)

Background

Early Distribution Channels, Property/Casualty Insurance: Risk sharing is not new. Various kinds of insurance enterprises have existed on and off for many centuries. The first U.S. insurance plans were organized around membership in an organization. In 1736 the Friendly Society, operating under a Royal Charter from England, was formed as a mutual company in South Carolina. It covered the fire losses of its members, who contributed directly to a fund that paid claims. However, the Friendly Society's existence was short-lived. It was dissolved six years later after a fire in Charleston destroyed hundreds of buildings.

Benjamin Franklin set up the first successful U.S. insurance company whose policies could be purchased by the public. Established in Philadelphia initially for the benefit of members of the Union Fire Company, its members voted to open it up to citizens outside of the organization after it had been in operation for a year or so.

In February 1752 a notice was printed in Franklin's newspaper asking people who were interested in subscribing to the terms and conditions of a new mutual fire insurance company to appear at the Court House in Philadelphia. The first meeting of the subscribers, which included many prominent citizens of the city, was held in March. Among other business was a decision to call the company "the

Philadelphia Contributionship for the Insurance of Houses from Loss by Fire.” The first policy was issued in June of that year.

Soon, other mutual insurance companies were formed, followed by stock companies. The Insurance Company of North America (INA), the first U.S. stock insurance company, was founded in 1792. At first it sold only marine insurance but soon offered fire insurance as well and was the first company to insure both buildings and their contents. A few years later, in 1795, the first U.S. insurance agency opened in Charleston, South Carolina. Known as Davis & Reid, and later as the Vigilant Insurance Office, it advertised that it offered a choice of “underwriters,” entities that assumed the risk.

As the population expanded and moved further away from the East Coast, where most insurers were based, the need for a formal distribution system grew. Companies created networks of agents, assigning them specific geographic areas, and set up branch offices managed by general agents, later known as “managing general agents,” or MGAs. Agents’ compensation changed from fees for applications to percentage commissions on premiums collected.

The Hartford was the first insurer known to have attempted direct marketing. Founded in 1810, it had an agency network but wanted to expand into areas not serviced by its agents. In an early advertisement, it announced that people who lived in areas where the company had no agent might apply through the Post Office directly to the Secretary of the company. But its efforts were unsuccessful. Apparently people were not ready to buy this new product through the mail.

As the industrial revolution progressed, the growing complexity of the business world spurred the growth of the insurance brokerage business. Most of the country’s major brokerages came into existence in the 19th century, starting with Johnson & Higgins in New York City in 1845. The firm became part of what is now Marsh Inc. in 1997.

As the 19th century came to a close, the first liability policies were issued: employer liability was followed by auto liability insurance. The introduction of liability insurance led to further expansion of the insurance business and to greater specialization among distributors, with general agents mostly selling liability insurance and independent agents fire insurance.

Today, all agents are licensed by the states in which they do business and sell whatever coverages the companies they work with offer. Independent agents sell more commercial lines insurance than personal lines (auto and home insurance). The reverse is true for captive agents. Managing general agents tend to focus on commercial risks and often have authority from the insurance companies they work for to accept business on their behalf, subject to certain terms and conditions. Large brokers focus on commercial lines.

Distribution Channels Evolve: Over the decades, distribution systems have changed. Some insurance companies that started in business using their own sales force switched to independent agents because as companies started to write business in unfamiliar locations, they needed to rely to a greater extent on local people who knew the area.

The term “captive” or “exclusive” agent has become associated with companies known today as direct writers. One major difference between captive and independent agents is that the independent agent rather than the insurer legally owns access to policy renewals. Captive insurance agents may be employees of the company or independent contractors.

The concept of direct writers developed at the beginning of the 20th century. Generally, they were

mutual companies that sold insurance to farmers and others in specific agricultural businesses, such as millers, at a time when a quarter of the nation's population lived on farms. Because they were familiar with the risks, they were able to undercut the competition. Many of the direct writers, which are today among the largest auto and home insurers, began by selling auto insurance directly to farm bureaus in the 1920s. Among the best known are State Farm, Nationwide, American Family and Farmers. Other companies such as the United States Army Insurance Association, now USAA, sold to the military and yet others sold to state automobile clubs.

Nowadays, the term "direct writer" may apply to any company using captive or exclusive agents, as well as companies selling directly to consumers through the mail, Internet or through telephone solicitations, although technically the latter are "direct marketing" or "direct response" companies. These direct response companies use salaried employees or company representatives to interact with consumers offsite, whereas agents generally conduct some business with their policyholders face-to-face in their office. GEICO, one of the largest auto insurance companies that today markets directly to consumers, started in 1936 as the Government Employees Insurance Company, selling to government employees and some military personnel.

As the number of companies opting to use multiple channels grows, categorizing a company as a direct writer or agency writer is becoming less helpful. Among the first direct writers to use independent agents to sell in rural areas, where it may not be profitable for a direct writer to set up an office, was Allstate, in 1974. A decade later, in 1983, the Hartford began to market its personal lines products directly to what was then the American Association of Retired Persons, now known solely by the acronym AARP.

Both agents and brokers are known as producers. Traditionally, agents have represented the insurance company and brokers have represented the client, but the line between the two is no longer clear-cut. Generally, it is the broker's responsibility to seek out appropriate insurance coverages for the client and obtain the best overall price, terms and conditions, but sometimes brokers have agreements with insurance companies.

In addition to the agents and brokers who work for or who represent traditional insurers, there are agents and brokers working for surplus lines companies. The surplus lines market exists to insure risks that licensed companies decline to insure or will only insure at a very high price, with many exclusions or with a very high deductible.

Brokers may be retail or wholesale. Wholesalers act as intermediaries between retail brokers or agents and insurance company underwriters. To work with surplus lines companies, wholesale brokers must be licensed as surplus lines brokers in the state where the policyholder or the risk to be insured is located. Wholesale brokers may also work with other wholesale brokers in the London Market or elsewhere to secure coverage.

Wholesale brokers may also be managing general agents, who are given authority by insurers to underwrite and "bind" insurance—provide temporary coverage until an insurance policy can be issued. Managing general agents, who have a close relationship with the insurance companies they work with, may also handle claims and even help in the placement of reinsurance contracts—reinsurance is insurance for insurance companies. Managing general agents may also arrange so-called "program" business, which is specialty insurance for homogeneous groups of policyholders, such as members of a specific industry. These programs, often offered and endorsed by trade associations, may provide coverage at lower prices.

The Life Insurance Industry: Beginning in the mid-1870s, the life insurance industry developed along the same lines as the property/casualty side of the business, using captive agents to sell their products. But unlike agents who sold property/casualty insurance, life insurance agents often collected premiums at the home, on a weekly or monthly basis. This form of distribution flourished until after World War II, when home service agents were gradually displaced by a type of independent agent known as the "personal producing general" agent. Over time, the number of agents closely connected to one life insurer began to decline.

New Distribution Channels: In the early days of insurance, insurance policies were sold at banks. But the 1916 National Bank Act limited banks' sale of insurance, except in small towns. In the 1990s various court decisions allowed banks to get back into the business of selling insurance, culminating in the 1999 Gramm-Leach-Bliley Act, which said that banks, insurance companies and securities firms could affiliate and sell each others' products. Since that time banks have bought hundreds of insurance agencies and brokerages, and bank sales of all kinds of insurance have grown significantly.

Life insurers began to market life insurance and annuities through banks (mostly fixed annuities, which are similar to other bank products) and financial planners or advisers in the 1990s. A large portion of variable annuities, which are based on securities, and a smaller portion of fixed annuities are now sold by stockbrokers. In three states, Connecticut, Massachusetts and New York, consumers can purchase small life insurance policies directly from savings banks, without going through commissioned salespeople. This practice, which other states refused to follow, began in the early 1900s.

It is not uncommon for insurance companies to make arrangements with various entities, in addition to banks, to make their products available; they include workplaces, associations, car dealers, real estate brokers, pet shops and travel agents, among others.

Advances in Communications Technology: Starting with the telegraph, and then the telephone, advances in communications technology have facilitated the transmission and exchange of information for underwriting and settling claims, enabling insurance agents and other intermediaries to perform their tasks with greater speed and reliability.

With the introduction of the Internet in the 1990s, insurers began offering policies online. As consumers began to be increasingly comfortable purchasing products of all kinds over the Internet, online aggregators began to appear. Aggregators collect information on prices, generally for auto insurance and term life insurance, which are the most standardized, so that consumers can compare the cost of coverage from one company to another. Eventually, many agency companies as well as direct writers began to offer Internet platforms, making it possible for consumers to purchase an insurance policy directly online without the aid of an intermediary.

Regulation: The insurance business is regulated by individual states. Insurance agents and brokers must be licensed to do business in the state in which they conduct business. To be licensed, producers must comply with the state's requirements, including professional educational mandates. Each state also has regulations governing the termination of agents by insurance companies. Most states base their rules and regulations on a National Association of Insurance Commissioners model law, but many have additional requirements.

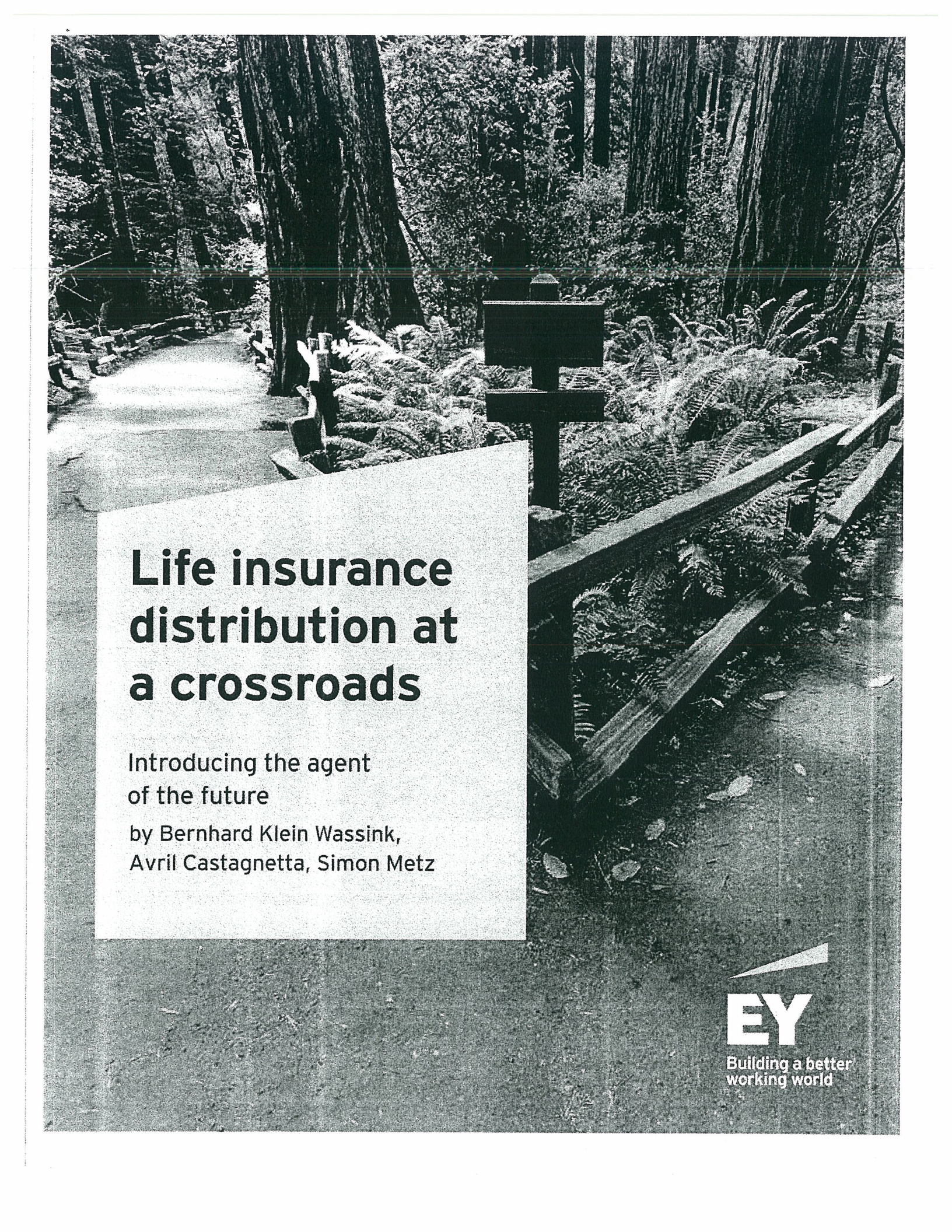
While there is no national producer licensing system, over the years there have been efforts to make licensing more uniform and to streamline the approval process. In 1996 the National Association of Insurance Commissioners established the National Insurance Producer Registry to develop and operate as a national repository for producer licensing information. In 1999 standardization was given

another push with the passage of the Gramm-Leach-Bliley Act (GLB). GLB would have established a National Association of Registered Agents and Brokers (NARAB) if a minimum of 29 states had not passed reciprocity laws for agent licensing by 2002. While 29 states met the requirement in time, the push for uniformity has continued. In September 2013 the U.S. House of Representatives approved HR 1155, the National Association of Registered Agents and Brokers Reform Act of 2013. If enacted, the law, known as NARAB II, would establish a nonprofit board with the power to grant insurance agents and brokers approval to operate on a multiple state basis if they met certain qualifications and were fully licensed in their home state. The Senate is currently considering similar legislation.

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EXHIBIT 2

A black and white photograph of a forest path. A wooden signpost with two horizontal signs stands in the center. A wooden fence runs along the right side of the path. The path leads into a dense forest with large trees and ferns.

Life insurance distribution at a crossroads

Introducing the agent
of the future

by Bernhard Klein Wassink,
Avril Castagnetta, Simon Metz

A black and white photograph of a person from behind, wearing a jacket, walking away on a path that leads into a wooded area. The path is slightly curved and the trees are dense in the background.

Shifting demographics and technologies are requiring life insurers to rethink what products customers want, the channels through which the customer buys, and the purchase process itself. The insurance industry is at a crossroads.

Executive summary

In the past, the number of “feet on the street” was a leading driver of success in life insurance sales. The conventional wisdom held that the more agents a company had, and the more meetings those agents could hold with potential customers, the more policies would be sold. Today, however, market realities and technology advancements have undercut this “brute force” sales strategy for life insurers. Roughly half of US agents are set to retire in the next few years, a trend that mirrors the broader retirement bubble within the general population. For the foreseeable future, there won’t be sufficient Gen X agents to replace the boomers, requiring the next generation of agents to be substantially more productive.

Within this pending wave of retirees, the middle market – consumers with annual household incomes of about \$75,000 and accumulated financial assets of no more than \$150,000 – has been largely underserved. On the one hand, this presents real opportunity for life insurers, as there are estimated to be tens of millions of these consumers, the majority of whom were born between 1950 and 1960. On the other hand, life insurers have never developed a viable or scalable model for offering the advice, life insurance and annuity products this cohort clearly needs. That’s largely due to a focus on higher-wealth segments, whose portfolios merited in-person attention from agents and advisors.

Beyond these demographic forces, consumers increasingly prefer to do business via digital channels and are more comfortable handling more routine insurance-related tasks on a self-service basis. While the cost reduction potential of digital channels is attractive to insurers, the impacts on agent relationships must be delicately managed. In fact, the buying of life insurance – as opposed to just the selling – is becoming common as digital-savvy consumers have access to more and better information. But that means insurers must also be prepared to make potentially significant investments to create the quality digital experiences today’s tech-savvy customers expect.

Given all these factors, the approach to life insurance distribution has fundamentally changed. That is why forward-looking insurers are working diligently to define new distribution models that will enable them to navigate the immediate-term challenges and seize the longer-term opportunities that are on the mid-term and long-term horizons.

This paper will provide a historical overview of the industry as a way to elucidate current market conditions. Further, it will outline the three primary areas where life insurers must drive change:

- ▶ **Better insights into customer needs**
- ▶ **Simpler and stronger product portfolios**
- ▶ **Recalibrated agent relationships**

A brief history of life insurance distribution

Life insurance once was the sleepy backwater of the consumer sector of the financial services industry. Many other subsectors – including investment advisory service and brokerage businesses – were considered sexier. Unglamorous though it was, life insurance was generally a steady and profitable business, and policies were sold through a widespread agent force. Thus, life insurance was widely adopted.

Today, however, insurance carriers are coming to terms with a 50-year downward slide in consumer adoption of life insurance. According to LIMRA, in 2014, only 44% of consumers owned policies, compared to 72% in 1960. Additionally, 85% of respondents to a 2013 LIMRA survey agreed that people need life insurance. A 2011 Genworth study found that 40% of life insurance policyholders don't think they have enough life insurance. Clearly, there is latent demand. There is widespread consensus in the industry that many families are underinsured. Yet, flat sales are predicted for the near future and premiums remain fairly constant, despite the dramatic drop in consumer adoption.

To a large extent, the trend of fewer consumers paying the same premium dollars was caused by agents' tendencies to focus on high-net-worth consumers. This was natural, perhaps inevitable; construct a distribution model based on human touch and paid on commission, and it will naturally seek consumers with larger wallets (because that's where the money is), and more complex needs (because that is where human advice is valued and long-term relationships can be built). As could be expected, this development led to increased product complexity in a self-reinforcing cycle: complex life and annuity products designed for affluent buyers and not the larger numbers of mid-market consumers.

Another issue has been the distant relationship between insurers and their insureds.

Life insurance is a very low-touch product. Thus, insurers lack close and regular contact with consumers. By relying on agents to determine what customers wanted and meet their limited communications needs,

insurance carriers lost sight of evolving market needs. Whether they used captive agents dedicated to selling a single company's products or independent agents (who often put carriers in price competition on every sale), insurers allowed themselves to be kept at arm's length from the people who bought their products.

Certain demographic trends are worth mentioning, too. Life insurance was originally developed to replace the loss of a single income earner. As people began delaying marriage and two-income families became more prevalent, the industry's basic premise and value proposition were diluted. Similarly, increasing lifespans meant more people outlived their term life insurance policies, which made such products less attractive.

Digital technologies also disrupted the industry. E-commerce, smartphone adoption, the convergence of digital commerce on mobile devices, ubiquitous and cheap wireless data access, a wave of innovation in the form of apps, the use of data and analytics (including on social media streams) to increase the relevance of product offerings – all of these forces offer potentially transformative value to the life insurance industry. But, as a whole, the industry has not seized those opportunities. Most carriers remain in a reactive mode in trying to figure out how to leverage these technologies to engage with consumers in new ways and modernize the distribution models. For instance, despite the proliferation of channels, insurers have still not effectively helped consumers to understand how much life insurance people like themselves have – a top-of-mind issue for many potential buyers.

The truth is digital channels are no longer strictly the domains of younger generations. The arrival of the tablet has large proportions of middle-aged consumers using digital channels to conduct many types of transactions. On a related note, the popularity of major e-commerce sites means today's consumers expect high-quality digital experiences from every company with which they interact.

In other words, the expectations of insurance buyers are now shaped by a wide range of companies. Zappos' lightning fast delivery of shoes now determines expected resolution time for an insurance customer service request. Apple's quality of design now makes insurance correspondence seem obsolete in terms of delivery ("why do I get a letter when you can text me?") and content ("I don't understand this letter and I don't know what you want me to do"). The bottom line is that life insurers simply must catch up in offering better digital experiences.

With a clear need for closer relationships with customers – many of whom feel informed and empowered enough to initiate and even complete life insurance purchases – life carriers are scrambling to reconnect with consumers and deliver the new types of products, services and experiences they expect. At the same time, they are reckoning with disruption of long-standing distribution models. The questions speak to the heart of the insurance enterprise:

- ▶ Who will own the customer relationships and be responsible for keeping up with their needs over time?
- ▶ What is the role of different channels to serve different market segments?
- ▶ What will be the fundamental role of agents and how will they be incentivized and compensated?

To find the right answers moving forward and grow their business profitably, life insurers must recalibrate their overemphasis on high-end consumers and find a way to capture the latent demand in the industry. Specifically, that means serving the needs of middle-class consumers who lack sufficient life insurance. At the same time, they must strive for digital transformation even as they deal with the significant turnover in their agent ranks. It is a great deal of change to manage simultaneously, but life insurers have little choice but to make hard and different choices in moving forward.

Digital templates: lessons learned across financial services

Life insurers are considered to be laggards when it comes to the adoption of digital technologies, but they should take heart from their peers in other financial services:

- ▶ Property and casualty policyholders routinely file claims, pay premiums, request quotes and receive policy information through digital channels. **Which simple communications and administrative tasks can life insurers similarly digitize?**
- ▶ Within wealth management, the arrival of robo-advisors is changing the game. While some are portfolio management systems ported to a small segment of highly involved, highly analytical investors, some take aim at the heart of the advice business, recommending different "pots" for savings and asset allocation, based on goal-based financial planning techniques. The software is increasingly sophisticated, highly intuitive and gaining real traction. **How can automated advice make it easier for consumers to understand their specific life insurance needs and to buy the right policies?**
- ▶ On banking and mutual fund sites, it is common to be offered direct access to a service agent via chats. **Will life insurance agents be willing to engage with prospective consumers in this way?**





The way forward: three main courses of action

There are three major areas to address

- Target customers
- Distribution channels
- Appropriate products

Understanding what consumers want

Traditionally, the industry would have started with products. But today's markets require starting with consumers. EY's 2014 Global Consumer Insurance Survey of 24,000 people provides useful insights. The results show the following:

- Life and annuity consumers have limited trust in the life insurance industry: 69% of consumers indicated they trust their insurance provider. Only the pharmaceutical industry is less trusted, and banking, online shopping sites and supermarkets beat insurance hands-down.
- They highly value customer service, in addition to cost and product, within their insurance relationships.
- These consumers want more contact with their agent/carrier: 54% of US life customers don't recall a meaningful contact in the past 18 months, and 46% say they expect and desire more, and more relevant, communications.
- Life and annuity consumers are ready and willing to use digital and telephone channels, rather than face-to-face channels exclusively: 70% of consumers are willing to communicate with their agent or carrier through digital or other remote connections, such as the telephone or video conference.

The implications are clear: the distribution model of the future should be designed for omni-channel and self-service access to information as consumers are ready for closer relationships based on more frequent interactions.

Industry research, including studies from LIMRA, confirms that insurers are not very well informed about life insurance. For instance, they perceive costs of coverage to be higher than they actually are. That signals an educational opportunity for the industry; by informing consumers about the value of life insurance, they lay the groundwork for future sales. An industry consortium could be formed to develop and execute something along the lines of the dairy industry's highly successful "Got Milk?" campaign ("Got protection for your lifestyle?"). Such an effort seems particularly well suited to the middle market.

Developing products customers might buy

Aside from customer education about the value of life insurance, product portfolios need fixing. The emphasis on the high-net-worth customer segments has led to increased product complexity, particularly for annuities. In that space, complex tax considerations now essentially trump income generation. The result is that many people – especially relatively low-information, middle-market consumers – simply do not understand the point of many products.

To attract more middle-market buyers, carriers need to demonstrate real understanding of customer needs and design products that directly address those needs. That means simplifying current offerings. Not only will simplification and streamlining make it easier for customers to understand what they are buying, it also makes the products more suitable to be sold via the phone or digital channels. That is, easily understood products can – and should – be easier to buy.

One way to demonstrate such customer insight is to develop strong “protection” brands that directly map to the real-world needs of potential customers. For instance, the industry should deploy its actuarial prowess to clearly define and quantify the major risks and challenges middle-market families face. These include loss of income, large out-of-pocket health care expenses, and the need for college savings and retirement savings.

For each category, carriers should develop tools that assess financial preparedness based on real data submitted by customers or prospects. Predictive analytics (“your type of family typically requires ...”) and social data (“families like yours report doing Y”) can be used to produce outputs in the form of guidance for individuals and families. These calculations ought to include financial affordability scenarios, rather than suggestions for “maxing out” on purchasing protection. Further, this financial preparedness analysis should be logically

connected to a number of product packages that satisfy a range of different customer scenarios (such as, “married, two incomes, kids” vs. “divorced, one child”) and are mapped to other financial and demographic factors.

