

CTC Transportation Insurance Services, LLC
12707 High Bluff Drive, Suite 200
San Diego, CA 92130
License: 0G40519
Phone: (858) 350-4370
Fax: (858) 430-9456
www.ctcins.com



AGENCY AGREEMENT

("Agreement")

PARTIES:

CTC Transportation Insurance Services, LLC ("CTC") and _____ ("BROKER").

Whereas, CTC is a California domiciled Managing General Agent and places coverage for commercial auto risks in the transportation industry;

Whereas, BROKER is an independent retail BROKER selling and servicing various insurance products to individuals and entities seeking insurance and would like to offer commercial auto insurance coverage through CTC to its clients;

Now, therefore, in consideration of the mutual promises herein expressed, the parties agree as follows:

I. AUTHORITY

Subject to the terms of this Agreement and the policies of CTC, BROKER is granted a non-exclusive right to solicit and accept applications of insurance and service the insurance policies that arise from the Agreement.

II. RESTRICTIONS ON BROKER

BROKER agrees that without the prior written consent of CTC, BROKER has no authority to: (a) make, alter or discharge any contract or bind CTC to any promise or agreement; (b) bind or cause to have bound any coverage on any risk or insured on behalf of CTC or to issue or cause to be issued any binder, policy, endorsement certificate or other evidence of insurance on behalf of CTC; (c) incur any indebtedness, obligation or liability on behalf of CTC; (d) waive or modify any terms, conditions or limitations of any policy; (e) extend the time for payment of premium or other amounts due; (f) adjust or settle any claim; (g) make any representation, offer any advice or consultation, or render opinions or information on behalf of CTC; (h) insert any advertisement referring to CTC or any insurer used by CTC, or issue or cause to be issued any promotional letter, circular, pamphlet, or other publication or statement so referring without the express prior written approval of CTC and of the insurer; (i) assign any duties or services under this Agreement, including appointing subBROKERS to solicit or service insurance under this Agreement.

III. REPRESENTATIONS AND WARRANTIES

BROKER warrants to CTC that it is, and shall remain at all times during the terms of this Agreement, properly licensed pursuant to applicable insurance laws and regulations to operate as an insurance producer. BROKER further warrants that it will perform its duties and obligations under this Agreement in compliance with all applicable federal and state statutes and regulations.

BROKER warrants that it shall maintain during the term of this Agreement Errors and Omissions and Fidelity Insurance, each with policy limits of at least one million dollars (\$1,000,000) each claim and in the aggregate. Such Errors and Omissions and Fidelity Insurance shall be obtained from a carrier with a current A. M. Best

rating of B+ or better.

When requested by CTC, BROKER will provide evidence from time to time of: (a) BROKER's maintenance in good standing of appropriate license(s) for the state(s) in which business is transacted under this Agreement; and (b) copies of insurance policies required under this Section and any bonds required by the state(s) in which BROKER or its subBROKER is transacting business.

BROKER agrees to give, thirty (30) days prior written notice to CTC in the event of the cancellation, non-renewal, or reduction in the limits of, or material restriction in, the coverage provided by the insurance policies required under this Section. BROKER shall notify CTC pursuant to Section XIII. B. and C. if any license held by BROKER which is necessary for the transaction of business under this Agreement is either suspended terminated or expires.

IV. ADVERTISING MATERIALS

BROKER agrees that all supplies and advertising materials furnished by CTC shall remain the property of CTC and shall be returned upon demand or upon the termination of this Agreement.

V. OWNERSHIP OF EXPIRATIONS

Except as specified below, BROKER's records and use and control of expirations shall remain BROKER's absolute property and be left in BROKER's undisputed possession throughout the term of this Agreement and after its termination. To the extent CTC may learn information proprietary to BROKER as a result of the parties' relationship under this Agreement, CTC will hold all such information confidential and will not utilize such information to BROKER's detriment, including solicitation, marketing or selling either during the term or following termination of this Agreement, except that CTC may use the information to notify existing insureds as to how renewal may be obtained through the expiring carrier as may be required by regulation or statute. If at any time it is determined that BROKER has not properly accounted for and paid all premiums owed to CTC, and BROKER does not correct the problem within 30 business days following notice from CTC, ownership of the records and expirations shall vest in CTC which shall have the sole right to use and control them to the extent of BROKER's obligations to CTC, unless BROKER provides other security acceptable to CTC.

