



PRODUCERS INSURANCE NETWORK

MEMBER AGREEMENT

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320 Granite Run Drive, PO Box 3320, Lancaster, PA 17604-3320
Telephone: 717-581-9284 Fax: 717-581-9813

MEMBER AGREEMENT

This agreement made this _____ day of _____, 2011, by and between H.G.I.D., Inc. t/a Producers Insurance Network (hereinafter referred to as "General Agent") and Horst Insurance, a duly authorized and existing insurance agency, licensed under the laws of the Commonwealth / State of Pennsylvania, (hereinafter referred to as "Member").

WITNESSETH

WHEREAS, General Agent is a duly licensed insurance agency under the laws of the Commonwealth of Pennsylvania; and,

WHEREAS, General Agent is a duly authorized agent for various insurance companies (hereinafter referred to as "insurer" or "insurers"); and,

WHEREAS, Member is engaged in the business of securing insurance coverage for its clients; and,

WHEREAS, Member desires General Agent to place insurance risks for Member's client with an insurer or insurers from time to time; and,

WHEREAS, General Agent desires to undertake the placement of insurance risks for Member from time to time on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and intending to be legally bound hereby the parties hereto agree as follows:

1 - Member License

The member represents and warrants that it currently maintains, and will continuously maintain all individual, corporate or agency licenses required to transact business as an insurance producer, agent or broker in accordance with the requirements of Member's State of Domicile. Member represents and warrants that if the Member requests General Agent to place coverage for risks located outside Member's State of Domicile, Member will obtain and maintain all necessary non-resident corporate, agency or individual producer, agent or broker licenses in accordance with the requirements of each state in connection with requested placement.

Member shall provide the General Agent from time to time, upon request, copies of all individual, corporate or agency licenses, broker, producer or other licenses and all resident or non-resident individual corporate or agency licenses.

2 - Member Status

Member is an independent contractor who will exercise Member's own judgment in the conduct of its business. The Member acknowledges and agrees that it is the agent/producer for its client, the insured, and shall not be deemed the agent/producer of the General Agent or insurers with whom General Agent may place the Member's insurance risks. Member shall have no authority to bind General Agent or any of General Agent's insurers or principals, and shall have no authority to alter any contract of insurance or the terms and conditions therein unless specifically allowed for by the "Member Status / Commission" addendum attached and made part of this agreement.

Member's authority to place policies with General Agent, and the level of compensation for those placements, shall be based on the Member's current Member Status as defined in the "Member Status / Commission" addendum attached and made part of this agreement.

3 - Member Program Participation

Member shall be authorized to participate only in those programs indicated in the "Member Status / Commission" addendum attached and made part of this agreement. The "Member Status / Commission" addendum shall be updated from time to time reflecting any additions, deletions or changes to the available programs and those programs specifically approved for each Member.

4 - Member Errors and Omissions Insurance

Member shall, at all times during the term of this agreement, maintain Errors and Omissions insurance coverage. Member represents and warrants that such coverage is in full force and effect for the Member and its officers and employees with an annual policy coverage limit of not less than One Million Dollars (\$1,000,000) per claim or occurrence.

At the time of the execution of this agreement, Member shall provide General Agent with a certificate of insurance evidencing the coverage required by this section and shall from time to time, upon request, provide updated certificates showing satisfactory coverage.

5 - Member Ownership of Business

The use and control of expirations, including those on any direct-billed business, and the Member's records thereof, shall remain in the undisputed possession and ownership of the Member as long as Member is in compliance with all terms and conditions of this Agreement. General Agent, unless required by law, shall not use its records of those expirations to market, sell, or renew any similar form of insurance coverage which shall abridge the Member's rights of ownership, use and control, nor shall General Agent refer or communicate this expiration information to any other producer, agent or broker.

In the event of termination of this Agreement, if the Member has not then properly accounted for and paid all premiums / commissions and fees to General Agent for which Member is liable, the use and control of such expirations including all rights of title and interest in and to the record thereof shall be vested in General Agent as of the date of such termination. The Member shall remain liable for any such unpaid premium / commission amounts until General Agent has been paid in full. The existence of unpaid premiums / commissions due from the Member shall not prevent application of this "Ownership of Business" clause in favor of the Member if the Member furnishes collateral security acceptable to General Agent in the amount of such indebtedness, such collateral security is to be held by General Agent until the indebtedness is satisfied.