Financial preparedness tools obviously work well in digital channels, but they should be available to agents and call center representatives, too, along with any relevant product packages. Information submitted or analysis generated should be embedded in the carrier’s profile on the family or other customer record. This will allow for consistent advice and provides a structured and compliant road map for cross-selling.

One final comment: While the life insurance industry does not have to provide products to address all of a family’s potential risks, it should use financial preparedness as a context in which to sell the products it does offer.

Introducing the agent of the future

Given the pending retirement wave of life insurance agents, it seems clear that there will be fewer agents overall and too small a number to serve the mid-market customer base on an individual, face-to-face basis. Thus, higher agent productivity is required to increase penetration. One way to boost productivity is to ensure agents focus on the right product package for each customer. Analytics can help match the right product to the right consumer. For example, agents can use data obtained from social media to feed analytics to inform the development of products to meet customer preferences, thereby empowering the agent and making him or her more productive.

Another approach is to provide better support tools. For example, prioritizing agents' customer books and prospect lists for targeting and cross-sales is essential. The prioritization plan should define exactly whom to target and which products to offer them. Next-best-product approaches from the banking and retail brokerage sectors are now making their way into the life insurance business. Recommendation engines from online shopping sites may not be far behind.

Further, we envision an agent who has been trained to connect with customers via digital and social channels. Using Facebook, LinkedIn and other platforms, agents can present value-adding content and develop their own personal brands. They can identify potential client referrals by understanding their clients' social networks. They can offer to conduct financial preparedness analysis or "demo" various products by co-browsing or via a tablet. They are aware of contact with the contact center, browsing behavior and service transactions through a single, digital customer profile. There is some reason for optimism here, as tomorrow's agents will be comfortable conducting these relationship-building tasks online. After all, they not only are engaging millennials and digital natives, they are millennials themselves.

Contact centers in the insurance industry have real room for improvement and

upgrades should be considered in light of their impact on overall distribution models. Many insurers stopped investing in their contact centers during the recent recession. This means many don't yet have functionality that is common for banks and communications firms. Voice recognition, warm transfers (including the customer data, making it unnecessary to repeatedly ask for customer account or policy numbers), intelligent routing systems – these features are important components because they help insurers improve their service-to-sales conversions and identify "orphan" customers (those without an active advisor or current agent relationship).

Lastly, compensation models for agents will necessarily change as their role is refined and recalibrated. Carriers that take on more of the sales and servicing processes and that provide qualified leads with specific product recommendations, will naturally expect to pay different commission rates with performance incentives. Similar adjustments are likely for the ratio between up-front payments and ongoing "tails."

A final observation: The culture of the life industry must change if it is to return to a growth trajectory. Historically, carriers have ceded "ownership" of client relationships to agents. This "arm's-length" orientation toward customers is part of the reason the industry finds itself at a crossroads. To some agents, customers receiving a phone call from a contact center or taking care of an address change online or via an app may feel like an encroachment on their turf.

However, by servicing the customer the way they want to be serviced and by continuously providing intelligence about existing customers and new prospects to the agent, agent satisfaction can rise alongside with policyholder satisfaction.

The future of life insurance

There is broad consensus that the life insurance industry must undergo rapid, strategic evolution based on demographic and macroeconomic conditions. The structure of basic customer relationships, the core value propositions of products and the role of agents within broader and diversified distribution models are all ripe for change. In other words, the industry is redefining who its customers are, what it sells to those people, and how it sells, services and distributes those products. That is a lot of change for any industry to undertake. But if the next era in the history of the life insurance sector is to be a profitable one, such change is necessary and must be undertaken immediately.

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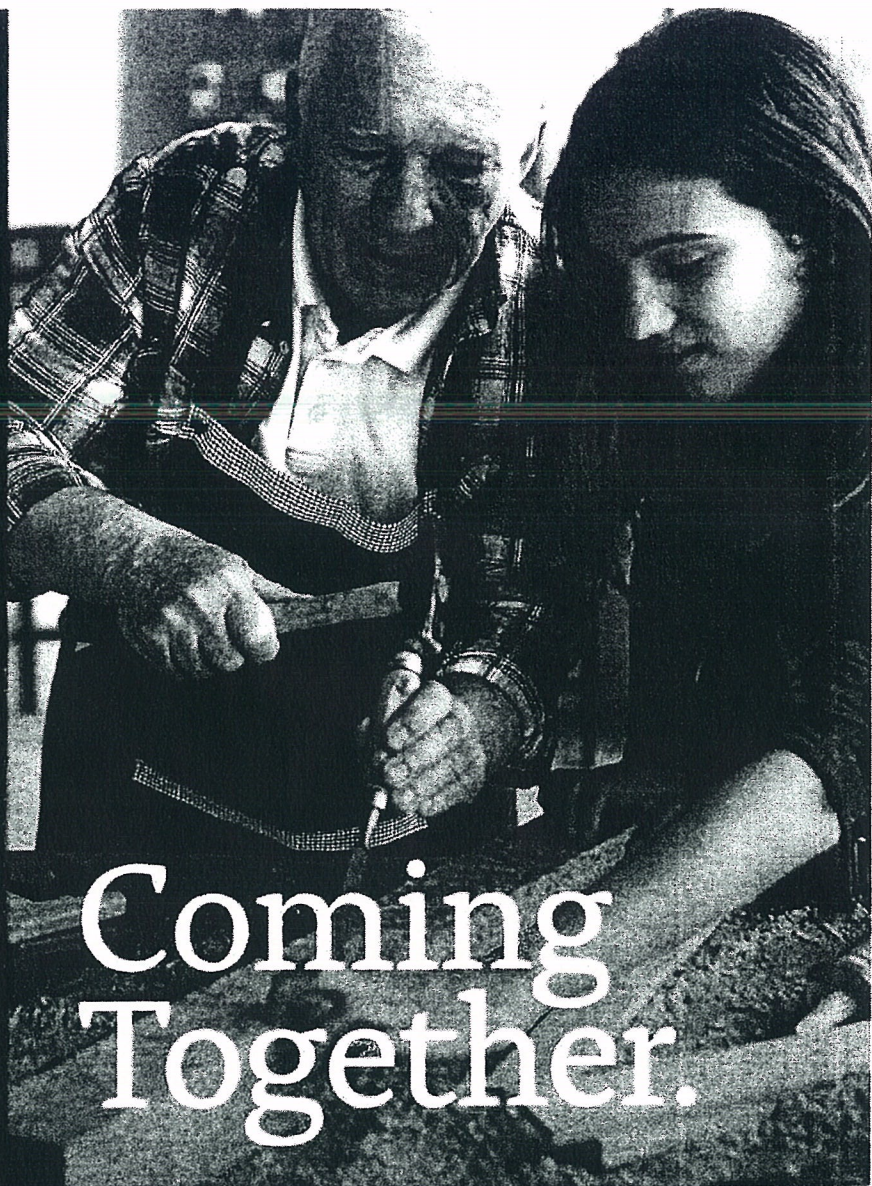
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EXHIBIT 3



Coming Together.

2017 Report to Policy Owners



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OUR AGENTS



It's a matter of trust.

WHEN IT COMES TO PLANNING YOUR FINANCIAL FUTURE, YOU WANT TO KNOW THAT THE PEOPLE YOU ARE WORKING WITH UNDERSTAND YOUR PRIORITIES AND GOALS AND HAVE A PROVEN TRACK RECORD OF FOLLOWING THROUGH ON WHAT THEY SAY THEY WILL DO. IT COMES DOWN TO ONE WORD: TRUST.

"YOUR NEW YORK
LIFE AGENT IS A
PARTNER WHO WILL
CONTINUE TO BE
THERE FOR YOU."

And for more than 170 years, millions of Americans have placed their financial security, peace of mind—and trust—with a New York Life agent.

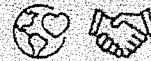
Our agents do more than simply sell life insurance and annuity products—they offer you a service. They are professional problem solvers. They are there to listen to you; to learn about your concerns,

your dreams, and your goals; and to provide expert guidance to help you make the best financial decisions for you and your family.

Working with us is also not a one-shot deal. Your New York Life agent is a partner who will continue to be there for you. He or she will work with you in the years to come to help you keep on track with your evolving needs.

WHETHER YOU LIVE IN A BIG CITY OR A SMALL TOWN, YOUR NEW YORK LIFE AGENT IS MORE THAN JUST A HIGHLY TRAINED FINANCIAL PROFESSIONAL.

He or she is likely a local business leader, PTA member, coach, volunteer—and most certainly, one of your neighbors. Along with bringing guidance and resources to you and others, they have a long track record of giving back to their communities.



IN 2017 ALONE,
NEW YORK LIFE AGENTS
WERE RESPONSIBLE FOR:

EXHIBIT 4



Independent Agency Group

Producer Contract
("Contract")

between

American General Life Insurance Company
and each Affiliated Insurer made a party to this Contract

and

Full Legal Name

- **Producer:** ☐ **Individual** ☐ **Corporation or other legal entity**
- **If Producer is a corporation or other legal entity, its full legal name must appear above and an authorized corporate officer must sign and indicate the officer's title below.**

Individual – Social Security Number:

Corporation – Tax Identification Number:

Producer's Signature

Title: _____

American General Life Insurance Company:

By: _____ Title: _____

Contract Date: _____
(To be completed by Insurance Company)



Independent Agency Group

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3. Effective Date
4. Appointment and Authority of Producer
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- A. Compensation
- B. Performance Requirements

Such additional schedules as may be added to this Contract by Company and made a part of this Contract

1. DEFINITIONS

For purposes of this Contract, the following terms and phrases will have the respective meanings assigned to them in this Section 1.:

- a. "Affiliated Insurer" means each insurance company subsidiary of American International Group, Inc., other than the Primary Company, which: (i) appoints Producer to transact business with such Affiliated Insurer, and (ii) is made a party to this Contract as reflected by the addition of one or more compensation schedules to this Contract.
- b. "Company" refers, jointly and severally, to the Primary Company and each Affiliated Insurer.
- c. "Company Rules and Procedures" means Company's current rules, procedures, methods, practices, requirements, and standards, as reflected in Company's Compliance Manual and all other written publications, bulletins, directives, and instructions issued by Company and reasonably communicated to Producer, as each of the same may from time to time be revised or changed by Company in its sole discretion.
- d. "Law" whether singular or plural, means all applicable statutes, rules, ordinances or regulations (including codes, plans, judgments, injunctions, administrative interpretations or orders thereunder, or charges, judgments, orders, decrees, rulings, or other restrictions) of any federal, state, local, or foreign government or any department, division, agency or instrumentality thereof.
- e. "Primary Company" means the insurance company identified on the first page of this Contract. Primary Company executes this Contract on its own behalf, and on behalf of each Affiliated Insurer.
- f. "Products" means the life, health and accident policies, annuity contracts and other insurance products issued by Company and reflected on one or more compensation schedules to this Contract. The term "product" (not capitalized), means any and all life, health and accident policies, annuity contracts and other insurance products issued by Company, whether or not reflected on a compensation schedule to this Contract. The products of Primary Company and each Affiliated Insurer are separately underwritten and independently supported by each respective insurer.

2. PURPOSE OF CONTRACT

Producer desires to enter into an agency relationship with Company for the purpose of selling Company's Products. Producer is responsible for producing quality business for Company. In return for performance of such activity by Producer, Producer will be paid the compensation set forth in the compensation schedules to this Contract, subject to the terms and conditions of this Contract.

3. EFFECTIVE DATE

This Contract is dated effective (the "Effective Date") as of the later of (a) the Contract Date indicated on the first page of this Contract, or (b) the date Producer is appropriately contracted and appointed with Company in accordance with applicable Law. This Contract applies to all Products written by Producer on or after the Effective Date.

4. APPOINTMENT AND AUTHORITY OF PRODUCER

Company hereby contracts with and appoints Producer, and Producer agrees to perform the following:

- a. **Solicit Applications for Products.** Solicit and procure applications for Products. No solicitation is permitted by Producer unless Producer is appropriately licensed, and Producer has been

contracted and appointed with Company in accordance with applicable Laws and Company Rules and Procedures.

- b. **Service Issued Products.** Service customers, endeavor to maintain in-force all issued Products, and perform such other duties to aid the purposes of this Contract, as requested by Company, and in accordance with Company Rules and Procedures.

5. LIMITATIONS AND PROHIBITIONS

Producer is authorized to act on behalf of Company only to the extent expressly provided in this Contract. Producer has no authority to take any action that is adverse to the interests of Company or its affiliates or customers, or that is contrary to applicable Law or Company Rules and Procedures. Producer further agrees as follows:

- a. **Licensing.** Producer shall conduct business only in those states and territories in which Producer is licensed by the appropriate regulatory authorities, and appointed with Company in accordance with applicable Law. Producer agrees to immediately notify Company in the event any insurance license of Producer is terminated or not renewed for any reason.
- b. **Deliver Issued Products.** Promptly make proper delivery of Products issued by Company on applications procured by Producer, and collect the first premiums for such Products and remit the same to Company, both in accordance with Company Rules and Procedures and subject to the terms and conditions of this Contract.
- c. **Territory.** Producer shall solicit applications for Products only in states and territories in which Company is admitted to do business and only for those Products offered by Company in each such state or territory. The right to solicit in these states and territories shall be nonexclusive.
- d. **Advertising.** Producer may not issue, print, or circulate any advertisement, sales material or other communication concerning Company or Company products without first obtaining the prior written approval of Company. Producer is not permitted to use any advertisements or sales materials previously created by Company that have been replaced, updated or discontinued.
- e. **Use of AIG and American General Names and Logo.** The name "AIG American General" is a registered service mark of American International Group, Inc. ("AIG"). Producer is authorized to use the AIG American General Logo and other related "AIG, or AIG American General terms, names and/or company names" only in connection with Producer's solicitation, sale and servicing of Company products and only after having obtained prior written approval from Company for each such use. The phrase "AIG, or AIG American General terms, names, and/or company names" refers to company, marketing, and product names and/or other symbols or logos, that contain the term "AIG", "AIG American General" or "American General", as well as those AIG and AIG affiliate's names, symbols or logos that do not contain the words "AIG", "AIG American General" or "American General". Producer's authority to use the AIG American General logo and the other related AIG, or AIG American General terms, names and/or company names shall automatically terminate upon termination of this Contract. Business cards, stationery and any other materials using company names, symbols or logos where multiple copies may have been printed or reproduced must be destroyed when this Contract terminates.
- f. **Policy Delivery and Coverage.** Producer shall not: (i) deliver or cause to be delivered any issued Product unless the applicant is in good health and insurable at the time of delivery of such Product in accordance with Company Rules and Procedures; or (ii) accept risks, pass upon insurability, or bind Company in any way.
- g. **Rebating.** Producer shall not, directly or indirectly, provide as an inducement to any person to purchase a policy or contract, any rebate of premium or any inducement not specified in the policy or contract.

- f. **Communications to Clients.** Producer shall not: (i) make any misrepresentation, incomplete comparison or unsuitable recommendation in order to induce a policy or contract owner of Company or of any other company to convert, lapse, forfeit, or replace such policy or contract owner's insurance; (ii) guarantee dividends or interest rates; (iii) alter or waive the terms of any Products; or (iv) extend the time of paying any premium.
- g. **Funds.** Producer shall not: (i) collect or give any receipt for deferred or renewal premiums or any other payments; (ii) deposit any cash or negotiable instruments representing payment of any premium, including the first; or (iii) withhold, commingle or convert to the use of Producer or to the benefit of others, any monies, securities, policies or receipts belonging to Company, the applicant, policy or contract owner, or the insured.
- h. **Status.** Producer shall not represent that Producer is an employee, partner, franchisee or joint venture partner of Company.
- i. **Fair Competition and Political Activity.** Producer shall not: (i) make disparaging oral or written remarks about competitors or dissuade a consumer from doing business with a competitor; or (ii) appear to represent, and must avoid the appearance of representing, personal political activity as activity on behalf of Company.
- j. **Agreements.** Producer shall not: (i) contract or incur any debt, obligation or other liability in the name or on behalf of Company; or (ii) enter into agreements involving the splitting or sharing of commission or other compensation with persons who are not licensed, contracted and appointed with Company.
- k. **Practice.** Producer shall not introduce, amend or terminate any Company Rules and Procedures, without Company's prior written consent.
- l. **Proceedings.** Producer shall not institute legal proceedings arising out of transactions which directly or indirectly relate to Company or Company's business on behalf of Company.
- m. **Assignment.** Producer may not assign this Contract or any duties hereunder to any third party. No commissions or other compensation payable by Company to Producer may be assigned without the advance written consent of Company. All assignments of compensation approved by Company shall be subject to debits and offsets by Company for any indebtedness owed by Producer to Company as provided under this Contract. Company will not be responsible for any consequences, including tax consequences, of any assignment.

6. RELATIONSHIP

- a. The relationship between Company and Producer shall be that of principal and independent contractor. Nothing contained herein shall be construed as creating the relationship of partnership, joint venture, franchise, or employer and employee for any purpose, including tax purposes. Producer agrees to be responsible for all taxes as a self-employed independent contractor.
- b. Producer's individual contractual relationships with other persons shall have no bearing on Company's right to enter into contractual relationships with the same or any other persons.
- c. If Producer is a corporation or other legal entity, the corporation or legal entity shall designate an authorized officer of the corporation or legal entity to act on behalf of the Producer.
- d. Producer shall be free to exercise independent judgment to determine the time and manner in which Producer shall perform the activities authorized under this Contract, subject to applicable Law and Company Rules and Procedures.

7. PRODUCER RESPONSIBILITIES

- a. **Compliance with Laws.** Producer agrees to keep informed of and to comply with the Laws of each state and territory where Producer conducts business.
- b. **Company Rules and Procedures.** Producer agrees to comply with Company Rules and Procedures and any system of review and control of Producer's activities relative to this Contract, including, any method of sanctions as may be used by Company. Adherence to Company Rules and Procedures will not negate the intent of Section 6. of this Contract.
- c. **Insurance.** Producer agrees to maintain errors and omissions insurance covering the acts and omissions of Producer in connection with Producer's performance of this Contract and its representation of Company. Such coverage shall be with a carrier and for amounts and deductibles acceptable to Company. Producer must provide evidence of such coverage satisfactory to Company prior to the execution of this Contract by Producer, and thereafter, upon the request of Company. Failure to provide satisfactory evidence of the required insurance coverage will result in action by Company, including, but not limited to, a hold on compensation due Producer, which compensation will be released only when Company receives acceptable evidence of insurance coverage, or the immediate termination of this Contract by Company.
- d. **Product Familiarity.** Producer agrees to become fully informed as to the provisions and benefits of each Product offered by Company for which Producer solicits applications and to represent such Products accurately and fairly to prospective purchasers of Products.
- e. **Confidential Information and Privacy Obligations.**
 - (i) Producer agrees to use Confidential Information (defined below) solely for the purposes of this Contract and not to disclose such Confidential Information to any third party in any form without the prior written consent of Company, or as may be allowed by applicable Law. Producer will advise and cause its respective employees, directors, officers, accountants, attorneys, agents, and representatives (collectively "Representatives") who will have access to Confidential Information not to use or disclose any Confidential Information for any purpose other than for the purposes set forth in this Contract, or as required by Law, and any such use or disclosure shall be at all times and in all events on the terms of and in compliance with the restrictions of this Contract. "Confidential Information" includes all information and data provided by Company to Producer, or acquired or used by Producer pursuant to this Contract, including Company's business and proprietary information, actual or potential customers, customer lists, strategic alliances, plans, reports, analyses, studies, models, sales data, marketing materials (including, without limitation, illustrations, disclosures and consumer advertising), or any other secret or confidential work, knowledge, know-how, trade secret or business information of Company or its respective affiliates, any information relative to any products, business procedures, coverage, or underwriting rates or pricing. "Confidential Information" also includes all records, files, input materials, reports, books or records, forms and other data or information, whether in written, electronic, or oral form, received, collected, processed, used or stored by, or provided to, Producer, pursuant to this Contract, including, without limitation, customer, applicant, contract or policy owner information, such as names, addresses, e-mail addresses, account numbers, and financial and health information. Confidential Information does not include information which is or becomes: (A) generally available to the public at the time of disclosure; or (B) was independently developed by Producer.
 - (ii) Producer agrees to indemnify and hold harmless Company and Company's affiliates, and their respective shareholders, officers, directors, employees and affiliates, from all claims, losses, liabilities, suits, actions, demands, settlements, losses, judgements, fines, costs, damages, fees and expenses, including, without limitation, reasonable attorney fees and expenses, incurred as a result of the failure of Producer or its Representatives to perform its confidentiality obligations hereunder.

- (iii) In the event that Producer becomes legally compelled to disclose any of the Confidential Information or take any other action prohibited by this Contract, Producer will provide Company with prompt written notice for the purpose of enabling Company to seek a protective order or other appropriate remedy, or waive compliance with the provisions of this Contract. In the event that such protective order or other remedy is not obtained within the time required to provide the Confidential Information, or if no such time period is specified, within thirty (30) days of such written notice to Company, Producer so legally compelled will furnish only that portion of the Confidential Information or take only such action which is, in the opinion of Producer's counsel, legally required, and will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to any Confidential Information so furnished.
 - (iv) Producer shall maintain security procedures to protect against improper disclosure or use of Confidential Information, and shall comply in full with the privacy and security requirements of the Gramm-Leach-Bliley Act ("GLBA") and the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as may be applicable, and any rules and regulations promulgated thereunder. To the extent that any applicable state or regulatory authority's requirements are more stringent than GLBA or HIPAA, Producer's use and/or disclosure of Confidential Information shall be in accordance with such requirements. Except to the extent otherwise required or specifically permitted by Law, Producer's use and/or disclosure of Confidential Information shall be limited solely to the purposes for which such information is disclosed to Producer to perform its obligations under this Contract.
 - (v) Producer shall maintain appropriate administrative, technical and physical safeguards to assure that Confidential Information is not used or disclosed other than as provided by this Contract or as allowed by Law. Producer expressly warrants that all Producer personnel with access to the Confidential Information: (A) will be advised of, and appropriately trained regarding the confidentiality and privacy obligations required under this Contract and by Law; and (B) will comply in all respects with such obligations.
 - (vi) Producer agrees to report to Company in writing within forty-eight (48) hours of discovering the same, any use or disclosure of Confidential Information not provided for in this Contract or for a purpose not expressly permitted by Law. To the extent such unauthorized use or disclosure occurs, Producer agrees to immediately mitigate, to the greatest extent possible, any harmful effect thereof.
 - (vii) Producer agrees that it will abide by the limitations of Company and its affiliates' current privacy policies as published by Company and its affiliates and as reasonably communicated to Producer from time to time.
 - (viii) Producer agrees to comply with the provisions set forth in the HIPAA Business Associate Addendum, which addendum is attached hereto as a schedule to this Contract and incorporated herein for all purposes.
 - (ix) Producer's obligations under this Section 7.e. shall continue after termination of this Contract.
- f. **Customer Service.** Producer agrees to maintain in force all issued Products during the term of this Contract, and following the termination of this Contract, Producer will not violate Section 11.d.(i)bb. of this Contract. This Section 7.f. shall survive the termination of this Contract.

g. Prompt Transmittal.

- (i) Producer shall transmit to the home office of Company, by certified mail or overnight delivery, within 24 hours after receipt, any documents served upon Producer or Producer's employees in connection with any regulatory action or legal proceedings by or against Company. Producer shall not act as Company's agent for service of process without Company's prior written approval.
- (ii) Customer complaints, whether written or oral, including all correspondence and documentation related to the complaints, shall be promptly transmitted to Company in accordance with Company Rules and Procedures.
- (iii) Producer agrees to transmit to Company all applications solicited and money accepted for Company in accordance with Company Rules and Procedures.
- (iv) This Section 7.g. shall survive the termination of this Contract.

h. Expenses. Unless otherwise agreed to in writing between Company and Producer, or prohibited by Law, Producer agrees to pay all expenses incurred by Producer or Producer's employees in the performance of this Contract, including, without limitation, local and municipal fees and taxes, and occupational and privilege taxes, with no right of reimbursement.

i. Indemnity and Hold Harmless. Producer agrees to indemnify and hold harmless Company and Company's affiliates, and their respective shareholders, officers, directors, employees and affiliates, from all claims, losses, liabilities, suits, actions, demands, settlements, losses, judgements, fines, costs, damages, fees and expenses, including, without limitation, reasonable attorney fees and expenses, resulting from any acts or omissions of Producer or Producer's employees. In the event Company asserts any rights under this or any other hold harmless and indemnification provision under this Contract, or any other contract between Company and Producer, Company shall have the right to withhold all compensation then due or to become due to Producer under this Contract, or any predecessor agreements, and to apply the same against the hold harmless and indemnification obligations of Producer to the extent determined by Company. This Section 7.i. shall survive the termination of this Contract.

j. Records.

