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SUB-PRODUCER AGREEMENT

THIS SUB-PRODUCER AGREEMENT (this “**Agreement**”) is made and entered into effective as of the later date set forth on the signature page below by and between the Producer indicated below, and MGAguard, LLC

Agency / Firm Legal Name

Agency / Firm Physical Address

When used in this Agreement, the term “Producer” means the person or entity designated above. The terms “you” and “your” mean the Producer. The terms “we,” “us” and “our” mean MGAguard, LLC.

I. CONDUCT OF THE BUSINESS

- (A) Upon execution of this Agreement by you and us, you shall have the authority to solicit applications for contracts of property and casualty insurance; provided, however, we reserve the exclusive right to change from time to time the types of insurance set forth in this Paragraph I.A. for which you shall have the authority to solicit applications upon written notice to you at least ninety (90) days prior to the effective date of any such change. Notwithstanding this or any other provision of this Agreement, you shall have no authority, actual or apparent, to underwrite or bind insurance coverage relating to any applications for insurance under this Agreement, and we shall have sole underwriting and binding authority for all such applications.
- (B) All of your records and files that pertain to our business pursuant to this Agreement shall be subject to our inspection at any reasonable time by us or our representatives.
- (C) We shall have the absolute right to cancel or non-renew any insurance policy at any time subject to applicable legal requirements and policy provisions, but in such event you shall be given notice of our action. In addition, upon request from you, we will cancel or non-renew any insurance policy which we have bound and for which you are the “Agent of Record,” subject to applicable legal requirements and policy provisions.
- (D) Neither the term “Producer,” nor anything contained in this Agreement or in any of our rules, regulations or practices, shall be construed as creating the relationship of (i) employer and employee between you and us; or (ii) agency between you and us, except to the extent of, and as specifically authorized by, this Agreement. You are an independent contractor, and as an independent contractor, you will not represent to anyone that you are, were or will be an employee of ours, but you shall be free, and are expected, to exercise your own judgment and discretion in the conduct of your business, subject to this Agreement and the requirements of law.
- (E) In addition to the Producer’s other duties and responsibilities set forth in this Agreement, the Producer shall:
 - 1. Submit to us promptly all applications, inquiries, renewal requests and endorsements received from your insureds relating to insurance coverage pursuant to this Agreement.
 - 2. Secure complete and accurate information concerning exposures to loss of your insureds and to present this information completely and accurately to us when requesting proposals.
 - 3. Present proposals to your insureds in such a way that the insured understands its exposures to loss, the insurance coverages offered, how the offered coverages address the exposures to loss, and the coverage and premium options included in the proposals.
 - 4. Immediately transfer to us any premiums or other funds you receive that relate to any insurance policy bound by us pursuant to this Agreement.
 - 5. Be aware of changes in exposures to loss of your insured as they may exist from time to time and recommend timely coverage changes as necessary or reasonable to address any changes in

exposures, and communicate such changes in exposure to us within a commercially reasonable time.