6 - Member Responsibilities

1. Accuracy of Information and Member client servicing - Member shall retain full responsibility and control for the servicing of its clients placed through General Agent. Member assumes full responsibility for informing General Agent as to the type and amount of coverage to be considered for quotation. General Agent assumes no responsibility toward Member's clients, sub-producer or any other party with regard to adequacy, amount or form of coverage obtained through any insurer. Member understands and acknowledges that General Agent, in providing insurance coverages hereunder, must rely upon the accuracy and truthfulness of information provided to it by Member. It is the responsibility of Member to disclose to General Agent any information or the existence of any conditions that General Agent should be aware of that may affect the insurability of the risk or materially affect how General Agent's insurers underwrite the risk.
2. Member Client Renewals - General Agent shall have no obligation to give Member advance notice of expiration of any policies of insurance which General Agent has placed with its insurers. General Agent may give advance notice of expirations, but the failure to provide such notice shall not render General Agent responsible to Member or Member's clients for failure to give such notice. Member shall retain full responsibility for managing all aspects of its client renewals for policies placed through General Agent, including but not limited to, updating of information, timely submission of renewal information, presenting renewal terms and conditions to Member's clients and any other renewal requirements as may be determined by General Agent's insurers or state laws.
3. Claim Reporting - Member or Member's clients shall report all claims and/or losses directly to the insurance company as expeditiously as possible and per the terms and conditions of the policy. The Member has no authority to assign losses to be adjusted nor may Member negotiate or settle any loss on behalf of General Agent or General Agent's insurers. Member agrees to cooperate fully at the request of General Agent or General Agent's insurers, adjusting firms or attorneys in the investigation, adjustment, settlement or payment of any loss or claim.
4. Premium Financing - Member shall maintain full responsibility for securing any required premium financing for Member's clients. Member agrees to provide General Agent with a copy of a fully executed premium finance agreement as soon as possible if financing will be used on a policy placed by General Agent. Member shall arrange for premium finance company to pay General Agent directly for all premiums that have been financed. Member acknowledges and agrees that if Member receives financed premium funds, any refunds or credits due to premium finance company and unearned commissions due to General Agent shall be the sole responsibility of Member. Member's use of premium financing does not relieve Member of responsibility to General Agent for all earned premiums, interest, taxes and fees or responsibility for refund of unearned commissions.

7 - Binding Authority

Any and all determinations as to whether to receive and place the specific risks of any Member clients with General Agent's insurers, and which of General Agent's insurers Members submissions shall be presented to, shall be made exclusively by the General Agent, in its sole discretion. Member shall have no authority to bind General Agent or any of General Agent's insurers or principals, and shall not represent itself as having any binding authority or agency contract whatsoever with General Agent's insurers, unless specifically allowed for by your Member Status / Commission addendum. Member further agrees that it will not, without the prior written consent of General Agent, place any advertisement in any media or issue or distribute any brochure or notice referring to General Agent or any of General Agent's insurers.

8 - Certificates of Insurance

Member has no authority to issue certificates of insurance on behalf of any Member client placed through General Agent without the written consent of General Agent.

9 - Premiums

Member acknowledges that General Agent does not have any contractual or legally defined relationship with/to Member's clients and that General Agent conducts business addressed by this Agreement only with and through Member. Therefore, except as provided in Section 7 and Section 5 of this Agreement, Member shall be fully and primarily responsible to General Agent for payment of all earned premiums, applicable taxes and retrospective penalties for, but not limited to deposits, audits, cancellations and endorsements on all policies of insurance

placed by General Agent for Member's clients. Payment of all such premiums and taxes shall be due from Member as of the date that coverage is bound by General Agent's insurer unless invoiced by General Agent. Payment is to be made to General Agent by Member immediately upon receipt of General Agent's invoice. Payment by Member to General Agent is due whether or not Member has collected premium from Member's client. In the event that General Agent is required to undertake collection efforts or retain an attorney for the purpose of collecting any unpaid premium, commission or other charges, Member shall be responsible for and shall pay to General Agent any and all costs of collection, including reasonable attorneys' fees.