- (i) Producer agrees to maintain, safeguard, and produce for inspection upon request by Company, complete and accurate files of all transactions related to Company, Company Products, applicants, insureds, and policy and contract owners of Company. Such files shall be maintained and retained in accordance with Company Rules and Procedures.
- (ii) If Producer is licensed and appointed to solicit the Products of a Company licensed to do business in the State of New York, the records relating to Products issued in the State of New York shall be maintained in accordance with New York Insurance Regulation 152.
- (iii) Producer agrees that all records in the possession of or under the control of Producer which are connected with or relate to business transacted under this Contract shall be open to inspection and shall be fully disclosed to Company. Producer also agrees that the compensation accounts of Company shall be competent and conclusive evidence of the state of Producer's compensation accounts.

k. Repayment of Unearned Compensation.

- (i) Producer agrees to immediately repay to Company all unearned Producer compensation received by Producer for, or with respect to, premiums or payments returned to policy or contract owners by Company for any reason.
- (ii) Such unearned compensation will first be debited against Producer's compensation account. Producer agrees to pay to Company on demand any unpaid amounts remaining after such debit against Producer's compensation account.
- (iii) The obligation to repay compensation shall apply even if the applicant, policy owner, or contract owner does not accept the premium refund.
- (iv) Payments of compensation to Producer made in error will be repaid in the same manner as unearned compensation.
- (v) Other provisions regarding repayment of unearned compensation or chargebacks may be contained in one or more commission schedules to this Contract.
- (vi) This provision 7.k. shall survive the termination of this Contract.

l. Indebtedness.

- (i) To secure any and all present and future indebtedness of Producer to Company, Producer hereby pledges, assigns, and grants to Company a security interest in, a first lien upon, and rights of set-off and recoupment against all compensation due Producer from Company. In the event that Producer is indebted to Company, Company shall have the right, at any time, to deduct such indebtedness from any and all compensation due to Producer from Company, at the sole option of Company.
- (ii) Producer shall be responsible for any indebtedness owed to Company by Producer.
- (iii) In the event of Producer's failure to pay any indebtedness of Producer to Company when due, Company may elect to exercise any and all of its rights and remedies allowed under this Contract, any other contract between Producer and Company, and any right or remedy existing at Law or in equity. Company's option not to exercise any such rights or remedies shall not be construed as a waiver of the right to exercise any such rights or remedies at a later date. An exercise by Company of any of its rights or remedies shall not prevent the concurrent or subsequent exercise or any of its other rights or remedies.
- (iv) All indebtedness of Producer to Company, whether occurring before or after termination of this Contract, and all rights and remedies of Company to recover the same, shall survive the termination of this Contract.

m. Property. Producer agrees to return on demand all property of Company. Property of Company includes, but is not limited to: rate books, manuals, supplies, applications, policy and contract forms, policy and contract owner records, video tapes, computer hardware and software, advertising, sales and promotional literature, any business forms, all other Company materials, and any materials displaying the AIG American General terms, names, and Company names, words, or logos described in Section 5.d. above.

n. Employees. Producer shall be financially responsible to Company for the acts of Producer's employees and shall promptly report to Company, in writing, any known or alleged misappropriation of funds by Producer's employees regardless of whether such known or alleged misappropriation is with respect to funds of Company or funds of any other person or company.

- o. Complaints.** Producer shall document and promptly report to Company all customer complaints involving the conduct, performance, or services of Producer under this Contract in accordance with Company Rules and Procedures. Producer agrees to fully cooperate with Company in the investigation and resolution of such complaints.
- p. Remittances.** All moneys or other properties belonging to Company, while in the custody or control of Producer, shall be held by Producer in a fiduciary capacity and shall not be commingled with other funds or properties held by Producer. No moneys or other properties belonging to Company shall be used by Producer for any purpose whatsoever but are to be reported and transmitted to Company in accordance with Company Rules and Procedures. Producer shall be responsible to Company for all moneys paid to or collected by Producer, its employees, and solicitors.

8. COMPENSATION

- a.** Producer shall be paid compensation for Products sold by Producer while this Contract is in effect in accordance with the compensation schedules made a part of this Contract, subject to the terms and conditions of this Contract and Company Rules and Procedures, and applicable Law. Producer must be appropriately licensed and appointed to receive compensation under this Contract.
- b.** Compensation will be calculated based on the compensation schedules in effect on the date the application for a Product is received by Company. Company reserves the right to adjust the level of compensation paid on future sales of Products.
- c.** If any policy or contract is considered to be a replacement or conversion of an existing Company policy or contract, or a replacement or conversion of a policy or contract of one of Company's affiliates, then compensation shall be adjusted in accordance with Company's then current replacement rules. If all or any portion of a policy or contract is reinsured, compensation may also be adjusted.
- d.** If a policy or contract should lapse for non-payment of premium, no further compensation will be payable on such policy or contract unless it is thereafter reinstated in accordance with Company's reinstatement rules.
- e.** Unless otherwise agreed to in writing by Company, compensation payable under this Contract will not be included in determining compensation credits for the purposes of qualifying for prizes, trips, deferred compensation plans or other production awards which may be available to Producer through any other producer or other agreement between Producer and Company or Company's affiliates, or any profit center of Company.

9. VESTED COMPENSATION

- a.** In the event that this Contract is terminated without cause, Company shall continue to pay the remaining first year compensation and vested renewal compensation to Producer, as set forth in and subject to the provisions of the compensation schedules made a part of this Contract. This provision is superseded in the event of forfeiture under Section 11. below.
- b.** Any bonus program in effect, or any bonus program described in compensation schedules that becomes effective in the future, is not vested and may be discontinued at any time. No bonus will be payable in the event of forfeiture under Section 11. below.
- c.** In the event of the death of an individual Producer, Company shall continue to pay Producer's vested compensation to the beneficiary of Producer. Unless Producer designates another beneficiary on a form acceptable to Company, Producer's beneficiary shall be deemed to be Producer's spouse, if living, otherwise Producer's estate.

- d. In the event of dissolution of a Producer that is a corporation or other legal entity, all vested compensation otherwise payable to Producer shall be paid to a single successor payee, provided that such successor payee shall have been designated in writing in a form satisfactory to Company.
- e. Other provisions regarding vesting may be contained in one or more commission schedules to this Contract.
- f. Notwithstanding the foregoing provisions of this Section 9., if in any year commencing with the date twelve (12) months prior to the date of termination of this Contract, the total compensation paid on policies is less than \$100, then only remaining first policy year compensation will be paid.
- g. Payment of any vested compensation as provided under this Section 9., are superseded in the event of a forfeiture under Section 11. below.
- h. This Section 9. shall survive the termination of this Contract.
- i. Service fees are not vested.

10. CHANGES IN SCHEDULES

Compensation schedules attached to this Contract may be changed by Company at any time with notice to Producer. Such changed compensation schedules shall apply to applications for Products received by Company on and after the date of the new schedule.

11. TERMINATION

- a. **Automatic Termination.** This Contract shall automatically terminate upon:
 - (i) the death of Producer, if Producer is an individual;
 - (ii) the dissolution of the partnership, or upon the death of a partner, if Producer is a partnership or a limited liability partnership;
 - (iii) the dissolution of the corporation or entity, if Producer is a corporation, limited liability company, or other business entity existing under Law;
 - (iv) the sale of a majority or controlling interest of the corporation or other entity, if Producer is a corporation or other entity;
- b. **Immediate Termination.** This Contract may be terminated, immediately, at Company's sole discretion upon:
 - (i) the filing of a voluntary petition in bankruptcy or for reorganization by Producer; or
 - (ii) the filing of an involuntary petition in bankruptcy or for reorganization against Producer.

c. **Written Notice.** This Contract may be terminated either by Company or by Producer upon thirty (30) days written notice to the other party. Producer's authority to solicit, procure, or otherwise participate in the solicitation or procurement of applications for Products shall terminate on the date specified within the notice.

d. **Termination for Cause.**

(i) This Contract may be terminated for cause by Company immediately upon written notice to Producer, if Producer:

- aa. Wrongfully withholds or misappropriates any funds, insurance policies, annuities, vouchers or other property belonging to the applicant, policy or contract owner, or Company;
- bb. Directly or indirectly endeavors to induce Company's policy or contract owners to surrender, replace or lapse their policies or contracts, or participates in such activities;
- cc. Acts to materially prejudice the interests of or to discredit Company;
- dd. Fails to comply with or otherwise breaches the terms or conditions of this Contract or Company Rules and Procedures;
- ee. Has any license to act as an insurance agent or broker revoked or not renewed;
- ff. Violates any insurance or other material Law;
- gg. Commits any fraud upon Company or its policy or contract owners; or
- hh. Directly or indirectly endeavors to induce agents of Company to discontinue their contracts with Company, or participates in such activities.

(ii) For a period of two years following a contract termination made pursuant to Sections 11.a., b., or c., Company reserves the right to convert said termination to a termination for cause upon the determination by Company that an activity or event listed in Sections 11.d.(i)(aa.-hh.) occurred either before the initial termination or within two years after the initial termination. Should Company elect to convert a termination to one for cause pursuant to this Section 11.d., the provisions of Section 11.e. will remain fully applicable.

e. **Forfeiture.** Should Producer at any time while this Contract is in force, or within two years following its termination, be terminated for cause, then Producer shall forfeit any and all rights to compensation or remuneration of any kind, then due or to thereafter accrue under this or any other contract with Company. This forfeiture shall be without prejudice to Company as to any other remedy available at Law or in equity.

f. **Servicing.** Upon termination, Company may assign a servicing agent of Company's choosing in connection with any business written by Producer, however, such assignment will not of itself affect the vesting of compensation on existing business as provided under the terms of this Contract.

j. **Survive Termination.** The provisions of Sections 11.d., e., f. and g. shall survive the termination of this Contract.

12. ARBITRATION

a. Any and all disputes arising under this Contract shall be settled by arbitration in Houston, Texas, or such other place as may be mutually agreed upon by the parties, under the rules of the American Arbitration Association, and judgment may be entered upon the award in any court of competent jurisdiction.

b. The arbitrator will decide the dispute in accordance with the substantive law of Texas. Following the arbitration hearing, the arbitrator shall issue a decision and a separate written opinion that summarizes the reasoning behind the decision and the legal basis for the decision. The separate

written opinion will be kept confidential by the arbitrator and by all parties. The decision is not reviewable by any court for errors of law or fact.

- c. The determination of the arbitrator shall be final and binding upon all parties. The costs of arbitration shall be borne equally by both parties.
- d. **COMPANY AND PRODUCER EACH WAIVES ALL RIGHTS TO RECOVER SPECIAL, PUNITIVE AND NON-COMPENSATORY DAMAGES AGAINST THE OTHER PARTY.**
- e. This Section 12. shall survive the termination of this Contract.

13. WAIVER

Failure of Company to exact strict compliance with the terms of this Contract or the failure to declare any default when the same shall become known to it, shall not operate as a waiver of such conditions nor release Producer from Producer's obligation to perform all requirements of this Contract strictly in accordance with its terms.

14. PRODUCTION AND PERSISTENCY

Company shall have the right to establish minimum production and persistency standards as a requisite to Producer maintaining this Contract, which standards Company shall be free to amend, in its sole discretion.

15. PREVIOUS CONTRACTS

- a. By execution of this Contract, all previous agent contracts, including any compensation schedules and supplements to such contracts between Company and Producer, other than single case commission agreements, are terminated as of the Effective Date of this Contract. Producer's right to vested compensation from Company under a previous contract is not hereby terminated and shall be determined under the contract in effect when the application(s) for new business were written.
- b. Notwithstanding the termination discussed in Section 15.a. above, any lien, security interest, claim, right or remedy that Company has or may have against Producer under any previous agreement shall survive such termination and remain in full force and effect.

16. PARAGRAPH HEADINGS

The captions contained herein shall not be considered a portion of this Contract nor a limitation thereon, but are inserted for reference only.

17. ENTIRE AGREEMENT

This Contract, including all applicable schedules and all supplements thereto, and all other written agreements between Company and Producer which are expressly made a part of this Contract, constitutes the entire Contract between the parties. However, Producer's right to compensation from premiums on products issued by Company under a previous agreement is not affected except as provided in the Indebtedness and Previous Contracts Sections hereof.

18. MODIFICATIONS

This Contract cannot be modified or changed by any oral promise or statement by whomsoever made. No written modification of this Contract will bind Company unless it is signed by an authorized officer of Company and specifically expresses an intention to modify or change this Contract.

19. EXONERATION CLAUSE

Should any legislation, court decision or ruling of any state insurance department or other applicable Law render any provision of this Contract unlawful, it is mutually agreed that any changes in this Contract as may be necessary shall be made without loss, damage or other expense to Company. Any provision of this Contract which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, enforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

20. NOTICE AND GOVERNING LAW

- a. All notices required under this Contract must be in writing. Such notices may be sent by U.S. mail, certified, return receipt requested, or air courier service with return receipt. Notice will be deemed completed to Producer upon deposit, postage prepaid, in the U.S. mail or by air courier service, addressed to Producer at Producer's address according to Company's records, or to Company, upon actual receipt by Company, at its home office, whichever applies.
- b. The terms of this Contract shall be governed by and constructed in accordance with the Laws of the State of Texas, without regard to its conflicts of law principles. Producer agrees to subject itself to the jurisdiction of the courts in Harris County, Texas for the enforcement of the Arbitration Section of this Contract.
- c. This Section 20. shall survive the termination of this Contract.

21. FEDERAL CRIME CONTROL ACT NOTICE AND CERTIFICATION

- a. By execution of this Contract, Producer represents and warrants that Producer has not been convicted of any criminal felony involving dishonesty or breach of trust, or has obtained the required written authorization or written consent from each Department of Insurance in the states and territories in which Producer transacts insurance business, in which case, Producer shall advise Company of such conviction and furnish such authorization or consent for Company's examination.
- b. Should Producer at any time while this Contract is in effect be convicted of a criminal felony involving dishonesty or breach of trust, Producer agrees to immediately notify Company in writing of the felony conviction. Producer understands that failure to comply with the requirements of the Federal Crime Control and Law Enforcement Act of 1994 (18 U.S.C.S. Sec. 1033, 1034) may result in disciplinary action up to and including termination for cause by Company.

22. CONDUCT OF BUSINESS

Company may make such changes and decisions as it deems advisable in the conduct of its business, including the discontinuance of any Product or policy or contract form or the withdrawal from any state or territory, and Company shall incur no liability to Producer by reason of its doing so. Company shall have the right to test market any product on a select basis without making the product available to all agents or in all locations.

23. INVESTIGATION NOTICE

Producer authorizes Company to obtain an investigative consumer report from a consumer reporting agency or similar source, at any time Company deems it advisable to evaluate the financial condition, character, credit, reputation and personal traits of Producer and all signatories of this Contract. Producer and all signatories of this Contract release those contacted and Company and Company's affiliates, and their respective shareholders, officers, directors, employees and affiliates, from any liability with respect to the content of the information provided and any resulting action by Company.

In furtherance of this provision, Producer and all signatories of this Contract agree to immediately execute, upon the request of Company, any authorization or other document or instrument as may be required to obtain such reports or information.

24. ELECTRONIC COMMUNICATIONS AND TRANSACTIONS

Producer must at all times have the capacity to communicate with Company through electronic mail and to accept electronic transactions including, but not limited to, electronic fund transfers, the capacity to receive e-mail correspondence and access to the internet.

25. PRODUCER REPRESENTATIONS

By executing this Contract, Producer makes the following representations:

- a. Producer has read, understands, and will abide by the terms of this Contract.
- b. Producer has reviewed this Contract with counsel or has voluntarily chosen not to do so.
- c. Producer will abide by Company Rules and Procedures, whenever Producer is acting as an agent of Company.
- d. If Producer is a corporation, partnership or other legal entity, each and every individual who signs this Contract for Producer jointly and severally guarantees the performance of all the obligations hereunder.
- e. Producer has received, read, understands, and will abide by the contents of Company's Compliance Manual.

26. PRIVACY

- a. The terms "Protected Health Information" and "PHI" shall have the meaning set forth in 45 C.F.R. Sec. 164.501 as may be amended. Other terms shall have the same meanings as set forth in the applicable definition of the HIPAA Privacy Rule or other regulations.
- b. Producer shall maintain the confidentiality, and use and disclose Information solely for the purposes specified in the Agreement and any addendum thereto and to fulfill the purposes of the Agreement and any addendum thereto, consistent with Company's notices of privacy practices, policies and procedures, provided that such use or disclosure would not violate any applicable, laws, rules or regulations if done by Company.
- c. Producer shall:
 - (i) Not use or further disclose PHI other than as permitted or required by the Agreement or any addendum thereto or as required by law.
 - (ii) Use commercially reasonable efforts and appropriate safeguards to maintain the integrity, confidentiality, and security of PHI and to prevent the unauthorized use or disclosure of PHI and to comply with the security standards or the HIPAA security regulations. Upon Company request Producer will provide to Company access to and documentation regarding any safeguards.
 - (iii) Report promptly within forty-eight (48) hours to Company's Privacy Officer in writing any use or disclosure of PHI that is not permitted by the Agreement or any addendum, of which Producer becomes aware. Producer's report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the PHI used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what Producer has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, (v)

what corrective action Producer has taken or shall take to prevent future similar unauthorized use or disclosure, and (vi) any other information as reasonably requested by Company's Privacy Officer.

- (iv) Require all of its employees, representatives, subcontractors or agents that receive or have access to PHI to agree to adhere to the same restrictions and conditions on the use and/or disclosure of PHI that apply herein, including the obligation to return or destroy the PHI as provided for below.
 - (v) Make Producer's internal practices, books, and records relating to the use and disclosure of PHI available to the Department of Health and Human Services for purposes of determining Producer's and Company's compliance with the HIPAA requirements; provided that, Producer shall immediately notify Company upon receipt by Producer of any such request.
 - (vi) Within ten (10) days of receiving a written request from Company, provide to Company such information as is requested by Company, if any, to permit Company to respond to a request by an individual for access to, an amendment of, or an accounting of the disclosures of the individual's PHI in accordance with 45 C.F.R. Secs. 164.524, 164.526, and 164.528. If an individual contacts the Producer directly about access to, amendment of, or an accounting of disclosures of his/her PHI, the Producer will forward such request immediately to Company and not provide such access, amendment, or disclosure. Notwithstanding anything herein to the contrary, Producer shall make reasonable efforts to cooperate with Company in responding to any such requests and enabling Company to comply with federal laws and regulations regarding the timing of response to such requests.
 - (vii) Upon termination of this Agreement and subject to applicable law and the Company's file and record maintenance requirements in the Compliance Manual, return or destroy (with Company's written permission) all PHI that Producer maintains in any form pursuant to the Agreement, and retain no copies of such information. However, if Company determines that such return or destruction is not feasible, Producer will continue to extend the protections of this provision to such PHI and limit further use of the information to the purposes that make the return or destruction not feasible. The respective rights and obligations of each party pursuant to this subsection shall survive the termination of this Agreement.
- d. In the event Producer breaches a material obligation under this Section 26, Company may at its option: (i) require Producer to cure the breach within forty-eight (48) hours of Company notice to Producer, and/or (ii) immediately terminate the Agreement.
 - e. Producer agrees to abide by the limitations of any notices of privacy practices published by the Company.
 - f. **Restrictions On Use.** Company shall notify Producer of any restriction to the use or disclosure of PHI Company has agreed to in accordance with 45 CFR Sec. 164.522, to the extent that such restriction may affect Producer's use or disclosure of PHI.
 - g. To the extent that state law is more stringent than the HIPAA regulations, any use or disclosure of PHI by Producer shall be made in accordance with the law. Any provision or ambiguity of this Section 26 which conflicts with an applicable state or federal law shall be interpreted so as to permit compliance with HIPAA or the minimum requirements of any such statute or regulation.
 - h. The terms and conditions of this Section 26 and Producer's obligations hereunder shall survive any termination or expiration of this Agreement for any reason whatsoever.

IN WITNESS WHEREOF, Company has caused this Contract to be signed by its duly authorized officer, and Producer has caused the same to be signed, the date and year first above written.



Independent Agency Group

SCHEDULE B PERFORMANCE REQUIREMENTS

1. **CONTRACT** Attached to and made part of the Producer Contract
2. **CONTROL DATE** May 1, 2003
3. **SCHEDULE**

A. Persistence

Individual	Premium	Policy Count
13 month persistency	85%	80%
25 month persistency	80%	70%

The Producer is expected to maintain an agency persistency ration in either premium or policy count as stated above. If the 13 or 25 month persistency requirements are not met, AGL retains the right to reduce overrides and / or terminate this contract. Persistency is determined according to AGL's generally applied procedures then in effect.

B. Production

The minimum production requirement for the Producer contract is \$10,000 of annualized paid premium known as CPPE (Continuous Paid Profit Equivalency). CPPE is 100% annual premium and 10% excess, single and annuity premium.



Independent Agency Group

Must be completed if you are contracting in a Corporation Name

ADDENDUM TO PRODUCER AGREEMENT

This is an Addendum to that certain Producer Agreement dated _____, ____ by and between the Company and Producer (the "Agreement") and this Addendum is and shall be an integral part of the Agreement. Any capitalized terms in this Addendum shall have the meanings set forth in the Agreement unless otherwise indicated. In the event of any conflict with or inconsistency between the terms and conditions of this Addendum and those set forth in the Agreement, the terms and conditions of this Addendum shall control. Each of the individuals signing this Addendum agrees to be bound by the applicable provisions of the Agreement and acknowledges, understands and agrees that if a Producer is a corporation, partnership or other legal entity, each individual signing the Agreement jointly and severally guarantees the performance by the Producer of all the obligations under the Agreement.

By his or her signature below, each of these individuals hereby personally, unconditionally, absolutely, irrevocably and jointly and severally guarantees all obligations of the Producer under the Agreement, including but not limited to, any and all obligations for any indebtedness of the Producer to the Company. This is a guaranty of payment and performance and not of collection. The liability of each individual hereunder shall be direct and immediate and not conditional or contingent upon the pursuit of remedies against any other individual, person or entity. Each individual acknowledges and agrees that as a condition to the Company entering into the Agreement, it has required such individual to guarantee to the Company payment and performance of all obligations of the Producer under the Agreement. Each individual further acknowledges and agrees that the Producer's entering into the Agreement is of substantial benefit to such individual. Each individual hereby waives demand, presentment for payment and notice of nonpayment of any of the Producer's obligations under the Agreement.

This Addendum has been executed and is effective as of the date of the Agreement set forth above.

AMERICAN GENERAL
LIFE INSURANCE COMPANY

INDIVIDUAL(S):

By: _____

Title: _____

Name: _____

Address: _____

Facsimile #: _____

Name: _____

Address: _____

Facsimile #: _____

EXHIBIT 5

**AMERICAN NATIONAL INSURANCE COMPANY
GALVESTON, TEXAS
AGENT'S AGREEMENT**

American National Insurance Company (hereinafter designated as "Company") hereby appoints _____ its **AGENT ("you")** with the authority and obligations set forth in this Agreement, and you accept your appointment subject to the terms and conditions of this Agreement and all related Schedules and Supplements related to it.

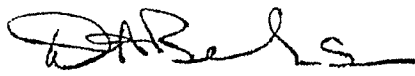
Effective Date - This Agreement shall become effective on _____. If any provision of the Agreement is now or shall in the future be in conflict with any applicable law or any valid Department of Insurance ruling or order, it shall be modified to the extent necessary for compliance. This Agreement shall supersede all previous agreements between the parties.

