



Producer Contract

THIS CONTRACT is between the above indicated life insurance companies which are National Life Insurance Company and Life Insurance Company of the Southwest, "Insurers," and \_\_\_\_\_, hereinafter referred to as "Producer" where applicable, it shall take effect on this date: (mm/dd/yyyy) \_\_\_\_\_.

This Contract is a Vermont contract to be construed under the laws of the State of Vermont, and includes the following terms and conditions:

- Section A - Basic Contract Provisions
Section B - Corporations
Section C - Schedule(s) of Compensation and Expense Allowance

IN WITNESS WHEREOF the Insurers and Producer, intending to be legally bound hereby, have executed this Contract on the date(s) indicated below.

Producer's Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: (mm/dd/yyyy) \_\_\_\_\_

If Producer is a Corporation

Corporation Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: (mm/dd/yyyy) \_\_\_\_\_

Name and Title: \_\_\_\_\_

INSURERS:

BY: \_\_\_\_\_ Date: (mm/dd/yyyy) \_\_\_\_\_

Insurer Registrar

For Agent Use Only - Not For Use With the Public

## Section A - Basic Contract Provisions

In exchange for the good and valuable consideration recited herein, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

### ARTICLE I - APPOINTMENT

**1.1 Appointment.** Subject to the provisions of this Contract, Insurers hereby authorize Producer to act as its agent in the solicitation and sale of its products.

**1.2 Territory.** It is understood and agreed that this Contract does not grant any exclusive territory to Producer.

**1.3 Relationship.** This Contract is not a contract of employment and does not create the relationship of employer and employee between the Insurers and Producer. It is understood and agreed that this Contract calls for results and does not purport to control the time or manner of performance of Producer. Rather, Producer is an independent contractor and shall exercise his own judgment and discretion in the conduct of the business contemplated under this Contract, subject to the provisions hereof. Producer specifically recognizes his responsibility for payment of any applicable taxes levied by Federal, State or Local authorities as a result of compensation arising hereunder.

**1.4 Insurer Represented.** Producer shall be considered to be acting as Producer of that Insurer for which the Producer is appointed and is soliciting an application or is servicing a policy or contract. When the term "Insurers" is used generally in this contract it shall mean the particular Insurer for which the Producer is then acting. If the Producer is acting within his authority as Producer under this contract but is not acting for a particular Insurer, the term "Insurers" shall mean all of the Insurers party to this contract for which Producer is appointed.

### ARTICLE II - AUTHORITY

**2.1 General Provision.** The powers and authority of Producer are only those expressly provided under this Contract. Any and all such powers and authority shall continue only while this Contract is in effect and shall terminate on the date of termination thereof.

Any personal financial or health-related information gathered from applicants in the process of applying for insurance coverage or from those with an interest in an existing insurance contract in the process of servicing that contract must be held as strictly confidential information and will only be disclosed to third parties as consented to by the applicant or contract owner, as applicable, or as otherwise permitted by law. Any personal financial or health-related information provided to Producer by Insurers for market or service its insurance products will be held by Producer as strictly confidential and will only be used by Producer for the purposes for which it was provided, except as otherwise permitted by law. Additionally, I will implement and maintain, for the term of this Agreement, procedures for the protection of personally identifiable information that are in compliance with all applicable Federal, State and local laws, regulations and guidance, including without limitation 201 C.M.R. §§17.00 et seq, as well as other laws, regulations and guidance designed to protect privacy, data security and data protection.

Each Party will fully cooperate with the other in the event of any exposure of nonpublic personal information of policyholders, including but not limited to any associated internal or external investigations to determine the cause of the exposure, containment of associated risk and, to the extent required by law, making appropriate security breach notifications and/or filings.

If you are engaged in selling Long Term Care Riders issued by National Life Insurance Company and Life Insurance Company of the Southwest (These specifically do not include accelerated benefit riders), then please be advised that we have modified our existing Privacy Compliance Agreement to include additional language, including the business associate requirements. Please review the Privacy Compliance and Business Associate Agreement which can be found at [https://www.nationallife.com/secure/agentcontent/contract\\_licensing/cont\\_lic\\_home.asp](https://www.nationallife.com/secure/agentcontent/contract_licensing/cont_lic_home.asp), along with the Notice of Legal Responsibilities and Contract Amendment. The Privacy Compliance and Business Associate Agreement is incorporated herein by reference.

