

CORRESPONDENT BROKERAGE AGREEMENT

THIS CORRESPONDENT AGREEMENT, made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between ENVIRONMENTAL RISK MANAGERS, INC. (ERMI), a Michigan based corporation and \_\_\_\_\_ (Correspondent), of \_\_\_\_\_

WITNESSETH

WHEREAS, ERMI is a licensed excess and surplus lines agent in the State of Michigan and is in the business of placing contracts for insurance with various insurers who may not be admitted to do business in the State of the Insured’s residence: and

WHEREAS, correspondent is a licensed property and casualty agent and may from time to time request ERMI to obtain property and casualty insurance coverage for customers of Correspondent.

THEREFOR, ERMI AND CORRESPONDENT AGREE AS FOLLOWS:

- 1. **Scope of Agreement:** This agreement shall govern the relationship between ERMI and Correspondent with respect to all policies of insurance insuring clients of Correspondent heretofore or hereafter obtained by ERMI at the request of Correspondent. Nothing contained herein shall be construed to require Correspondent to obtain insurance through ERMI and not to require ERMI to accept orders for insurance from Correspondent.
2. **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. Notwithstanding such termination, this Agreement shall continue to apply to all policies ordered by Correspondent through ERMI prior to the effective date of termination.
3. **Correspondents Authority:** Nothing contained in this agreement shall be construed to constitute Correspondent an agent for ERMI in any respect, and Correspondent shall have no authority to and agrees that it will not, make representations on behalf of ERMI, or obligate ERMI to clients of Correspondent, to insurers represented by ERMI, or to any other third parties.
4. **Ownership of Business and Expirations:** Correspondent shall have the ownership of all insurance business subject to this Agreement and the use and control of all expirations with respect to insurance obtained through ERMI except that if Correspondent shall at any time be in default in any of its obligations here

- under, then ERMI shall have the right, so long as such default shall continue, to the exclusive use and control of any or all such expirations and to apply any proceeds thereof to the fulfillment of such obligation of Correspondent provided, that minor accounting discrepancies shall not be deemed to constitute a default for purposes of the paragraph.
5. **License of Correspondent:** Correspondent represents and warrants to ERMI that Correspondent is licensed as a property and casualty insurance agent and Correspondent shall continue to be so licensed during the duration of the Agreement with respect to all insurance business which Correspondent shall submit to ERMI.
  6. **Placement of Orders:** Correspondent agrees that it shall not place an order with ERMI for any excess or surplus lines insurance unless Correspondent shall have first complied with any applicable state laws requiring Correspondent to attempt to procure such insurance from insurers authorized to do business in the State of residence of the proposed insured. Correspondent recognizes that a client must, under Michigan law, be informed before coverage is placed with a non-admitted carrier that coverage is to be written with an insurer not licensed in Michigan and that, in the event of insolvency, the payment of loss may not be guaranteed. This paragraph applies only to orders for excess or surplus lines insurance.
  7. **Payment of Premium:** Correspondent shall be obligated to pay to ERMI all premiums and taxes (if any) with respect to policies of insurance ordered through ERMI by Correspondent, whether or not Correspondent shall have collected such premiums and taxes from the insured. Unless otherwise agreed in writing with respect to a particular premium and tax, the entire premium and tax on each policy shall be due and payable within ten days in which the insurance provided by the policy shall be effective, provided that, so long as Correspondent is not in default in any of its obligations hereunder. Correspondent may withhold therefrom any commission payable to Correspondent with respect thereto pursuant to paragraph 8 hereof. If any insured shall default in the payment of premium and/or tax as and when due, ERMI shall have the right and is hereby authorized by Correspondent, to take all necessary action, including legal action, to collect the premium and tax directly from the insured, but taking of any such action by ERMI shall not relieve the Correspondent from their duties to pay any and all premiums and taxes.
  8. **Commissions:** ERMI shall pay Correspondent commissions upon premiums actually paid over to ERMI with respect to policies of insurance ordered through ERMI by Correspondent at rates agreed to between ERMI and Correspondent in each individual case. ERMI shall deduct from each return premium (including any return premium arising from a cancellation ordered by ERMI) a return commission calculated at the same rate as Correspondents original commission thereon.
  9. **Cancellation of Insurance:** Nothing contained herein shall be construed to limit or restrict any rights of cancellation contained in any binder, cover note, policy or contract of insurance. Correspondent shall be entitled to any flat cancellation, and Correspondent shall be liable to ERMI for any earned premium and taxes (if applicable) thereon, whether or not Correspondent has collected from the insured.

