



ALPHA SURETY

A Gallagher Company

Licensed in all US states, Puerto Rico & USVI
 National Service Center:
 650 S. Shackleford Rd., Ste. 325, Little Rock, AR 72211
 Phone: 501-537-4568 Fax: 501-537-7778
 www.alphasurety.com service@alphasurety.com

BROKER AGREEMENT

ALPHA SURETY, a Gallagher Company and Arthur J Gallagher Risk Management Services, Inc.

(For questions or service, please e-mail service@alphasurety.com or call 501-537-4568)

Important: This agreement must be properly executed online at www.AlphaSurety.com, or printed and mailed to Alpha Surety, 650 S. Shackleford Rd, Suite 325, Little Rock, AR 72211, or faxed to 501.537.7778 before or with your first submission of business. No business can be processed until you provide a signed agreement along with all required information.

THIS AGREEMENT is entered into this _____ day of _____, 20__ by and between Arthur J Gallagher Risk Management Services, Inc., 650 S. Shackleford Rd., Ste. 325, Little Rock, AR 72211 (hereinafter known as "AJGRMS") and the following broker, agent or agency (check one):

Legal name of broker (and agency, if applicable): _____

DBA (if applicable): _____

Type of Entity (check one): Individual Partnership LLC Corporation

Taxpayer ID# or SSN#: _____ Website (if any): _____

Street Address: _____

City, State, Zip: _____

Mailing Address (if different): _____

Phone: _____ Fax: _____ E-Mail: _____

Number of years in insurance/surety business: _____

Estimated annual surety premium: _____ Est. annual P&C insurance premium: _____

E&O Carrier: _____ E&O Limits: _____

Broker/agency premium trust account at: _____

(Name and city of bank, branch, contact person & phone number)

Type of license(s): Agent Agency Broker Producer Solicitor Surplus Lines

(Attach, email or fax a copy of licensing for states for which you plan to submit business)

WITNESS the following signatures of the duly authorized parties attesting that we have read, understand, and agree, effective on the date first written above to the terms and conditions as defined on page two of this Agreement. We further understand that this Agreement does not carry any underwriting or binding authority and all applications for bonds or insurance policies must be submitted through Alpha Surety, a Gallagher Company.

Broker:

Arthur J Gallagher Risk Management Services, Inc.:

 (Signature of authorized Broker, Owner, Partner or Officer)

 (Typed or printed name of signer) (Title)

Corban Enns, Area Vice President

Terms & Conditions of Alpha Surety & Insurance Brokerage Agreement

WHEREAS, Broker wishes to place business through AJGRMS for acceptance by surety and insurance companies in connection with surety and insurance programs administered by AJGRMS, in accordance with applicable laws and regulations; and

WHEREAS, AJGRMS is willing to offer its facilities to Broker for placement of such surety bonds and insurance, all the foregoing in accordance with the laws and regulations pertaining thereto.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter expressed, the parties hereto, intending to be legally bound, agree as follows:

1. Broker warrants that he/she holds a Broker's license issued by his/her state of domicile and all other licenses required to do business hereunder and intends to place business through AJGRMS for acceptance by carriers in compliance with the laws and regulations pertaining thereto.

Broker further warrants that any business that he/she shall submit to AJGRMS will, if accepted, be effected in accordance with the insurance laws and/or similar applicable laws of the state, and Broker will indemnify AJGRMS for any tax liability and loss arising as a result of AJGRMS's accepting any application submitted by Broker.

It is Broker's sole responsibility to notify the insured of policy expiration and send legal notice of non-renewal.

Broker shall be entitled to collect a commission on such business at a rate which shall be mutually agreed to by the parties in writing prior to placement of the business.

Broker shall not have authority to appoint other agents or subagents for purposes of this Agreement and shall not do so. Broker shall have no authority to make and shall not make any agency agreements on behalf of AJGRMS, nor shall Broker make any agreements rendering or purporting to make AJGRMS liable for the payment and/or repayment of expenses, commissions or any other obligations.

2. It is further agreed by and between the parties that payment of premiums shall be made by Broker to AJGRMS not later than 15 days after the end of the month in which coverage is effected, unless otherwise agreed in writing. Failure to pay premiums as scheduled may result in cancellation of the subject bond or policy. All premiums collected from insureds and due to be paid to AJGRMS shall be held by Broker in a fiduciary capacity in accordance with applicable laws.

Payments to Broker under this Agreement shall be made only to the extent permissible under applicable laws, rules and regulations. Broker shall have no right to such payment and AJGRMS shall have no duty to make such payments in excess of those legally permissible.

AJGRMS may, at its option, offset Broker's proportional share of any returned premiums from any payments due Broker under this Agreement.

Notwithstanding any provision in this Agreement to the contrary, no compensation shall be payable to Broker subsequent to the termination of this Agreement if Broker commits any act of fraud, malfeasance or non-feasance in the performance of his/her duties hereunder or induces or encourages any of AJGRMS's clients to obtain insurance brokerage service from a brokerage agency other than AJGRMS.