6. Pursue loss control recommendations vigorously in order to secure compliance with same by your insureds, and comply promptly with our requests for information on your insureds.
 6. Report to us immediately any claims, or information relating to any claims, and cooperate with us, our adjusting firms and attorneys in the investigation, adjustment, settlement or payment of any claim, or any other response thereto; provided, however, you shall have no authority to adjust, settle, compromise or pay any claim or to appoint, retain or engage any adjuster or attorney to represent us regarding any claim.
 7. Take all commercially reasonable steps to secure the cooperation of your insureds to schedule and conduct with us, or our designated representative, the timely completion of payroll audits when requested.
 8. Document all contacts with your insureds and, on our request, provide copies of such documents with regard to the duties set forth in subparagraphs 1 through 8 above.
- (F) You represent and warrant to us that you now have in force and effect a valid and binding contract of liability insurance covering you for damages occasioned by errors and omissions alleged to have been caused by you. This errors and omissions coverage shall have limits of not less than One Million United States Dollars (\$1,000,000) per occurrence. You further warrant that the premium for said policy has been fully paid and that you shall keep such policy in full force and effect at all times during the continuance of this Agreement in limits of not less than \$1,000,000 per occurrence. It is understood and agreed by the parties hereto that we will not transact business with you if you do not carry this minimum limit of errors and omissions insurance at all times during the term of this Agreement, and your representation and warranty in this Paragraph I.F. shall be deemed to be a consideration for entering into this Agreement on our part. Upon our request, you will provide us with a certificate of insurance for such coverage, and at least thirty (30) days prior to the expiration, cancellation or modification of such insurance, you or your insurer shall provide written notice of same to us.
- (G) You represent and warrant to us:
9. That your insurance producer's license is now, and at all times during the term of this Agreement shall remain, in full force and effect in the State of your domicile.
 10. That, at all times during the term of this Agreement, you shall be duly licensed as an insurance producer in each State where you solicit applications for policies of the types of insurance arising hereunder.
 11. That you will provide to us documentation sufficient to demonstrate that you hold all such proper licenses.
 12. That you will cooperate with us and will provide us with any additional information that we require in order to complete our producer agreements.
 13. That all solicitations and submissions by you hereunder shall be in accordance and compliance with all relevant federal, state and local laws and regulations.
- (H) You agree that in the event acceptable evidence of relevant current licensing is not on file with us, we shall have the right, title and interest in commissions paid or otherwise due you.
- (I) You agree that you are solely responsible for disclosing, to the extent any such disclosure is required by applicable law or regulation, to your clients and prospects any commissions, overrides, bonuses, fees or other forms of compensation or incentive that we provide you (collectively, referred to hereinafter as "Compensation") including, but not limited to, any reinsurance arrangements pursuant to which you may share in the profitability of the business you produce for us. You also agree that you are solely responsible for complying with any requirement of applicable law or regulation with respect to obtaining acknowledgement or consent of such clients and prospects to the payment of the Compensation.

II. COMMISSIONS

- (A) Except as otherwise provided in this Agreement, you are entitled to be paid commission on premiums collected for all insurance policies procured by you and bound by us pursuant to this Agreement, at a rate of commission to be negotiated and agreed to by the parties hereto with respect to each specific policy prior to binding; provided, however, we reserve the exclusive right to change from time to time the rate or amount of commissions or the manner in which commissions are calculated in this Paragraph II.A. upon written notice to you at least ninety (90) days prior the effective date of such change. Notwithstanding any provision of this Agreement to the contrary, you are not entitled to commissions on any premium we collect through the use of a collection agency, any court system or with the involvement of an attorney. In any event, no commission shall be paid to Producer for premium that is past due more than ninety (90) days. No commission will be paid on any audited earned premiums that are not collected through the normal and customary billing procedure utilized by us. We have the right to offset against any unpaid commission that may be owed to the Producer.
- (B) We calculate commission on the basis of gross written premiums we actually receive, pursuant to the terms of Paragraphs II.A. and II.D. or otherwise by negotiated agreement. For purposes of this Paragraph II.B, "gross written premium" shall mean premium written by you and recorded by us on business set forth in this Agreement, less the sum of all taxes, surcharges, assessments and captive management fees with respect to such premiums.
- (C) Whenever we refund premiums with respect to an insured on an insurance policy procured by you, you shall refund commissions to us at the same rate of commission that you were paid with respect to such insurance policy, irrespective of whether any such refunds occur during the term or following termination of this Agreement. We have the right to offset any amounts due to us by you or your insureds for premium or otherwise against any amounts due to you for commission or otherwise.
- (D) Unless otherwise agreed upon by you and us in writing, you shall not be entitled to commissions on any premium adjustments to retrospective rated policies. Commissions for all retrospective rated policies and all large deductible policies (that is, any policy with a deductible that exceeds \$100,000) shall be established by you and us in writing prior to time of binding; provided, however, we reserve the exclusive right to change from time to time the manner in which premiums are determined or calculated for retrospective rate policies and large deductible policies in this Paragraph II.D. upon written notice to you at least ninety (90) days prior to the effective date of such change.
- (E) Notwithstanding anything contained in Paragraphs II.A. and II.D. to the contrary, we agree that we shall not change the rate or amount of commissions or the manner in which commissions are calculated as set forth in Paragraphs II.A. or II.D. above for the initial twelve (12) month period from the date of this Agreement. We reserve the right to change the rates, amounts or manner in which commissions are calculated from time to time thereafter upon not less than ninety (90) days' advance written notice to you.
- (F) Any change in rates or amounts of commissions or the manner in which commissions are calculated shall be applicable to all insurance policies issued or renewed on or after the effective date of such change. Subject to Paragraph II.E, with respect to insurance issued under continuous policy procedures or with open expiration dates, we reserve the right to change the commission rate, amount or manner in which commissions are calculated from time to time upon not less than ninety (90) days advance written notice to you. Any such change shall be applicable on the next anniversary date of the insurance occurring on or after the effective date of such change.
- (G) Nothing in this Agreement shall be construed to prohibit you and us from negotiating rates or amounts of commissions or the manner in which commissions are calculated to be applicable to individual policies of insurance as may be allowed by law.

