

# PRODUCER'S CONTRACT

THIS PRODUCER'S CONTRACT (this "Contract") is entered into effective as of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_, a \_\_\_\_\_ corporation, whose address is \_\_\_\_\_, (hereinafter called "Producer") and Vista Insurance Partners of Illinois, Inc., whose address is 6 West Hubbard Street, 4<sup>th</sup> Floor, Chicago, IL 60610-4606, (hereinafter called "Program Manager" or "Vista").

In consideration for an agreement with Vista to consider the acceptance of insurance risks submitted by the Producer for insurers (hereinafter called the "Companies") whose facilities are available to Vista, for the payment of commission and other mutual obligations contained in this Contract, the parties agree as follows:

## 1. RELATIONSHIP BETWEEN VISTA AND PRODUCER

1.1 Insofar as transactions under this Contract are concerned, Producer is an independent contractor and is not the employee of Vista or any insurer with whom Vista may accept risks at the request of Producer. Vista shall have no right of control over Producer as to time, means, or manner of Producer's conduct of the agency within the authority herein granted. Vista may accept business from other producers. Producer may represent other insurance companies.

1.2 Vista shall be the sole judge whether it will accept or reject risks submitted by Producer and shall incur no liability for failure to accept or reject any risk.

1.3 Vista is under no obligation to underwrite the risk and no risk will be in effect until this risk is accepted by Vista. The amount of premium, limits and conditions of coverage, division of commissions, and other terms will be determined separately for each such risk. All transactions shall be subject to the requirements of the applicable statutes, rules, and regulations of the state in which Producer is licensed as a resident agent, and Producer agrees to comply with all such statutes, rules, and regulations.

## 2. AUTHORITY AND DUTIES OF PRODUCER

2.1 Producer shall have full authority to collect, receive, and receipt for premiums on insurance submitted by Producer and accepted by Vista.

2.2 Producer shall promptly forward to the Vista all applications, and all other evidences of intent to insure or to modify existing insurance.

2.3 Unless expressly granted by addendum to this Contract, Producer has no authority hereunder to bind insurance risks, but only to submit applications for acceptance by Vista.

2.4 Without the prior written consent of Vista, Producer has no authority to receive any proceeds of premium finance agreements, notifications of premium financing, or requests for cancellation or reinstatement of premium finance agreements on behalf of Vista or the Companies.

2.5 Without the prior written consent of Vista, Producer has no authority to insert any advertisements concerning Vista or any of the Companies represented by Vista in any publication or issue any circular or paper referring to Vista or the Companies.

### **3. COMPENSATION OF PRODUCER**

3.1 Producer shall be compensated out of premiums collected on insurance submitted by Producer and accepted by Vista at commission rates agreed to in writing by Vista and Producer with respect to each individual contract of insurance.

3.2 All special fees or charges or expense constants charged in addition to premiums upon contracts of insurance or upon endorsements are to be regarded as fully earned at the time of the inception of the insurance contract or endorsement. The obligation of Producer to pay such amounts to Vista shall be the same as if they were premiums except that no commission will be allowed upon such amounts.

3.3 In the event Producer fails to pay any sum due Vista by virtue of any policy or endorsement issued by Vista under the terms of this Contract, Producer hereby assigns to Vista as security, but not in payment therefor, all sums due or to become due Producer from the insured or insureds for whom such contract(s) of insurance or endorsement(s) was accepted by Vista, with full authority on the part of Vista to demand and collect the same. On premiums so collected by Vista, Producer shall be entitled to no commission.

### **4. PREMIUM ACCOUNTING**

4.1 Producer shall be liable for and pay to Vista all gross premiums minus commission due upon contracts of insurance, whether new or renewal or by endorsement, accepted by Vista in connection with risks submitted by Producer, and Vista shall have the right but not the obligation to look to Producer rather than to the insured or insureds for the payment of such premiums.

4.2 As soon as Producer is furnished with evidence that a contract of insurance has been accepted or that an endorsement to an existing contract of insurance has been accepted by Vista, Producer will promptly pay to Vista the full amount of premium called for by such contract of insurance or endorsement. All premiums collected by Producer are trust funds and property of the Companies and Producer holds all such funds as a fiduciary.

4.3 If a return premium becomes due under any contract of insurance, Vista will promptly credit Producer such return premium less the unearned portion of any commission previously paid to Producer. Producer shall be responsible for payment of return premiums to the insured in accordance with applicable law and regulations. In the event premium finance is involved, applicable regulations shall apply. Producer shall repay proportionally to Vista commissions on return premiums at the same rate at which such commissions were originally retained by or paid to Producer.