10 - Commissions

General Agent and Member agree that commissions to be paid to Member will be in accordance with the "Member Status / Commission" addendum attached hereto or, for lines or insurers not mentioned therein, as agreed to and presented by General Agent at the time a quotation is released to Member. In consideration of all commission paid to Member on all premiums and any additional premiums, Member agrees to pay General Agent the commission on all returned premium at the same rate such commissions were originally received by Member.

11 - Cancellations

Member shall not be entitled to return to General Agent any contract of insurance for flat cancellation unless such return is made prior to the inception or effective date of the insurance contract; provided, however, cancellations may be allowed within fifteen (15) days of receipt of the insurance contract during the term, but only if written evidence of presently existing replacement coverage is provided and the General Agent's insurer involved approves such cancellation in writing. Any receipt or written confirmation referenced within this Section 11 must actually be received within the applicable time period specified.

12 - Premium Audits / Adjustments

Member shall make every effort to collect any additional premiums due as a result of audit or adjustment to policies placed for Member by General Agent and to remit such premiums due according to Section 9 of this agreement. Member acknowledges that collection procedures for audits and adjustments vary from insurer to insurer. Member shall have twenty (20) days from date on General Agent's invoice or General Agent's insurer's invoice if direct-bill, to notify General Agent in writing of Member's inability to collect additional premiums due as a result of audit or adjustment. If such notice is received by General Agent within the time specified, Member will be relieved of responsibility to pay the audit or adjustment but only to the extent that General Agent is released from responsibility for payment by General Agent's insurer. To the extent that General Agent is not released from its payment obligation to the insurer, Member remains responsible to General Agent as defined in Section 9 of this agreement. If any audit or adjustment is returned by Member to General Agent as uncollectible, then Member shall not be entitled to any commission on any or all of the audit or adjustment thereafter collected through the efforts of the General Agent or its insurer.

Audits or adjustments that are disputed by the Member or its client must be returned to General Agent, along with sufficient documentation of the dispute, within twenty (20) days from date on General Agent's invoice or General Agent's insurer's invoice if direct-bill. General Agent will return disputed audits and adjustment to General Agent's insurer and request that the audit or adjustment be reviewed and re-issued if necessary. Member shall remain responsible for payment of re-issued audits or adjustments as described in this section.

13 - Sale of Member Agency

By signing this Agreement in the space provided below, the undersigned principals of the Member (the "Principals"), agree that in the event of a sale of all or substantially all of the assets or ownership equity of the Member (whether by merger, consolidation or otherwise), the Principals shall jointly and severally remain personally liable for all amounts owed to General Agent by Member on account of the payment of premiums, taxes, audits and adjustments until such time as 1) the Member notifies General Agent in writing that Member has sold all or a majority of the ownership of Member's agency, and 2) the General Agent and new owner or majority owner of Member's agency have agreed to and executed a replacement Member Agreement. General Agent is under no obligation, unless agreed to in writing in advance, to offer Member's or the Principals' successor a Member Agreement for the placement of new policies on behalf of Member's or the Principals' successor.

14 - Direct Insurer Appointment of Member Agency

Member and General Agent agree that from time to time General Agent insurers will consider direct appointment of Member based on Member's premium volume placed through General Agent. To facilitate long-term stable relationships between Member, General Agent and General Agent's insurers, Member shall disclose in writing to General Agent within thirty (30) days, the receipt of a direct appointment with any General Agent insurer that Member has placed business placed with through General Agent. Member agrees to honor any prior agreements in place between General Agent and its insurers with regards to the transfer of Member's policies in the event of direct appointment and the timing of that transfer. If no prior agreement exists between General Agent and the particular insurer involved, Member agrees to transfer policies to their direct agency code on the next renewal and shall not use cancellation and rewrite as the means of transfer.

15 - Indemnification

To the fullest extent permitted by law, Member shall indemnify and hold harmless General Agent and its agents, producers and employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the performance or actions of the Member, provided that any such claim, damage, loss or expense, including the loss of use resulting therefrom, is caused in whole or in part by any act or omission of the Member, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any party or person described in this Section 15. General Agent shall, to the extent caused by General Agent, indemnify and hold Member harmless from and against all claims, damages, losses and expenses resulting from the performance or actions of General Agent, provided that any such claim, damage, loss or expense is caused in whole or in part by General Agent.

16 - General Agent Status

Member acknowledges and agrees that General Agent is an insurance producer only and does not hold itself out to be an insurance company. General Agent has no responsibility for extending coverage, accepting or denying coverage, processing claims, adjusting claims or losses and/or making payment of claims, said responsibilities being solely within the authority of General Agent's insurers. Member's obligations to General Agent shall not be affected in any manner by the acts or omissions of General Agent's principals or insurers.

17 - Termination of Agreement

This Agreement may be terminated at any time by either party upon thirty (30) days written notice to the other party; provided, however, General Agent shall have the right to immediately terminate the Agreement upon the breach of any provision of this Agreement by Member, including, without limitation, Member's failure to pay any amounts due General Agent hereunder.

Upon termination of this agreement, by either party, Member's Submission Status will change to "Terminated Member" which is defined in the "Member Status / Commission" addendum of this agreement. Notwithstanding any termination of this Agreement by either party, Member's obligations to General Agent, including, without limitation, all payment obligations hereunder, shall continue until such time as the terms of all contracts of insurance covered by this Agreement have expired without renewal through General Agent, and including such times as all endorsements and audits are finalized.

18 - Retroactive Application

This Agreement shall apply to any and all contracts of insurance existing as of the date of this Agreement where such contracts of insurance were placed by General Agent on Member's behalf.

19 - General

In the event that for any reason one or more of the provisions of this Agreement or their application to any person or circumstances shall be held to be invalid, illegal or unenforceable in any respect or to any extent, such provision shall nevertheless remain valid, legal and enforceable in all other respects and to such extent as may be permissible. In addition, any such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

The failure of General Agent or the Member to insist on strict compliance with this Agreement, or to exercise any right hereunder, shall not be construed to be a waiver of any rights contained herein.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

This Agreement supersedes all other previous agreements relating to the same or similar matters between the parties hereto.

20 - Modifications

This Agreement, with the exception of the addendum(s) listed below, shall not be modified except in writing executed by General Agent and Member. The addendums listed below will be modified, from time to time, by General Agent in its sole discretion, and such modifications shall be effective upon written notice by General Agent to Member and shall not require written execution by General Agent and Member:

1. Member Status / Commission Addendum
2. Any other Agreement addendum which states that future modifications do not require written execution by all parties

21 - Arbitration

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration in accordance with the rules then pertaining to the American Arbitration Association. The determination of the Arbitrators will be final and binding on all parties hereto and judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof. The arbitration proceedings shall be held in Lancaster County, Pennsylvania, at a location to be determined.

22 - Jurisdiction

This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania. Member consents to the exclusive jurisdiction of the Court of Common Pleas, Lancaster County, Pennsylvania or the United States District Court for the Eastern District of Pennsylvania, in any and all actions and proceedings arising under this agreement.

23 - Successor In Interest

The rights and benefits of this Agreement shall not inure to the benefit of any third party. Notwithstanding anything to the contrary contained in this Agreement, or any conduct or course of conduct by the Member or General Agent of their respective affiliates, agents, servants or employees, this Agreement shall not be construed as creating any rights, claims or causes of action against General Agent in favor of any of Member's clients, customers or insureds.

24 - Notices

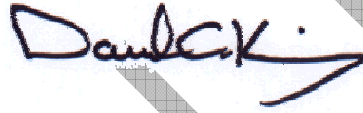
All notices required or desired to be given to any of the parties hereunder shall be in writing and shall be deemed to have been sufficiently given for all purposes when presented personally to such party or sent by Certified or Registered mail, return receipt requested, to such party at its address set forth below:

• General Agent: Producers Insurance Network
320 Granite Run Drive, PO Box 3320
Lancaster, PA 17604-3320

• Member: _____

IN WITNESS WHEREOF, the Member and General Agent have executed this Agreement on the date first above set forth.

General Agent – Producers Insurance Network



ATTEST

By: _____
David C. King, President

Member –

ATTEST

By: _____
Name:
Title:

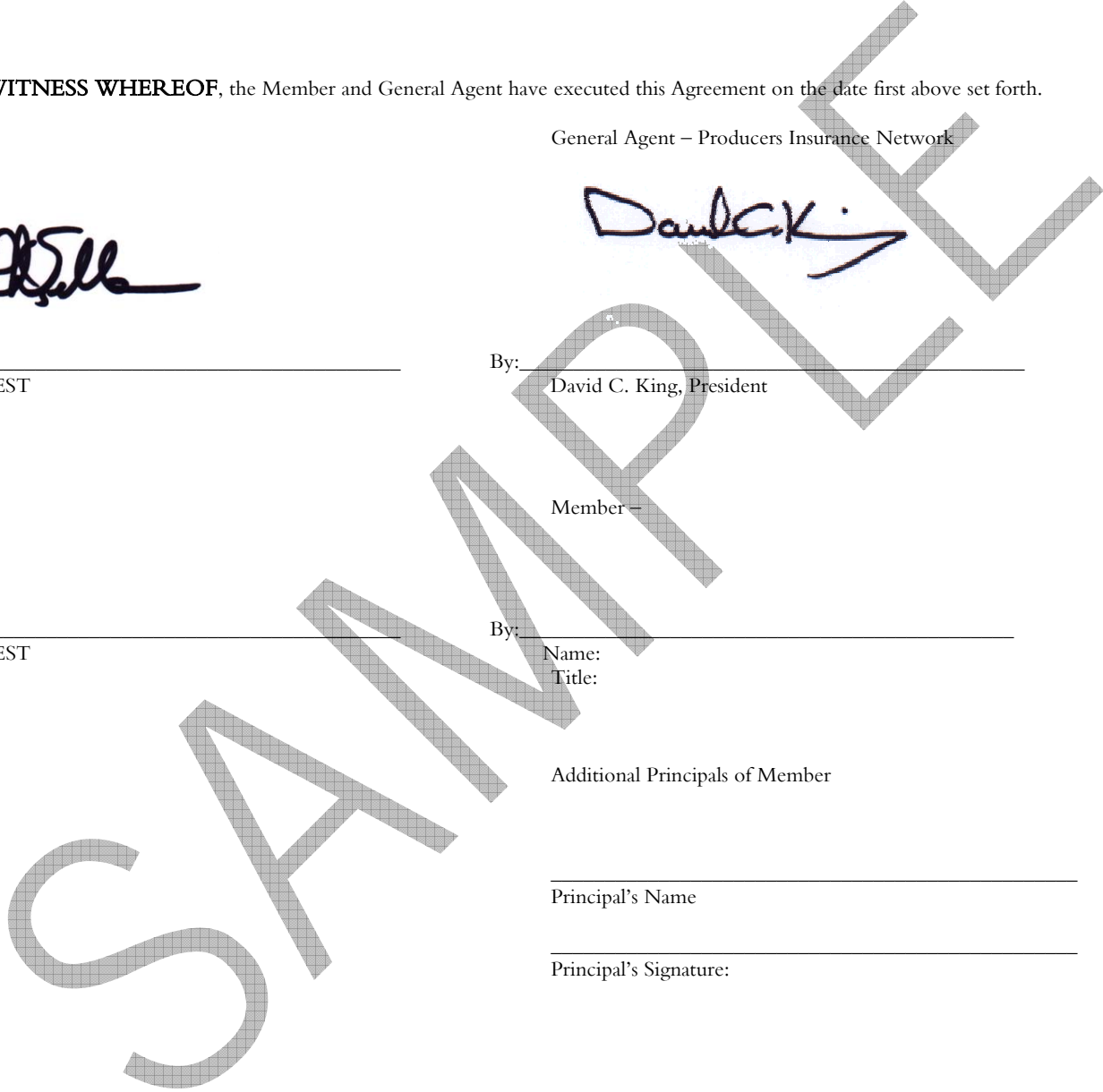
Additional Principals of Member

Principal's Name

Principal's Signature:

Principal's Name:

Principal's Signature:



PRODUCERS INSURANCE NETWORK

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Telephone: 717-581-9284 Fax: 717-581-9813

MEMBER STATUS / COMMISSION ADDENDUM

This addendum is made part of the Member Agreement between H.G.I.D., Inc. t/a Producers Insurance Network (hereinafter referred to as "General Agent") and Horst Insurance, (hereinafter referenced as "Member") first executed on the _____ day of _____, 2011. This addendum supersedes all previous Member Status Addendums issued.

Effective Date of this Member Status / Commission Addendum: _____

Commission sharing will be based on the schedule found below your current Member Status unless otherwise noted on individual proposals.

MEMBER STATUS & COMMISSION SCHEDULE				
		ACTIVE MEMBER	AFFILIATE MEMBER	TERMINATED MEMBER
		A member who is in full compliance with Member Agreement and has fully paid annual membership dues required below. Active Members may submit new and renewal submissions according to their Approved Programs and will be compensated according to this column. MEMBERSHIP FEE – \$600.00	A member who is in full compliance with Member Agreement, but has not remitted membership dues required of Active Members. Affiliate Members may submit new and renewal submissions according to their Approved Programs and will be compensated according to this column.	A member who has had their Member Agreement terminated. Terminated Member's policies placed through General Agent will be renewed for one (1) renewal cycle following date of termination. After one (1) renewal cycle, Terminated Member agrees to move policies to another agent or general agent.
This Member's Status →		X		
This Member's Approved Programs: ↓		↓	↓	↓
X	High-Value Personal Lines: CHUBB FIREMAN'S FUND	<ul style="list-style-type: none"> ○ Homeowners – 10% ○ Personal Auto – 10% ○ Personal Umbrella – 8% ○ All Other – 8% 	<ul style="list-style-type: none"> ○ Homeowners – 7% ○ Personal Auto – 7% ○ Personal Umbrella – 5% ○ All Other – 5% 	All Lines – 0%
X	Standard Personal Lines: ENCOMPASS HARTFORD OHIO CASUALTY TRAVELERS	<ul style="list-style-type: none"> ○ Homeowners – 10% ○ Personal Auto – 10% ○ Personal Umbrella – 8% ○ All Other – 8% 	<ul style="list-style-type: none"> ○ Homeowners – 7% ○ Personal Auto – 7% ○ Personal Umbrella – 5% ○ All Other – 5% 	All Lines – 0%
Approved Per Carrier	Carrier <i>DIRECT</i> Personal Lines: ENCOMPASS HARTFORD SAFECO TRAVELERS	<ul style="list-style-type: none"> ○ Homeowners – 12% ○ Personal Auto – 11% ○ Personal Umbrella – 9% ○ All Other – 8% 		
X	Standard Commercial Lines: CHUBB DONEGAL FIREMAN'S FUND HARLEYSVILLE HARTFORD LACKAWANNA CAS MILLERS MUTUAL OHIO CASUALTY LEBANON MUTUAL	<ul style="list-style-type: none"> ○ Non-Workers' Comp. Lines – 10% ○ Workers' Comp – 5%* <p><small>*Due to variable commission rates based on premium tiers, it is important to note whether a quote-specific commission rate is provided on all Workers' Comp. proposals</small></p>	<ul style="list-style-type: none"> ○ Non-Workers' Comp. Lines – 7% ○ Workers' Comp – 3%* <p><small>*Due to variable commission rates based on premium tiers, it is important to note whether a quote-specific commission rate is provided on all Workers' Comp. proposals</small></p>	All Lines – 0%
Approved Per Carrier	Carrier <i>DIRECT</i> Commercial Lines:	<ul style="list-style-type: none"> ○ Non-Workers' Comp. Lines – 11% 		

	HARTFORD OHIO CASUALTY	○ Workers Comp – 6%* *Due to variable commission rates based on premium tiers, it is important to note whether a quote-specific commission rate is provided on all Workers' Comp. proposals		
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SAMPLE