**These changes affect you directly if you are engaged in selling Long Term Care Riders issued by National Life Insurance Company and Life Insurance Company of the Southwest and require that you meet specific standards related to the privacy and security of health information.**

**\*\*\*NOTE: YOU ARE REMINDED TO ENCRYPT ALL PROTECTED HEALTH INFORMATION BEFORE TRANSMITTING TO NATIONAL LIFE GROUP\*\*\***

**2.2 Solicitation.** Producer is hereby empowered and authorized to solicit applications for individual life, annuity and accident and health policies on forms then being issued or offered by the Insurers (hereinafter individually and collectively referred to as "products") both personally and through Sub-Agents appointed and assigned by the Insurers to Producer.

**2.3 Limitation of Authority.** Producer shall have no power or authority to, and hereby agrees and warrants that he will not, do any of the following:

- (a) waive, alter, amend, modify or discharge any policy or contract of the Insurers;
- (b) waive forfeiture under any policy;
- (c) quote rates other than as provided in writing by the Insurers;
- (d) extend time for the payment of any premiums due the Insurers;
- (e) receive any funds for the benefit of the Insurers except initial gross premium which must be paid by check from the policyholder and made payable to the order of the Insurers;

- (f) incur any liability, obligation or indebtedness on account of the Insurers;
- (g) endorse or negotiate any checks or other instrument payable to or to the order of the Insurers;
- (h) voluntarily accept services of process on behalf of the Insurers;
- (i) with respect to payment of premiums and considerations (i) to accept a partial payment of any premium or of any installment of premium; (ii) to accept any premium after the expiration of the grace period for the payment of that premium unless authorized by Insurer; (iii) to accept on behalf of Insurer as payment of any insurance premium or annuity consideration any negotiable instrument, promissory note, foreign currency, or anything else of value other than United States currency or checks drawn to the order of issuing Insurer on United States funds payable on demand;
- (j) deliver or authorize anyone to deliver any insurance policy issued by Insurer when coverage will be effected by such delivery except during the lifetime of and while there has been no known change in the insurability of the proposed insured and after payment of the premium required by the policy, or in exchange for a policy receipt executed on a form furnished by Insurer. Producer will return promptly to Insurer all undelivered insurance policies, annuity contracts, and undelivered receipts for premiums, interest charges, and annuity considerations.

**2.4 Sub-Agents.** The term Sub-Agent when used in this Contract shall mean any person or entity appointed by Insurers as a result of the recommendation by Producer, assigned to Producer or where Producer receives compensation based on Sub-Agent's production (see Section 4.7 - Indebtedness).

### ARTICLE III - DUTIES AND RESPONSIBILITIES

**3.1 General Provisions.** Producer shall fairly and properly represent Insurers and their products and services and shall faithfully perform all the duties within the scope of the appointment under this Contract and pursuant to the operation of the agency established hereunder. In particular, but without limitation, Producer agrees to perform the duties set forth below.

**3.2 Premiums.** Producer shall collect and receive, or cause to be collected and received, the initial gross premium on policies secured by Producer or by Producer's Sub-Agents and shall promptly remit said premium to the Home Office of the Insurers in the original form and amount received. All such premiums must be payable by check from the policyholder and made payable to the order of the Insurers and at all times shall remain the property of the Insurers.

Producer will receive in a fiduciary capacity money due or to become due to Insurers. Producer will hold in trust and account for all such money or documents which Producer receives or collects as Producer for Insurer. Producer will not use these for any purpose but will promptly report and transfer them to the Insurers. Upon demand by Insurers, Producer agrees to produce a thorough accounting for all moneys, drafts, policies, receipts, and other valuable papers received in connection with Insurers' business.

**3.3 Rules.** Producer agrees to become familiar and to comply with all of the Insurers' rules, regulations and instructions and with all applicable statutes and regulations of any state or jurisdiction in which Producer is authorized to conduct business which may be in force on the Effective Date of this Contract or at any time during the Contract is in effect thereof.

Insurers rely upon Producer as a field underwriter for a careful and accurate recordation of the facts necessary for the proper classification of risks. In this regard, Producer is required to conduct business according to high standards of honesty and fairness, and to engage in active and fair competition. Producer shall give complete and accurate answers in the application and associated forms. Producer shall promptly return to Insurer any and all information that is relevant to proper classification of risks. Producer shall not deliver any policy or take any funds unless the proposed insured is at the time of delivery in good health and insurable condition as originally represented to Insurers by the proposed insured to the best of Producer's knowledge and belief. Producer will comply with: (1) market conduct rules and regulations; and (2) performance standards, and (3) other rules and procedures required by Insurers.

