

FARMERS SERVICES INSURANCE AGENCY  
**PRODUCER'S AGREEMENT**  
WHEN COMPLETED,  
MAINTAIN A COPY FOR YOUR RECORDS  
AND MAIL PAGE 8 (Signature Page)

TO:  
buildersrisk.com  
P.O. BOX 10620  
JACKSONVILLE, FL 32247-0620

**DO NOT FAX**  
ONLY DOCUMENTS WITH ORIGINAL SIGNATURES  
WILL BE ACCEPTED

FARMERS SERVICES INSURANCE AGENCY

PRODUCER'S AGREEMENT

RECITAL

1. Farmers Services Insurance Agency, 3041 Cochran St., Simi Valley CA 93065 ("Broker"), and the insurance agent ("Producer") signing this Producer's Agreement ("Agreement"), wish to transact insurance with insurers ("Insurance Carriers") who have appointed Broker for defined lines of business in various states.
2. Producer is an appointed agent of various member exchanges and companies of the Farmers Insurance Group of Companies® ("Farmers") under Producer's Agent Appointment Agreement ("Appointment") dated \_\_\_\_\_, \_\_\_\_.
3. All activities of Producer are independent of any other relationship Producer may have with any member exchange or company of Farmers.

AGREEMENT

For the performance of this Agreement, and other valuable consideration received, receipt of which is acknowledged, Broker and Producer agree:

I PRODUCER

Producer is and all times will remain an appointed Agent of Farmers. Producer acknowledges that policies written through Broker are separate from policies written through Farmers. This Agreement does not add to or modify any commission, other compensation or monetary benefit due under the Appointment, or modify any other term, condition, obligation or right under the Appointment between Producer and Farmers.

II AUTHORITY GRANTED BY BROKER TO PRODUCER

- A. Producer shall have authority to solicit on behalf of and submit applications for insurance to Broker in accordance with Broker's guidelines or as may be set forth in Exhibit A to this Agreement, as amended from time to time. Broker shall have the unqualified right to reject any risk submitted for any reason. Producer shall have no authority to bind risks. Producer agrees that neither he, nor his or her associates, successors, affiliated companies or employees, may bind any Insurance Carrier represented by Broker on any risk.
- B. Producer shall act as an independent contractor, and not as employee of Broker. Producer shall control the method of his or her operation and exercise independent judgment in any action taken pursuant to this Agreement.

### III COMPENSATION

- A. As the sole compensation for Producer's services under this Agreement, Broker will pay Producer, and Producer will accept, a commission on business which he or she submits to Broker and which the Insurance Carrier accepts. Commissions for accounts that have physical locations in states other than Producer's resident state will be paid only when Producer provides within one year of the policy effective date the evidence of a current non-resident insurance agent's license for the state with physical locations
- B. Producer's commission will be based on the commission rate in effect on the date insured is required to pay the premium. For business placed with the Zurich U.S. Group of Companies, Broker will pay to Producer two thirds (2/3) of the commissions and two thirds (2/3) of any bonuses based on profitability paid by the Zurich U S Group of Companies to Broker.
- C. If any Insurance Carrier or Broker issues any return premiums to an insured, Producer must repay to the insured the commission he or she received on the return premium amount. The rate of return commission amount shall be the same rate at which the commission was originally paid.
- D. Broker may reduce or offset the amount of commissions to be paid to Producer by any amounts of money that Producer owes Broker. The amount of the reduction or set off may include commissions require to be returned to Broker or any expense, including legal fees, Broker incurs as a result of claims or demands by third parties arising out of Producer's conduct.
- E. Commission payments and returns shall be made through the Farmers agency folio payment program on behalf of Broker, unless specifically otherwise provided by amendment of this Agreement.

### IV. PREMIUM PAYMENT

The following procedures will apply to Producer's collection and payment of premiums:

- A. Unless the Insurance Carrier assumes responsibility for the collection of premium directly from an insured, Producer will be responsible for collecting and forwarding to the Insurance Carrier all premiums on business that he or she solicits and that is accepted by the Insurance Carrier. Producer must pay all earned premium even if he or she does not collect it from the policyholder. Producer will not be paid any commission on any premium Producer does not collect.
- B. All premiums, including return or renewal premiums, which Producer receives are the property of the Insurance Carrier. Producer will hold such premiums as a trustee for the Insurance Carrier. Producer will hold such premiums in accordance with the laws and regulations of Producer's governing jurisdiction. Producer shall comply with the Insurance Carrier's request for the tender of any premiums obtained pursuant to this Agreement, even if a dispute arises as to the amount of commissions owed to Producer.

C. Producer shall maintain all correspondence or notices relating to the financing of premiums by any policyholder. Producer shall make all such records available for inspection and copying by Broker upon request. Producer acknowledges that it is not and shall not hold itself out as the agent of the Insurance Carrier for the purpose of obtaining premium financing. Producer also agrees that the Insurance Carrier reserves the right to refund premiums directly to the premium finance company upon cancellation of a policy

#### V. PAYMENT OF EXPENSES

Producer will pay all his or her own expenses. Such expenses include, but are not limited to, clerical expenses, postage, advertising, transportation, personal local license fees, legal fees and any other expenses Producer may incur required for performance under this Agreement.

#### VI. CLAIMS

All notices of claims, suits or losses are to be reported immediately in accordance with the Insurance Carrier's procedures and the terms and conditions set forth in the insurance policy form. Producer will cooperate with the Insurance Carrier when requested to assist in the investigation of claims and the collection of deductibles.

#### VII. CANCELLATION OF INSURANCE POLICIES

- A. Producer shall be responsible for notifying insureds that the return of any policy for cancellation will not be effective until sufficient time has elapsed for proper notice to insured, banks, mortgagees, loss payees, certificate holders, public utility commissioners or any other interested parties.
- B. Additional premiums ascertained by audit or under reporting from policies are due from Producer. Producer will not be paid any commission on any premium he or she does not collect.

#### VIII. OWNERSHIP OF POLICIES

The parties hereto agree that Producer is the sole owner of the policies placed under this Agreement.

#### IX. NO ASSIGNMENT

Producer may not assign any rights or obligations under this Agreement without the prior written consent of Broker.

#### X. TERM/TERMINATION

- A. This Agreement may be terminated for any or no reason by either Producer or the Broker on 90 days written notice.

B. If the provisions of this Agreement are breached by either the Producer or the Broker, the Agreement may be terminated by the other party on 30 days written notice.

C. This Agreement may be terminated immediately by mutual consent or terminated immediately at the sole discretion of the Broker for the following reasons:

1. Misappropriation or embezzlement of monies belonging to the Broker or any of their affiliates.

2. Abandonment of the Producer's activities.

3. Conviction of a felony.

4. Willful misrepresentation that is material to the operation of the Producer.

5. Fraud.

6. In the event Producer makes an assignment for the benefit of creditors, or any proceedings in bankruptcy, insolvency, or receivership are instituted against Producer.

D. This Agreement will terminate automatically for the following reasons:

1. If any public authority cancels or declines to renew the Producer's license or certificate of authority.

2. On the effective date of the sale or transfer of the Producer or the Producer's business or its consolidation with a successor firm, unless this Agreement is assigned to the buyer, transferee, or successor by Broker's prior written consent.

3. Upon assignment by the Producer of any of Producer's rights or duties under this Agreement to any third party without prior written consent of the Broker.

4. In the event of a termination of Producer's Appointment with any member company or exchange of Farmers.

5. In the event of abandonment, fraud, conversion, insolvency, gross and willful misconduct.

6. Upon failure of Producer to secure Error and Omission coverage in the amount specified in Article XII, or as may be required by Broker from time to time.

E. If this Agreement is terminated pursuant to Paragraph X:

- (i) relevant provisions of this Agreement will survive and continue until all policies written under this Agreement have expired, or until one year following the date of termination of this Agreement, whichever is earlier, and
- (ii) all final audits, billings and final retrospective adjustments have been completed, billed, paid or remitted.

F. Any reference in this Agreement or its Schedules to binding authority or the Broker responsibility to consider new or renewal business is deleted as of the effective date of termination.

G. On termination of this Agreement, Producer shall promptly account for and pay to Broker the premiums for which he or she is liable and any other amount owed to Broker in accordance with the terms of this Agreement.

## XI. DISPUTE RESOLUTION AND ARBITRATION

- A. Producer and the Broker agree to promptly attempt, by informal discussion, to resolve any dispute relating to this Agreement.
- B. In the event the Broker issue a notice of termination or terminate this Agreement pursuant to the termination provisions, and the Producer disputes the termination, then such dispute shall be submitted to binding arbitration as described in subparagraph D, below.
- C. Producer and the Broker may agree to submit to arbitration, as described in subparagraph D., below, any issue, controversy or dispute, with exception of disputes described in the subparagraph B., above.
- D. The parties shall first make good faith efforts to agree upon a single arbitrator who will conduct the arbitration in accordance with the then current rules of Commercial Arbitration of the American Arbitration Association. Failing such agreement, the parties will select, by random drawing, a single arbitrator from the names submitted by the CPR Institute for Dispute Resolution (AInstitute≅) and the arbitration with the Institute arbitrator will be conducted according to the rules of the Institute. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Section 1-16, and judgment upon the award rendered by the Arbitrator may be entered by any court having jurisdiction thereof. The place of the arbitration shall be at a mutually agreed upon place. Each party will bear equally the cost of any arbitration fees and each party will bear its own costs and expenses, including attorneys' fees. The parties agree that no arbitrator, under this provision, may award emotional distress, punitive, or exemplary damages and that such award shall be deemed void and not binding upon any party. The parties further agree that for any claim, described in subparagraph 2., above, to be arbitrated, written notice, to arbitrate must be made on the other party, pursuant to the notice provision in this Agreement, within 90 days after the claim to be arbitrated arises, or thereafter the claim is forever barred.

## XII. INSURANCE AND INDEMNIFICATION

- A. During the term of this agreement, Producer agrees to maintain a policy of errors and omissions insurance in the amount of \$5,000,000 each claim and in the annual aggregate to cover any act, error or omission in professional services rendered or that should have been rendered by Producer or by any person for whose acts, errors or omission Producer is legally liable, and arising out of the conduct of Producer's profession as an insurance Producer and/or insurance broker. Broker may amend the required terms and conditions of this coverage from time to time by amendment to Exhibit A or as otherwise agreed upon by the parties. Producer further agrees to hold Broker free and harmless from, and shall indemnify Broker for, any and all claims, obligations, costs, judgments, and attorney's fees arising from, growing out of, or in any way connected with conduct performed by Producer pursuant to this Agreement.
- B. In the event that any lawsuit or proceeding is filed against Producer by or on behalf of any insured, based on an alleged error of the Broker in their preparation, processing, handling or direct billing of policies placed by Producer with the Broker (Action"), the Broker shall indemnify and hold Producer harmless against liability for damages in any action, which damages Producer may become obligated to pay, including reasonable expenses and legal fees incurred in the investigation and defense, except to the extent or degree that Producer caused, compounded or contributed to the Broker's alleged act or omission or assumed any liability, incurred any expense, or made any payment in compromise or settlement of the action, without the prior written consent of the Broker. Producer is required to give the Broker written notice of the action within five (5) business days of Producer's knowledge of such action and to cooperate fully with the Broker's reasonable requests related to such action. If the Producer fails to do so, in either respect, the Broker shall not be obligated to indemnify Producer under this paragraph. The Broker shall have the right to participate in such action or to assume the defense of such action with counsel satisfactory to the Broker. If the Broker assume the defense of any such action, it shall not be liable to Producer for any legal or other expenses subsequently incurred by Producer in connection with such action.