4.4 Notwithstanding anything to the contrary herein set forth, in the situation where the premium for a policy which has been issued cannot be fully determined in advance, or where an adjustment or termination by audit or otherwise shall have been made, then, the amount of such additional premium due shall be paid by the Producer to Vista by the due date indicated on the billing invoice. If premiums resulting from audits are, after diligent collection effort, determined by Producer to be uncollectible, such items may be returned to Vista. If Vista is allowed by contract to receive credit from the issuing Company and concurs that diligent effort has been made by the Producer, then Producer's account will be credited accordingly. Producer must furnish proof of reasonably diligent collection efforts, and return the audit as uncollectible or disputed within thirty (30) days of the date of billing, in order to be eligible for any such credit. Producer shall not be entitled to commission on any such premium subsequently collected.

4.5 Vista must pre-approve any requests for flat cancellation, and will not recognize flat cancellations unless effected by surrender to Vista of all copies of the policy prior to the inception date of the contract of insurance. Each policy when accepted by Vista will have a minimum premium of 25% at inception regardless of cancellation date.

4.6 Unless otherwise instructed by Vista, Producer agrees to pay to Vista at Vista's mailing address in Chicago, Illinois, Cook County all sums of money which may become payable to Vista under this Contract. If otherwise instructed by Vista, Producer shall remit all such payments to the alternative address provided by Vista.

4.7 Vista shall have the right to offset any amounts due Vista from Producer against amounts due Producer by Vista. In addition, Vista may charge and Producer agrees to pay interest at the rate of 1.5% per month on all unpaid amounts, but in no event shall any amount charged exceed the rate of interest which may be lawfully charged.

4.8 If, after forty-five (45) days from the date liability was assumed by the insurance carrier with respect to a particular policy of insurance, Vista has not received payment due for the applicable coverage, Vista may, at its sole option, collect from the insured party the premium(s) due. In the event that Vista collects such premium(s) or any part thereof from the insured party, Producer shall not be entitled to any commission on the premium(s) so collected. Attempts by Vista to collect from the insured party shall not relieve Producer of liability to Vista except to the extent of amounts actually collected by Vista from the insured party, less the expense of such collection.

## **5. TERMINATION OR SUSPENSION**

5.1 This Contract shall continue in force until terminated by mutual agreement of the parties or immediately by one of the parties upon written notice of termination to the other.

5.2 In the event of fraud, abandonment, insolvency, gross or willful misconduct or breach of any of the conditions or provisions herein by Producer, Vista may terminate this Contract immediately by providing written notice to Producer, which termination will be effective upon receipt. In the event of termination by reason of the conduct described above, any indebtedness of Producer to Vista and all premiums in the hands of Producer or for the collection of which Producer is responsible, notwithstanding any provisions herein to the contrary, shall become immediately due Vista.

5.3 This Contract shall terminate automatically, without notice, in the event of the cancellation, revocation, suspension or forfeiture of any license required by law for Producer's performance hereof or any act herein provided. The maintenance of such licensing in good standing shall be at all times the responsibility of Producer as an express condition to the continuation of this Contract. Producer shall immediately notify Vista of the complete details of any cancellation, revocation, suspension or forfeiture of such licensing. Should Producer fail or refuse to furnish such notification, any compensation previously earned by Producer but not yet paid shall be retained by Vista. The indemnity provisions of Section 7, together with all then existing rights to receive any payment under this Contract, shall survive any such termination.

5.4 In the event Vista receives an insufficient funds check from Producer, this Contract shall be suspended, and until reinstated, Vista will not accept any new or renewal applications from Producer until such time as the Producer makes the check good and pays an applicable charge, up to the maximum amount allowable, on all insufficient funds check(s) received by Vista. During any period of suspension, any requests for endorsements of policies in force must be accompanied by a cashier's check, certified check, or cash for the gross premium due.

5.5 Vista may, at its sole discretion, immediately terminate this Contract or suspend all or any part of the authority granted Producer hereunder if the Producer fails to maintain valid Errors and Omissions insurance with coverage limits satisfactory to Vista.

5.6 This Contract shall terminate upon the occurrence of any of the events described in Section 8.1, if Vista does not agree, in writing, to the change in operations. Failure of Producer to give the notice required under Section 8.1 shall effect the cancellation of this Contract, and entitles Vista to recover from Producer all costs, expenses, judgments, and attorney's fees incurred as a result of Producer's failure to provide timely notice.

