

BROKERAGE AGREEMENT

This Brokerage Agreement (the "Agreement") is made and entered into by and between Broker Name & Address: _____ (the "Broker") and P. E. Brokerage 105 Montgomery Ave PO Box 249 Montgomeryville, PA 18936, ("P. E. Brokerage") with respect to the programs offered by P. E. Brokerage, effective as of this ___ day of _____, 201 __.

WHEREAS, P. E. Brokerage is a licensed broker and excess surplus lines agent/broker, and is in the business of placing contracts of insurance with various insurers who may or may not be admitted to do business in the State of the residence of the Broker's customer (the "Insured"); and

WHEREAS, Broker is a licensed property/casualty agent/broker in good standing in each state in which it conducts business, and may from time to time request P. E. Brokerage to obtain property and casualty coverage for the Broker's Insureds. Broker shall comply with the laws of the governmental jurisdiction(s) within which it operates pursuant to this agreement, and with the rules and regulations of the insurance regulatory authorities thereof.

NOW THEREFORE, in consideration of the promises, mutual covenants, and other good and valuable consideration recited herein, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

Section I - Scope of Agreement

This Agreement shall govern the relationship between P. E. Brokerage and the Broker with respect to all policies of insurance insuring Broker's Insureds heretofore or hereafter obtained by P. E. Brokerage at the request of the Broker. Nothing herein contained shall be construed to require Broker to obtain insurance through P. E. Brokerage nor to require P. E. Brokerage to accept orders for insurance from Broker.

Section II - Duration and Termination

This Agreement shall continue in effect until terminated by either party upon written notice to the other party, with termination to be effective upon the date stated in such notice, which date shall be no less than thirty (30) days after the date the written notice is sent. P. E. Brokerage may terminate this Agreement upon at least thirty (30) business days prior written notice to Broker, if Broker shall have violated any provision of this Agreement. Notwithstanding such termination, this Agreement shall continue to apply to all policies ordered by Broker through P. E. Brokerage, prior to the effective date of termination.

Duties upon termination: Within thirty (30) days of effective date of termination, unless otherwise stipulated at the option of P. E. Brokerage, Broker shall complete the collection and account to P. E. Brokerage for all premiums, contributions, commissions, and other transaction unaccounted for on the date of termination or arising thereafter with respect to outstanding insurances. In case P. E. Brokerage shall find it necessary to perform any duty otherwise required of Broker under this agreement, Broker shall be liable for all costs incident thereto.

Section III - Broker's Authority

Nothing contained in this Agreement shall be construed to constitute Broker as agent for P. E. Brokerage in any respect, and Broker shall have no authority to, and agrees that it will not, make representations on behalf of P. E. Brokerage or obligate P. E. Brokerage to Broker's Insureds, to insurers represented by P. E. Brokerage or to any other third parties. Broker shall not waive, alter, modify or change any of the terms, rates or conditions of any policy of insurance issued by

or on behalf of P. E. Brokerage. Broker has no authority to accept or bind risks on behalf of P. E. Brokerage or any insurer represented by P. E. Brokerage. Broker shall not place any advertisement respecting P. E. Brokerage or any of its Programs in any publication, on any web page, nor issue or distribute any circular, paper or letter referring to P. E. Brokerage without the prior written consent of P. E. Brokerage. The Broker shall not have the authority to appoint other agents or subagents for purposes of this Agreement and shall not do so.

Section IV - Ownership of Business and Expirations

Broker shall own all insurance business of the Broker's Insureds subject to this Agreement and the use and control of all expirations with respect to insurance obtained through P. E. Brokerage, except that if Broker shall at any time default in any of its obligations hereunder, P. E. Brokerage shall have the right, so long as such default shall continue, to the exclusive use and control of any such expirations and to apply any proceeds thereof to the fulfillment of such obligations of Broker. Minor accounting discrepancies shall not be deemed to constitute a default for purposes of this Section.

Section V – License of Broker/Errors and Omissions

Broker warrants to P. E. Brokerage that Broker is licensed as a property and casualty insurance agent/broker in each state in which the Broker transacts or intends to transact business and that Broker shall continue to be so licensed during the duration of this Agreement and for a period corresponding to any applicable statute of limitations after termination of this Agreement with respect to all insurance business that Broker shall submit to P. E. Brokerage. **A copy of said license(s) must be attached to this agreement.** Broker further warrants to P. E. Brokerage that Broker maintains and shall continue to maintain in force during the term of this Agreement and for a period corresponding to any applicable statute of limitations after the termination of this Agreement, Insurance Brokers/Agents Errors and Omission Insurance at limits of no less than \$1,000,000 each occurrence/\$1,000,000 annual aggregate. **A copy of said policy shall be provided by Broker to P. E. Brokerage prior to or simultaneous with the signing of this Agreement.** Such policy shall be subject to P. E. Brokerage' approval, but any insurer rated "A" by A. M. Best shall in all events be deemed to be acceptable. Upon P. E. Brokerage' request, from time to time during the term of this Agreement, Broker shall provide to P. E. Brokerage evidence that such coverage remains in place.

Section VI –Payment Responsibilities: (Refer to the Payment Option Schedule attached, to designate the payment terms and conditions that will be followed under this Agreement.)

A. Direct Billed Policies

For business placed by Broker with P. E. Brokerage that is designated by P. E. Brokerage as direct billed, Broker and P. E. Brokerage agree to the following:

1. The Carrier will directly bill the Insured for any and all premiums due from the Insured on such policies, including audits.
2. The Insured remits payment directly to Carrier.
3. P. E. Brokerage will mail Broker all insurance contracts, endorsements, and copies of cancellation and non-renewal notices. Invoices will be sent by Carrier directly to the Insured.