10. **Claims:** Correspondent shall cooperate fully with ERMI and the insurer to facilitate the investigation, adjustment, settlement and payment of any claim.
11. **Inspections and Adjustments:** ERMI or its duly authorized representatives shall have the right at any time or times, during normal business hours, to audit any insurance hereunder and to inspect Correspondents books and records in connection therewith, to the extent such audit or inspection is deemed necessary by ERMI to verify Correspondent's compliance with its obligations under this Agreement. Correspondent shall promptly report and pay to ERMI any additional or return premiums which may become due as a result of any adjustments.
12. **Indemnification:** Each party hereto shall indemnify and hold harmless the other party with respect to any and all claims, actions, liabilities, suits and expenses, including attorney's fees, in any manner arising or resulting from any breach by either party of any provision of this Agreement or from any warranty or representation by either party contained herein being false in any material effect.
13. **No Third Party Beneficiaries:** This Agreement is for the exclusive benefit of the parties hereto, and no third party, including without limitation, any insured is intended to be or shall be a beneficiary of any provision hereof.
14. **Additional Provision:** Correspondent shall not assign any of its rights, or delegate any of its obligations, under this Agreement without the prior written consent of ERMI. No failure by either party to require performance by the other party of any provision hereof shall be a waiver of such provision, 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 Correspondent, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.
15. **Adjustable Policies:** ERMI agrees that, if any audit of an adjustable insurance policy results in additional premiums due for the insured and if a) Correspondent notifies ERMI in writing that Correspondent has been unable, after reasonable effort, to collect such additional premium from the insured and b) The insurer waives ERMI's liability for the additional premium, then ERMI will waive Correspondents liability for such premium. In the event of such waiver by ERMI then notwithstanding the provisions of paragraph 8 hereof, Correspondent shall not be entitled to any commission with respect to any part of such additional premium which may be collected from the insured.
16. **Professional Liability Insurance:** Each party hereto agrees to carry professional liability insurance (insurance agents errors and omissions) in an amount not less than \$1,000,000 during the term of this Agreement. Each party hereto further agrees that it will hold the other party, and the other party's agents, servants and employees free and harmless, defend and indemnify them from each and every claim of alleged errors and omissions caused by, or related to, the act of its employees, its agents, servants and principals, including legal fees, costs and disbursements that may be reasonably be incurred by the other party in the

defense of such claim or claims to the full extent thereof, with interest thereon, until paid.

17. Each party hereto shall treat all information from the other party marked as proprietary or confidential, or which, under the circumstances surrounding the disclosure ought to be treated as confidential, in the same manner that it would treat its own confidential information, and at all times exercising at least reasonable confidentiality, including, but not limited to the Gramm-Leach Bliley Act. Each party hereto agrees to indemnify the other for any damages the other may sustain resulting from its unauthorized use and/or disclosure of the other's confidential information. Such damages shall include reasonable expenses.

IN WITNESS HEREOF, the parties have executed this Correspondent Brokerage Agreement as of the day and year first above written.

CORRESPONDENT: \_\_\_\_\_

BY: \_\_\_\_\_

print name

IT'S \_\_\_\_\_

ENVIRONMENTAL RISK MANAGERS, INC.

BY: \_\_\_\_\_

print name

IT'S \_\_\_\_\_