

FARMERS MUTUAL INSURANCE ASSOCIATION OF BURNET COUNTY (FMBC)

Agency Agreement

Name of Agency:
Social Security Number or Federal Tax ID Number:
Agent Number:

Agreement between **[Agency]**, located in _____, Texas, (_____ County), hereinafter called "**Agent**", and **Farmers Mutual Insurance Association of Burnet County (FMBC)**, located in Marble Falls, Texas, (Burnet County), hereinafter called "**Company**".

A. Effective Date

This agreement shall be effective as of the _____ day of _____, 20__.

B. Authority to Solicit

The Company authorizes Agent to solicit such kinds of insurance as are specified in this agreement and its attached schedules, subject to the limits and provisions stated and subject to revision by written notice at any time. Subject to all legal requirements, rules and rate, underwriting guidelines, notices and memos, and other written instructions of the Company, together with such updates thereof as the Company may from time to time provide, and in accordance with the terms and conditions of this Contract, the Agent is hereby authorized to:

1. Solicit, receive and transmit to the Company for acceptance or rejection, applications for insurance coverage, or changes and/or increases in such coverage, for which the Company has provided the Agent express written authority in the attached schedule(s) or otherwise, which authority may be restricted or expanded by the company at its sole discretion;
2. Receive and transmit initial premiums with the application, direct to Company within seventy-two (72) hours or receipt.

Agent agrees to forward copies of all applications and endorsements issued by the Agent on the Company's behalf to the Company, or otherwise notify the Company in writing of all liability accepted, not later than three (3) calendar days following the inception date of coverage or the date of acceptance of coverage, whichever occurs first.

Agent shall not bind coverage on any policy covering a risk located outside of the legal boundaries of the State of Texas.

Immediately upon receipt, Agent agrees to report all losses and forward related documents to Company.

Notice of any commitment to liability and/or application for any policy or policies shall be in compliance with all written or printed instructions now or hereafter provided to Agent. Agent shall cancel or change the conditions of any insurance bound or issued hereunder, in conformity with any request of the Company.

Any negligent delay in complying with the provisions of the foregoing paragraph shall render Agent liable for loss occurring on any unreported or uncanceled risk during the period of such delay.

This Contract and Agent's authority herein agreed upon may not be assigned.

C. Premiums and Accounting

All insurance premiums are direct-billed, except for the initial premium with the application, which the Agent will send directly to the Company. The Agent will not retain commissions out of premiums collected. The Company shall pay commissions at the rate or rates specified in the attached Commission Schedule. The Company, in accordance with the terms and conditions of the Contract, may from time to time provide revisions to commissions.

The Agent agrees that if the Company is required to refund premiums under any contract, policy or certificate of insurance by reason of any cancellation, reduction in coverage, or change in law or regulation, or otherwise, either during or after the term of this Contract, the Company will deduct such commissions at the same rate at which such commissions were originally paid to the Agent.

It is understood and agreed that all premiums, and other monies collected for and on behalf of the Company by the Agent, are received by the Agent in a fiduciary capacity and are accepted by the Agent as trustee for the Company for direct remittance to the Company. The Agent will not hold any funds and will not retain any commissions.

If the Agent is delinquent in either accounting or payment of monies due, the Company may by written notice to the Agent, immediately terminate, suspend or modify any provision of the Contract.

D. Compensation

As full compensation for services, Company shall pay Agent commissions on premiums written and paid for at the rates specified in Schedule A attached. Commissions shall be paid to the Agent within 30 days after the end of the month in which such premiums are received and recorded by the Company, subject to offset by the Company of any returned commissions, including return premium on cancellations ordered or made by Company. The schedule of commissions allowable shall be subject to change by Company at any time by 30-day written notice to Agent respecting insurance written or renewed thereafter.

E. Successor in Interest

If Agent has succeeded to, or hereafter succeeds to, the insurance business of an agency for Company, Agent shall agree to be bound by this contract.

F. Termination of Agreement

This agreement may be terminated by either party at any time by giving a minimum of 30 days written notice, which termination shall be effective on the date specified. Termination shall not relieve either party of its obligations with respect to insurance written hereunder except as stated in Section G. This agreement shall terminate automatically if any public authority cancels or declines to renew Agent's license or Certificate of Authority. This agreement shall terminate immediately upon either party giving written notice in the event of delinquent payments of accounts, abandonment, fraud, insolvency; or gross and willful misconduct on the part of Agent.

G. Ownership of Expirations

In the event of termination of this agreement, Agent not being in default and thereafter promptly accounting for and paying all amounts for which Agent may be liable, Agent's records and use and control of expirations shall be deemed the property of Agent and left in Agent's undisputed possession. In the event of termination because of default by Agent, ownership of the records and use and control of the expirations shall be vested in the Company.

H. Subagents and Brokers

Agents shall have no authority to appoint subagents, or to accept business from an insurance broker, except upon specific written authority. Respecting any business so authorized, Agent shall report the name, address, copy of insurance license and proof of E & O coverage of the subagent or broker to Company. This provision does not apply to subagents owned in whole or in part by the agent. The Company reserves the right to not appoint any subagent of the agent.

I. Independent Contractor

Agent shall be an independent contractor and nothing herein shall be construed to create the relation of employer and employee between Company and Agent. Agent shall be free to exercise Agent's own judgement as to persons from whom Agent will solicit insurance, the time and place of solicitation and the methods and means of solicitation, subject only to the rules and limits established by this agreement and by the rules and regulations of the Company.