III. PREMIUM COLLECTION

You shall comply with all billing and collection procedures established by the carrier issuing a policy bound by us pursuant to this Agreement.

IV. OWNERSHIP OF BUSINESS

The use and control of all expirations, and all records thereof, relating to each of your insureds shall be your property and left in your undisputed possession, provided that you are then designated by each such insured as its "producer of record" in our records.

V. CONSUMER CONFIDENTIALITY

- (H) You shall be prohibited from disclosing or using any nonpublic personal financial information or nonpublic personal health information (collectively, "Nonpublic Personal Information") related to any policyholder or beneficiary, or to any consumer or customer (as such terms are defined under applicable state or federal privacy laws), except (i) as necessary to carry out your duties and obligations under this Agreement, (ii) as is reasonably necessary to your auditors, accountants, counsel and regulators who are under an obligation to maintain the confidentiality of the Nonpublic Personal Information, and (iii) as otherwise required under applicable state or federal law, including, without limitation, the Gramm-Leach-Bliley Financial Services Modernization Act and any state law or regulation implementing the same.
- (I) You shall take such steps as are reasonably satisfactory to us to assure the confidentiality of the Nonpublic Personal Information. We or our representatives shall be entitled to audit your use of, and procedures to protect, Nonpublic Personal Information at any reasonable time.

VI. COMPLIANCE WITH CERTAIN LAWS

You represent and warrant to us on the date hereof that you are in compliance with the Violent Crime Control and Law Enforcement Act of 1994 and that none of your officers, directors, employees, agents, subcontractors, or other persons authorized to act on your behalf has ever been convicted of any state or federal criminal felony involving dishonesty or a breach of trust or any crime under 18 U.S.C. § 1033 unless such individual has obtained the prior written consent of the insurance regulatory official possessing regulatory authority over such individual.