4. P. E. Brokerage will pay Broker a commission, at a rate determined by P. E. Brokerage, but disclosed to Broker in advance of binding, a percentage of the premium on each policy written for Broker's Insureds (the "Commission"), within 45 days of receipt of payment by P. E. Brokerage.
5. Broker will be obligated to pay return commission to P. E. Brokerage, at the same rate as Broker's commission, on any return premiums or adjustments, including, but not limited to, audits, return premiums on cancellations or reductions ordered and return premiums payable as a result of amended policy terms, within 45 days of receipt of advice of return premium.

Section VII - Cancellations of Insurance

Nothing contained herein shall be construed to limit or restrict any rights of cancellation of P. E. Brokerage or any insurer contained in any binder, cover note, policy or contract of insurance or by law, including the right of the insurer, within its discretion, to cancel or rescind the policy for underwriting or other reasons permitted by law. Cancellation or rescission of a policy by the insurer terminates the Broker's right to any future Commissions. Broker shall not be entitled to any flat cancellation, unless authorized or agreed to in advance in writing by P. E. Brokerage. In the event of cancellation, Broker shall be liable to P. E. Brokerage for any earned premium and taxes (if any) thereon, if and only if Broker has collected such premium and taxes (if any) from the Insured.

Section VIII - Claims

Broker agrees to do everything reasonably possible to safeguard the interest of P. E. Brokerage and the insurer, and promptly report with full details to P. E. Brokerage and the insurer any fact, occurrence or incident that may result in a claim or loss or increased risk of loss to P. E. Brokerage and the insurer with which insurance was placed under this agreement without limitation. Broker agrees to report any subsequent information regarding such claim or loss to P. E. Brokerage and the insurer. Broker has no authority to handle claims other than to notify P. E. Brokerage and the insurer, of the occurrence of a claim, which Broker undertakes to do immediately upon knowledge or notification of same.

Section IX - Inspections and Adjustments

P. E. Brokerage or its duly authorized representatives shall have the right at any time or times, during normal business hours, to audit any insurance policy placed under this Agreement and to inspect Broker's books and records in connection therewith, to the extent such audit or inspection is deemed necessary by P. E. Brokerage to verify Broker's compliance with its obligations under this Agreement.

Broker shall promptly report and pay to P. E. Brokerage any additional or return premiums which may become due as a result of any adjustments.

Section X - Indemnification

Broker shall indemnify and hold P. E. Brokerage harmless for all claims, actions, liabilities, suits and expenses, including reasonable attorneys' fees and costs, in any manner arising or resulting from any breach by Broker of any provision of this Agreement, from any error or omission committed by Broker or from any warranty or representation by Broker contained herein being false in any material respect. P. E. Brokerage shall indemnify and hold harmless Broker with respect to any and all claims, actions, liabilities, suits and expenses, including reasonable attorneys' fees and costs, in any manner arising or resulting from any breach by P. E. Brokerage of any provision of this Agreement, from any error or omission committed by P. E. Brokerage or

from any warranty or representation by P. E. Brokerage contained herein being false in any material respect.

Section XI - Additional Provisions

Broker shall not assign or transfer any of its rights, whether by agreement, by merger, or otherwise, or delegate any of its obligations, under this Agreement without the prior written consent of P. E. Brokerage. P. E. Brokerage may assign its rights and obligations under this Agreement, in full or in part, to any of its sister, parent or affiliated corporations without the consent of the Broker. No failure by either party to require performance by the other party of any provisions hereof shall be a waiver of such provisions and no waiver or amendment of any provision hereof shall be effective unless in writing. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, whether written or oral. Subject to the prohibition against assignment or delegation by Broker, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, and assigns. Nothing in this Agreement shall be construed to constitute the parties to the Agreement as agents, partners or joint venturers.

Section XII - Arbitration

All unresolved differences of opinion or disputes between P. E. Brokerage and Broker arising out of or in connection with this Agreement or any transaction hereunder shall be submitted to arbitration, in accordance with the rules relating to commercial arbitration of the American Arbitration Association. Notice of demand for arbitration shall be filed in writing with the other party and with the American Arbitration Association. The demand for arbitration shall be made before the date when the institution of legal or equitable proceeding based upon such claim, dispute, or other matter would be barred by the applicable statute of limitations. The charges, expenses and fees of the arbitrator and the American Arbitration Association shall be borne and paid fifty (50%) by the disputing party instituting the arbitration and the balance by the other party.

Section XIII – Notice

Whenever notice is to be given pursuant to this agreement, it shall be done by written notice, and personally delivered or sent to the party by certified mail, postage paid, to the address listed on the first page of this agreement, and such notice shall be deemed to have been given on the date deposited in the mail.

Section XIV - Execution

Execution of this Agreement constitutes full agreement and understanding between the parties with respect to each of the sections above. Proper execution requires that if the Broker is doing business as an individual, he must personally and in his or her individual capacity sign the Agreement in his own name and not in his name as an Agent. If the Broker is a partnership or co-partnership, this Agreement must be executed by the firm and by each member thereof personally and in his or her individual capacity. If the Broker is a corporation, this Agreement must be executed by a duly authorized corporate officer.

IN WITNESS WHEREOF, the parties have executed this Brokerage Agreement as of the date and year first above written.

P. E. BROKERAGE

By: _____

Print Name: _____

Title: _____

License # _____

Address: P. E. Brokerage Company
PO Box 249
Montgomeryville, PA 18936

BROKER/AGENT:

By: _____

Print Name: _____

Title (if any): _____

License # _____

Federal ID # _____

Corporation (Incorporation State)

Address: