

Broker Agreement

THIS BROKER AGREEMENT (this "Agreement") is made and entered into as of, _____, by and among Pacific Surety Insurance Agency, Inc., a company organized under the laws of the State of California ("Pacific") and _____, a company organized under the laws of the State of _____ ("Broker");

WHEREAS, Broker desires to procure from time to time for his clients various Fidelity and/or Surety bond coverage's offered through Pacific for acceptance by surety and insurance in accordance with applicable laws and regulations; and

WHEREAS, Pacific is willing to offer its facilities to Broker for placement of such Fidelity and/or surety bonds and insurance, all the foregoing in accordance with the laws and regulations pertaining thereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter expressed, the parties hereto, intending to be legally bound, agree as follows:

1. BROKER AUTHORIZATION

- a. Broker specifically understands and agrees that Broker shall have no authority to neither authorize bonds nor extend a bond credit line unless advised of such line or authorization by Pacific.
- b. Broker is not the employee or authorized representative of Pacific.
- c. Broker shall immediately report to Pacific any fact, occurrence or incident that may result in a loss or claim, together with full details thereof. Broker shall forward all documents and cooperate fully with Pacific, or the designated claim administrator, in the investigation and adjustment of any claim, if requested. Broker has no authority to adjust, compromise, settle or in any way commit Pacific or companies represented by Pacific with respect to claims arising under fidelity/surety bond written hereunder.
- d. Notice to Broker of change in a risk does not constitute notice to Pacific.
- e. Broker shall not assign or transfer this agreement without the written consent of Pacific.
- f. Broker shall not have authority to appoint other agents or subagents for purposes of this Agreement and shall not do so. Broker shall have no authority to make and shall not make any agency agreements on behalf of Pacific, nor shall Broker make any agreements rendering or purporting to make Pacific liable for the payment and/or repayment of expenses, commissions or any other obligations.

2. COMMISSIONS

- a. Pacific will allow Broker commissions at such rates as are agreed upon from time to time by parties hereto.
- b. In the event of a return premium becoming due for any reason whatsoever, Broker shall refund unearned commission to Pacific at the same rate at which commission was originally allowed.

3. PAYMENT OF PREMIUMS

- a. Pacific will render Broker an invoice for each bond, endorsement, contract over-run, or transaction, which will be due and payable on the first day of the month following the date of such billing. Broker may withhold his commission from the payment to Pacific.
- b. Broker specifically agrees that any extension of credit by him to his client or to any other person is solely at his own risk, and he shall pay to Pacific all sums due Pacific, when due, whether or not he has collected such moneys from others who may owe it to him. Furthermore, Broker recognizes that in agreeing to pay Pacific, he does so as an original undertaking on his own part and not as a guarantor of another's obligation.
- c. No bond will be cancelled flat unless agreed to by Pacific.
- d. The Broker shall have the right to relieve himself of his responsibility on account of premiums developed by audit or contract over-run or voluntary report from Broker's client subject to the following conditions:
 - i. Within thirty (30) days of the date of any invoice or statement for premiums developed from such audit, contract over-run, or voluntary report, the Broker shall return same to Pacific together with written advice that he desires to relieve himself of such responsibility.
 - ii. Failure on the part of the Broker to return such statement within the period above specified shall be construed as an election by the Broker to retain responsibility for the payment of such premiums in accordance with the terms of this agreement.
 - iii. In the event that any such invoice or statement shall be returned by the Broker to Pacific for the purpose of relieving himself for responsibility for the payment of such premium, the particular carrier shall have the right to proceed to collect the developed premiums in such manner as Pacific may see fit. The Broker agrees however, to waive his full commission on any such premium.

4. REPORTS AND RECORD KEEPING

1. The Broker shall keep true and complete records of all transactions and correspondence and shall permit, upon demand by Pacific, the examination by Pacific of accounts, records, vouchers and correspondence pertaining to bonds issued for Pacific.
2. Broker agrees to submit reports and accounting of all transactions to Pacific on all bonds written on behalf of Pacific on a daily basis or as mutually agreed by both parties to this agreement.

5. SURETY COMPANY/PACIFIC SURETY AGENCYS' PROPERTY

All Powers-of Attorney, bond forms, endorsements, manuals, corporate seals bearing the name of Insurance/Bonding companies that are directly represented by Pacific and other like company supplies furnished to the Broker by Pacific shall remain the property of Pacific and shall be returned to Pacific or its duly authorized representative promptly on demand.

6. BROKER'S WARRANTY AND INDEMNIFICATION

1. Broker warrants that he/she is properly licensed for the classes of business to be conducted and the fidelity/surety coverage's to be procured through the facilities of Pacific. **COPIES OF AGENCY'S AND AGENT'S LICENSE MUST BE ATTACHED TO THIS AGREEMENT.**
2. The Broker / Agent must annually submit proof of individual and agency insurance license renewal.
3. Broker hereby agrees to indemnify and hold Pacific, its parent, affiliated and subsidiary companies and its and their officers, directors, employees, and agents, harmless from any and all claims, losses, costs, expenses, deficiencies, liabilities, obligations or damages, including related court and legal defense costs, arising from or in any manner relating to (i) any inaccurate representation made by broker in this Agreement, (ii) any breach of any of the warranties or any default in the performance of any of the covenants made by Broker under, or which Broker was to perform pursuant to, this Agreement, (iii) any errors and omissions of Broker or of any of his/her agents with respect to any client or insured, and (iv) any negligent acts or omissions, whether intentional or unintentional, and any willful misconduct of Broker or of any of his/her agents in connection with this Agreement. In a like manner, Broker agrees to indemnify and hold Pacific harmless from any action brought by a regulatory body as a result of actions by Broker. Pacific agrees to indemnify and hold Broker, its parent, affiliated and subsidiary corporations and its and their officers, directors, employees and agents harmless from any and all claims, losses, costs, expenses, deficiencies, liabilities, obligations or damages, including related court and legal defense costs, arising out of the sole negligence of Pacific.

7. GENERAL

- a. Broker agrees to maintain Errors and Omissions Coverage with coverage limits acceptable to Pacific for himself/herself and for those for whom he/she is responsible.
- b. It is understood that Broker is an independent contractor and this Agreement does not permit Broker to bind Pacific or any company or underwriter represented by Pacific. Broker is not hereby the agent of Pacific or any company or underwriters represented by Pacific.
- c. This agreement may be terminated by either party at any time, with or without cause, upon ten (10) days written notice sent to the other party at the address indicated on the last page of this agreement. Upon termination of this agreement the Broker shall forthwith deliver to Pacific any and all supplies and the Broker shall promptly pay to Pacific all sums due Pacific.
- d. This Agreement constitutes the entire and exclusive understanding between the parties with respect to its subject matter.
- e. All issues under this Agreement, including determination of the obligations and liabilities of the parties, shall be governed by the laws of the State of California.
- f. This Agreement shall be binding upon and adhere to the benefit of the parties hereto, their respective heirs, successors and assignees.

- g. All notices under this Agreement shall be delivered personally, or by pre-paid certified or registered mail, addressed to the address set forth on the first page of this Agreement.
- h. No amendment to, or modification of this Agreement is effective unless it is in writing, identified as an amendment to this Agreement and signed by an authorized representative of each Party.
- i. All exhibits and schedules hereto shall be deemed a part hereof.
- j. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the respective dates set forth under their signatures below but to be effective as of the Effective Date.

PACIFIC SURETY INSURANCE AGENCY, INC.

By: _____

Name Printed: _____

Title: _____

By: _____

Name Printed: _____

Title: _____