AGENT:

By: _____
(Signature)

(Print or Type Name Here)

AMERICAN NATIONAL INSURANCE COMPANY:

By: 
Title: _____
**EXECUTIVE VICE PRESIDENT
INDEPENDENT MARKETING**

Date: _____

(Indicate Appropriate Compensation Schedule)

RECRUITING ORGANIZATION:

By: _____
(Signature of Organization Representative)

Submitted by: _____
(Print or Type Name of Organization)

Recruiter's Personal Code #: _____

**BENEFICIARY TO RECEIVE COMMISSIONS
PAYABLE AFTER DEATH (LIMITED TO ONE
INDIVIDUAL):**

Name of Beneficiary (Print or Type)

Relationship: _____

Authority - You are hereby authorized to develop and supervise the company's business in conformity with the rules and regulations of the Company. You shall recruit and recommend for appointment by the Company individuals and agencies qualified and experienced in life insurance sales and service as agents. You shall train and supervise such agents in accordance with the standards of the company and the requirements of the state or states in which they function for the Company. You acknowledge that all agents in your hierarchy are independent contractors of the company and, at a subagent's election or at the sole discretion of the Company can be transferred by the Company in accordance with the Company's transfer rules.

You shall solicit applications for ordinary life insurance and annuities to be issued by the Company and submit such applications received to the Company, provided that you are properly licensed as required by any governmental authority applicable to you. You shall deliver policies issued by the company, collect the first premium therefor, transmit all collections immediately to the Company, and make every effort to maintain in force all policies issued by the Company.

You shall at all times comply with the rules and regulations of the Company pertaining to underwriting practices, acceptance of risks, delivery of policies, and all other areas of conduct of the Company's business. The relationship between the Company and you created by this Agreement is that of an independent contractor, and nothing in this Agreement shall be construed as creating the relationship of employer and employee between the Company and you. Neither you nor your employees nor agents shall be deemed to be the employee or servant of the company. You shall not be a fulltime insurance agent as defined by the Federal Social Security Law. None of the benefits provided by the Company to its employees, including, but not limited to, worker's compensation insurance and unemployment insurance are available to you, your employees or agents. If training courses, sales methods and material or similar aids and services are extended or made available to you, it is agreed that their purpose and effect shall not be to give the Company control over your time or direction, but only to assist you in your business.

Licensing of agents shall be in compliance with the statutory and regulatory requirements of the Departments of

or other regulatory agencies and in accordance with the standards and procedures established by the Company. Neither you nor any of your agents shall solicit business for the Company until your or their insurance license is in your or their possession or until the Company notifies you in writing that you or they are qualified to write business for the Company.

You shall assume full responsibility for, and indemnify the Company against, any liability in connection with the payment of all federal, state, and local taxes or contributions imposed or required under unemployment insurance, social security, income tax, and related laws with respect to compensation received under this Agreement by you.

In addition to the requirement that you comply with the rules and regulations of the Company pertaining to underwriting practices, acceptance of risk, delivery of policies, and all other areas of the Company's business, you are required to:

- (1) Comply with the Company's policies and procedures concerning the replacement of life insurance policies and annuity policies. A replacement occurs whenever an existing life insurance policy or annuity is terminated, converted, or otherwise exchanged in value. For any transaction involving a replacement, the Company requires you to:
 - (a) recommend the replacement of an existing policy only when replacement is in the best interest of the customer.
 - (b) fully disclose all relevant information to the customer, which information includes:
 - (1) comparison of old and new premiums, expenses, and surrender charges, cash values, and death benefits;
 - (2) any loss of cash value or policy value by surrendering the existing policy;
 - (3) all guaranteed and maximum values of both policies;
 - (4) the fact that a new contestability and suicide period starts under the new policy; and
 - (5) the requirement that the customer must be re-underwritten for the new policy.
 - (c) provide the customer with all applicable required state and Company forms if replacement is involved.
 - (d) provide state-required replacement notices to customers on the same day the application is taken and indicate on the application the transaction involves the full or partial replacement of an existing policy. never recommend that a customer cancel an existing policy until a new policy is in force, and the customer has determined that the new policy is acceptable.
- (2) Adhere to the Company's rules and regulations concerning ethical market conduct, which require that you:

Insurance

- (a) carefully evaluate the insurance needs and financial objectives of your clients, and use sales tools (e.g., policy illustrations and sales brochures) to determine that the insurance or annuity you are proposing meets these needs.
- (b) maintain a current license and valid appointment in all states in which you promote the sale of the Company products to customers and keep current of changes in insurance laws and regulations by reviewing the bulletins and newsletters that the Company provides.
- (c) comply with Company replacement policies, refrain from making disparaging remarks or providing false or misleading information about a competitor or competing product.
- (d) submit all advertising materials intended to promote the sale of any Company product to the home office for approval prior to use.
- (e) immediately report to the Company any customer complaints, whether written or oral, and assist the Company in resolving the complaint to the satisfaction of all parties.
- (f) communicate these standards to any producers or office personnel that you directly supervise and request their agreement to be bound by these conditions as well.

During the term of this Agreement, you shall have and maintain errors and omissions issuance coverage in an amount satisfactory to the Company underwritten by an insurer satisfactory to the Company insuring against negligent act, error, or omission by you or any person employed by you in the rendering of any services related to this Agreement. You must provide proof of such coverage upon application for appointment with the Company and further provide proof on an annual basis or as requested by the Company.

Territory - You may exercise your authority within any territory in which you are properly licensed, but that territory is not assigned exclusively to you.

Records - You shall keep correct and accurate accounts and records of all business transactions and monies which you or your agents collect for the Company. Such accounts and records shall be open at all times to inspection and examination by the Company's authorized representatives or by the Department of Insurance (as required by law) at all times.

Expenses - You shall pay all expenses of every nature incurred in connection with the performance of this

Agreement, and the Company shall not be liable in any way
therefore.

Trade Secrets - All accounts, policyholder files and
records (including any names, addresses, and ages of
policyholders

or records of policy expiration or renewal date), application forms, rate books, software, and all other records in your possession pertaining to the Company business are trade secrets wholly owned by the Company and shall be returned to the company upon demand.

Prompt Transmittal - You shall immediately transmit to the Company all applications solicited and money received for the Company by you or your agents. All such funds shall be segregated by you and held by you in trust. You shall not use such funds for any purpose. If any citation or other paper shall at any time be served upon or received by you concerning any claim, or any other lawsuit, or any legal proceedings by or against the Company, within twenty-four (24) hours after receipt, you shall transmit it by certified mail to the Home Office of the Company in Galveston, Texas. If you neglect, refuse, or fail to do so, you agree to pay the Company, upon demand, the amount of any loss, damage, cost, attorney's fees, or expenses which may have been incurred by your failure to transmit the document within the 24-hour time period.

Hold Harmless - You agree to indemnify and hold harmless the Company from all losses, expenses, costs (including reasonable attorneys' fees whether in defending claims or enforcing this provision), and damages resulting from any acts by you which breach any terms of this Agreement.

Repayment of Commissions and Service Fees - You agree to repay to the Company, on demand, any unearned commissions and service fees and all other compensation received by you for or with respect to premiums or payments returned to policy or contract owners by the Company for any reason. You understand that it is sometimes necessary for the Company to refund premiums in order to settle disputes with policyholders. This decision is made solely at the discretion of the Company, and you will still be liable for the return of unearned commissions.

Limitation of Authority - You shall not possess or exercise any authority on behalf of the Company other than the power or authority expressly conferred by this Agreement and you shall not assume that any power or authority is implied. Specifically, but not in limitation to the foregoing, you shall have no authority on behalf of the Company to:

- (1) make, alter, or discharge any contract.
- (2) assign this Agreement or any compensation payable under it without the prior written consent of the Company.
- (3) solicit applications for the Company in any manner prohibited by or inconsistent with the provisions of this Agreement or the rules and regulations of the Company.
- (4) induce any Company employee or sales representative to terminate any agreement with the Company or any affiliate of the Company or otherwise interfere with any employee or agent's relationship with the Company or any affiliate of the Company.
- (5) incur any indebtedness or liability, expend, or contract for the expenditure of any funds of the Company.

- (6) extend the time for payment of any premium, bind the Company to the reinstatement of any terminated policy, or accept notes for payment of premiums.
- (7) waive or modify any terms, conditions, or limitations of any policy.
- (8) adjust or settle any claim or commit the Company with respect thereto.
- (9) issue or circulate any advertisement or literature unless the same shall have been first approved in writing by the compliance officer of the Company.
- (10) enter into any legal proceedings in connection with any matters pertaining to the Company, which may in any way involve or affect the Company, its affiliates, their business, operations, or any policy issued by them.
- (11) deliver any policy issued by the Company until the applicant has made settlement for the first premium.
- (12) deliver any policy if you or your agents have knowledge of any impairment of the applicant's health not disclosed on the application or occurring subsequent to the securing of the application or if more than thirty (30) days have elapsed from the date of mailing of the policy by the Company, unless authorized in writing by an officer of the Company.

Compensation - For the purpose of determining compensation, your compensation shall include not only your personal production, but also the production of all agents assigned to you. You shall be compensated according to the related Compensation Schedule, based on premiums received on policies issued by the Company for applications secured under this Agreement. Payment of commissions and service fees shall be made at such times and in the manner the Company considers appropriate for the efficient administration of this Agreement. The Compensation Schedule is subject to change by the Company, but any change shall not apply to business written prior to the effective date of the change. The agent's statements rendered by the Company concerning commissions and service fees paid and/or payable, advances and indebtedness shall be conclusive, unless, within thirty (30) days following receipt of the statement, you notify the Company in writing of a dispute regarding any transactions reported since the last preceding report. If a policy on which you are receiving commission or service fees shall lapse for any reason, no further commission or service fees will be paid unless the policy is reinstated solely by the efforts of you. If, for any reason, the Company refunds any premium on which you received a commission or service fee, you shall immediately repay to the Company the commission or service fee received on such premium.

Compensation After Termination - If this Agreement is terminated by your death or by your total and permanent disability, you or your beneficiary shall receive compensation as provide in the Compensation Section of this Agreement on business written prior to termination. Unless otherwise designated in writing on the face page of this Agreement, your beneficiary shall be your spouse, if then living, otherwise, your estate. If this agreement is terminated for any

cause other than your death or disability, or your acting to prejudice materially the interests of the Company or its affiliates, or your violation of any of its provisions, you shall receive Compensation as provided in the Compensation Section of this Agreement less a collection fee of 1% on the premiums paid. If you have materially violated any of the provisions of this Agreement or acted to prejudice materially the interests of the Company or its affiliates, at, before, or after termination of this Agreement, you shall forfeit all commissions and all other compensation due or to accrue under this or any previous Agreement between you and the Company or any of its affiliates or subsidiaries. In the event your total compensation after termination of this Agreement totals less than \$300.00 during any year after termination no further compensation shall be paid to you or to your beneficiary. All compensation payable after termination of this Agreement shall be subject to the right of recoupment lien established in the Indebtedness Section of this Agreement.

Beneficiary - You may name a beneficiary to receive any commissions payable after your death. The Company reserves the right to require evidence that there are no conflicting claims before making payment to the named beneficiary.

Indebtedness - You shall be responsible to the Company for the acts and collections of you or your agents and employees and for the indebtedness of your agents to the Company. The Company shall have and is hereby given a right of recoupment on all commissions, fees, and any other compensation payable under this or any other contract with the Company and its affiliates for the payment of any and all debts or claims due or to become due to it from you. Without in any way limiting the Company's right to such recoupment, the Company shall have and is hereby given a valid first lien on and right of offset against all commissions, fees, and any other compensation payable under this or any other contract with the Company and its affiliates for the payment of any such debts or claims. This right of recoupment and lien shall not be extinguished by the termination of this Agreement. Following demand for repayment or termination of this Agreement, whichever first occurs, all indebtedness shall thereafter bear interest at the maximum lawful rate until paid. You shall be responsible to the Company for all costs and expenses, including legal fees, incurred by the Company as a part of its efforts to collect indebtedness.

Termination - You acknowledge that the Company has not expressly or by implication agreed to continue the term of this Agreement for any definite period of time. Either party may terminate this Agreement by giving thirty (30) days written notice prior to the date fixed for termination. Any notice may be mailed or delivered to the last known address of the other party. The Company may terminate this Agreement at any time upon the occurrence of any of the following events:

1. Your death or your total and permanent disability as defined under the Company's rules and practices then in effect.
2. The Company's written notice to you of its withdrawal from the territory in which you are licensed.

3. Upon written notice from the Company that your performance has been substandard under the Company's requirements applicable to you regarding production, persistency, or other matters, as they may be amended from time to time.
4. The Company's written notice to you that you have violated any of the provisions of this Agreement or that you have otherwise acted to prejudice materially the interest of the Company or its affiliates.

Upon termination, you shall in no manner thereafter act for the company and shall promptly account for and remit to the Company any monies then held for it. On demand, you shall turn over to the Company all undelivered policies, software, ratebooks, other records, materials, and properties pertaining to your agency business. Your right to any commissions or any other thing of value shall cease if you shall do any act which injures the business or reputation of the Company or if you fail to account for and remit promptly any monies collected by you for the Company or shall withhold any policies, money, or other property belonging or returnable to the Company.

Enforcement - You agree that, in addition to all rights and remedies available to the Company to enforce the provisions of this Agreement, whether before or after its termination, whether by judicial action or otherwise, the Company may compel your compliance with this Agreement by injunction issued by any court of competent jurisdiction.

Award Recognition and Incentive Programs - The Company may, at its sole discretion, provide special award and incentive programs for its agents holding this Agreement. However, the Company is under no obligation to continue any such awards or programs and may discontinue them without notice.

Waiver - No act of forbearance on the part of the Company to enforce any of the provisions of this Agreement shall be construed as a modification of this Agreement, nor shall the failure of either party to exercise any right or privilege granted in the Agreement be considered as a waiver of that right or privilege.

Modification or Amendment - Any modification or amendment of this Agreement must be in writing and must be signed by an officer of the Company; provided, however, that the Company may, by written notice, unilaterally amend any Compensation Schedule or Supplement to this Agreement to affect policies to be issued after the date of the amendment.

Reserved Rights of the Company - The Company reserves the following rights: to refuse to accept any individuals or entity recommended for appointment and to terminate, at its

sole discretion anyone whom you recommend for appointment; to unilaterally adopt rules and practices from time to time establishing compensation on old or new policies, commissions on conversions, or commissions on reinstated policies; to withdraw the availability of any policy; to withdraw from any territory; to modify or change its premium rates; to refuse to issue a policy to any applicant without stating any reason for refusal; to adopt rules and practices from time to time relating to any matter not otherwise provided in this Agreement.

Law Applicable - The execution and performance of this Agreement involves transacting business in the State of Texas by you with the Company. This Agreement shall be governed by and construed according to the laws of the State of Texas. All actions with respect thereto shall be brought in a court of competent jurisdiction in the State of Texas.

Arbitration - Any dispute or controversy arising out of or relating to this Agreement, with the exception of any request for injunctive relief sought by the Company, will be resolved exclusively and finally by arbitration under the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The arbitration may be filed at any AAA location in the United States upon the payment of \$100 of any applicable filing fee. If the parties cannot agree on a binding Arbitration Agreement, then the arbitration will be conducted before a single arbitrator; however, if the amount in controversy is greater than \$50,000, the arbitration shall be conducted before three arbitrators. In any event, the arbitrator shall not award punitive damages or attorney's fees, those damages hereby being waived, and arbitration will be limited solely to the dispute or controversy between you and the Company. The arbitration may be held in person, by telephone, or online as agreed by the parties. Any decision rendered in such arbitration proceeding will be final and binding on each of the parties, and judgment may be entered thereon in a court of competent jurisdiction. The parties will share the cost of arbitration, (including the arbitrator's fees, if any), in the proportion that the final award bears to the amount of the initial claim.

Sole Agreement - This Agreement, with the related Compensation Schedule, constitutes the sole agreement and supersedes all prior agreements between you and the Company, but this Agreement shall not impair your right to commissions or fees, if any, earned under a prior agreement or agreements with the Company.

EXHIBIT 6

GENERAL AGENT CONTRACT

This contract is made on the _____ day of _____, 20____ by and between LIBERTY BANKERS LIFE INSURANCE COMPANY, ("LBL"), with its home office located at 1605 LBJ Freeway, Suite 710, Dallas, Texas 75234 and _____, its non-exclusive GENERAL AGENT, ("you").

1. APPOINTMENT

Appointment. LBL hereby appoints you on a non-exclusive basis to solicit applications for insurance policies and annuity contracts (individually a "Policy," collectively the "Policies") issued by LBL. This appointment shall also include the sub-agents and brokers, if any, which are or may be appointed and assigned to you by LBL as approved hereunder.

Territory. It is understood and agreed that this Contract does not grant any exclusive territory to you or your agency and does not impose upon you any territorial limit of operation.

Relationship. This Contract is not a contract of employment and does not create the relationship of employer and employee between LBL and you. You are not expected or obliged to devote full time and effort to the business of LBL or to represent LBL exclusively. It is understood and agreed that this Contract calls for results and does not purport to control the time or manner of your performance. Rather, you are an independent contractor and shall exercise your own judgment and discretion in the conduct of the business contemplated under this Contract, subject to the provisions herein. You specifically recognize and accept responsibility for payment of any applicable taxes levied by federal, state or local authorities as a result of compensation arising hereunder.

2. YOUR AUTHORITY

Your powers and authority are limited to only those expressly provided under this Contract. Any and all such powers and authority shall continue only during the duration of this Contract and shall terminate on the date of termination hereof.

Solicitation. You will actively solicit and present applications for the Policies to LBL for acceptance, both personally and through properly licensed sub-agents and brokers appointed and assigned by LBL to you from time to time. Coverage applied for must meet suitability requirements in accordance with applicable laws and regulations.

Recruiting. You may recruit and recommend the appointment by LBL of sub-agents and brokers. You shall have no authority to make any such appointment on behalf of LBL, and no purported appointment shall be valid unless and until sub-agent or broker has been appointed by LBL and has executed a contract on a form provided and signed by LBL. LBL shall not be obligated to appoint any sub-agent or broker or to assign any sub-agent or broker to you, and LBL expressly reserves the exclusive right and sole discretion to terminate the appointment of any sub-agent or broker at any time. The assignment of any sub-agent or broker to you shall be terminated immediately upon the earlier of the termination of this Contract or termination of the contract between LBL and such sub-agent or broker.

Limitation of Authority. You shall have no power or authority to, and hereby agree and warrant that you will not, do anything not expressly authorized herein including, but not limited to, any of the following:

- a) Waive, alter, amend, modify or discharge any policy or contract of LBL,
- b) Waive forfeiture under any policy,
- c) Quote rates other than as provided in writing by LBL,
- d) Extend the time for payment of any premium due LBL,
- e) Receive any funds for the benefit of LBL, except for initial premiums,
- f) Incur any liability, obligation or indebtedness on account of LBL,
- g) Endorse or negotiate any checks or other instruments payable to the order of LBL, or
- h) Voluntarily accept service of process on behalf of LBL.

3. DUTIES AND RESPONSIBILITIES

You and all sub-agents and brokers assigned to you shall fairly, truthfully and properly represent LBL and its products and services and shall faithfully perform all the duties within the scope of the appointment under this Contract. In particular, but without limitation, you agree to perform the duties set forth below:

- a) **Premiums.** You shall collect and receive, or cause to be collected and received, the initial gross premium on Policies secured by you or by sub-agents and brokers assigned to you by LBL, and shall immediately remit all such premiums to LBL. You agree to hold in trust and separate from any other funds all premiums and other funds collected and received by you for the benefit of LBL. All such premiums and other funds shall at all times remain the property of LBL and shall be immediately forwarded to LBL without offset or deduction.

- b) **Compliance.** You will comply with all rules and regulations provided to you by LBL in performing your obligations hereunder.
- c) **Legal Compliance.** You will keep in good standing all licenses that you need to solicit applications for Policies to be issued by LBL. You will comply fully with all regulations, rulings, circular letters, proclamations and statutes, federal, state or local, which are applicable to your appointment and status hereunder.
- d) **Acts of others.** You shall be responsible and liable for the acts and omissions of the sub-agents and brokers assigned to you by LBL and any damages and obligations arising therefrom, which acts and omissions shall, for purposes of this Contract, be deemed to be those of you and not of LBL.
- e) **Bond.** You shall, upon demand by LBL, promptly furnish and maintain, at your expense, a security bond satisfactory to LBL for the payment of any and all amounts which are or become due or payable to LBL under this Contract or under any prior or subsequent agreement between you and LBL.
- f) **Processing of Applications.** You shall immediately forward to LBL all applications for the Policies that you may receive. We will pay all customary underwriting costs, including all reasonable costs, expenses and fees for obtaining such medical and other information we consider necessary to determine the insurability of applicants for Policies. If a Policy is issued as applied for and you personally are unable to deliver said Policy to the applicant for any cause whatsoever, or the applicant fails or refuses to accept the Policy as issued, or if you cause us in any way to incur unnecessary underwriting costs, then we reserve the right to offset from your compensation any and all such underwriting expenses.
- g) **Delivery of Policies.** You agree not to deliver a Policy unless you can reasonably determine that the proposed insured is in as good health as at the time of application, and unless the first premium has been fully paid. You agree to return any Policy which cannot be delivered within thirty (30) days for any reason to the LBL's home office at the end of the thirty (30) day delivery period.
- h) **Servicing Business.** You will provide for all usual and customary services to insureds and policyholders including prompt delivery of Policies, appropriate responses to inquiries and to complaints from insureds or policyholders or members of the public and to comply with any service standards set forth in any exhibit. You will maintain sufficient supplies and equipment and a staff of competent and trained personnel to produce, develop, underwrite and supervise the Policies covered by this Contract.
- i) **Privacy.** You agree that any nonpublic personal information on any customer or consumer of LBL is provided for the sole purpose of performing routine and essential transactions at the request of LBL. You further agree that said information is considered confidential and will not to be disclosed to any other person or entity without the express written consent of LBL.

4. INDEBTEDNESS

The following obligations shall be due and payable to LBL on demand:

- a) **Failure to Remit Premiums.** You shall reimburse LBL and hold it harmless from any loss that may result from your failure to remit premiums collected.
- b) **Repayment of Commissions.** If LBL refunds any premiums received on policies solicited by you, then you shall immediately reimburse LBL for any commissions received.
- c) **Any commissions that are charged back as provided in the Commission Schedules, as amended, that are part of this Contract.**
- d) **If you are a partnership or corporation, those amounts due to LBL shall be a debt to all of the partners or to all of the officers, directors and shareholders of the corporation.**

We may offset any indebtedness owed by you, or any sub-agent or broker assigned to you, against any sums due or becoming due to you under the terms of this Contract.

5. COMPENSATION DURING TERM OF CONTRACT

Commission Schedules. Attached hereto as part of this Contract are Commission Schedules that specify the percentages of premium that will be paid to you as commissions in connection with the sale of the Policies by you. Commissions shall be paid only with respect to premiums actually received by LBL. Commissions payable hereunder will be reduced by any commissions paid to any sub-agent or broker appointed to you by LBL on business written by such sub-agent or broker.

Changes in Commission Schedules. LBL shall have the exclusive right and sole discretion at any time to unilaterally terminate any Commission Schedule or to modify all or any portion of any such Schedule, or the rate, amount or method for determining the commission or compensation, provided such action is uniformly taken with respect to all persons to whom such Commission Schedules apply. Such modifications or terminations shall become effective no less than thirty (30) days from the date LBL gives you written notice and, unless otherwise agreed to by you and LBL in writing, shall have no effect on compensation resulting from policies with an effective date prior to the effective date of such modification or termination.

Accumulation of Commissions. If commissions payable to you in any period amount to less than fifty dollars (\$50), LBL may defer payment until the accumulated commissions due to you amount to at least fifty dollars (\$50).

Commissions Relating to Special Situations. The commissions paid to you by LBL with reference to conversion, extra premiums and

Policies substituted for others upon the same life and modified forms of Policies shall be determined by such practices and regulations as LBL shall establish from time to time, and shall not be affected by the Commission Schedules. No commissions shall be allowed to you with reference to preliminary term insurance, temporary extra premiums of five years or less, or premiums waived or commuted by reason of death, disability or exercise of Policy options.

Licensing. You will pay the fee for your initial resident license and appointment fee. You will bear the cost of any nonresident license and appointment fee for you and any sub-agents and brokers assigned to you by LBL. You will bear the cost of all renewal resident license fees and the costs associated with license maintenance for you and any sub-agents and brokers assigned to you by LBL. LBL will pay the resident renewal appointment fee for you or any sub-agent or broker if you or the applicable sub-agent or broker has met LBL's requirement for paid business in the preceding twelve (12) months.