VI. COMPENSATION

During the term of this Agreement, CTC shall pay BROKER as sole and full compensation, commissions in accordance with the attached commission schedule. CTC may unilaterally make changes to the commission schedule and structure by giving BROKER thirty (30) days prior written notice of any such commission changes. CTC shall have the right to withhold commissions pending resolution of any alleged breach of a material obligation by BROKER under this Agreement. Additionally, CTC shall not be obligated to pay commissions unless premium payments are timely made by BROKER to CTC or upon termination of this Agreement. If premiums are refunded for any reason, BROKER will promptly refund all commissions received on account of such premiums. BROKER shall remit to CTC return of commissions reasonably determined by CTC to have been paid in error or subject to refund within thirty (30) days of the date notice of such determination is mailed by CTC. Any debt or liability of BROKER, including overpayments by CTC, may be offset by CTC against sums otherwise due or becoming due to BROKER by CTC under this Agreement. No interest shall be computed or paid to BROKER on commissions payable by CTC to BROKER.

VII. GUARANTEE AND REMITTANCE OF PREMIUM AND APPLICABLE TAXES

BROKER agrees to guarantee payment to CTC for all applicable premiums of Insurance, and BROKER agrees to guarantee payment to CTC of all applicable taxes and fees for any amounts outstanding under this Agreement. BROKER further agrees that such payments are due CTC within thirty (30) days of the effective date of a policy unless otherwise agreed in writing or indicated by an invoice or a statement. Payment is due

whether or not BROKER has collected the premium, unless CTC has elected to directly collect premium as described below in this Article.

In those instances where premium financing has been obtained, BROKER shall submit a down payment check, less their allowable retained commission, within (5) five days of the effective date of binding, along with a fully executed premium finance agreement. At the time of requesting binding, BROKER shall send to CTC a copy of the down payment check and fully executed premium finance agreement.

If, after a good faith and diligent effort, BROKER has failed to collect any premiums due under this Agreement, including any premiums due as a result of a policy audit, CTC, at its option, may elect to assume responsibility for direct collection of such uncollected premium. Such election by CTC to directly collect premiums does not relieve BROKER of its liability to CTC for the uncollected premiums with the exception of audit premiums. CTC has the right to collect such premiums in any manner elected by CTC. BROKER hereby waives any right to any commission on premiums collected by CTC.

Payment of premium tendered by BROKER and returned by any financial institution due to non-sufficient funds will result in a \$50 fee charged to BROKER and due immediately. Such fee will be sufficient to cover bank charges for the NSF transaction as well as CTC's administrative costs.

VIII. FIDUCIARY RESPONSIBILITIES OF BROKER

BROKER shall establish and maintain a bank trust account on behalf of CTC to be used exclusively for collection of all premiums by BROKER ("Premium Account"). Such Premium Account shall be established with a bank insured by the FDIC or the FSLIC and in accordance with the applicable insurance state insurance laws. BROKER shall act as a fiduciary and trustee for the benefit of CTC with respect to any premium received on policies (including credits upon cancellation of a policy) written under this Agreement. BROKER shall deposit all premiums net of the Commission into the Premium Account immediately upon receipt for all business written under this Agreement. BROKER must provide CTC access to all information, statements or records of the Premium Account (maintained in electronic form or otherwise) upon request by CTC. The interest, if any, which accrues on the Premium Account, shall be the property of BROKER.

IX. RECORDS

BROKER shall keep and maintain a complete record of all information with respect to the agency services provided hereunder and shall maintain all information in a form and for the time period reasonably required by insurance regulatory authorities and/or the applicable record retention law or regulations. BROKER may store records electronically as long as such records are in a format that is reasonably retrievable by CTC. BROKER agrees to provide CTC, upon request and at BROKER's expense, with either printed copies of any and all records and/or a copy of such records in electronic format.

Upon prior notice and during reasonable hours, BROKER shall permit CTC or its representatives, during the term of this Agreement and as long thereafter as CTC considers necessary, at CTC's expense, to visit, inspect, examine, copy and verify any books or records (in electronic form or otherwise) in possession or control of BROKER relating to this Agreement. Insurance regulatory authorities shall also have access to these records on the same basis as CTC.

X. CLAIMS

BROKER shall immediately forward all claims, suits and notices of loss in a written notice to CTC and cooperate fully with the Insurer and its BROKERS to facilitate the investigation, adjustment, settlement and payment of any claim when and as reasonably requested. BROKER shall use its best efforts to assist CTC in the collection of any deductible due from the policyholders if so requested by the Insurer. This provision shall survive the termination of this Agreement.

XI. CONSTRUCTION

The parties have negotiated the terms of this Agreement and the language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument or any portion thereof to be drafted, or in favor of the party receiving a particular benefit under the Agreement. No rule of strict construction shall be applied against any person.