Producer will cooperate with Insurers in the attempt to resolve all disputes arising directly or indirectly from this Contract, and will promptly report to Insurer any complaints or problems made by persons having an interest in any Insurers' insurance policy or annuity contract.

Producer will review and keep reasonably informed about regulatory, statutory or other changes that have a material effect on the sales, servicing and administration of the insurance policies and annuity contracts.

**3.4 Insurers' Advertising.** Producer agrees not to use or cause to be used any letters, advertising materials, or any other printed or electronic matter or promotion of any kind relating to the Insurers unless first approved in writing by the Insurers.

**3.5 Expenses.** It is expressly understood and agreed that Producer shall be liable for, and indemnifies the Insurers against all costs, expenses, obligations, debts, damages, taxes, fees and penalties of whatever nature which are incurred, levied or assessed by or against the Insurers whether pursuant to this Contract or otherwise which result from the acts or omissions of Producer.

**3.6 Insurers' Property and Information.** Producer acknowledges that all policyholder information, computer files and records, and premium records are the property of Insurers. Producer agrees to allow Insurers on the premises to inspect all policyholder information. All printed materials, furnishings, equipment and other supplies provided by Insurers are deemed property of Insurers, and Producer is responsible for any misuses thereof. Producer agrees to return on Insurers' demand all Insurers' property and information. Producer shall indemnify Insurers for any loss resulting from Producer's receipt of money paid in connection with such insurance or annuity application or policy receipts. Upon termination all Insurers' property shall be returned.

#### ARTICLE IV - COMPENSATION

**4.1 Determination.** The full compensation of Producer under this Contract shall be determined solely in accordance with the provisions of the Schedules attached hereto and made a part hereof or as published on the Insurers' Intranet Website page or other such Company-maintained proprietary Internet site, which are in effect on the application date of policies solicited by Producer or Sub-Agent of Producer. The Insurers shall have the exclusive right and sole discretion at any time to unilaterally terminate any such Schedule or to modify all or any portion of any such Schedule, or the rate, amount or method for determining the commission or compensation, provided such action is uniformly taken with respect to all persons to whom such Schedules apply. Such modifications or terminations shall become effective on the date specified in such notice but shall have no effect on compensation resulting from policies with both an effective date and an application date prior to the effective date of such modification or terminations.

**4.2 Compensation Not Determined by Attached Schedules.** Compensation percentages on the following will be determined on the specific request to Insurers by Producer:

- (a) on policies or agreements for which compensation percentages are not specified;
- (b) on certain riders or agreements added at policy issue or after the policy is issued;
- (c) on policies issued as a result of conversion of Federal Employees' Group Life Insurance or Servicemen's Group Life Insurance;
- (d) on policies or contracts which replace, convert or are issued in exchange for contracts previously issued by Insurers;
- (e) on policies which are reinstated;
- (f) on new types or series of policies or contracts which are first marketed by Insurers after the effective date of this Contract; or
- (g) on policies or contracts which are issued under modified underwriting programs.

**4.3 Compensation on Substandard.** Compensation will be paid on substandard extra premiums at the policy compensation percentages except as follows. No first year compensation will be paid on policies for:

- (a) any portion of a mortality table extra premium which is in excess of a table F (250%) extra premium;
- (b) any temporary extra premium imposed for a period of 10 years or less on a National Life policy; and
- (c) any extra premium imposed on an LSW policy.

**4.4 Compensation on Riders Attached at Issue.** Riders and agreements attached at issue shall have the compensation percentages as set forth in the attached schedules except that Riders and Agreements relating to the use of dividends shall generate no compensation of any kind.

**4.5 Payment.** Compensation shall become due Producer only upon actual receipt in good funds by the Insurers of the premiums or other payment due the Insurers and upon application of such premiums or payment against the policy or contract to which it applies. The Insurers in their discretion may assign a new servicing Producer to a policyholder based on the written request from the policyholder or upon the Insurers' determination that the writing Producer is not adequately servicing the policyholder. Such reassignment would affect only new premium received by the Insurers and will not affect vested commissions. Compensation shall be paid in accordance with the standard practices and procedures of the Insurers, which practices and procedures may be changed by Insurers at any time. If a policy is reassigned to a new Producer, commission will be paid to the new Producer on new premium received by the Insurers. New premium, when a policyholder is paying premium pursuant to a scheduled life premium, salary reduction, salary deduction, or bank draft amount (Scheduled Premium), is any increased premium received by the Insurers over the Scheduled Premium amount. In the event of multiple Producer claims on subsequent compensation after a Scheduled Premium increase, the Insurers, in their sole discretion, will determine payment.

**4.6 Adjustments.** The Insurers shall have the exclusive right and sole discretion to withdraw, rescind, cancel, terminate or reduce all or any portion of coverage or any policy or contract issued by the Insurers. If the Insurers exercise such right and tender a return of all or any portion of the premium or payment therefor, or if the Insurers are required by law to tender a return of all or any portion of premium or payment, any compensation received by Producer with respect to the amount of premium or payment so tendered shall constitute an indebtedness of Producer to the Insurers and Producer shall remit the amount of such compensation to the Insurers in full within ten (10) days after the receipt of notice of demand therefor. If any policy issued pursuant to this Contract is deemed by the Insurers in their sole discretion to replace any other Insurers' policy on the same life, then the compensation, if any, payable with respect to the replacement policy shall be determined by the Insurers and their determination shall be conclusive. The termination of a policy previously issued on the same life, within six (6) months prior or subsequent to the date of application for a new policy shall be conclusive that it is a replacement policy.

**4.7 Indebtedness.** Any indebtedness by Producer or Producer's Sub-Agent(s) to Insurers will be a first lien on any commissions due or to become due under this or any previous Agreement with Insurers. Such commissions will continue to be forfeited to Insurers until Producer's or any Sub-Agent's debt is liquidated. Upon written notice, Producer must pay to Insurers any indebtedness owed even though there may be future commissions payable under this Agreement. If the debt has been satisfied, all commissions due Producer thereafter will be paid.

At the written request of an MGA, Insurers may set off against compensation on business submitted by Producer or Producer's Sub-Agent(s) through that MGA when Producer was assigned to MGA any debts or other obligations of any nature which may be owed by Producer or any Sub-Agent to MGA, from any compensation payable under this contract or any other contract that Producer may have with Insurers or any affiliate or subsidiary of Insurers. In addition, MGA may offset debts and obligations approved by Insurers, documented under written supplemental agreements between Producer and MGA.

**4.8 Vesting.** Commissions shall only be vested in accordance with the Schedule or Schedules attached hereto. In the event of termination of this contract pursuant to section 5.1, commissions shall be fully vested unless the Producer is paid less than three hundred dollars (\$300.00) in any calendar year following termination. In that event, no further renewal commissions will be paid.

## **ARTICLE V - TERMINATION**

**5.1 Termination Without Cause.** This Contract may be terminated without cause as follows:

- (a) this agreement shall automatically terminate as of the date of the death or adjudged incompetency of Producer and shall be treated hereunder as a Termination Without Cause. In the event of such death or incompetency, any compensation due Producer hereunder shall be paid subject to the terms hereof when due to the lawful spouse of Producer, if living, otherwise to the estate of Producer;
- (b) by either party upon giving the other party 20 days written notice;
- (c) immediately by mutual agreement of the parties;
- (d) immediately upon Producer's loss, suspension, revocation, or voluntary surrender of Producer's license;
- (e) immediately upon Producer's ineligibility to be covered under the provisions of the Insurers' blanket fidelity bond;
- (f) upon failure by Producer to show proof of professional liability (errors & omissions) insurance coverage as required by Insurers; and
- (g) upon failure by Producer and/or Producer's Sub-Agents to produce any new business with Insurers within one full calendar year or such other unit of time as be determined by Insurers.

**5.2 Termination With Cause.** This Contract may be terminated "With Cause" and Producer shall not be entitled to receive any further commissions or compensation which might otherwise be paid to Producer under the provisions of this Contract if Producer shall:

- (a) make any representation or perform any fraud or dishonesty affecting Insurers or their policyholders;
- (b) breach or violate any provision of this Contract or fail to strictly observe Insurers' rules, regulations, requirements, or instructions;
- (c) violate any federal or state insurance law, regulation, or policy;
- (d) rebate, or offer to rebate, all or any part of a premium on a policy of insurance issued or to be issued by Insurers, or violate the anti-rebate laws of any state;
- (e) induce or endeavor to induce one or more of Insurers' policyholders to replace insurance in force with Insurers with insurance issued by another company;
- (f) induce or endeavor to induce a Producer or Producers of Insurers to leave their service and enter into the service of other life insurance companies;
- (g) misappropriate or withhold any money, funds, policy receipt or property of Insurers, or for which Insurers are or may be liable;
- (h) misrepresent any material information in Producer's application for appointment as a Producer with Insurers or in any additional documents supporting that application;
- (i) violate any criminal law or statute; and
- (j) plead guilty, nolo contendere, or been convicted of a felony, including but not limited to crimes involving dishonesty.