Company Forms. LBL will provide you, at LBL's cost, with application forms, brochures and the various forms necessary to write and service Policies. You will be responsible for all other business expenses.

Advertising and Sales Promotion. LBL will furnish, at LBL's cost, all blanks, advertising materials, circulars and other printed sales material. LBL will consider your suggestions or requests for specialized solicitation material, but none may be used without LBL's prior written approval.

Premium Refunds. If LBL shall refund any premium received by us in accordance with Article 4 (b) hereof, you shall immediately repay LBL any commissions received by you with respect to such premium.

6. VESTING OF COMMISSIONS

All first year and renewal commissions are vested unless this Contract is terminated "for cause."

7. TERMINATION OF THIS CONTRACT

This Contract may be terminated without cause and for any reason by either party upon fifteen (15) days written notice delivered or mailed to the other party at its last known address.

This Contract shall automatically terminate as of your date of death or incompetency. In the event of such death or incompetency, any compensation due you shall be paid when due to your lawful spouse, if living and co-habiting with you, otherwise to your estate.

LBL may terminate this Contract "for cause" by sending to your last known address a written notice of such termination, which shall be effective immediately upon mailing of such notice, if you do any of the following acts:

- a) Fail to strictly observe any company rule, regulation, requirement or instruction, whether written or unwritten,
- b) Violate any state insurance law, regulation or policy,
- c) Withhold any money, policy receipt or property of LBL,
- d) Rebate or offer to rebate all or part of a premium on a policy of insurance issued by LBL in violation of the anti-rebate laws of the state in which the Policy is issued,
- e) In the sole judgment of LBL, establish a pattern of inducing or attempting to induce policyholders of LBL to discontinue payment of premiums or relinquish all or part of any Policy,
- f) Induce or attempt to induce any agent, sub-agent or broker to leave LBL's service,
- g) Violate any criminal law or statute,
- h) Make any material misrepresentation or perform any fraud or dishonesty affecting LBL or its policyholders, or
- i) Breach or violate any provision of this Contract.

LBL shall have, for each and every such act or omission, the right to terminate this Contract "for cause," and you shall, as of the date of termination, unconditionally forfeit all rights, claims and demands whatsoever you have against LBL. This forfeiture includes both first year and renewal commissions or other compensation or payment, whether accrued and not payable at the date of termination or to accrue after the date of termination, under this or any previous Contract, agreement or supplementary or amendatory contract or agreement between you and LBL, but nothing herein shall be construed to affect the rights or claims of LBL against you under this Contract or otherwise.

Effect Of Termination. Upon any termination of this Contract, any and all of your obligations to LBL shall mature, accelerate and become immediately due and payable in full notwithstanding any agreement to the contrary, and you shall immediately and without further notice return all then undelivered policies and all other property furnished or provided to you by LBL.

If, subsequent to termination of this Contract, you shall misappropriate or impair any funds or property of LBL or any funds received on account of LBL, or fail to remit any funds due or property of LBL within ten (10) days after receipt of demand therefore, LBL shall be fully

and completely discharged with respect to any and all its obligations under this Contract, including, but not limited to, the payment of any commissions.

Minimum Payment. Following termination of this Contract, no Renewal Commissions or Service Fees will be paid to you following any calendar year in which the total amount of such Commissions and Service Fees due to you shall amount to less than three hundred dollars (\$300).

8. ENTIRE CONTRACT

This Contract and the Commission Schedules, as amended, and Application for Agent's Appointment and Contract attached hereto contain the entire understanding between the parties and supercedes all prior contracts and agreements there between, whether written or oral, on all matters. No modification of any provision of this Contract, except modifications of the Commission Schedules, shall be effective unless evidenced in a writing signed by you and LBL.

9. NOTICE

Any written notice required under this Contract shall be deemed received on the date mailed, if sent properly addressed to the last known address of the other party by prepaid certified mail, return receipt requested and, if otherwise given, on the date actually received.

10. APPLICABLE LAW AND VENUE

This Contract shall be governed by the laws of the state of Texas, and any interpretation of the language, intent, performance or obligation of this Contract shall be done in accordance with the laws of the state of Texas. This Contract is performable in Dallas County, Texas, and any suit, action or proceeding by either party to this Contract must be initiated and brought in Dallas County, Texas. All sums or amounts due or to become due to either party are payable in Dallas, Dallas County, Texas.

11. ASSIGNMENT

You may not assign this Contract, or any compensation accruing to you hereunder, or any interest herein except with the written consent of LBL.

12. WAIVER

Failure of LBL to insist upon strict compliance with any of the provisions of this Contract or any of the rules or regulations of LBL shall not be construed as a waiver thereof, but such provisions, rules and regulations shall continue to be in full force and effect.

13. SEVERABILITY

Any provision of this Contract which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision contained herein, and such other provisions shall remain in full force and effect.

LIBERTY BANKERS LIFE INSURANCE COMPANY
DALLAS, TEXAS

By: _____

Agent Name (print or type) _____

Authorized Representative _____

X _____

Applicant/Agent Signature _____

Title _____

Date _____

Date _____

EXHIBIT 7



PRODUCER AGREEMENT

AGREEMENT by and between The Lincoln National Life Insurance Company, an insurance company organized and existing under the laws of the State of Indiana and Lincoln Life & Annuity Company of New York, an insurance company organized and existing under the laws of the State of New York, and any affiliate or subsidiary, and any subsequent affiliate or subsidiary designated hereafter from time to time by notice (hereinafter collectively referred to as the "Company," "Companies" or "Lincoln" and _____ (the "Producer").

(Name of Organization or Individual)

WHEREAS, Lincoln is the issuer of life insurance, annuities and other insurance products (the "Policy" or "Policies"), which are more particularly described in this Agreement in Schedule A1/B1, (which is made part of this Agreement) as may be amended by Lincoln at anytime; and,

WHEREAS, Lincoln proposes to have the Producer sell the Policies; and

WHEREAS, the Producer's classification is reflected in the Producer's Compensation Plan or Schedule C, if any. Lincoln may reclassify the Producer from time to time. The Producer will be notified of any such reclassification prior to the effective date of the new classification. Any change to a different level typically would be based on announced or required production levels, but may also be based on other considerations such as changes in field management or organization, or changes in marketing strategy. The new classification will apply to business produced after the effective date of the Producer's reclassification.

NOW THEREFORE, in consideration of the foregoing and the mutual promises herein contained, the parties hereto agree as follows:

1. **Appointment of the Producer.** Lincoln hereby appoints the Producer to:
 - (a) solicit sales of the Policies in all jurisdictions in which the Policies may legally be issued using forms, rates and guidelines provided by the Company; and in which the Producer is properly licensed under state law and appointed under existing Company guidelines;
 - (b) promptly deliver the Policies when the conditions governing such delivery have been met;
 - (c) collect the initial modal premium necessary to place in force or to reinstate the Policies in the form of a check payable to the Company;
 - (d) service the policyowner (may also be referenced as "policyholder"); and
 - (e) recruit, and recommend the appointment to Lincoln, persons and organizations meeting the Company standards for holding a Producer Agreement.
2. **Company Independence.** Each life insurance company's products are separately underwritten and are the sole obligation of the issuing insurer. The life companies are members of Lincoln Financial Group. Lincoln Financial Group is the marketing name for the Lincoln National Corporation and its subsidiaries. Lincoln National Corporation is not responsible for financial obligations of these Companies.
3. **Independent Contractors.** The Producer is an independent contractor with respect to Lincoln, and nothing in this Agreement shall create or be construed to create the relationship of employer and employee between Lincoln and the Producer. The Producer shall, in its sole discretion, select the persons from whom it will solicit applications for Policies, as well as the time, manner and place of solicitation.
4. **Limitation of Authority.** The Producer's authority shall extend no further than stated in this Agreement. The Producer shall not:
 - (a) make, waive, or change any questions, statements, or answers on any application for a Producer Agreement, this Agreement itself or any application for the Policies, the terms of any receipt given thereon, or the terms of the Policies;
 - (b) extend the time for payment of premiums or waive any premiums, or forfeiture or guarantee dividends, earnings or rates, or estimate future interest, mortality or expense factors except through the use of authorized illustrations and projections approved by Lincoln;
 - (c) deliver the Policies unless the health of the Insured(s), Owner(s), or Annuitant(s) is substantially unchanged from the date of the application;
 - (d) incur any debts or liabilities for or against the Company;
 - (e) receive any money for the Company except premiums as authorized in Section 1(c) above, in the form of a check payable to the Company;
 - (f) misrepresent, or fail to disclose accurately, the terms or nature of the Company's Policies;
 - (g) pay any premiums on the Policies other than the Producer's own or the Producer's immediate family members;
 - (h) solicit business in a state where the Policies are not approved for sale;
 - (i) solicit business in a state where the Producer is not listed by the state;
 - (j) share any part of management compensation with producers recruited by or assigned to the Producer;
 - (k) violate any published Lincoln policy or procedure relating to STOLI (or any other investor owned or originated life insurance or annuity) sales and viatical/life settlements; and

(l) enter into any proceeding in a court of law or before a regulatory agency in the name of or on behalf of Lincoln.

Nothing in this Agreement shall create or be construed to create any exclusive authority to represent Lincoln or to effect sales of Policies with respect to a specific geographic territory or otherwise.

5. **The Policies.** The Policies issued by Lincoln to which this Agreement applies are listed in Schedule A1/B1. Schedule A1/B1 may be amended from time to time by Lincoln. Lincoln in its sole discretion and without notice to the Producer, may suspend sales of any Policies or may amend any Policies or contracts evidencing such Policies.
6. **Licensing.** The Producer shall at all times when performing functions under this Agreement, be validly licensed in the states and other local jurisdictions that require such licensing or registration in connection with the Producer's sales activities. Lincoln will, at its option and in its sole discretion, pay state insurance producer appointment fees and any renewals thereof during the term of this Agreement, and the Producer shall be responsible for the payment of all resident and non-resident state insurance license fees and any renewals thereof, as may be necessary to sell or solicit the sale of Policies. Lincoln shall have the sole discretion to appoint, refuse to appoint, or discontinue or terminate the appointment of any person as a producer of Lincoln.

If the Producer is not an individual, then the Producer shall also assist Lincoln in the appointment of its representatives under the applicable insurance laws to sell the Policies. The Producer shall submit the required license/appointment papers for all applicants as insurance producers of Lincoln. All such licensing/appointment papers shall be submitted to Lincoln or its duly appointed producer. Notwithstanding such submission, Lincoln shall have sole discretion to appoint, refuse to appoint, or discontinue or terminate the appointment of any representative as a producer of Lincoln.
7. **Compliance.** The Producer agrees to comply with all applicable local, state and federal laws and with all rules and regulations of the regulatory agencies having jurisdiction with respect to the sales of the Policies. The Producer agrees to abide by the terms and conditions of this Agreement, the Producer's Compensation Plan or Schedule C, if any, the Market Conduct Manual, and any rules relating to the Company's business as may be published, or contained on the Company's Web site, from time to time.
8. **The Violent Crime Control and Law Enforcement Act.** The Producer represents and warrants to Lincoln that neither the Producer, nor any producer, employee or representative of the Producer providing services according to the terms of this Agreement has been convicted of any felony involving dishonesty or breach of trust under any state or federal law. The Producer agrees to defend and indemnify Lincoln with respect to any action brought against Lincoln to the extent that such action is based upon a claim that the engagement by Lincoln of the Producer or any such producer, employee or representative of the Producer violated any state or federal proscription against such engagement, including but not limited to The Violent Crime Control and Law Enforcement Act of 1994, as may be amended.
9. **Confidential Information and Protection of Non-Public Personal Information.** The Producer and Lincoln agree to maintain the other party's Confidential Information (defined below) in strict confidence and in a manner to safeguard against unauthorized access, disclosure, use, destruction, loss or alteration in accordance with the Gramm-Leach-Bliley Act, Regulation S-P, the relevant state and federal regulations pursuant thereto and state privacy laws (all the foregoing referred to as "Privacy Law").
 - (a) "Confidential Information" shall mean (1) any data or information that is proprietary to the disclosing party and not generally known to the public, whether in tangible or intangible form, including, but not limited to, any information relating to a party's marketing strategies, business systems, databases, and (2) any customer or consumer specific data deemed to be "non-public personal information" under the Privacy Law.
 - (b) Specifically, with regard to non-public personal information, the Producer and Lincoln agree that they are prohibited from using consumer or customer non-public personal information other than (1) to execute the terms and conditions of this Agreement as permitted by the Privacy Law or (2) as required by state or federal law, regulation or rule. The Producer and Lincoln agree not to disclose consumer or customer non-public personal information to any third parties without prior written permission of the disclosing party. The Producer and Lincoln shall promptly report to the other party any unauthorized disclosure or use of any Confidential Information of which it becomes aware.
 - (c) Upon request, the Producer and Lincoln shall return to the other party or destroy (and provide an appropriate written destruction certificate) all Confidential Information in its possession or control. No disclosure by the Producer or Lincoln of Confidential Information of such party to the other party shall constitute a grant to the other of any interest or right whatsoever in such Confidential Information, which shall remain the sole property of the disclosing party.
 - (d) The Producer and Lincoln have the right to make reasonable requests to inspect, during normal business hours, the other's facilities, data and records, associated audit reports, summaries of test results or equivalent measures taken by a party to ensure compliance with the Privacy Law for the purposes of verifying that the confidentiality provisions of this Agreement are being complied with. This section shall survive the termination of this Agreement.

10. **Investigations; Customer Complaints.** The Producer agrees to cooperate fully in any insurance or other regulatory or judicial investigation or proceeding arising in connection with the Policies, Company, or Producer. The Producer shall permit appropriate federal and state insurance and other regulatory authorities to audit the Producer's records and shall furnish the foregoing authorities with any information which such authorities may request in order to ascertain whether the Producer is complying with all applicable laws and/or regulations. The Producer shall promptly notify the Company of any customer complaints with respect to the Policies and to cooperate with Company in resolving all customer complaints with respect to the Policies, or Producer.
11. **Books and Records.** The Producer shall maintain thorough and correct books, accounts and records of all transactions covered by this Agreement as required by applicable laws and regulations. The Producer shall preserve and hold all documents, correspondence and records that come into the Producer's possession or control relating to the Policies as long as the Policies remain in force. The books, accounts and records of the Producer shall clearly and accurately disclose the nature of details of the Producer's activities related hereto. The Producer shall take appropriate action to keep confidential all information obtained pursuant to this Agreement (including, without limitation, names of purchasers of the Policies) as set forth under Section 9. The Company shall have access to all books, accounts and records of the Producer, its employees, or producers assigned to it. This section shall survive termination of this Agreement.
12. **Sales Practices.** The Producer shall be responsible for offering the Policies for sale in accordance with all Lincoln rules and procedures then in effect. All applications for the Policies shall be made on application forms supplied by Lincoln and all payments collected by the Producer shall be remitted promptly in full, without deduction or setoff, together with such application forms and any other required documentation, including temporary insurance agreements, directly to Lincoln at the address indicated on such application or to such other address as Lincoln may, from time to time, designate in writing. The Producer shall review all such applications for completeness and suitability. Checks in payment on any Policy shall be drawn to the order of "The Lincoln National Life Insurance Company," or "Lincoln Life & Annuity Company of New York," as applicable. All applications are subject to acceptance or rejection by Lincoln at its sole discretion. All records of information obtained hereunder by the Producer shall not be disclosed or used except as expressly authorized herein, and the Producer will keep such records and information confidential, to be disclosed only as authorized or if expressly required by federal or state regulatory authorities.
13. **Sales Promotion Materials and Advertising.** "Sales Promotion Material" and "Advertising" are defined as material designed to create public interest in the Policies, or to induce the public to purchase, increase, modify, reinstate or retain a Policy, including:
- (a) printed and published material, audiovisual material, descriptive literature used in direct mail, newspapers, magazines, radio and television scripts, billboards, and similar displays;
 - (b) descriptive literature and sales aids of all kinds, including circulars, leaflets, booklets, depictions, illustrations and form letters, whether in the form of computer software or printed materials; and
 - (c) material used for training and education which is designed to be used or is used to induce the public to purchase, increase, modify, reinstate, or retain a Policy.
- The Producer shall be provided with illustrations relating to the Policies and such other material as Lincoln determines to be necessary or desirable for use in connection with sales of the Policies. No sales promotion materials or any advertising relating to the Policies shall be used by the Producer unless the specific item has been approved in writing by Lincoln. While Lincoln stationary may be made available to the Producer, it is to be used only when promoting the Company's products exclusively.
- In addition, the Producer shall not print, publish or distribute any advertisement, circular or any document relating to Lincoln unless such advertisement, circular or document shall have been approved in writing by Lincoln.
14. **Company Property.** The Producer agrees that all policyholder files, lists of policy owners or insured persons, records and premium accounts are the property of Lincoln, and may be audited or inspected as Lincoln may require. All computer software containing the rates and values of products issued by Lincoln, all Lincoln rate books, computer printouts, forms, policies, brochures, sales promotion materials, whether in hard copy or computer format, containing the name/logo of Lincoln or any affiliated company remains the property of Lincoln and are furnished to the Producer in confidence, and the Producer agrees to refrain from reproducing, publishing or disclosing such material other than in the ordinary course of business or with the written consent of Lincoln. The Producer further agrees that all such property shall be returned to Lincoln upon demand or upon termination of this Agreement. Upon termination of this Agreement for any reason, the Producer further agrees not to use any such material for his/her commercial purposes or for that of any other entity.
15. **E & O Coverage.** The Producer shall maintain errors and omissions insurance in an amount and with a company satisfactory to Lincoln. Lincoln may require evidence satisfactory to it that such coverage is in force, and the Producer shall give Lincoln prompt written notice of any notice of cancellation or change of coverage.

16. **Territory.** This Agreement does not confer any exclusive right or territory upon the Producer and the Company reserves the right:
- (a) to appoint additional individuals or organizations which hold a Producer's Agreement in such locale who also shall have the right to recommend appointment of Producers by the Company;
 - (b) to establish and maintain other or additional offices in the same locale; and
 - (c) to appoint Producers in such locale as recommended by others.
17. **Producer Compensation Plan or Schedule C.** Lincoln may establish, maintain, and publish a Producer Compensation Plan or Schedule C for each classification of Producer. Each such Producer Compensation Plan or Schedule C, if any, may be amended from time to time at Lincoln's sole discretion. The terms and conditions of the Producer Compensation Plan or Schedule C, if any, that are for the Producer's current classification are made a part of this Agreement by reference.
18. **Compensation.**
- (a) **Commissions.** The Producer shall be compensated in accordance with the terms of this Agreement, the Schedule of Commissions set forth in Schedule A1/B1 and the Producer Compensation Plan or Schedule C, if any, for the Producer's classification. Commissions shall accrue only after issuance and delivery of the Policy, after the due date of the premium and after the premium is received by Lincoln. Commissions on premiums paid in advance shall accrue only on the regular premium due dates of such premiums. No commissions shall be payable on account of waived premiums or on interest or loan payments collected. Compensation on extra premiums, conversions, exchanges, replacements and other special situations not provided herein shall be governed by Lincoln's rules and practices in effect at that time. The rate of and the right to receive compensation on any policy not listed in Schedule A1/B1 or requiring special underwriting shall be determined by the published schedule of commissions for that product or rules of the Company in effect at that time, or by a separate written agreement with the Producer signed by a duly authorized representative of the Company. No applications shall be accepted nor shall any compensation be paid on Policies which are not approved in the state where written. In order to receive any compensation, the Producer must be licensed and appointed with Lincoln in the Policy's state of issue at the time of Policy issue.
 - (b) **Lincoln Refund of Premiums.** Lincoln, in its sole and absolute discretion, may reject any applications or payments remitted through the Producer and may refund an applicant's payments to the applicant. The Company may in its discretion settle any claim of policy owners or others in connection with any consumer complaint or any threatened or pending lawsuit as a result of any claimed improper or unauthorized action or statement in marketing the Policy. In the event a refund of premium is made for any reason and if the Producer has received compensation, including renewal commissions, the Producer shall promptly repay such compensation to Lincoln. If repayment is not promptly made, Lincoln may at its sole option deduct any amounts due Lincoln from the Producer from future commissions otherwise payable to the Producer. Any compensation chargebacks shall be made in accordance with then Company policy. This section shall survive termination of this Agreement.
 - (c) **Changes to Commission Schedule.** Lincoln may change the schedule of sales commissions at any time. Any such change shall apply to compensation due on applications received by Lincoln after the effective date of such change.
 - (d) **Restrictions.**
 - (i) The Producer agrees that the Producer shall not, whether or not permitted by law: (1) rebate or offer to rebate all or any part of a premium on a Policy, directly or indirectly; (2) withhold any premium on a Policy; (3) rebate or offer to rebate all or any part of a commission paid or payable upon the sale of a Policy; or (4) promote fee splitting or commission sharing arrangements. Violation of such Company rules, laws or regulations shall be grounds for termination of this Agreement by Lincoln.
 - (ii) If the Producer shall at any time induce or endeavor to induce any owner of a Policy to relinquish the Policy except under circumstances where there are reasonable grounds for believing that the Policy (contract or certificate) is not suitable for such person, any and all compensation due the Producer so acting shall cease and terminate.
 - (iii) Nothing in this Agreement shall be construed as giving the Producer the right to incur any indebtedness on behalf of Lincoln. Lincoln is hereby authorized to set off liabilities of the Producer against any and all amounts otherwise payable to the Producer by Lincoln.
 - (iv) Commissions may not be assigned or transferred without Lincoln's prior written consent. Such consent is subject to a certified copy of the assignment being delivered to Lincoln at its home office. Lincoln shall not be obligated to recognize any assignment of commissions by the Producer. Lincoln does not assume any responsibility for or guarantee the validity or sufficiency of any assignment.
19. **Termination.**
- (a) This Agreement may be terminated by any party, without cause, upon thirty (30) days written notice to the other party via regular U.S. mail addressed to the last known address of the other party. This is an at-will contract; this is not a contract for a definite term or period of time.
 - (b) This Agreement automatically terminates upon:
 - (i) the Producer's death or inability to perform his/her responsibilities under this Agreement or as contained in the Producer Compensation Plan or Schedule C, if any;
 - (ii) the Producer's insolvency or bankruptcy occurring after the date of this Agreement, or if the Producer is a partnership or corporation, upon its dissolution or liquidation;

- (iii) the Producer's failure to meet the minimum production requirements of the Company for continuation of this Agreement. These requirements may change from time to time. The minimum requirements shall be announced annually and any changes shall be announced prior to the effective date of the change; or
- (iv) failing to maintain in force specified amounts of a professional errors and omissions liability policy.
- (c) Termination for cause results in forfeiture of any further compensation payments and any accrued rights to participate in plans, programs, or benefits which require an active Producer Agreement. Termination for cause shall be:
 - (i) material violation of any of the provisions of this Agreement or published Company policy relating to Producer conduct;
 - (ii) material violation of any state or federal laws or regulations relating to insurance;
 - (iii) revocation of the Producer's insurance license by the Insurance Department of any state or barring of any association with a FINRA (Financial Industry Regulatory Authority) member firm;
 - (iv) inducing or attempting to induce our policyowners to relinquish or replace the policies with such frequency as to indicate a pattern of inappropriate activity;
 - (v) misappropriation or commingling of Company funds; or
 - (vi) engaging in a fraudulent act or misrepresenting Policy benefits, provisions or premiums.

A termination under paragraph 19 (a) or (b), immediately above shall not preclude a termination for cause at a later date.

20. Compensation Payable After Termination.

- (a) Vesting of compensation shall be as described in the Producer Compensation Plan or Schedule C, if any, for the Producer's classification in effect at the time of termination.
- (b) If this Agreement is terminated due to the Producer's death, any compensation which otherwise would have been paid to him/her shall be paid to his/her surviving spouse, and at the death of the surviving spouse, to the spouse's estate. If the Producer leaves no surviving spouse, then his/her compensation shall be paid to his/her estate. The Producer may designate another payment arrangement on forms provided by Lincoln and signed by him/her.
- (c) If the Producer is a partnership or corporation and this Agreement is terminated due to the termination or dissolution of the partnership or corporation, compensation shall be paid to the licensed producer who signed the application for the Policy.
- (d) Notwithstanding the foregoing, if at any time the Producer is notified this Agreement is terminated for cause, no further compensation shall be paid.