3. Broker hereby guarantees the payment of all premiums to AJGRMS when due on insurance and surety bonds bound or written hereunder, whether or not they are collected by Broker and whether or not they are financed. Any credit extended to the insured or others shall be at the sole risk of the Broker.

4. Insurance issued to insureds under any program administered by AJGRMS shall not be subject to flat cancellation unless agreed to by the carrier and AJGRMS. However, AJGRMS will make a good faith effort to get any such policies flat cancelled. If the carrier agrees to flat cancellation, no premium will be due from the Broker for that policy.

5. Broker agrees to report immediately to AJGRMS, or the designated claim administrator, any fact, occurrence or incident that may result in a loss or claim, together with full details thereof. Broker shall forward all documents and cooperate fully with AJGRMS, or the designated claim administrator, in the investigation and adjustment of any claim, if requested.

6. Broker agrees to keep complete records and accounts of all transactions and to permit AJGRMS to inspect all records pertaining to business transacted under this Agreement.

7. Broker agrees to maintain Errors and Omissions Coverage with coverage limits acceptable to AJGRMS for himself/herself and for those for whom he/she is responsible

8. Broker shall not advertise in any way the name of AJGRMS, nor shall Broker advertise in any way the name of any company or underwriter represented by AJGRMS without the prior written consent of AJGRMS.

9. Broker hereby agrees to indemnify and hold AJGRMS, its parent, affiliated and subsidiary companies and its and their officers, directors, employees, and agents, harmless from any and all claims, losses, costs, expenses, deficiencies, liabilities, obligations or damages, including related court and legal defense costs, arising from or in any manner relating to (i) any inaccurate representation made by broker in this Agreement, (ii) any breach of any of the warranties or any default in the performance of any of the covenants made by Broker under, or which Broker was to perform pursuant to, this Agreement, (iii) any errors and omissions of Broker or of any of his/her agents with respect to any client or insured, and (iv) any negligent acts or omissions, whether intentional or unintentional, and any willful misconduct of Broker or of any of his/her agents in connection with this Agreement. In a like manner, Broker agrees to indemnify and hold AJGRMS harmless from any action brought by a regulatory body as a result of actions by Broker.

AJGRMS agrees to indemnify and hold Broker, its parent, affiliated and subsidiary corporations and its and their officers, directors, employees and agents harmless from any and all claims, losses, costs, expenses, deficiencies, liabilities, obligations or damages, including related court and legal defense costs, arising out of the sole negligence of AJGRMS. Notwithstanding any provisions herein to the contrary, AJGRMS, at its option, may effect the recovery of damages under this Section 9 by offsetting such amounts against payments of amounts otherwise owing by AJGRMS to Broker hereunder. Election of this remedy shall not be construed as exclusive, and shall not bar AJGRMS from seeking any and all other remedies available at law or equity.

10. It is understood that Broker is an independent contractor and this Agreement does not permit Broker to bind AJGRMS or any company or underwriter represented by AJGRMS. Broker is not hereby the agent of AJGRMS or any company or underwriters represented by AJGRMS.

11. In the event of termination of this Agreement, so long as the Broker has promptly accounted for and paid all premiums for which he/she may be liable, the Broker's records, and use and control of the expirations shall remain the property of the Broker and be left in his/her undisputed possession; otherwise, use of the records and control of the expirations shall be vested exclusively in AJGRMS.

12. Broker hereby agrees not to seek direct placement of renewal business written with markets used to write such business through AJGRMS.

13. This Agreement shall become effective when accepted by AJGRMS and supersedes all previous agreements, whether oral or written. This Agreement may be terminated by either party at any time upon the giving of written notice of termination, but such termination shall not alter in any way the continued application of this Agreement to bonds and policies in effect as of the date of such termination and Broker shall complete the collections of premiums and continue to provide claims support and service on all policies in effect at termination.

14. This Agreement constitutes the entire and exclusive understanding between the parties with respect to its subject matter.

15. All issues under this Agreement, including determination of the obligations and liabilities of the parties, shall be governed by the laws of the State of California.

16. This Agreement may not be assigned by Broker without the written consent of AJGRMS.

17. This Agreement shall be binding upon and adhere to the benefit of the parties hereto, their respective heirs, successors and assignees.

18. All notices under this Agreement shall be delivered personally, or by pre-paid certified or registered mail, addressed to the address set forth on the first page of this Agreement.

19. No failure of either party to insist on strict compliance with this Agreement or to exercise any right under this Agreement shall be a waiver of such right.

20. This Agreement may be amended, but then only in a written addendum to this Agreement executed by the parties.

21. All exhibits and schedules hereto shall be deemed a part hereof.

22. This Agreement may be executed in counterpart.