## **6. CANCELLATION, EXPIRATION, & NON-RENEWAL**

6.1 Producer shall be responsible for notifying his insureds of expiration or offer to renew their policies prior to the expiration date of coverage in accordance with applicable law(s) and regulations on all business placed through Vista, and Producer shall defend, indemnify, and hold harmless Vista for any non-renewal or lapse in renewal of any policy placed through Vista.

## **7. INDEMNIFICATIONS**

7.1 Producer agrees to indemnify and hold Vista harmless from any and all expenses, claims, causes of actions (contractual or otherwise), complaints, suits, or other proceedings arising out of Producer's performance or failure to perform its obligations under this Contract, including without limitation all attorney's fees, costs, fines, and penalties, but only to the extent Producer would be liable under common law. Producer further agrees to maintain Errors and Omissions insurance coverage as set forth in paragraph 5.5 hereof.

7.2 Vista agrees to indemnify and hold Producer harmless from any and all expenses, claims, causes of actions (contractual or otherwise), complaints, suits, or other proceedings arising out of Vista's performance or failure to perform its obligations under this Contract, including without limitation all attorney's fees, costs, fines, and penalties, but only to the extent the Vista would be liable under common law.

## **8. PRODUCER SALE OR TRANSFER**

8.1 Producer shall give Vista thirty (30) days prior written notice of any of the following changes to the operations of Producer's agency:

- a. If Producer is an individual and enters into a partnership to act as an insurance agency with one or more persons.
- b. If Producer is an individual and incorporates Producer's insurance agency.
- c. If Producer is a corporation and transfers, sells, merges, or consolidates any part of Producer's insurance agency or insurance business with any other entity.
- d. If Producer otherwise sells or transfers its insurance business to a third-party.

8.2 As set forth more fully in Section 5.6, this Contract shall terminate upon the occurrence of any of the events described in Section 8.1 if Vista does not agree, in writing, to the change in operations.

8.3 Producer shall provide indemnity agreements in a form acceptable to Vista signed by all new shareholders and/or partners as a condition precedent to the acceptance by Vista of such new parties to this Contract.

8.4 Vista in its sole discretion may require each such new shareholder, partner, or owner to enter into a new Producer's contract, in which event this Contract shall terminate.

## **9. OWNERSHIP OF EXPIRATIONS**

9.1 Subject to the provisions of paragraph 10.1 below, Producer and Vista expressly recognize Producer's independent ownership of the policy expirations covered by this Contract and Producer shall retain ownership of these expirations during and after the termination of the Contract unless this Contract is terminated by Vista for failure of Producer to comply with the terms of remittance.

**10. MISCELLANEOUS**

10.1 Producer shall include policy numbers on all correspondence to Vista.

10.2 In the event Vista shall institute any lawsuit to enforce the obligations assumed by Producer in this Contract or defend any lawsuit brought against Vista arising from this Contract, if prevailing, is entitled to recover from Producer all costs, expenses, judgments, and attorney's fees incurred by Vista in connection with any lawsuit.

10.3 This Contract shall be construed in accordance with the laws of the State of Illinois, and exclusive venue for the enforcement thereof shall lie in Cook County, Illinois. If Producer is a non-resident of the State of Illinois, Producer recognizes that it is contracting herein with a resident of the State of Illinois, and designates the Secretary of the State of Illinois as his, its, or their true and lawful agent upon whom service of process may be made in connection with any suit brought by Vista to enforce the terms of this Contract.

10.4 Producer shall promptly report to Vista all claims involving contracts of insurance placed by Vista hereunder, but Producer shall not assign the adjustment of claims, such assignments being the right of Vista, the insuring company, or the designated TPA. Producer must, immediately upon receipt, report and forward to Vista all claims, losses, and related documents.

10.5 All policy forms or other supplies furnished to Producer by Vista shall remain the property of Vista and shall be returned to it or its representative promptly upon demand.

10.6 Producer shall keep true and complete records and amounts of all transactions with policyholders and with Vista. Such records shall be available for inspection by Vista or its duly authorized representatives during normal business hours.

10.7 The rights, duties, and obligations of the parties to this Contract, to the extent they are not dealt with specifically or by necessary implication herein, shall be in accordance with the customs and usages prevailing in the surplus lines and special risks insurance business in the State of Illinois.

10.8 Any and all notices given pursuant to this Contract shall be deemed given when deposited with the United States Postal Service, Certified Mail, Return Receipt Requested, to the other party(ies) at the mailing address set forth in the introductory section of this Contract.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

By: \_\_\_\_\_  
Producer

\_\_\_\_\_  
Print Name - Title

By: \_\_\_\_\_  
Tracy A. Boss  
Vice President – Chief Operating Officer  
Vista Insurance Partners of Illinois, Inc.