21. Indebtedness.

- (a) Lincoln is authorized, at any time either before or after the termination of this Agreement, to deduct compensation due from Lincoln to the Producer, whether payable hereunder or with respect to Policies which are both administered and co-insured by the Company, the entire amount of any funds, including, but not limited to, advances or debts, owed by the Producer to Lincoln or its affiliates, associates, parents or subsidiaries, but only to the extent of the actual amount owed by the Producer as determined by Lincoln.
- (b) Any compensation, regardless of how characterized, paid to the Producer for premiums or considerations, including rollover amounts, later returned or credited to the customer, or any overpayment of such compensation shall be a debt due to Lincoln from the Producer and payable in accordance with (a) above.
- (c) In addition to all other rights available to Lincoln as a creditor, Lincoln shall have a first lien on all compensation payable under this Agreement, or any agreement with an affiliate of Lincoln, for any of the funds, advances or debts described herein.
- (d) To the extent that any compensation due the Producer from Lincoln is insufficient to cover advances or other debts, the difference shall become a debt due and payable immediately to Lincoln unless other arrangements have been made with Lincoln. At the sole discretion of Lincoln, interest, at a lawful rate to be determined by Lincoln, shall thereupon begin to accrue.
- (e) In the event the Company initiates collection efforts or legal action to collect any indebtedness of the Producer or its agents, the Producer shall reimburse the Company for reasonable attorney fees and expenses in connection therewith. As used in this Section, "Company" shall be deemed to refer to, and shall include, all affiliates of the Lincoln National Corporation.

22. Indemnification.

- (a) Lincoln shall indemnify and hold the Producer and each director and officer of and any person controlling the Producer harmless from any losses, claims, damages or liabilities (or actions in respect thereto), including reasonable attorneys' fees resulting from negligent, fraudulent or unauthorized acts or omissions by Lincoln or its employees.
- (b) The Producer shall indemnify and hold Lincoln harmless from any and all costs, expenses, losses, claims, damages or liabilities (or actions in respect thereto), including reasonable attorneys' fees, resulting from the following:
 - (i) any negligent, fraudulent or unauthorized acts or omissions by the Producer;
 - (ii) any unauthorized use of sales materials or advertising or any oral or written misrepresentations or any unlawful sales practices with respect to the Policies by the Producer; and
 - (iii) claims made by any of the Producer's assigned producers for compensation over and above that which is specifically agreed upon in such Producer's Agreement.

The foregoing indemnities described in paragraph 22 (b), immediately above, shall, upon the same terms and conditions, extend to and inure to the benefit of each director and officer of and any person controlling Lincoln. The foregoing indemnities shall not extend to losses, claims, damages or liabilities (or actions in respect thereto) arising out of death claims or claims related to the mortality risks of the Policies.

23. **Arbitration.** All claims or controversies arising out of or relating to this Agreement shall be settled by arbitration. This section provides the exclusive remedy for any dispute that may arise between the Producer and Lincoln (but does not necessarily apply to any third party litigation that may involve the Producer and/or Lincoln) and that, after a good faith attempt, the parties are not able to resolve. In the event of any unresolved dispute relating to this Agreement, including but not limited to a dispute about the interpretation of this Agreement or about the Producer's claim to compensation, either party may demand arbitration, by giving written notice to the other party. The party initiating the arbitration ("Claimant") shall give written demand ("Demand") to the other party ("Respondent"), by certified or registered mail, return receipt requested. Any notice given under this section to the Producer shall be at his last known address and to Lincoln shall be to the General Counsel at 1300 S. Clinton Street, Ft. Wayne, IN 46802. The parties agree that the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the Demand shall apply to the arbitration procedure including the selection of a single arbitrator or, if either party requests, by the selection of a panel of three arbitrators. The arbitrator(s) shall have the authority to determine all disputes, including the applicability of arbitration to the dispute. The award shall be made in writing within ninety (90) days of the appointment of the final arbitrator. The arbitrator(s) may award compensatory damages, plus interest, and specific performance. The award of the arbitrator(s) shall be final and binding on all parties. Judgment upon the award may be entered in any court having jurisdiction. No demand for arbitration under this section, and no claim under this Agreement, may be made after the date when such dispute would be barred by the applicable statute of limitations. Each party shall bear its own costs and expenses. Any arbitration arising between the parties with respect to this Agreement shall be conducted in Greensboro, NC, Concord, NH, Ft. Wayne, IN, Hartford, CT or Philadelphia, PA.
24. **Assignability.** This Agreement may not be assigned by either party hereto without the express written consent of the other. Any approved assignment shall be subject to a first lien to Lincoln for any indebtedness owed to Lincoln. Any attempt to assign this Agreement without such consent shall effect an immediate termination of this Agreement.
25. **Waiver.** Failure of any party to insist upon strict compliance with any of the conditions of this Agreement shall not be construed as a waiver of any of the conditions, but the same shall remain in full force and effect. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.
26. **Partnerships or Corporations.** When the Producer is a partnership or corporation, any reference made to the Producer as an individual shall be deemed to mean the partners of the partnership or the officers of the corporation who are licensed and appointed with Lincoln.
27. **Prior Agreements.** This Agreement shall supersede any and all prior agreement(s) between the Producer and Lincoln, however, any outstanding indebtedness shall survive.
28. **Service of Process.** The Producer is not Lincoln's authorized representative to accept service of legal process and therefore, the Producer shall not accept service. If, however, any paper is served upon the Producer, the Producer shall fax or send by certified mail the same to Lincoln's General Counsel at 1300 S. Clinton Street, Ft. Wayne, IN 46802 by certified mail within 24 hours after receipt.
29. **Definitions.**
- (a) **Notice.** Unless otherwise provided in this Agreement, all notices, requests and other communications provided pursuant to this Agreement shall be in writing and shall be deemed to have been given on the date of delivery if delivered personally to the party to which notice is to be given, or upon the date of mailing if deposited in the mail, sufficient first-class postage affixed, and addressed to the party at the address(es) shown below, unless otherwise specifically provided.

All notices shall be sent to: The Lincoln National Life Insurance Company or Lincoln Life & Annuity Company of New York
c/o Lincoln Financial Distributors
Producer Solutions MPC2
350 Church Street
Hartford, CT 06103-1106

Producer: _____

- (b) **Lincoln.** Lincoln shall include The Lincoln National Life Insurance Company, Lincoln Life & Annuity Company of New York and any subsidiary, parent, or affiliate.
- (c) **Contract Year.** Contract Year shall mean the period of one year commencing with the date of issue of any Policy or contract and the subsequent anniversaries of such date of issue.

30. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Indiana.

31. **Entire Agreement.** This Agreement represents the entire agreement between the parties and the parties shall not be bound by any other promise, contract, understanding or representation unless it is made by an instrument in writing and executed by a duly authorized officer of the Company.

32. **Effective Date.** This Agreement shall take effect as of the effective date or the date it is approved in writing by a duly authorized officer of Lincoln, whichever is later.

Contracting As:

☐ Individual **OR** ☐ Corporate

Individual

Print Name of Producer

Signature of Producer

Social Security Number

Date

Corporate

Print Corporate Name

Name and Title of Authorized Corporate Signer

Corporate Tax Id Number

Signature of Authorized Corporate Signee

Date

HOME OFFICE SECTION

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

By: _____

Its: _____

Date: _____

LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK

By: _____

Its: _____

Date: _____

EXHIBIT 8

GENERAL AGENT AGREEMENT

This General Agent Agreement ("Agreement") is entered into between the undersigned General Agent ("GA") and Mutual of Omaha Insurance Company, and each affiliated insurance company as specified on the Compensation/Product Schedule(s) attached to the Agreement (hereinafter referred to as the "Company"). The parties agree that additional affiliates of the Company may be added to the Agreement at a later date by way of changes/additions to the Compensation/Product Schedules attached hereto. Any Company affiliate added to the Agreement will be thereafter included in the definition of "Company".

SEE SECTION K FOR DEFINITIONS

The parties agree as follows:

- A. **APPOINTMENT.** Company authorizes GA to solicit Product applications and to recruit Other General Agents. Company agrees to appoint GA with the appropriate state insurance departments for GA to solicit Product applications. This appointment is not exclusive.
- B. **COMPENSATION.**
 - 1. **For Each Product.** GA's compensation depends on the particular Products sold. Compensation for each Product will be as specified in the Compensation/Product Schedules. Compensation/Product Schedules may be changed by Company at any time and will be distributed to GA.
 - 2. **Contingencies.** In addition to any conditions imposed in the Compensation/Product Schedules and any amendments, no compensation is earned until:
 - (a) GA is licensed and appointed in accordance with laws and Company procedures,
 - (b) the Product is actually issued, delivered to and accepted by the customer, and
 - (c) the premium for the Product is paid to the Company.
 - 3. **Compensation After Termination.** GA shall not be entitled to any compensation after the Termination Date of this Agreement, except for:
 - (a) Vested Compensation, and
 - (b) any net credit balance in GA's account for compensation earned as of the Termination Date.

4. **Forfeiture.** GA will forfeit all rights to receive compensation, including Vested Compensation, if, in the sole reasonable discretion of Company, GA commits any of the following acts:
 - (a) breaches any material provision of this Agreement while in effect or any material obligation that survives termination of this Agreement.
 - (b) commits a fraudulent or illegal act in connection with any activities contemplated under this Agreement.
 - (c) does any act which results in the suspension or revocation of GA's insurance license.

C. **GA'S DUTIES.**

1. **Licenses and Approvals.** GA shall obtain and maintain and provide copies of all necessary licenses and regulatory approvals to perform the services under this Agreement.
2. **Monitor and Communicate.** GA may recruit Other General Agents. GA shall monitor its Other General Agents and communicate information to Company, of which it is aware or should be aware, that Company needs to know about its Other General Agents to properly address compliance or other risks. When directed by Company, GA shall communicate Company information to its Other General Agents.
3. **Solicitation.** GA shall help its Other General Agents in soliciting Products. If GA is contracting as an individual, then GA may solicit applications for Products.
4. **Service.** GA shall help its Other General Agents in servicing customers. If GA is contracting as an individual, GA shall provide service to GA's customers.
5. **Confidentiality and Privacy.** GA shall comply with the "Confidentiality and Privacy Amendment" which is attached hereto and incorporated into this Agreement. Company may unilaterally revise the Confidentiality and Privacy Amendment upon written notice to GA.
6. **Compliance with Laws and Conduct.** GA shall comply with all applicable laws and regulations and act in an ethical, professional manner in connection with this Agreement, including, without limitation, with respect to any compensation disclosure obligations and any other obligations it may have governing its relationships with its clients.
7. **Compliance with Company Policies.** GA shall comply, and shall ensure its employees comply, and shall instruct and encourage its Other General Agents to comply with all policies, practices, procedures, processes and

rules of Company. GA shall promptly notify Company if GA or any of its employees or Other General Agents are not in compliance with any Company policy, procedure, process or rule.

8. **Insurance.** GA shall have and maintain Errors and Omissions liability insurance covering GA and GA's employees during the term of this Agreement in an amount and nature, and with such carrier(s) satisfactory to Company and provide evidence of such insurance to Company upon request.
9. **Fiduciary Responsibilities.** GA shall be responsible for all money collected by GA, GA's employees and its Other General Agents on behalf of Company and shall remit to Company all payments and collections received for or payable to Company from Other General Agents, applicants, customers, or others no later than 15 days after receipt, or within any shorter period required by law. All money tendered as payment shall always be the property of Company and shall be held by GA purely in a fiduciary capacity and not for GA's own benefit. GA is not authorized to spend, cash or deposit for any purpose any portion of such money.
10. **Records.** Except as provided in the Confidentiality and Privacy Amendment, GA shall keep regular and accurate records of all transactions related to this Agreement for a period of at least five years from the date of such transactions, or longer if required by federal or state law or regulation.
11. **Advertising Materials.** GA shall obtain Company's written approval prior to using any advertising material or script identifying Company or Products, except such material provided by Company and used pursuant to Company's instructions.
12. **Notice of Litigation or Regulatory Proceeding.** GA shall promptly notify Company upon receiving notice of potential, threatened, or actual litigation or any regulatory inquiry or complaint with respect to this Agreement or any Product. Company shall have final decision-making authority to assume the administration and defense of any such action. A copy of the correspondence or document received shall accompany each notice.
13. **Delivery of Documents to Customers.** Upon request from Company, GA shall deliver to its customers any information that Company provides to GA for the purpose of fulfilling Company's obligation to provide such information to the customer, including without limitation, Schedule A to Form 5500 and any other information relating to compensation paid to GA by Company. GA shall deliver such information to its customers within the time period required by ERISA or other applicable law or as otherwise instructed by Company.

D. **LIMITATIONS.** GA, either directly or through its employees or Other General Agents, shall not:

1. **Expense or Liability.** Incur any expense or liability on account of, or otherwise bind Company without specific prior written approval from an Authorized Representative.
2. **Alteration.** Alter any advertising materials or make, alter, waive or discharge any contracts or Products on behalf of Company.
3. **Premium Payments and Reinstatement.** Extend the time for payment of any premium or waive any premium, or bind Company to reinstate any terminated contract, or accept payment in any form other than a customer check or money order payable to the Company or other method authorized by Company.
4. **Respond in Connection with Proceeding.** Institute or file a response to any legal or regulatory proceeding on behalf of Company in connection with any matter pertaining to this Agreement or any Product, without Company's prior written consent.
5. **Replacement.** Replace any existing insurance product or annuity contract unless the replacement is in compliance with all applicable laws and regulations and is in the best interest of the customer. The decision whether to replace an insurance product or annuity contract should be made by the customer. To help the customer make a decision regarding any proposed replacement, GA must provide the customer with full disclosure (both positive and negative) of all relevant information.
6. **Misrepresentation.** Misrepresent or induce any Other General Agent to misrepresent, any provision, benefit, or premium of any Product.

E. **COMPENSATION ADMINISTRATION.**

1. **Accounting.** Company will account to GA for payable commissions based upon initial and renewal premiums received and accepted by Company for policies issued upon applications submitted by or through GA. Company reserves the right to freeze GA's account for a reasonable period of time to ensure that funds are available to reimburse the Company for any Indebtedness.
2. **Effect of Return of Premium.** Except where provided on a Compensation/Product Schedule, if any premiums shall be returned by Company on any policy or contract, or should Company become liable for the return thereof for any cause either before or after the Termination Date, GA shall pay to Company all compensation previously paid or credited to GA's account on such returned premium.

3. **Set-Off.** Company is authorized to set-off and apply any and all amounts due to GA from Company under this Agreement to any and all obligations or Indebtedness of GA or its employees, Other General Agents or affiliates to Company or its affiliates. This right of set-off does not require Company to make any prior demand upon GA, and the right exists irrespective of whether the obligations of GA or its affiliates are contingent or unmatured. The rights of the Company under this Section E.3 are in addition to any other rights and remedies which the Company may have under this Agreement or otherwise.
 4. **Interest.** Interest will accrue on any amount due under this Agreement, which has not been paid within 30 days of receipt of written demand for such amount at the rate of one percent per month, or the highest rate permitted by law, whichever is lower.
 5. **Limitation of Compensation Actions.** Any claim by GA regarding compensation must be brought within one year from the date the compensation was reported on an accounting issued from Company to GA. Any claim regarding compensation must be brought against the corporation which issued the Compensation/Product Schedule to which the claim relates.
- F. **TERMINATION WITH OR WITHOUT CAUSE.** In addition to the termination provisions set forth in the Confidentiality and Privacy Amendment, GA or Company shall have the right at any time to terminate this Agreement, with or without cause, upon written notice to the other party. Termination shall be effective as of the Termination Date.
- G. **INDEPENDENT CONTRACTOR.** GA is an independent contractor and not an employee of Company. Subject to legal and regulatory requirements, GA shall be free to exercise GA's own judgment as to the persons from whom GA will solicit and the time and place of such solicitation.
- H. **INSPECTION OF BOOKS AND RECORDS.** Company shall have the right, during normal business hours and with reasonable notice, to inspect, audit and make copies from the books and records of the GA for the purpose of verifying GA's compliance with the provisions of this Agreement.
- I. **INDEMNITY AND HOLD HARMLESS.** Each party shall indemnify and hold the other party harmless from any liability, loss, costs, expenses (including reasonable attorneys' fees incurred by the indemnified party) or damages, including punitive and extra-contractual damages, resulting from any act or omission of its obligations provided in this Agreement by the indemnifying party or any of its employees or Other General Agents in the performance of its duties under this Agreement or other agreements with Company, including without limitation, any breach of its obligations provided under this Agreement.

J. **GENERAL.**

1. **Issue and Product Type.** Company shall retain the right to decide whether to issue or withdraw a Product and determine the type of Product to be issued or withdrawn. Company may discontinue or change a Product at any time.
2. **Producer of Record.** The producer of record for any Product shall be determined by Company records. Company reserves the right to change the producer of record according to Company procedures and shall have no obligation to designate a successor producer of record.
3. **Notice.** Any notice required or permitted to be sent to Company under this Agreement shall be delivered personally or sent by U.S. Mail with all postage prepaid or by express mail to:

**Producer Services
Mutual of Omaha Insurance Company
Mutual of Omaha Plaza
Omaha, Nebraska 68175-0001**

4. **Entire Agreement.** This Agreement, the Confidentiality and Privacy Amendment and the Compensation/Product Schedules constitute the entire agreement between the parties regarding the Products sold under this Agreement.
5. **Governing Law.** With respect to Companion Life Insurance Company, this Agreement shall be governed by the laws of the State of New York, without giving effect to that State's principles of conflicts of law. With respect to any other Company, this Agreement shall be governed by the laws of the State of Nebraska, without giving effect to that State's principles of conflicts of law.
6. **Severability.** In the event any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall remain in effect.
7. **No Waiver.** Failure of Company to enforce any provision of this Agreement shall not operate to waive or modify such provision or render such provision unenforceable.
8. **No Assignment or Change.** Except for Compensation/Product Schedules, Confidentiality and Privacy Amendments and other amendments to the Agreement which are required by federal, state or local laws or regulations, no modification, amendment or assignment of this Agreement shall be valid unless approved in writing by an Authorized Representative. Compensation/Product Schedules, Confidentiality and Privacy Amendments and other amendments to the Agreement which are

required by federal, state or local laws or regulations may be distributed only by Company but need not be signed by either party to be effective.

9. **Survival.** GA's appointment pursuant to Section A of this Agreement shall immediately terminate on the Termination Date. Except for Sections C.2 and C.3 of this Agreement, all other provisions of this Agreement shall survive its termination.
 10. **Beneficiary.** If GA is an individual, then GA designates the beneficiary specified on the signature page or such other party or parties as GA may designate by written notice delivered to and recorded by Company, as beneficiary for payment of any compensation becoming due after GA's death.
 11. **Headings.** Any section or other heading contained in this Agreement are for reference purposes and convenience only and shall not affect, in any way, the meaning and interpretation of this Agreement.
 12. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- K. **DEFINITIONS.** The following terms have the following meanings. Any singular word shall include any plural of the same word.
1. **"Authorized Representative"** means the Chief Executive Officer or President of a Company or an individual authorized in writing by the Chief Executive Officer or President.
 2. **"Compensation/Product Schedule"** means a Company's distributed commission schedule that (a) specifies the amounts and conditions under which commissions will be due and payable to GA for any Product, and (b) is made a part of this Agreement.
 3. **"Indebtedness"** means any amounts owed by GA to Company, including but not limited to (a) the chargeback of any compensation paid or credited to GA under this or any other Agreement, if the monies on which such compensation was based are not collected or are refunded by the Company, (b) any advances made by Company to GA, (c) any expenses incurred by the Company on behalf of GA, and (d) any amount paid by the Company, which in its determination resulted from fraud, misrepresentation or other improper conduct by the GA.
 4. **"Other General Agent"** means any individual or organization, which (a) enters into a general agent, representative or other marketing agreement with Company and (b) submits Product applications that designate GA.

5. **"Product"** means any insurance policy, contract, investment vehicle or other offering identified in any Compensation/Product Schedule.
6. **"Termination Date"** means the later to occur of (a) the date on which GA or Company sends written notice of termination to the other party, or (b) the date specified by GA or Company in a written notice of termination to the other party.
7. **"Vested Compensation"** means compensation identified as vested on a Compensation/Product Schedule and that may be paid to GA after the Termination Date if (a) the policy related to the Product remains in force, (b) the premiums for the policy are paid to Company, and (c) if GA is the writing agent, GA remains the producer of record.

MUTUAL OF OMAHA INSURANCE COMPANY
ON BEHALF OF IT AND ITS AFFILIATES SET FORTH
IN COMPENSATION/PRODUCT SCHEDULES
ATTACHED TO THIS AGREEMENT

TO BE COMPLETED BY GENERAL AGENT
FOR ALL STATES



GENERAL AGENT

By: See signature on Producer Contract
Information and Signature Form
(Signature always required)

EXHIBIT 9



Principal Life Insurance Company
Principal National Life Insurance Company
Members of Principal Financial Group®

Mailing Address:
Des Moines, IA 50392-0470

Broker Contract
DD 715

This Contract (the "Contract") is between Principal Life Insurance Company ("Principal Life") and/or Principal National Life Insurance Company ("Principal National") and _____ ("Broker"). The purpose of this Contract is to set forth the terms and conditions under which Broker will sell products for Principal Life and/or Principal National, respectively.

The Contract is effective the date it is signed by the Company and is subject to the following terms and conditions:

1. CONTRACT LANGUAGE

- a. Throughout this Contract, the term "Company" means Principal Life and/or Principal National. The term "Broker" means the person named above.
- b. Principal Life shall be the contracting party for the Company for all products issued by Principal Life, and Principal National shall be the contracting party for the Company for all products issued by Principal National. The rights, duties, obligations and responsibilities of each are separate and distinct from the rights, duties, obligations and responsibilities of the other. Principal Life shall not have any responsibility or liability for the actions or inaction of Principal National under this Contract; and Principal National shall not have any responsibility or liability for the actions or inaction of Principal Life under this Contract.
- c. "Applicable Law" means any law (including common law), order, statute, rule or regulation of a federal, state or local domestic or foreign governmental, regulatory authority, agency, court, commission or other governmental or regulatory entity, and includes, but is not limited to, state insurance laws and regulations, laws and regulations regarding replacement, laws and regulations regarding suitability and needs-based selling, federal and state consumer privacy laws and regulations, federal and state securities laws and regulations and AML Laws, all in effect on the date of this Contract or enacted or amended at any time this Contract is in effect.
- d. "Calendar Year" is a period beginning January first and ending December thirty-first.
- e. "Commission(s)" means first year commission(s), renewal commission(s), service fee(s), and bonuses identified in the Commission schedule.
- f. "Commission schedule" means the commission schedule in effect at the time Broker sells a Policy or an addition to a Policy.
- g. "Policy" and "Policies" mean any and all insurance policies or annuity contracts included in the Commission schedule.
- h. "Policy Year" is a period of one year beginning with the Policy date (except as modified in the policy).
- i. "Company Policies and Procedures" are the policies and procedures of the Company (including but not limited to those regarding ethics requirements, prohibited outside activities, suitability guidelines and needs based selling) which can be found on the Company's eFinancial ProfessionalSM website or in other format and which may be changed or updated from time to time without notice to Broker.
- j. "Premium" means the payment amount to the Company stated or defined in the Policy.
- k. "Agency" means any licensed insurance agency, marketing division, subsidiary or affiliate, if any, that Broker has designated to participate in marketing Policies and that has been appointed by the Company.
- l. "Representative" means any person, if any, having all necessary licenses and registrations who is appointed by Principal to sell Policies, through a contract with Broker or Broker's behalf or under Broker's authority or an Agency's authority.

2. RELATIONSHIP

Under this contract:

- a. Broker's relationship with the Company is that of an independent contractor, not an employee.
- b. Broker will be free to exercise Broker's own reasonable judgment in marketing the Policies of the Company, including the choice of time, place and manner of sale, but Broker is to conform to all of the Company Policies and Procedures not inconsistent with this relationship, and all Applicable Laws.
- c. The Company reserves the right to revoke Broker's authority to sell any product or product line at any time, upon notice to Broker.