## XIII. NOTICES

All notices required by or permitted under the Agreement must be in writing and shall be deemed given as of (i) the date served by personal delivery or a national overnight carrier, or (ii) upon being deposited in the U.S. regular mail, first-class postage prepaid, bearing the party's name and address set out in this Agreement, or (iii) by any other commercially reasonable method as directed in any attached Schedule or amendment this Agreement. Notices to the parties shall be to the addresses specified below or as noticed by certified, receipted mail from the noticing party. Until otherwise noticed by one party to the other, notices shall be addressed to the Broker in care of:

Farmers Service Insurance Agency  
Annee Petersen  
3041 Cochran St.,  
Simi Valley, CA 93065

and to Producer at the address indicated below Producer's signature on this Agreement.

#### XIV. RIGHT TO AUDIT

The Broker has the right upon reasonable notice to Producer to have access to and the right to audit, review, and as necessary for such audit or review obtain copies of the books and records of Producer in connection with any of the transactions subject to this Agreement. Broker may perform such reviews or audits either through their employees or through a designated third party. The Broker shall bear the costs of such review or audit by their employees or designated third parties. Producer agrees to fully cooperate with such requests and to make best efforts to compel the cooperation of any vendor performing work for Producer whose activities are subject to such review or audit, all at Producer's expense unless otherwise mutually agreed to prior to the review or audit.

#### XV. GENERAL PROVISIONS

- A. Incorporation by Reference. Any addenda or exhibits fully signed by the parties to this Agreement are incorporated herein and made a part hereof.
- B. Survival of Covenants. Those covenants, terms and conditions of this Agreement which by their nature are continuing and reasonably necessary to protect the right and privileges of either of the parties hereto after termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding any termination of this Agreement and shall remain enforceable against the parties hereto.
- C. Integration. This Agreement, its exhibits and any addenda contain the entire agreement between Producer and the Broker. It shall not be altered or amended except by an agreement in writing signed by the Producer and an authorized representative of the Broker or as otherwise specifically provided for in this Agreement by unilateral action of the Broker with notice to Producer. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by or on behalf of any party except those covenants and agreements expressly noted above or embodied in this Agreement. This Agreement fully supersedes any and all prior negotiations, agreements or understanding between the parties pertaining to the subject matter of this Agreement, and there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement.

#### XVI. SEVERABILITY AND GOVERNING LAW

The laws of the State of California shall govern all matters concerning the validity, performance and interpretation of this Agreement. If an applicable law is in conflict with any part of this Agreement, the Agreement will be considered modified to conform with the law. The other provisions will not be affected by any such modification.



XVII. PRIORITY OF AGREEMENTS

This Agreement shall be read and construed in conjunction with Producer’s Appointment with Farmers and any specific procedures required under that Appointment, and as that Appointment or the procedures of Farmers may be amended from time to time. This Agreement shall take priority over Producer’s Appointment with Farmers only with respect to business transacted under this Agreement. This Agreement reflects the entire understanding of the parties, supercedes any prior discussions or agreements and may only be modified by mutual, written agreement of the parties.

PRODUCER:

FARMERS SERVICES INSURANCE AGENCY:

By: \_\_\_\_\_ By: \_\_\_\_\_  
(Sign Name) (Sign Name)

\_\_\_\_\_ Name: William E. Jacobs  
(Print or Type Name) (Print or Type Name)

Agent No: \_\_\_\_\_ Title: Assistant Secretary

Date: \_\_\_\_\_ Fax: (904)398-7982

FAX: \_\_\_\_\_

Street Address: \_\_\_\_\_

Suite: \_\_\_\_\_

City, State, ZIP: \_\_\_\_\_

Telephone No. : \_\_\_\_\_

E-mail Address: \_\_\_\_\_

EXHIBIT A  
Attachment to Producer Agreement

Pursuant to Section XV (C), effective the date set forth below Farmers Services Insurance Agency (“Broker”) makes the following changes to the Producer Agreement between Farmers Services Insurance Agency and Producer, as follows:

Section II (A) is amended to authorize in addition to any other programs the CNA Surety program

Section XII (A) is amended to require maintenance of a policy of errors and omissions insurance in an amount not less than \$1,000,000 (One Million Dollars).

Except as explicitly modified by this Exhibit A, all other terms and conditions remain unchanged.

DATE: \_\_\_\_\_

Farmers Services Insurance Agency