### **5.3 Effect of Termination.**

- (a) Upon any termination of this Contract, any and all obligations of Producer to the Insurers shall mature, accelerate and become immediately due and payable in full notwithstanding any contract to the contrary; and Producer shall immediately and without further notice return all then undelivered policies and all property furnished or provided to Producer by the Insurers. Any commissions accrued and not paid at the date of such termination may be used to set off any indebtedness of the Producer to the Insurers. Any Subagents shall be reassigned by the Company to another Producer of the Company immediately upon the effective date of termination of this Agreement.
- (b) Producer shall continue to receive any vested commissions as defined in Section 4.8 subject to all rights of the Insurers for offset as previously defined in Article IV.
- (c) If the Insurers do so terminate this contract with cause, Producer shall, as of the date of termination, unconditionally forfeit all right, claims and demands whatsoever of Producer against the Insurers for the first year and renewal commissions or other compensation or payment whether accrued and not payable at the date of termination, or to accrue after the date of termination, under this or any previous contract, supplementary or amendatory contract between Producer and the Insurers, but nothing herein shall be construed to affect any rights or claims of the Insurers against Producer under this contract or otherwise.
- (d) If, subsequent to a termination of this Contract Without Cause, Producer shall misappropriate or impair any funds or property of the Insurers or any funds received for or on account of the Insurers or otherwise fails to remit any funds due or property of the Insurers within ten (10) days after receipt of notice or demand therefor or does any of the acts listed in Section 5.2, then upon the occurrence of any such act or event, Producer's Contract termination shall be changed to "With Cause" and Insurers shall be fully and completely discharged with respect to any and all obligations from Insurers to Producer.

## ARTICLE VI - MISCELLANEOUS PROVISIONS

**6.1 Entire Contract.** This Contract and the Schedules of Compensation attached hereto, as amended, contain the entire understanding between the parties and incorporates all prior and concurrent contracts and contracts there between, whether written or oral on all matters. No modification of any provision of this Contract, except modifications of the Schedules of Compensation, shall be effective unless endorsed in a writing signed by Producer and the President or a Vice President of the Insurers.

**6.2 Prior Contracts.** Notwithstanding the provisions of paragraph 6.1 above, no provision of this Contract shall be deemed to abrogate or render void any provision of any written contract executed by the parties hereto prior to the Effective Dates of this Contract relating to the form and amount of commissions with respect to policies issued by the Insurers prior to such Effective Date.

**6.3 Waiver.** The forbearance, neglect or delay of either party to strictly enforce any provision of this Contract shall not at anytime operate as a waiver or estoppel of any right of the parties under this Contract regardless of the similarity of the circumstances.

**6.4 Assignment.** Producer shall not assign, transfer, encumber or otherwise relinquish or dispose of this Contract or any right or interest hereunder, except upon the prior written approval of the President or a Vice president of the Insurers. Any purported assignment, transfer, encumbrance or other relinquishment or disposition of such right or interest not so approved shall be void and unenforceable against the Insurers regardless of notice thereof. The Insurers make no representations as to the validity of any assignment.

**6.5 Notice.** Any written notice required under this Contract shall be deemed received on the date sent.

**6.6 Headings.** The headings of this Contract are for the purpose of convenience only and shall not limit or broaden the provisions hereunder which shall control.

**6.7 Remedies.** All rights and remedies under this Contract, which are afforded at law or in equity shall be cumulative and not alternative.

**6.8 Business Days.** Any date specified in this Contract which is a Saturday, Sunday or legal holiday shall be extended to the first regular business day after such date which is not a Saturday, Sunday or legal holiday.

**6.9 Counterparts.** This Contract may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**6.10 Number and Gender.** Words importing the singular shall include the plural number and vice versa, and any pronoun used shall be deemed to cover all genders.

**6.11 Separate Contract.** This Contract constitutes a separate contract independently supported by good and adequate consideration, the receipt and sufficiency of which are hereby acknowledged, and this Contract shall be interpreted, construed and enforced separate and apart from any other contract between and among the parties. The parties further agree that any claim or cause of action of any party against any other party arising under any other contract between or among the parties, or out of any set of facts shall not constitute a defense to the enforcement of the covenants and contracts contained in this Contract.