3. DUTIES AND RESPONSIBILITIES

Under this contract, Broker agrees to:

- a. Conform to and comply with all Applicable Laws, including, but not limited to those pertaining to insurance and insurance brokers and agents.
- b. Conform to and comply with all applicable Company Policies and Procedures.
- c. Immediately notify the Company in writing if Broker is not in compliance with Applicable Laws or the Company Policies and Procedures.
- d. Promptly provide such information and certifications as the Company may request regarding Broker's establishment and maintenance of a system to comply with Applicable Laws, and Company Policies and Procedures; maintain such records of information used in making recommendations to purchase Policies or in servicing Policies (including information obtained from consumers) as may be required by Applicable Laws or Company Policies and Procedures; and promptly cooperate and assist the Company in its efforts to monitor Broker's performance under this section.
- e. Qualify for and obtain any licenses and bonds as required by the Company or Applicable Laws, provide the Company with evidence of such licenses and bonds, and inform the Company in writing of any changes to such licenses and bonds.
- f. Limit solicitation of applications for Policies of the Company to states in which Broker is licensed.
- g. Take all necessary steps, upon submission of applications for Policies to the Company, to become appointed where required.
- h. Deliver promptly all applications and all money Broker receives on behalf of the Company, an applicant, a policyowner, or a beneficiary. Broker holds all moneys in trust until delivery.
- i. Return any Policies to the Company that are requested, or that are not delivered within the time allowed. Broker will be asked to give an account for such Policies.
- j. Return all moneys and other property of the Company to it on demand or when this Contract terminates.
- k. Refrain from interfering with any other producer's relationship with the Company.
- l. Promptly, completely and accurately comply with instructions and requests of the Company regarding the marketing and servicing of Policies and compliance issues, all in accordance with stated deadlines.
- m. Notify Company immediately of any customer complaint or legal or regulatory inquiry (including, but not limited to subpoenas) regarding a Policy and provide prompt, complete and accurate cooperation and assistance in resolving the same, in accordance with Company requests and stated deadlines.
- n. Maintain professional errors and omissions insurance to cover Broker's proposed activities pursuant to this Contract and provide evidence of such coverage satisfactory to the Company upon request by the Company.
- o. Upon request, allow the Company immediate access at Broker's place of business to inspect and/or audit books, records, files, computer records, business banking records or any other records, whether in paper or electronic format relating to the Company's policyowners, insureds or the relationship between Broker and the Company. Broker shall cooperate to the fullest extent with such inspections and/or audits.

- p. Establish and maintain a system of training and supervision so as to ensure that Broker and, if any, all Agencies, Representatives, their employees and sub-agents comply with (a) all Applicable Laws and (b) Company's Policies and Procedures.
- q. Ensure that, if applicable, all Agencies and Representatives comply with sections 3(d) and 3(p) of this Contract.
- r. Pay all taxes which are required by law to be paid in connection with Commissions and other amounts paid under this Contract, including, but not limited to all payments, true-ups and refunds.
- s. To the extent AML Laws are applicable to Broker, Broker represents that Broker is now in compliance with and covenants to continue to comply with the USA PATRIOT Act of 2001, the Bank Secrecy Act and certain other federal and state anti-money laundering laws and regulations, including, but not limited to, the laws, regulations and executive orders administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") (collectively, the "AML Laws"). Such AML Laws require, among other things, that financial institutions adopt compliance programs to guard against money laundering. Whether or not Broker is a financial institution, each party agrees to use reasonable efforts to cooperate with the other, exchange information as permitted by law and assist each other in detecting possible money laundering or terrorist financing in connection with the offer and sale of any Policy pursuant to the Contract; provided however, that nothing in this paragraph shall be read to relieve either party from any responsibility to monitor for and file reports regarding suspicious activity to the extent required under any applicable provisions of the AML Laws. Further, each party agrees to supply the other party, upon request, with a certification of its compliance with applicable AML Laws.

4. LIMITATIONS

Broker's authority will extend no further than is stated in this Contract. Broker may not:

- a. Incur any liability or debt against the Company.
- b. Accept risks of any kind, determine insurability, or bind the Company in any way.
- c. Promise the reinstatement of Policies.
- d. Make, change, or discharge any contract.
- e. Allow more time for paying a premium or waive any premium payment.
- f. Accept premium payments other than the first payment, except with the written approval of the Company.
- g. Give credit to applicants.
- h. Initiate or appear in legal proceedings or actions in insurance departments and other administrative agencies in the name of the Company.
- i. Waive any provision of any Policy, or waive any of the Company's rights relating to the Company's Policies, including, but not limited to, the right to accurate and complete information on applications.
- j. Use any sales material, software, sales concepts, supplies or advertising other than supplied or approved by the Company, except with the written approval of the Company. Broker must have the written authorization of the Company to use its trademarks and service marks, unless Broker has received materials directly from the Company or the Company has otherwise approved it in writing.
- k. Use Broker's own personal or business checks or funds for the payment of an applicant's or policyowner's premiums.
- l. Pay, allow or offer any rebate.
- m. Use the Company's name in connection with any bank account or account with any other financial institution.
- n. Fax or email customers by using mass mailing listings without the customer's prior written consent.
- o. Disclose or use Confidential Information in any manner that is inconsistent with the Company's privacy policy as set forth in its current privacy notice unless Broker first provides consumers with a privacy notice and opt out that is pre-approved by the Company.

5. COMMISSIONS WHILE UNDER CONTRACT

- a. Commissions will be based on the gross premiums the Company receives from the policyowner; except that, the Company will only advance commissions on future premium deposits in accordance with the annualized commission arrangement, if any, and Company Policies and Procedures.
- b. If the Company cancels, rescinds, revokes or terminates a Policy for any reason, or if the policyowner exercises any right to cancel or otherwise terminate a Policy, and as a result, the Company refunds, returns or credits any amount of payment made on such Policy, Broker shall promptly repay to the Company any amount of compensation, including but not limited to Commissions, paid or credited to Broker with respect to such Policy. Any such repayment by Broker shall be included in the definition of "Indebtedness" as set forth in the provisions of the paragraph of this Contract entitled "Indebtedness".
- c. The Company will pay Commissions on Policies sold according to the Commission schedule and Broker's annualized commissions arrangement, if any.
- d. The Company reserves the right, in its sole discretion to change Commissions by e-mail notice or by posting to the Company's eFinancial ProfessionalSM website. Any such change will apply to Policies with an effective date on or after the effective date of the Commission change, unless a different effective date is required by law. Broker is responsible for ensuring that he or she has the most current Commission information.

6. COMMISSIONS AFTER TERMINATION

- a. If Broker's Contract is terminated for reasons other than those set forth in section 6(b) of this Contract, Broker will receive Commissions as provided in the Commission schedule and Company Policies and Procedures in effect at the time this Contract terminates. In the event of such termination, the Company may commute renewal Commissions and pay in a lump sum in accordance with Company Policies and Procedures.
- b. Notwithstanding anything to the contrary in this Contract, the Company will not pay future Commissions (first year and renewal) if this Contract is terminated under section 15(b) or if Broker has violated the provisions of section 11 of this Contract. Future Commissions will also not be paid if the Company discovers Broker has committed any of the offenses outlined in sections 11 or 15(b) after this Contract has terminated.

7. PRIOR CONTRACT

Any prior or existing brokerage contracts, whether oral or written, and any such amendments that Broker has with the Company are terminated as of the date immediately before the effective date of this Contract. Broker's rights to receive Commissions and service fees earned on any business issued under a previous brokerage contract will continue to be paid in accordance with the applicable Commission schedule(s).

8. INDEBTEDNESS

Indebtedness means any debt, liability, or debit balance resulting from the Company's reversal of Commissions incurred under this or any prior contract Broker has or has had with the Company. It also includes any amount paid by the Company, including attorney fees and costs, to settle a complaint or satisfy any judgment entered by any court, administrative agency or arbitrator related to any Policy sold by Broker, or breach of Broker's duties and responsibilities contained in this or any prior contract, whether or not the liability for settlement or satisfaction of judgment arose after the termination of this Contract. The Company may offset any indebtedness Broker owes the Company, or any of its subsidiaries or affiliates, against any amounts the Company owes Broker. The Company reserves the right to use any remedies under the law to collect any indebtedness Broker owes the Company and Broker agrees to pay any reasonable attorney's fees and actual costs of collection incurred as a result of such action.

9. ASSIGNMENT

This contract is not assignable by Broker. Except as provided under "Indebtedness," no Commissions payable under this Contract may be transferred, assigned or made payable to anyone other than Broker without the Company's written consent. The Company may assign its rights and obligations under this Contract at any time and without Broker's consent.

10. ENFORCEMENT

In the event Broker sues the Company to enforce the terms of this Contract, Broker will be responsible for paying all of the Company's costs and attorney fees should Broker's lawsuit be unsuccessful either by jury verdict or judicial ruling. In the event of settlement short of judicial resolution, Broker agrees to pay one half the Company's costs and attorney fees to defend the lawsuit, mediation or arbitration through the date of settlement.

In the event the Company sues Broker to enforce the terms of this Contract, the Company will pay Broker's costs and attorney fees should the Company's lawsuit be unsuccessful either by jury verdict or judicial rulings. If the Company wins its lawsuit, by judicial ruling or jury verdict, Broker agrees to pay the Company's costs and attorneys fees.

11. PRESERVATION OF BUSINESS AND RELATIONSHIPS

- a. During the term of this Contract and for a period of two years after the termination of this Contract, Broker will not, directly or indirectly, induce or attempt to induce any person employed or under contract or associated with the Company, including, but not limited to, its agents, employees and brokers, to terminate his or her relationship with the Company.
- b. For a period of two years after the termination of this Contract, Broker will not, directly or indirectly, advise, induce or solicit any policyholder of the Company to lapse, cancel, or replace any Policy of the Company or borrow values from any Policy of the Company to pay any premium or fund a Policy of another company.
- c. In the event Broker violates this section, Broker agrees that the Company may suffer irreparable harm for which damages alone may not adequately compensate the Company. Broker agrees to pay the amount of \$100 per violation of the terms of this section. The parties agree that it would be extremely difficult to determine the amount of actual damages resulting from violation of this section, but that such amount is a reasonable approximation of such damages and not a penalty. Broker further agrees that the Company may pursue all remedies, legal or equitable, including an injunction or restraining order to enforce compliance with this section. Broker also agrees that Broker shall be responsible for any attorney fees and costs the Company incurs as a result of its efforts to enforce this section.

12. RECORDS AND DATA

Records and data, including any duplicate copies, provided by the Company or related to the marketing or servicing of Policies issued by the Company or any of its affiliates or subsidiaries are the property of the Company. Upon termination of this Contract, Broker shall immediately return to the Company or destroy all records and data as defined above unless Broker immediately enters into another contract as a producer with the Company.

13. CONFIDENTIAL INFORMATION

- a. Duty of Confidentiality. Broker acknowledges and agrees that, in connection with the performance of Broker's duties and responsibilities under this Contract or otherwise, Broker may receive or learn information that the Company is obligated by law to treat as confidential for the benefit of third parties, including, but not limited to information about individuals who have applied for or purchased financial products or financial services from the Company ("Consumer"), and personal, financial and/or health information of the Consumer ("Confidential Information"). Broker agrees to keep all Confidential Information strictly confidential; and, except as otherwise required by law, not to use or re-disclose to any affiliate or third party, either orally or in writing, any Confidential Information for any purpose other than the purpose for which the Confidential Information was provided to Broker. Broker agrees that access to Confidential Information shall be restricted to Broker's employees who need to know the information (or have access to the information) to help Broker perform Broker's duties and responsibilities under this Contract. The obligations of this Contract extend to all of Broker's employees, agents, marketers, affiliates and contractors, and Broker shall inform such persons of their obligations hereunder.
- b. Duty to Safeguard Confidential Information. Without limiting the foregoing, Broker agrees to use reasonable diligence to protect the security, confidentiality and integrity of the Confidential Information. Broker further agrees to protect said Confidential Information by maintaining administrative, technical and procedural safeguards that comply with the Applicable Laws and the Company Policies and Procedures.
- c. Duty to Notify. Upon learning of any unauthorized re-disclosure or use of any Confidential Information, Broker agrees to notify the Company promptly and to cooperate fully with the Company to protect such Confidential Information.

- d. Re-disclosures required by law. If Broker believes Broker is required by law or by a subpoena or court order to re-disclose any Confidential Information, then Broker agrees, prior to any re-disclosure, to promptly notify the Company in writing, to provide a copy of the subpoena, court order or other demand and to make all reasonable efforts to allow the Company an opportunity to seek a protective order or other judicial relief. This duty does not apply to audits and inquiries from state or federal regulatory agencies if Broker is legally required to provide them with access to Broker's records.

14. FINES FOR VIOLATIONS

In the event Broker violates the terms of this Contract, the Company may choose to impose a fine of not more than \$2,000.00 per violation. Any fine assessed must be paid within 30 days of written notice to Broker of the fine. Notice is effective upon the earlier of mailing to the Broker's last known address or delivery to the Broker, through personal or electronic means. This section shall not apply to violations of the section of this Contract entitled Preservation of Business and Relationships, which contains different consequences for violation of that section.

15. TERMINATION

- a. The Company or Broker can terminate this Contract at any time for any reason or no reason. Notice of termination must be in writing and specify the date of termination. Notice will be effective on the earlier of mailing to the addressee's last known address or delivery to the addressee through personal or electronic means.
- b. The Company may terminate Broker's Contract without giving prior written notice if the Company reasonably believes that Broker has committed any fraudulent, dishonest or illegal act arising out of or related to this Contract or to the Company's business or violated any provision of this Contract or Company Policies and Procedures.
- c. This Contract will terminate immediately in the event of expiration, cancellation or revocation of Broker's license to sell insurance or Broker's death.

16. INDEMNIFICATION

- a. The Company will indemnify, defend and hold harmless the Broker against losses, claims, damages, judgments, liabilities, penalties or expenses of any nature, including but not limited to reasonable attorney's fees and court costs, which arise out of or are based upon any untrue statement of a material fact contained in any sales material written and/or approved by the Company.
- b. Broker will indemnify and hold harmless the Company, its affiliates, directors, officers and employees or agents against any losses, claims, damages, judgments, liabilities, penalties or expenses of any nature, including but not limited to reasonable attorney's fees and court costs, which arise out of or are based upon any unauthorized use of sales materials or any verbal or written misrepresentations or any unlawful sales practices, or failure of the Broker to comply with the provisions of this Contract or the willful misfeasance, bad faith, negligence or misconduct of the Broker in the solicitation or applications for or sale of Policies of the Company.
- c. The indemnified party will give prompt written notice to the indemnifying party of assertion of claim. The parties will cooperate with one another in the defense of the claim. Notwithstanding anything to the contrary in this Contract, and to the extent permitted by law, the indemnification provisions of this Contract will not be deemed to waive or limit any other rights available to an indemnified party.

17. NOTICES

The Company may provide notice to Broker via email, fax, website or other electronic means, as well as through the use of an independent courier that provides or maintains a record of delivery date, or by prepaid certified or registered mail with a return receipt requested. Broker agrees to receive information about the Company or its products, changes or amendments to this Contract or Commission schedules and other Company information through electronic means in accordance with the Company Policies and Procedures in effect at the time of giving notice. Broker shall provide notice to the Company through the use of an independent courier that provides a record of the delivery date, or by prepaid certified or registered mail with a return receipt requested to the address specified in Company Policies and Procedures.

18. GENERAL PROVISIONS

- a. **Survival.** Termination of this Contract will not relieve either party of any previously accrued obligations or of any obligations that by their nature are intended to survive termination. The provisions of this Contract relating to Confidential Information, Commissions While Under Contract, Preservation of Business and Relationships and Indemnification shall survive the termination or expiration of this Contract.
- b. **Entire Contract.** This Contract, including the relevant Commission schedule(s), represents the entire agreement between Broker and the Company. No promise, agreement, understanding or representation will be binding on the Company unless it is made in this Contract or the relevant Commission schedule(s), or by a written instrument signed by Broker and a vice president or higher officer level of the Company except as provided herein. This Contract and the relevant Commission schedule(s) may be amended or modified by the Company upon written notice to Broker. Each such amendment will be binding on both parties despite any lack of additional consideration.
- c. **Governing Law.** This is an Iowa Contract and will be construed in accordance with the laws of the state of Iowa.
- d. **Severability.** If any provision of this Contract is held to be unenforceable under any Applicable Law, such provision will be ineffective for that jurisdiction and the remaining provisions of this Contract will continue in full force and effect. In addition, the parties or the court will modify any unenforceable provision so as to make it enforceable under applicable law, while keeping the modified provision as consistent as possible with the original intent of the parties.
- e. **Non-waiver.** Any lenience in enforcing strict compliance with Contract provisions for forbearance by the Company in enforcing them will not be interpreted as a present waiver of those provisions, nor as a waiver of the Company's rights to enforce the same in the future. No term or provision of this Contract will be deemed waived and no breach will be deemed excused unless such waiver or consent will be in writing and signed by the party claimed to have waived or consented.
- f. **Successors and assigns.** This Contract will inure to the benefit of and be binding upon the respective successors and assigns, if any, of the parties. Nothing in this paragraph will be construed to permit any attempted assignment which would be unauthorized pursuant to any other provision of this Contract.

Each party represents that the individual signing below on its behalf has read this Contract, understands it, and has full authority to bind such party.

Signature of Broker

Date (mm/dd/yyyy)

Signature of President—Principal Life Insurance Company

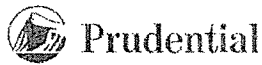
Date (mm/dd/yyyy)

Signature of President—Principal National Life Insurance Company

Date (mm/dd/yyyy)

This document may not be modified other than to supply the requested information and to sign it.

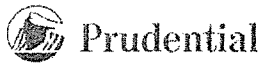
EXHIBIT 10



Broker Agreement (Life Insurance)

This Broker agreement (hereinafter, the "Agreement") is between The Prudential Insurance Company of America, Pruco Life Insurance Company, and Pruco Life Insurance Company of New Jersey (hereinafter collectively, the "Company") and the individual whose name appears on page ten of this Agreement (hereinafter, the "Broker").

1. **Appointment** - The Company appoints the Broker as a non-exclusive insurance agent to solicit applications for the non-Securities Exchange Commission ("SEC") registered life insurance policies (hereinafter individually, the "Policy" or collectively, the "Policies") of the Company. Such Policies are identified as Eligible Products in a List of Eligible Products (hereinafter, "Exhibit A") attached hereto. From time to time Exhibit A may be updated or amended by the Company. Such updates or amendments will be effective upon notice, as defined in Section 15(f), (hereinafter, "Notice") to the Broker that a new or amended Exhibit A has been issued. The Company will have the sole discretion to appoint any Broker and any employee or representative of the Broker as an insurance agent of the Company.
2. **Authority and Undertaking** –
 - a. This Agreement authorizes the Broker to:
 - i. solicit, procure and submit applications for Policies of the Company, provided the Broker is properly state licensed and state appointed to do so, as required by the Company's Licensing, Appointment and Registration Policy (hereinafter the Company's "Licensing, Appointment and Registration Policy");
 - ii. ensure that all Policy placement requirements are satisfied and to deliver Policies to policyowners; and
 - iii. assist policyowners in obtaining prompt service from the Company with respect to the administration of Policies, and in maintaining their coverage as long as that coverage is in the interest of the policyowner.
 - b. Broker agrees to the following undertaking in its capacity as a Broker with regard to its employees and representatives for Policies:
 - i. Broker has full responsibility for the supervision of all employees and representatives who are engaged, directly or indirectly, in performing administrative functions on Broker's behalf to ensure that they are in compliance with all applicable federal, state and local laws and regulations and all rules and procedures of the Company (which rules and procedures may be changed by the Company at its own discretion).
3. **Limitations of Broker's Authority** - The Broker's authority is limited to what is authorized in Section 2. This section is intended to provide examples, not an entire listing, of actions that are outside the authority granted in Section 2. Broker agrees that its authorization is limited to solicitation of applications and marketing of Policies in accordance with this Agreement. Broker represents and agrees on behalf of himself and employees and representatives that none of them will act in a manner not authorized by this Agreement and that any such unauthorized action, including but not limited to the following actions, would be considered a breach of this Agreement:
 - a. bind the Company except as specifically authorized by this Agreement;
 - b. make representations as an agent of the Company in any manner or for any purpose except as specifically authorized by this Agreement;
 - c. make, alter or modify any Policy or receipt;
 - d. waive any provision or condition of any Policy issued by the Company;
 - e. extend the time for payment of any premium on any Policy, bind the Company to the reinstatement of any terminated Policy or accept promissory notes for payment of premiums on any Policy;
 - f. adjust or settle any claim or commit the Company with respect to any claim, except as specifically directed in writing by the Company;

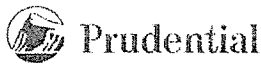


- g. provide or offer to provide any inducement not specified in the Policy or any rebate, either directly or indirectly, to any person or entity, as an inducement to purchase any Policy;
 - h. accept funds, unless those funds are payable to the Company and only under the following circumstances:
 - i. when the application and the funds are submitted simultaneously and the Company's standards for prepaid applications have been met, or;
 - ii. the Company's delivery requirements have been met and the Policy has been delivered, and;
 - iii. such funds must be remitted to the Company within one business day of receipt;
 - i. incur any expense or liability on account of the Company without specific written authority to do so from the Company;
 - j. demand or accept any remuneration other than what is provided by the Company for rendering any service specifically related to the normal maintenance and care of the Company's business. This provision does not prohibit the Broker from accepting fees for any services provided by the Broker other than those authorized by this Agreement;
 - k. make any misrepresentation or incomplete comparison for the purpose of inducing a potential or actual policyowner to purchase, convert, lapse, surrender all or any portion of, forfeit, borrow from, or replace any Policies;
 - l. induce or attempt to induce any policyowner to replace or relinquish a policy or to withdraw values from a policy when doing so would be in violation of the Company's Replacement Policy or any state or federal law or regulation or not in the interest of the customer;
 - m. solicit, procure or submit applications for the SEC registered life insurance policies of the Company which are controlled by selling agreements between FINRA member broker dealers;
 - n. deliver, or allow the delivery of, the Policy unless the health of the proposed insured(s) is in accordance with the Company's requirements, if any, and, where required, the first premium is paid in full;
 - o. request that a client pre-sign any Policy related form for use at a later date, request a client to sign any Policy related forms unless completed in its entirety or accept any signed Policy related form unless said forms are complete and ready for submission to the Company;
 - p. engage in any insurance transaction that requires compensation disclosure, as determined by the applicable law, without making such required compensation disclosure; and
 - q. solicit applications for Policies on military installations or otherwise engage in activity contrary to instruction provided by the US Department of Defense or state law regarding such.
4. **Broker's Representations** - The Broker represents and agrees:
- a. to abide by the Company's policies and procedures related to the solicitation and sale of Policies, which are identified on Exhibit B and made a part hereof;
 - b. to abide by any revised or additional policies and procedures that the Company communicates;
 - c. to review and become familiar with the Company's Policies prior to soliciting applications for these Policies;
 - d. that the Broker and its employees or representatives will comply with all applicable insurance laws, regulations and requirements and all other applicable state and federal laws, regulations and requirements in soliciting applications for Policies; that the Broker will be fully responsible for all acts of its employees or representatives in soliciting applications for Policies;
 - e. to use fact finding tools for determining applicant's insurable needs and financial objectives;
 - f. to solicit applications for Policies only from applicants for whom the Policies are suitable;