VII. HOLD HARMLESS AND INDEMNITY

- (J) We agree to indemnify and hold you harmless from and against any and all loss or damage (including reasonable attorneys' fees and costs of litigation) if such loss or damage in any way is caused by our error or omission in the preparation, handling or servicing of insurance which was submitted by you pursuant to this Agreement; provided, however, in no event shall we be liable for actual, special, exemplary, consequential or punitive damages if you caused, contributed to or compounded any such damages or liability.
- (K) It is a condition precedent to our above indemnity that you shall notify us promptly and in writing whenever you shall become aware of a claim or the commencement of a lawsuit against you based on our alleged error or omission. We shall have the right to defend any such claim or action with counsel of our own choosing. In the event we elect not to defend the claim or action, you shall be entitled to assume your defense with legal counsel satisfactory to you; provided, however, that you shall not admit liability, make any payment or incur any cost without our written consent, except at your own expense without indemnification from us.
- (L) You agree to indemnify and hold us harmless against and to pay as incurred on our behalf any and all payments, penalties, judgments, damages, settlements, interest charges, costs and expenses, including reasonable fees and expenses of attorneys chosen by us (collectively, referred to hereinafter as "Losses") if such Losses (1) are in any way caused by your error, omission or intentional or willful act or (2) result, directly or indirectly, from any claim, demand, lawsuit, or governmental or administrative proceeding (collectively, referred to hereinafter as an "Action") brought against us by any third party that arises out of or is related in any way to any Compensation, including but not limited to, any Action based upon an actual violation of any law or regulation by us, an actual breach by us of any duty or any actual wrongdoing in connection with or related in any way to Compensation. You will be relieved of your obligations under clause (2) of the immediately preceding sentence only in the event that a final judgment in the Action against us, based upon a finding that we committed acts of intentional wrongdoing material to the subject matter of the Action, becomes non-appealable.

VIII. TERMINATION AND SUSPENSION

This Agreement is terminable as follows:

- (M) By you or by us, for any or no reason, upon not less than thirty (30) days advance written notice to the other party.
- (N) By us, immediately upon written notice to you, in the event that any public authority suspends, revokes or refuses to renew any of your producer licenses, as applicable.
- (O) By us, immediately upon written notice to you, in the event you fail to pay us when due any amount required to be paid pursuant to this Agreement or you otherwise breach any other provision of this Agreement.
- (P) By us, immediately upon written notice to you, in the event of (1) any merger, sale, transfer or assignment of the ownership, business or assets of yours, or (2) the formation or termination of any corporation or partnership by you, unless you notify us prior to such event and we consent thereto in writing.
- (Q) By us, immediately upon written notice to you, in the event of your insolvency, bankruptcy, assignment for the benefit of creditors, abandonment, willful misconduct, abuse of authority, fraud or material misrepresentation.
- (R) An action, either based upon civil or criminal allegations, is brought against Producer or any of Producers executive officers for violation of any insurance laws or regulations of any jurisdiction, or of any law constituting a felony in the jurisdiction in which committed, or any law whether or not classified as a felony, the allegations of which reflect adversely on the honesty and integrity of Producer or any of Producer's executive officers.

This agreement may be suspended as follows:

- (S) In order to protect its interests or reputation, we may at any time, suspend the authority of Producer as to any or all of the powers granted to Producer under this Agreement. We may also immediately suspend the authority of Producer if reinsurance is terminated or is no longer in full force and effect for all or any part of the insurance written as presented by Producer under the authority conferred by this Agreement. Notice of such suspension shall be given by us in writing and addressed to Producer at the last known address of Producer. Upon receipt of such notice, Producer shall thereupon cease exercising any or all such authority unless and until Producer received notice in writing from us that it may resume the exercise of such authority. The provisions of this section in no way diminish or otherwise affect our right to terminate this Agreement.
- (T) MGAguard and Producer are aware there are or may be laws or regulations in various jurisdictions served by Producer which may be interpreted to provide Producer with certain rights or notice, "run off," continuation or business written throughout Producer, prevention of termination and regulatory review and possible disapproval of the termination of this Agreement. Because this Agreement has been entered into mutually between Producer and MGAguard, Producer hereby waives specifically any and all rights with respect to termination of this Agreement which may now or hereafter be provided Producer by statute or regulation in recognition of that different relationship, and agrees not to impose upon or require compliance by us of any obligations relating to termination of this Agreement other than those provided for specifically in this Agreement.