J. Cooperation

Agent shall promptly report all claims and shall cooperate fully with Company to facilitate investigation and adjustments of any claim when requested by Company to do so.

K. Underwriting and Records

Company shall have the absolute right to decline any insurance application or to cancel any and all insurance that may be written hereunder. Agent shall keep complete records and accounts of all transactions pertaining to insurance covered by this agreement, which records and accounts shall be accessible to the representatives of Company at any time while this agreement is in force or within three (3) years after the termination date of any insurance written hereunder.

L. Assignment, Prior Agreements and Notice

No right, benefit or interest hereunder may be assigned without written consent of Company. This agreement supersedes all previous agreements, whether oral or written, between the parties hereto. Whenever written notice is used by either party, the mailing of a notice postage prepaid to the last known address of the other party shall constitute notice.

M. Schedules, Rules and Regulation

The schedules attached hereto and the rules and regulations of Company contained in Company's Agent Manual and as may be announced by Company from time to time, shall be binding upon the parties the same as though printed herein prior to the signature.

N. Policy Termination Notices

Company shall forward to agent a copy of any notice of termination or non-renewal of insurance, the expirations of which are owned by Agent, directed by Company to an insured. Subject to requirements imposed by law and compliance with the applicable policy cancellation or non-renewal provisions contained in the agreement and within the policy, at the Agent's request, the Company shall cancel any policy, decline to renew any policy and upon the Agent's request give written notice of non-renewal to the policyholder.

O. Hold Harmless

Company agrees to hold Agent harmless from claims by policyholders resulting from Company error in the processing or handling of Company billed policies unless the insurance has been placed elsewhere or unless responsibility for the claim has been increased by an act of Agent. Conversely, Agent will hold Company harmless against liability it may incur to or on behalf of its policyholders, actual or alleged, based on error or omission of the Agent, if the Company has not contributed to or compounded such error or omission.

SCHEDULE A

SCHEDULE OF COMMISSIONS AND COVERAGES

This Schedule of Commissions and Coverages is a supplement to the Agency Agreement by and between Agent and Company. This schedule sets for the the type of coverage the Agent is authorized to produce and the commission rate applicable for the coverage and, as of the effective date shown below, supersedes any previous Schedule of Commissions and Coverages.

New Business – defined as any class or line of coverage, not carried by the insured and/r any former insured with FMBC during the 90-day period preceding the policy effective date.

Renewal Business – defined as any other line or class of coverage which does not meet the definition of new business.

	<u>New</u>	<u>Renewal</u>
A. Dwelling Fire and Storm – Individual dwellings & personal property therein	10%	10%
B. Farm Fire and Storm – Individual farm buildings & farm personal property therein	10%	10%

Effective the _____ day of _____, 20_____

COMPANY: _____

AGENT: _____

TITLE: _____

SCHEDULE B

BINDING AUTHORITY

The maximum amounts of insurance to be bound on any one risk are as follows:

- A. Dwelling Fire and Storm – individual dwellings & personal property therein \$600,000 TIV
- B. Farm Fire and Storm – individual farm buildings & farm personal property therein \$600,000 TIV
- C. Comprehensive Personal Liability and Farm Comprehensive Personal Liability \$300,000 TIV
- D. Mobile Homeowners \$200,000 TIV

Requests for limits in excess of the limits in this schedule must be approved by the Company.

A completed signed application must be submitted to the Company within two business days of the date coverage is bound.

Binding authority may be amended or terminated at any time. Binding authority terminates immediately upon notification by either party of intent to terminate the Agency Agreement.

Effective as of the ____ day of _____, 20____, this schedule of binding authority becomes a part of the Agency Agreement entered into between _____ and Farmers Mutual Insurance Association of Burnet County (FMBC) . This schedule supersedes all previous schedules of binding authority.

COMPANY: _____

TITLE: _____

AGENT: _____

TITLE: _____

AGENCY REQUIREMENTS FOR FMBC CONTRACT

1. Production – Home Office will perform periodic reviews for overall productivity, considering factors such as sales productivity (our target new business submissions is 15 acceptable new policies per year) service of existing customers and policies, acceptable customer satisfaction levels, compliance with Home Office reporting requirements, and other factors including any special circumstances.
 2. Agency Submission Requirements – Fully completed, signed and dated applications, (incompletes will be returned for completion and processing suspended pending receipt of property completed application). If all requested underwriting information is not received within the first 30 days of the effective date of the application, the risk will be declined, and a notice and explanation will be sent to applicant.
 3. E & O Coverage – Current policy and valid coverage is required. Minimum Limits - \$500,000 per claim and/or aggregate and \$2,500 maximum deductible.
 4. Home Office Inquiries – Prompt response (within 5 working days) required from agencies upon receipt from the Home Office. This applies to all correspondence including, but not limited to, letters, emails, telephone calls and faxes.
 5. Failure to comply with these basic requirements could constitute cause for probation and/or termination proceedings.
- **Full compliance with all provisions (1-6) will provide Agent with binding authority for the per/risk limit of \$600,000. Non-compliance will initially require removing the Agency’s Binding Authority.**

Effective the _____ day of _____, 20_____

COMPANY: _____

TITLE: _____

AGENT: _____

TITLE: _____