Prudential

- g. to solicit, procure and submit applications for Policies only if properly state licensed and state appointed to do so as required by the Company's Licensing, Appointment and Registration Policy and to provide the Company copies of all licenses;
- h. that the Broker will not solicit applications for Policies in any state unless the Policy has been approved for sale in that state;
- i. to assist policyowners in obtaining prompt service from the Company with respect to the administration of Policies and in maintaining their coverage as long as that coverage is in the interest of the policyowner;
- j. that all terms and conditions of this Agreement apply to any employee or representative of the Broker who solicits applications for Policies on behalf of the Broker; and the Broker further agrees to ensure that such employees or representatives comply with all terms and conditions of this Agreement. Furthermore, Broker agrees to notify Company immediately if Broker, its employees or representative breach any terms or conditions of this agreement;
- k. that except as disclosed to the Company on the Broker's application for appointment:
 - i. neither the Broker's insurance license nor the insurance license of any of its employees or representatives has ever been revoked, suspended, or rescinded in any state or jurisdiction;
 - ii. neither the Broker nor any of its employees or representatives has ever been fined by any insurance regulator in an amount of \$5,000 or more;
 - iii. and neither the Broker nor any of its employees or representatives are currently the subject of any disciplinary proceeding or investigation in any state or jurisdiction by any Department of Insurance, Attorney General's office or other governmental authority;
- l. that except as disclosed to the Company on the Broker's application for appointment:
 - i. if the Broker or any of its employees or representatives is or has ever been a registered principal or representative of a member of the FINRA, the said registration with the FINRA is not now and never has been suspended, revoked or canceled;
 - ii. neither the Broker nor any of its employees or representatives has ever been fined by the FINRA or other self-regulatory organization in an amount of \$5,000 or more;
 - iii. and neither the Broker nor any of its employees or representatives is currently the subject of any disciplinary proceeding or investigation by the SEC or FINRA;
- m. that neither the Broker nor any of its employees or representatives has ever been convicted of any felony or of any offense set forth in United States Code Title 18, Part I, Chapter 47, Section 1033 pertaining to "Crimes by or affecting persons engaged in the business of insurance whose activities affect interstate commerce";
- n. that Broker, upon request of Company, shall, within thirty (30) days of receipt, return to Company a questionnaire or certification regarding any regulatory, civil and/or criminal proceedings, including arbitration, against the Broker or any employee or representative commenced or concluded by any state insurance or securities department, FINRA or other self-regulatory organization, and/or in any court of competent jurisdiction. Broker shall provide Company with a full explanation regarding matters disclosed in the questionnaire or certification;
- o. that Broker will promptly notify the Company of any allegation that the Broker, or any of its employees or representatives, violated any law or regulation which may impact their ability to represent the Company;
- p. that the Broker will notify the Company in writing immediately of the termination of the employment or affiliation of an employee or representative who is appointed to represent the Company pursuant to this Agreement;
- q. that with regard to any bank marketing, Broker will comply with the disclosure and advertising requirements implemented by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision, including but



not limited to disclosure with the respect to the sale or recommendation of Policies, illustrations, disclosures and all other applicable laws and requirements;

- r. that no Company Policy shall be sold where, at the time of delivery, the Broker or anyone associated with Broker has knowledge that there is a practice or plan to initiate a life insurance policy for the benefit of a third party investor who, at the time of such policy origination, has no insurable interest in the insured.
 - s. that Broker and anyone associated with Broker will not participate directly or indirectly in any transaction where a Company Policy is sold to or used in any manner with a viatical or life settlement company or is part of a viatical or life settlement.
 - t. to complete a permanent registration for the PrudentialXpress website at www.pruxpress.com (hereinafter, the "Website") within 30 days of the effective date of the Agreement. Use of the Website will be subject to the terms and conditions of the Website;
 - u. for the term of the Agreement, to access the Website no less frequently than once every 90 days and to read and review the "Notices & Schedules" page of the Licensing section; and
 - v. for the term of the Agreement, to maintain an active Website registration.
5. **Independent Contractor** - The Broker is an independent contractor and is not an employee of the Company. The Broker is free to exercise independent judgment as to the time, place and means of performing the authority granted, subject to the terms and conditions of this Agreement. The Broker's business and any services provided by the Broker, other than those authorized by this Agreement are not and will not be represented to be the business of the Company.

Service provided by the Broker to any policyowner in connection with any employee benefit program or employee compensation program of any nature is not and will not be represented to be the business of the Company regardless of the use of a Policy or group of Policies issued by the Company in conjunction with the aforesaid program.

6. **Advertisements and Marketing Materials** – The Broker agrees that any material it develops, approves or uses for sales, training, explanatory or other purposes that mentions by name the Policies or Company (or any affiliate of the Company or any logos of any of them) will not be used without prior written consent of the Company. The Broker will not publish, issue, circulate or use in any manner whatsoever any advertisements or marketing materials describing or referring to the Company, the Policies or any product of the Company unless such advertisements or marketing materials have been approved in writing in advance by the Company.

The Broker will not misrepresent the Policies or the Company and will make no oral or written representation which is inconsistent with the terms of the Policies or with the information in any illustration or sales literature furnished by the Company.

7. **Errors and Omissions** - The Broker agrees to maintain Errors and Omissions coverage with unimpaired limits of not less than one million dollars and to provide evidence of such coverage satisfactory to the Company upon request by the Company. The Broker will notify the Company in writing immediately if the coverage is terminated or suspended.
8. **Indemnity** - The following indemnification will apply:
- a. the Company will indemnify, defend and hold harmless the Broker, its employees or representatives against any losses, claims, damages, judgments, liabilities, penalties or expenses of any nature, including but not limited to reasonable attorneys' fees and court costs which arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any sales material written and/or approved by the Company;
 - b. the Broker will indemnify, defend and hold harmless the Company, its affiliates, directors, officers, and agents against any losses, claims, damages, judgments, liabilities, penalties or expenses of any nature, including but not limited to reasonable attorneys' fees and court costs which arise out of or are based upon any unauthorized use of sales materials or any verbal or written misrepresentations or any unlawful sales practices, or failure of the Broker or its employees or representatives to comply with the provisions of this agreement or the willful misfeasance, bad faith, negligence or misconduct of the Broker or its employees or representatives in the solicitation of applications for, or sale of, Policies.



The indemnification will survive the termination of this Agreement.

9. **Complaints, Investigations, Proceedings and Books and Records** - Broker agrees to immediately provide Notice to Company of any Policy complaints, investigations or disciplinary proceedings received by Broker or any of its employees or representatives relating to the Policies, Company or any threatened or filed action or civil litigation arising out of the conduct of business under this Agreement. Additionally, Broker shall immediately forward to Company, by certified mail and to the address provided for Notice in this Agreement any legal process or notice of claims served on Broker or any of its employees or representatives in a suit or proceeding against Broker or any of its employees or representatives arising out of the conduct of business under this Agreement.

Broker and any of its employees and representatives shall cooperate with Company in investigating and responding to any complaint, attorney demand, or inquiry received from state insurance departments or other regulatory agencies or legislative bodies, and in any settlement or trial of any actions arising out of the conduct of business under this Agreement. Cooperate, as referred to in this provision, shall include, but is not limited to, the provision of information as may be necessary to furnish Company with a complete understanding of the facts and circumstances surrounding the complaint, demand or inquiry.

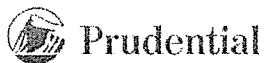
Any response by Broker or any of its employees or representatives to a Policy complaint arising out of the conduct of business under this Agreement must be sent to Company for its approval before being sent. Any responses to such Policy complaints must be sent to Company not less than fifteen (15) business days before being sent, except that if a more prompt response is required, the proposed response may be communicated to Company.

Broker and any of its employees or representatives are not authorized, and are expressly forbidden, from settling or offering to settle any complaint or litigation from a Policy owner, assignee, beneficiary or other party in interest to a Policy.

The Broker shall have the responsibility for maintaining accurate and complete records of all transactions relating to the solicitation of applications and the sale of Policies for the Company as required of it by applicable federal and state laws and regulations. These records will be made available to the Company for inspection upon request, including after termination of this Agreement. The records maintained by Broker under the terms of this Agreement that relate to the sale of Policies, shall be maintained so as to clearly and accurately disclose the nature and details of the transactions as required by appropriate laws, rules and regulations and for the period required by law. Broker shall also comply with any record hold order issued by the Company.

10. **Compensation** - In consideration of and as full compensation for the services performed in accordance with this Agreement, the Broker will receive compensation from the Company either, (1) as set forth in the Company's Commission Schedule posted to the Website in effect as of the date of issue, as determined by the Company, for each Policy or; (2) if the Company determines the Broker is eligible for any expense allowances or a compensation arrangement that differs from the Commission Schedules posted to the Website, such compensation will be communicated to the Broker in writing in a separate Schedule ("Compensation"). The Broker will only be entitled to Compensation for Policies that have been submitted by the Broker, accepted by the Company, delivered by the Broker and where all the requirements of the Company's Licensing, Appointment and Registration Policy have been satisfied, subject to the following provisions:

- a. Any amount due the Company from the Broker, whether arising from this or any other agreement with the Company, will be repaid by any amount payable under this Agreement, until the amount of such indebtedness is fully paid.
- b. If the Company returns, for any reason, any premiums or purchase payments on any Policy, rescinds the Policy or considers the Policy to be void from inception, the Broker will have an immediate obligation to, and will upon demand, repay the Company all the Compensation previously received by the Broker as a result of those premiums or purchase payments.
- c. When two or more Brokers are listed as the writing representative on an application, Compensation for that Policy will be payable in the proportion as directed on the application or in a writing acceptable to the Company.
- d. Compensation due is vested to the writing Broker or the writing Broker's estate, for the period set forth in the Policy Commission Schedule and, if applicable, a separate compensation schedule, provided premiums continue to be paid and such receipt of Compensation is permitted by applicable regulatory agencies.



- e. No Compensation is payable to the Broker after the Policy has lapsed, or after the discontinuance of premium payments, but should the Broker secure the reinstatement of said Policy, while properly licensed to do so, the Company will pay compensation to the Broker on premiums collected, as though the Policy had not lapsed. If the time between the lapse and reinstatement is greater than three months, all Compensation (current and future) shall be payable based upon the original issue date of the policy to the Broker who secures the reinstatement and signs the reinstatement form.
- f. Service Commissions, if applicable, as defined in the Company's Commission Schedule, shall be payable for the period and upon the terms set forth in the Commission Schedule.
- g. After the first policy year, no Compensation will be paid on any premium that is waived.
- h. No assignment of Compensation is valid against the Company unless acknowledged in writing by the Company.
- i. If a Policy replaces, in whole or in part, a policy or contract previously issued by this or any other insurance company, the Company has the right to determine what, if any, Compensation will be allowed.
- j. If a Policy is changed to a different kind or amount, or if its date is changed, the Company has the right to determine what, if any, Compensation will be allowed.
- k. No Compensation will be paid on any Policy issued as the result of the conversion of group life insurance.
- l. The Company will not be obligated to pay any Compensation which would be in violation of applicable laws or regulations of any jurisdiction, anything in this Agreement to the contrary notwithstanding.
- m. Notwithstanding any provision of this Agreement to the contrary, if the transaction is subject to the jurisdiction of the New York Insurance Department, no Compensation in excess of the compensation limits established by the Insurance Law of the State of New York will be due or payable by the Company to Broker.
- n. Compensation on premiums paid more than three months in advance are payable on the date the premiums are due.
- o. All premiums and Compensation is payable in U.S. currency.
- p. No Compensation is payable on any extra war risk premium which may be charged in connection with any Policy.

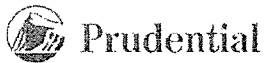
11. **Privacy** - Each party acknowledges that they may be provided with information or access information about customers of Company or Broker ("Customer Information").

Each party agrees to comply with any federal, state, provincial and/or local law or regulation related to privacy. Furthermore, each party represents and warrants that it has implemented and currently maintains an effective information security program to protect the Customer Information, which program includes administrative, technical, and physical safeguards:

- a) to ensure the security and confidentiality of Customer Information;
- b) to protect against any anticipated threats or hazards to the security or integrity of such Customer Information; and
- c) to protect against unauthorized access to or use of Customer Information which could result in substantial harm or inconvenience to either party or other affiliates, or to customers of any of them.

Broker shall promptly notify Company if Broker is in material breach of this provision. Broker shall promptly notify Company if it has suffered a breach of security of personal information affecting any consumer to whom Broker has sold any Company Policy.

Each party agrees that it shall keep and maintain all Confidential Information (as defined below) in strict confidence, using such degree of care as is appropriate to avoid unauthorized use or disclosure; and shall use and disclose Confidential Information solely for the purposes for which such information, or access to it, is provided pursuant to the terms of this Agreement. Each party further agrees that it shall not, directly or



indirectly; disclose Confidential Information to any third party, except with the disclosing party's prior written consent or as permitted under the terms of this Agreement. Notwithstanding any other provision of this Agreement with Broker regarding Confidential Information, in the event that access to or delivery of any Confidential Information is requested of Company by a regulatory, self-regulatory or supervisory authority having appropriate jurisdiction, Company may comply with such request.

For purposes of this provision, Confidential Information is defined as information respecting all past, present or future business activities of each party, written or oral, including without limitation: information relating to a party's planned or existing businesses or initiatives; organizational restructuring plans; actual and projected sales, profits and other financial information; technology (computer systems and architecture, computer hardware and software, methods); processing and operational methods; insurance, annuities and financial services product strategies, actuarial calculations, designs, administration and management; tax interpretations or positions; information respecting or materials of third parties with whom a party conducts business; and employees and personnel; and any policies, procedures and standards. Notwithstanding the foregoing, Confidential Information does not include information that (i) is lawfully made available to the general public, (ii) is or becomes generally known to the public not as a result of a disclosure by the receiving party, (iii) is rightfully in the possession of the receiving party prior to disclosure by the disclosing party, (iv) is received by a party in good faith and without restriction from a third party reasonably believed to have the right to make such disclosure, or (v) is independently developed by or for the receiving party without use or reference to the Confidential Information.

12. Anti-Money Laundering

- a. Broker represents and agrees that it has reviewed and is familiar with (i) applicable laws, regulations, rules and guidance governing the detection, prevention and reporting of money laundering and terrorist financing activities, including, but not limited to: (1) provisions of the USA PATRIOT Act of 2001 and regulations thereunder; (2) provisions of the Bank Secrecy Act and regulations thereunder; (3) relevant rules and regulations promulgated by the Office of Foreign Assets Control; and (4) all record keeping, reporting and auditing requirements of these laws, regulations and rules; and (ii) Company's Anti-Money Laundering Program.
- b. Broker agrees to complete Company's Anti-Money Laundering training provided by LIMRA, or such training approved in advance by Company in writing, concerning the detection, prevention and reporting of money laundering and terrorist financing activities, when and as required by Company. Broker agrees to provide Company with a certification, upon request, that it has completed such training and detailing the subject matter and dates of such training and the persons trained.
- c. Broker agrees to report to Company any transaction, or pattern of transactions, that it knows, suspects, or has reason to suspect: (i) involves funds derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation or is intended or conducted to hide or disguise funds or assets derived from illegal activity; (ii) is designed, whether through structuring or other means, to evade the requirements of the Bank Secrecy Act or any regulations promulgated thereunder; (iii) has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage; or (iv) involves the use of Company to facilitate criminal activity. Broker agrees to comply with any requests from Company for assistance in the detection or investigation of potential suspicious transactions in a timely manner. Broker agrees and acknowledges that notice to any individual of any investigation or reporting involving a suspicious transaction or activity is prohibited by federal law and agrees to ensure the confidentiality of any such investigation or reporting.
- d. Broker agrees to permit inspection relating to its compliance with the foregoing by any U.S. federal regulatory or law enforcement agency having jurisdiction and will make available to examiners from such agencies such records and information as they may request relating thereto.
- e. Company shall have the right, upon reasonable notice, to obtain and review documentation evidencing compliance with Company's Anti-Money Laundering Program and the foregoing laws, regulations and rules.

13. Termination



- a. This Agreement may be terminated with or without cause by either party immediately upon Notice to the other party.
 - b. The Agreement will terminate automatically at the date and hour of the suspension, revocation, cancellation or rescission of any state insurance license or FINRA license or registration of the Broker.
 - c. The Agreement will terminate immediately upon Notice by the Company of the cancellation of all the Broker's state insurance appointments.
 - d. Compensation according to the terms of this Agreement will survive the termination of this Agreement, subject to any conditions imposed by law on payment of compensation.
 - e. The Company may at any time, in its sole discretion, withhold or withdraw authority of any employee or representative of the Broker to solicit applications for Policies. Upon the Company giving Notice to the Broker of its withdrawal of authority of an employee or representative to solicit applications, the Broker will immediately ensure that any such employee or representative cease all such solicitations.
14. **Effective Date** - This Agreement is effective once fully executed by both the Company and the Broker. The Effective Date shall be the date the Company executes the Agreement.

15. **General Provisions**

- a. **Entire Agreement** - Except as is provided in long-term care broker, general agent and broker dealer agreements, if any, this Agreement and its schedules and attachments thereto, constitutes the entire agreement between the parties and supersedes all other prior Agreements and understandings, oral or written.
- b. **Amendment** - Company reserves the right to amend this Agreement at any time. Submission of an application for a policy after Notice of such amendment will constitute agreement of the Broker to such amendment.
- c. **Non-Waiver** - Any right(s) not enforced by the Company under this Agreement will not be construed as a waiver of any of the terms and conditions of this Agreement and the same will remain in full force and effect. A waiver of any provision in this Agreement will not be deemed to be a waiver of any other provision, whether or not similar, nor will any waiver of a provision in this Agreement be deemed to constitute a continuing waiver.
- d. **Severability** - Any term or provision of this Agreement which is invalid pursuant to the laws and regulations of that jurisdiction will, as for that jurisdiction, be ineffective. Such term or provision will not render the remaining terms and provisions of this Agreement invalid. In addition, such term or provision will not affect the validity of any of the terms or provisions of this Agreement in any other jurisdiction.
- e. **Captions** - The captions or headings of this Agreement are for convenience and ease of reference only. They will have no effect on the meaning or interpretation of any provision of this Agreement.
- f. **Notice** - Notice to the Broker under this Agreement will be provided by the Company and will be deemed given as follows:
 - i. When posted to the "Notices & Schedules" page of the Company's Website;
 - ii. When sent electronically by e-mail to the Broker's most recent e-mail address on file with the Company; or
 - iii. When provided in writing and sent by facsimile, prepaid overnight courier, or first-class mail to the Broker's most recent address on file with the Company.

All notices to the Company under this Agreement will be provided in writing by the Broker and sent by first-class mail to:

Prudential Brokerage Appointments
PO Box 70196
Philadelphia, PA 19176



- g. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey (without regard to the conflicts of laws provisions) thereof and that in all cases where a party seeks relief in connection with this Agreement in a court of competent jurisdiction, the exclusive forum and venue shall be the state and federal courts having jurisdiction and venue in the State of New Jersey.
- h. **Survival**- Upon termination of this Agreement, all authorizations, rights and obligations shall cease except those contained in sections 7 (Errors and Omissions), 8 (Indemnity), 9 (Complaints, Investigations and Proceedings), 10 (Compensation), 11 (Privacy), 12 (Anti-Money Laundering), 13(d) (Termination), and 15 (General Provisions).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date:

By my signature below, Broker agrees to be bound by this agreement form number BA_5-2015 and all of its terms and provisions:

Name of Broker: _____

Signature: _____

SS#: _____

The Prudential Insurance Company of America

Signature: _____

Vice President, Prudential Select Brokerage

Date: _____

Pruco Life Insurance Company

Signature: _____

Vice President, Prudential Select Brokerage

Date: _____

Pruco Life Insurance Company of New Jersey

Signature: _____

Vice President, Prudential Select Brokerage

Date: _____

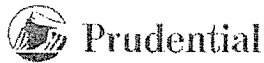


Exhibit A -- "List of Eligible Products"

Pursuant to Section 1 of the Broker Agreement, the following is a list of Prudential non-variable individual life insurance policies for which the Broker is appointed to solicit, procure and submit applications, and assist policyowners in obtaining service from the Company.

Policies for Pruco Life Insurance Company

- PruLife® Universal Protector ("UL")
- PruLife® Universal Plus ("UL")
- PruLife® SUL Protector
- Term Elite®
- Term Essential®
- PruLife® Return of Premium Term
- PruTerm WorkLife 65SM
- PruLife® Index Advantage Universal Life (UL)
- PruLife® Founders Plus UL
- PruTermSM One

Policies for Pruco Life Insurance Company of New Jersey

- PruLife® Universal Protector ("UL")
- PruLife® Universal Plus ("UL")
- PruLife® SUL Protector
- Term Elite®
- Term Essential®
- PruLife® Return of Premium Term^S
- PruTerm WorkLife 65SM
- PruLife® Index Advantage Universal Life (UL)
- PruLife® Founders Plus UL
- PruTermSM One

Exhibit B -- List of Policies and Procedures

- Licensing, Appointment and Registration Policy
- Replacement Policies and Procedures

Working Papers &
Publications

Activities

Meetings

NBER Videos

Themes in
NBER Research

Data

People

About

Many Households Are Underinsured

"Almost one third of wives and 10 percent of husbands would have suffered a decline in living standards of more than 20 percent had their spouse died in 1992. And 15 percent of wives would have suffered a decline in living standards of 40 percent or more."

A significant proportion of U.S. households do not have sufficient life insurance to protect them in case of the death of the primary bread-winner, according to new research by **Douglas Bernheim, Lorenzo Forni, Jagadeesh Gokhale, and Laurence Kotlikoff**. Secondary earners, primarily wives, and dependent children can face severe hardship if the main earner in the household dies and they are not covered by enough insurance.

Couples where one partner earns much more than the other and those with dependent children - and thus with more family members to protect - are most likely to be underinsured, Bernheim et al show in **The Adequacy of Life Insurance: Evidence from the Health and Retirement Survey** (NBER Working Paper No. 7372). Older couples in the study's sample, with household heads close to retirement (51-61 years old in 1992) are more likely to have adequate insurance. Also, secondary earners are less likely to be underinsured if their level of education is higher, and when they have pension rights. Underinsurance is also less common among couples that own their home.

To analyze life insurance coverage in U.S. households, Bernheim and his colleagues introduce a number of benchmarks: for example, life insurance is deemed inadequate if it does not allow individuals and their children to sustain their standard of living, in financial terms, upon the death of one spouse. Severe underinsurance refers to a situation where the individual (and children) would face a drop in living standards of 40 percent or more. Significant underinsurance refers to a decline of 20 percent or more. The researchers stress that these are only benchmarks; for example, couples quite rationally may regard life insurance as too expensive.

This study shows that a sizeable minority of the 7,500 couples in the 1992 Health and Retirement Survey sample was significantly underinsured. Almost one third of wives and 10 percent of husbands would have suffered a decline in living standards of more than 20 percent had their spouse died in 1992. And 15 percent of wives would have suffered a decline in living standards of 40 percent or more. Among some groups, the level of underinsurance exceeds two thirds and the extent of severe underinsurance exceeds one quarter.

Household life insurance needs are calculated using ESPlanner, a financial planning software package. This allows the researchers to account for a broad array of economic, demographic and financial factors. The average level of recommended life insurance for husbands, taking the sample as a whole, is put at \$88,000. This is around 50 percent more than the average actual level shown in the results, of \$60,000. Under-insurance tends to decline with household income at low levels of income, though, and then to level-off at moderate levels of income, the study shows. Among some groups, however, the degree of under-insurance increases with income. One quarter of secondary-earners in households with incomes of at least \$100,000 was severely under-insured.

Couples do not increase their life insurance to cover this increased risk, the researchers show. Non-earners in single-earner households are particularly vulnerable. More than one in five non-earners is severely under-insured and another one in seven is significantly under-insured. Nor do couples take full account of the needs of their kids. Families with children are more vulnerable than childless couples or those with adult children but do not buy more insurance to compensate. More than two-thirds of secondary earners in households with dependent children is under-insured, and more than a quarter is severely underinsured. The comparable figures for couples without children are much lower.

Younger households are more vulnerable than older households, but again do not adequately compensate. The degree of under-insurance exceeds 70 percent for 40-something secondary earners, with nearly half the group severely or significantly under-insured. By contrast, the frequency of under-insurance is just over one-third for 60-something secondary earners, with only one in four significantly or severely underinsured.

The researchers also demonstrate a strong relationship between under-insurance and race or ethnicity. The occurrence of under-insurance is more than three times higher for non-white husbands and nearly twice as high for non-white wives as for their white counterparts. Among non-white households, more than one in four secondary-earners are severely under-insured and nearly half are severely or significantly under-insured.

-- Andrew Balls

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