IX. AFTER TERMINATION

If, upon termination of this Agreement, you are entitled to the ownership, use and control of expirations and renewals, we will continue the insurance policies for your insureds for as long as required by law or until their normal expiration or anniversary date, whichever occurs first, and subject to these conditions:

- (U) You will try to replace all such policies with other insurers.
- (V) We reserve all of our rights to cancel or non-renew policies for nonpayment of premiums or for underwriting or other reasons.

- (C) For policies continued in force or renewed during the period, if any, between the date on which the termination notice is given and the actual date of termination of this Agreement, you will continue to be subject to all the conditions of this Agreement.
- (F) If you are in compliance with all of the terms and conditions of this Agreement, we shall furnish to you, upon written request, a complete list of your insureds, including policy expiration dates, with respect to all insurance then in effect which was procured by you pursuant to this Agreement.

X. WAIVER

Neither you nor we shall be deemed to have waived any right under this Agreement unless such waiver is in writing and signed by the waiving party. No delay or omission on the part of either you or us in exercising any such right shall operate as a waiver of such right or any other right. A waiver of any right on one or more occasions shall not be construed as a bar to or waiver of any right on any future occasions.

XI. ADVERTISING

- (G) You may broadcast, publish and distribute materials referring to us and to our products and services; provided, however, that you shall first secure our written authorization with respect to any such materials which were not prepared by us or the companies we represent.
- (H) With respect to materials which were prepared by us and which refer to us and to our products and services, you shall not alter any such materials and thereafter broadcast, publish or distribute them as altered without first obtaining written authorization from us and, if applicable, the companies we represent.
- (I) Without our prior written approval, you shall not employ, reproduce or display our trademark, service mark, logo or other identifying symbols in any manner whatsoever.

XII. AMENDMENTS

Except as described in Paragraphs I.A., II.A., II.D., II.E. and II.F., this Agreement may be modified at any time, but only in writing by mutual consent by both you and us.,

XIII. COMPLIANCE

If and to the extent that any of the provisions of this Agreement or part thereof are or become in conflict with any applicable statutes or regulations of the state in which you are located, such provisions shall not be deemed to be amended to conform to those statutes or regulations without our prior written consent.

XIV. ASSIGNMENT AND SEVERABILITY

This Agreement shall not be assigned by you, in whole or in part, to any person or entity without our prior written authorization. We shall have the right to assign or transfer our rights and obligations under this Agreement automatically to any subsidiary, affiliate, or successor. If any provision of this Agreement is held to be invalid, illegal or unenforceable, that action shall not affect or impair, in any way, the validity, legality or enforceability of any other provision of this Agreement or the remainder of this Agreement as a whole.

XV. DEFAULT

If you fail to pay us when due any amount required to be paid to us pursuant to this Agreement, or otherwise breach the terms hereof, then we shall have the right to recover all amounts then due under this Agreement pursuant to the terms of Section XVIII hereof, in addition to having the right to pursue any other remedy now or hereafter existing at law or equity, and you shall pay us all costs and expenses, including reasonable attorneys' fees and other costs of collection, incurred by us in our efforts to collect the amounts due us or in exercising any of our other rights hereunder.

XVI. NOTICES

Any written notice or demand under this Agreement shall be given to a party by mailing such notice via the United States Postal Service certified mail, return receipt requested, with proper postage affixed at the address as the party may provide in writing from time to time pursuant to this Section XVI. Such notice or demand submitted shall be effective when deposited in the United States Postal Service as hereinabove specified.

I. MISCELLANEOUS

This Agreement, including without limitation the Addendums attached hereto, if applicable, contain the entire understanding and agreement by and between the parties hereto relating to the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements or instruments.