XII. HOLD HARMLESS

Each party ("1st Party") hereby agrees to indemnify and hold harmless the other party ("2nd Party"), its officers, directors, employees, and principals, from and against any and all liabilities, losses, damages, claims, and expenses (including attorneys' fees and costs) sustained or incurred by or imposed upon the 2nd Party in any manner resulting from or arising out of any breach of this Agreement, willful or negligent acts or omissions, or violation of applicable law, regulation or contract by the 1st Party or any employee or BROKER of the 1st Party or any other person for whom the 1st Party may be responsible. Such indemnification and hold harmless shall include all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses (including attorneys' fees and costs) incident to the foregoing.

XIII. SUSPENSION AND TERMINATION OF AGREEMENT

- A. This Agreement will have a one-year term, but will automatically renew from year to year thereafter unless terminated as provided below. This Agreement may be terminated without cause by either party by providing ninety (90) days notice in writing.
- B. CTC may suspend the authority of BROKER or any of its BROKERS, representatives or employees, under this Agreement in any of the circumstances listed below. Twenty-four (24) hours written notice will be given to BROKER of any such suspension by CTC. CTC shall have the right to withhold commissions pending any suspension of authority as listed below.
 1. If BROKER or its designated BROKER, representative or employee:
 - a. Fails to account for the premiums;
 - b. Fails to pay premiums when due;
 - c. Exceeds its authority hereunder;
 - d. Fails to comply with CTC directives; or
 - e. Fails to comply with any material terms of this Agreement.
 2. If BROKER's license is suspended in any state in which it is required to be licensed for purposes of this Agreement. In the event that BROKER's license(s) is so suspended, BROKER shall notify CTC within one business day. During the period of suspension, BROKER shall refer to CTC, on a non-exclusive basis, any client in the affected state that is seeking coverage through BROKER of the type of coverage offered by CTC.
 3. If any regulatory or judicial action or proceeding against or involving BROKER is commenced which, in good faith judgment of CTC, would materially and adversely affect the licenses or the ability of CTC to perform its obligations under this Agreement.

- C. This Agreement may be terminated by CTC as follows:
1. Immediately upon written notice of fraud, abandonment, insolvency, failure to pay balances, willful or gross misconduct of BROKER or its BROKERS or representatives, or any other material breach of this Agreement by BROKER.
 2. Immediately upon the termination, revocation or failure to renew a license of BROKER in any state in which it is required to be licensed for purposes of this Agreement, or upon the expiration of ninety (30) days following the suspension of any such license if such suspension continues in whole or in part. In the event that BROKER's license(s) is terminated or revoked, BROKER shall notify CTC within one business day.
 3. Immediately upon the commencement of any regulatory or judicial action or proceeding against or involving BROKER which, in good faith judgment of CTC, would materially and adversely affect the licenses or the ability of CTC to perform its obligations under this Agreement. In the event that any such regulatory or judicial action is commenced against BROKER, BROKER shall notify CTC within one business day.
 4. BROKER shall not sell, transfer, consolidate, merge, or otherwise reorganize itself or its business without giving CTC at least 30 days prior written notice thereof, in which event CTC shall have the right at its sole opinion, to consent to such transaction upon such terms as CTC deems appropriate, or to terminate this Agreement. Failure of BROKER to give such notice shall be grounds for immediate termination.
- D. Following termination of this Agreement, unless CTC directs otherwise, BROKER shall complete the collection of premiums, fees and other monies due to CTC or Insurer. BROKER shall also account to CTC for all premiums, fees, commissions and other transactions unaccounted for on the date of termination, or arising thereafter with respect to outstanding insurance. BROKER may collect commissions owed under this Agreement through the date of termination with the exception of commissions withheld pursuant to subsection B. above.

XIV. RELATIONSHIP OF PARTIES

CTC and BROKER are independent contractors in their relationship with each other. CTC shall not be responsible for any expense whatsoever incurred by BROKER. Nothing in this Agreement shall be construed to create the relationship of employer and employee or principal and BROKER between BROKER and CTC.

XV. DISPUTES

- A. Any dispute arising under this Agreement shall be resolved in California and the laws of **California** shall govern all matters concerning the validity, performance, administration, interpretation and application of this Agreement.
- B. Except as set forth, all disputes, claims or controversies arising out of or relating to this Agreement or to the breach, interpretation, validity or termination hereof shall be resolved in accordance with subparagraph C. and E. below.
- C. It is the intent and desire of the parties that all disputes, claims, and controversies which arise between the parties relating to this Agreement be resolved in an amicable manner within thirty (30) days after either party notifies the other party of a dispute and invokes the dispute resolution process of this Article. The parties shall in such thirty-day period consult in good

faith in an effort to reach a mutually-acceptably resolution to such differences. Any such resolution will be memorialized in a document signed by both parties.