**6.12 Severability.** If any provision of this Contract is held for any reason to be invalid, it will not invalidate any other provisions of this Contract which are in themselves valid, nor will it invalidate the provisions of any other contract between the parties hereto. Rather, such invalid provision shall be construed so as to give it the maximum effect allowed by applicable law. Any other written contract between the parties hereto shall be conclusively deemed to be a contract independent of this Contract.

**6.13 Successors and Assigns.** This Contract and all the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. This Contract and the rights and obligations hereunder, may not be assigned without written consent of the other party.

**6.14 Professional Liability Insurance.** Producer will be required to purchase professional liability insurance (errors & omissions) coverage in amounts and kinds satisfactory to Insurers, and proof of such insurance coverage must be disclosed to Insurers at the time of appointment and annually thereafter.

**6.15 Resolution of Disputes.** All disputes and controversies between Producer and Insurers or Insurers' Marketing General Agent, whether relating to this Contract or any amendment thereof, or the breach thereof, and including any claim regarding misrepresentation, shall be resolved by arbitration in accordance with the Arbitration Rules of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Any such arbitration proceeding shall be conducted by an arbitrator(s). Arbitrator(s) shall be persons familiar with the life and annuity insurance business and not under the control of either party to this Agreement. The judgment of the arbitration shall be final and binding on the parties. Each party shall bear its own costs, including the expenses of witnesses if any, related to such arbitration and shall jointly and equally share the costs of the arbitration. All arbitration proceedings hereunder, and records thereof, shall be held in strictest confidence by the arbitrator(s) and the parties.

## Section B - Corporations

**7.1 Authority of Corporation.** If Producer is a corporation, all applications for insurance under this Contract shall be solicited only by individuals (Sublicensees) representing Producer who have been duly licensed under the applicable insurance laws to secure such applications and who indicate on each such application that it has been solicited on Producer's behalf. If Producer is a corporation, personal production under this Contract shall be the production of the designated principal of the corporation. A sublicensee is a person who is authorized by an insurance regulatory official of any jurisdiction to solicit applications for the corporate Producer.

**7.2 Legal Compliance.** Producer is responsible for all employees or Sublicensees associated with Producer to comply with all applicable state and federal laws and the regulations or other directives of the insurance departments of the states in which Producer is soliciting insurance including the procurement of all prescribed licenses.

### 7.3 Sublicensees.

- (a) If Producer is so authorized, Producer may recruit Sublicensees satisfactory to Insurers to carry out the purposes of this Contract. Recruited Sublicensees shall be competent and customer-focused and of good repute and character. All such recruited Sublicensees shall be approved in writing by Insurers and be appropriately appointed with Insurers before entering into any contractual relationship with Producer, and before performing any Producer activities on behalf of Insurers.
- (b) Insurers shall retain the authority to terminate any appointment of a Sublicensee recruited by Producer. Any Sublicensee whose license has been terminated or canceled by Insurers shall not perform any duties for Producer that involve Insurers' products or policyholders.
- (c) Producer shall be responsible to Insurers for all business performed by or entrusted to Sublicensees or others appointed or employed by Producer, and no such appointee, Sublicensee or employee shall have any claim against Insurers for commissions or otherwise.
- (d) Producer shall indemnify and save Insurers harmless from all losses, expenses, costs, damages and liability resulting from negligent acts by Producer or Producer's employees or Sublicensees, and from acts or transactions by any of them not authorized by Insurers.
- (e) Subject only to paragraphs (a), (b), (c), and (d) herein, Producer shall have the sole discretion in determining who among such Sublicensees and employees shall perform the functions required of Producer.
- (f) Any claim of Sublicensee against Producer shall not be a valid claim against Insurers.

**7.4 Insurers' Right to Pay Sublicensees Directly.** Insurers at any time may pay directly to any Sublicensee associated with Producer such commissions due them from Insurers.

**7.5 Designated Principal.** Producer shall designate in writing an executive officer who is acceptable to Insurers and which executive officer is authorized to act in the name of Producer in all matters with Insurers. This executive officer will be referred to herein as the "Principal." Producer agrees to be bound by the acts of the Principal in the Principal's transactions with Insurers and Insurers may rely on the authority of that Principal until the designation is revoked in writing by a resolution of the board of directors of Producer and that resolution is filed with and approved by Insurers. In addition, Insurers may require the Principals of said corporation to execute a written guarantee of performance of all terms of this Contract by the corporation.

**7.6 Termination.** If Producer is a corporation, this Contract shall terminate upon the sale, merger, dissolution, bankruptcy or other transfer of the assets of said corporation. Termination of Producer shall result in the termination of all Sublicensees.