II. ARBITRATION

- (J) If any dispute, claim or difference arises out of or relates in any fashion or manner to this Agreement (referred to hereinafter as a "Dispute"), including a dispute for which a party seeks specific performance, such Dispute shall be submitted to arbitration. The arbitration shall be administered by three arbitrators: One arbitrator selected by Producer, one arbitrator selected by us, and the third chosen by the first two arbitrators so selected. The arbitrators must all be impartial, independent, and have no identifiable conflicts of interests reasonably objectionable by either party. The arbitrators shall be active or retired officers of property or casualty insurance or reinsurance companies authorized to transact business in the United States of America.
- (K) The party demanding arbitration shall communicate its demand for arbitration to the other party by registered or certified mail, identifying the nature of the Dispute, including the specific factual allegations and all relevant documents, and setting forth the name of the arbitrator the complaining party selects. The responding party shall then be required to name its arbitrator within thirty (30) days after receipt of the demand. Failure or refusal of the responding party to name its arbitrator shall permit the complaining party to select the second arbitrator within thirty (30) days thereafter.
- (L) The two selected arbitrators must select a third arbitrator within thirty (30) days of their notification of being selected. If the first two arbitrators selected are unable to agree upon a third arbitrator within thirty (30) of being notified, each arbitrator shall name three candidates within ten (10) days thereafter, two of whom shall be declined by the other arbitrators within fifteen (15) days after receiving their names and within the next five (5) days the choice shall be made between the two remaining candidates by drawing lots.
- (M) The arbitration panel shall have the power to fix all procedural rules for the holding of the arbitration, including the discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses, and any other matter whatsoever relating to the conduct of the arbitration. The arbitration panel shall have the power to receive and act upon such evidence, whether written or oral, strictly admissible or not, as it shall in its discretion think fit.
- (N) Any decision of the arbitration panel must be by no less than a majority vote and shall be final and binding upon the parties. If either of the parties to the arbitration fail to comply with a decision of the arbitration panel, the other party may apply for relief and/or enforcement of such decision to any court having jurisdiction thereof.
- (O) Each party shall bear the cost of its own arbitrator and shall jointly and equally share with the other party the expense of the third arbitrator. In the event both arbitrators are chosen by one party, the fees of all the arbitrators shall be equally divided between the parties. Any remaining costs arising from the arbitration proceeding, including either party's attorney's fees, shall be allocated by the arbitration panel.
- (P) This agreement to arbitrate shall be binding upon the parties, their successors and assigns and any trustee, receiver or executor of any party hereto. Except to the extent required by law or court or administrative order, no party, arbitrator, representative, counsel or witness shall disclose or confirm to any person not present at the arbitration hearings any information about the arbitration proceeding or hearings, including the names of the parties and arbitrators, the nature and amount of the claims, the financial condition of any party, the expected date of the hearing, or the award made by the arbitration panel.
- (Q) This Section XVIII shall survive termination of the Agreement.

XIX. APPLICABLE LAW

If any question arises at any time as to the validity, construction, interpretation or performance of this Agreement, the law of the State of Florida shall govern and control, without regard to its conflicts of law principles. The laws of the State of Florida shall be the exclusive law governing any dispute arising under this contract to the exclusion of the laws of any other state or jurisdiction.

I. EFFECTIVE DATE

This Agreement shall be effective as of the later date set forth on the signature page below (the "Effective Date") and shall continue in full force and effect until amended, terminated or superseded as provided herein.

II. INTEGRATION

This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all previous agreements between the parties whether oral or written including statements made in electronic format.

III. SURPLUS LINES

If you intend to submit surplus lines business, you must hold an appropriate license(s) in the state(s) in which you are conducting such business and comply with the surplus lines laws of all applicable jurisdictions, including placement of insurance in the surplus lines market. You further agree to supply to us, on request, complete and current accurate information and to cooperate with us with respect to any regulatory inquiry regarding compliance with surplus lines laws.

IN WITNESS WHEREOF, the parties hereby cause this Sub-Producer Agreement to be executed as of the Effective Date.

MGAguard, LLC.

PRODUCER

Signature: _____

Signature: _____

Gex F. Richardson

Print Name

Print Name

Title: Chief Administrative Officer

Title: _____

Date: _____

Date: _____