- D. In the event of any dispute, claim or controversy, arising out of or relating to this Agreement or to the interpretation, validity, termination or alleged breach hereof, which is not fully resolved in the opinion of either party within the time limits set forth in subparagraph C. above, such dispute shall be finally resolved and determined by binding arbitration before the American Arbitration Association ("AAA") in accordance with the then-pending Commercial Arbitration Rules of the AAA (the "Rules"). The arbitration shall take place in San Diego, California, before one (1) arbitrator if the amount in controversy is under \$100,000. If the amount in controversy is over \$100,000, the dispute shall be resolved by three (3) arbitrators. The arbitrators shall be chosen in accordance with the Rules, shall have experience in insurance matters and shall be required to issue a reasoned decision. The parties will equally share the costs of the arbitration during the pendency of the arbitration, subject to recovery of such costs as provided for in subparagraph F. Judgment upon any award rendered may be entered in any court having jurisdiction thereof.
- E. Notwithstanding anything to the contrary stated herein, to the extent that an action in the nature of an injunction, temporary restraining order or other similar emergency or equitable relief is required with respect to a breach of this Agreement, either party may, at its option, bring an action against the other party in any court of competent jurisdiction in order to obtain prompt and effective relief.
- F. The parties agree that should there be arbitration under subparagraph C. or legal action under subparagraph E., that the prevailing party therein shall be entitled to reasonable attorneys' fees and costs of such arbitration or suit.

G. Both parties agree that a proceeding may be brought in any court of competent jurisdiction in the event it is necessary to enforce an arbitral award, litigate a claim under subparagraph E. or should one party refuse to arbitrate.

XVII. NOTICES

All notices, requests, demands and other communications shall be in writing and may be sent by electronic mail, facsimile transmission or the United States Postal Service. Notices shall be addressed as follows:

To **BROKER**:

Facsimile Transmission Number:

Main Address:

Main Email Address:

After Hours Contact Person:

After Hours Contact Phone:

To **CTC**:

Facsimile Transmission Number: 858-430-9456

Main Address: 12707 High Bluff Drive; Suite 200; San Diego, CA 92130

Main Email Address: chris@ctcins.com or Barbara@ctcins.com

After Hours Contact Person: Chris H. Honea or Barbara O'Brien

After Hours Contact Phone: 678-897-3571 or 858-442-8052

XVIII. MISCELLANEOUS

- A. This Agreement shall not be assigned, delegated or transferred without the prior written consent of CTC.
- B. BROKER shall promptly forward any communication from federal, state, and local agencies and regulatory bodies regarding CTC, its affiliates or products. BROKER shall promptly forward all policyholder complaints and cooperate with any subsequent complaint investigation by CTC.
- C. Each party shall comply with all applicable federal, state and local laws, statutes, orders and regulations in the performance of this Agreement.
- D. No failure by any party to insist upon the strict performance of any covenant, agreement term or condition of this Agreement or to exercise any right or remedy hereunder shall constitute a waiver. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, condition, agreement and term of this Agreement shall continue in full force and effect with respect to any other existing or subsequent breach.
- E. No amendment of this Agreement shall be binding on any party unless in writing and executed by the duly authorized representatives of all of the parties. This Agreement supersedes all agreements existing between BROKER and CTC.
- F. Effective date of this Agreement is _____.
- G. The provisions of this Agreement are severable and are intended to comply fully with applicable laws and regulations. In the event that any provision hereof is declared illegal or unenforceable, the offending provision shall be deemed deleted, or, if not inconsistent with the fundamental purposes of this Agreement, amended to comply with applicable law, and the remainder of this Agreement shall be effective and binding to the fullest extent permitted by law.
- H. BROKER hereby acknowledges that coverages offered through CTC are insured by a risk retention group which is not covered by state insurance guaranty funds in the event of the insolvency of the risk retention group. BROKER further acknowledges that it has reviewed the form of policy offered through CTC and understands the restrictions and limitations on the coverage provided thereby. In addition, BROKER understands that, in connection with the purchase of insurance from a risk retention group, policyholders may be required to purchase shares of stock of the risk retention group, the terms and conditions of which may be described in a shareholders agreement. BROKER represents and warrants to CTC that BROKER will provide appropriate information to each policyholder concerning the terms, conditions and restrictions of policies issued by a risk retention group and of the other matters described in this paragraph.

BROKER _____

CTC TRANSPORTATION INSURANCE
SERVICES, LLC

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

BROKER Accounting Contact: _____

BROKER Accounting Contact Email Address: _____

BROKER License # (s): _____

BROKER Telephone Number: _____

Federal Tax I.D. Number: _____ OR

Social Security Number: _____

Commission Schedule

Automobile Liability	10%
Physical Damage	10%
General Liability	10%
Motor Truck Cargo	10%

All other terms and conditions of this document remain the same and unchanged.

BROKER _____

By: _____

Title: _____

Date: _____

CTC TRANSPORTATION INSURANCE
SERVICES, LLC

By: _____

Title: _____

Date: _____