

AMERICAN CASUALTY INSURANCE AGENCY
11442 North IH-35, Austin, Texas 78753
Telephone: (512) 836-1395
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GA/MGA AGENCY AGREEMENT FOR AGENTS

This Agreement is made and entered this _____ day of _____, 2010 by and between Ralph Nannola Insurance Agency, Inc., dba American Casualty Insurance Agency, hereafter referred to as "ACIA", having its principal place of business at 11442 North IH-35, Austin, Texas 78753 and _____ (hereafter referred to as "the Agent"), having its principal place of business at:

_____. All references to the term, "Company", will refer to any and all insurance companies currently doing business with ACIA, now or in the future.

A. ACIA GRANTS THE AGENT THE AUTHORITY TO:

1. Receive and accept proposals for insurance as authorized by the Companies for which the Agent has a contract to represent.
2. Receive applications and premium and to bind coverage, subject to any restrictions imposed by the laws of the state in which the Agent is licensed and writing business, for the classes of insurance that a Company has authorized the Agent to write. Proposals for contracts of insurance must be located within a state the Agent is licensed, comply with the Company and ACIA's underwriting rules and be in accordance with the terms and conditions of this Agreement. The Agent has no exclusive territory and may write anywhere in any state so as long as the Agent remains licensed in said state and remains in compliance with the rules and regulations set forth by said state.
3. Collect and receive premium on insurance written or tendered by the Agent in accordance with the terms and conditions of Companies and this Agreement. The Agent agrees to call the Company for last minute binding rules that might pertain to the risk.

B. ACIA AGREES TO:

1. Hold the Agent harmless for errors or omissions caused by ACIA in the preparation, processing, handling or billing of continuous type policies, except to the extent that the Agent has caused such error or omission, or failure of the Company to send the premium notice.

C. AGENT AGREES:

1. That in the event of termination of this Agreement, as set forth in this Agreement, the Agent's records, use and control of expirations on business written for a Company shall remain the property of the Agent and left in the Agent's possession, provided the Agent has properly accounted for and paid to the Company all premiums for which the Agent may be liable;

otherwise, the records, use and control of all expirations of business placed with a Company shall become vested in the Company.

2. To restrict insurance affected on behalf of Company to such classes and limits of risk authorized in the Company's underwriting standards and rules, and instructions, updates and amendments thereto that Company may from time-to-time authorize.

3. To suspend binding or writing policies or accepting offers of insurance on behalf of the Company for insurance contracts that provide coverage of auto, fire, windstorm, explosion, riot and civil commotion, or extended coverage both, when advised by the Company and when:

a. A hurricane or tornado watch or warning has been posted, or when there is a definite indication or general public knowledge that a named storm may be expected in the immediate future within the vicinity of the risk in question, and said suspension of writing or binding is in conformity with Company's Storm Procedures; or,

b. A named storm is in progress; or,

c. A civil disorder, disturbance, civil commotion or riot is in progress; or,

d. There is a definite indication or general public knowledge that a civil disorder, disturbance, civil commotion or riot is imminent or may be expected in the immediate future within the vicinity or area of the risk in question; or,

e. The risk that is the subject matter of the insurance to be issued by Company is located or situated in an area, subdivision, municipality, city, county, commonwealth or state, which is under curfew or martial law because of civil unrest, and the Agent has not received prior written approval from Company to write or bind in the area. The restrictions outlined in this paragraph apply to new business only, and the Agent may accept or effectuate renewals on behalf of Company for existing policies that contain the subject coverage's without regard to the requirements of paragraphs 3.a through 3.d above.

4. To submit all completed applications with forms approved by the Company and authorized by relevant state laws and the relevant state department of insurance and any initial and or deposit premium to the Company within 7 days of binding, and shall not deduct commissions from the premium. The Agent agrees to maintain a complete record of transactions, which shall be open to inspection by Company or ACIA during normal business hours.

5. To collect or receive premium on behalf of the Company or ACIA in a fiduciary capacity.

6. To accept the commissions paid as the sole and full compensation for business written and services rendered with Company and ACIA in connection therewith and acknowledges that said consideration is paid for faithful performance by the Agent of the duties, obligations and responsibilities set forth in this Agreement (see Commission Scheduled attached).

7. To obtain prior written consent of Company or ACIA before assigning commissions and understands that any assignment of commissions shall not bind the Company or ACIA unless

written consent by a corporate officer of Company or ACIA, has been given. Neither ACIA nor a Company shall be responsible for any agency expenses, whatsoever.

8. To accept supplies furnished by Company or ACIA with the understanding and agreement that upon termination of this Agreement, all books, supplies and documents containing information and records of the business of the Company shall be promptly delivered to the Company or ACIA as applicable.

9. To adhere to the terms and conditions of this Agreement, and understands that Company or ACIA's failure or forbearance to promptly declare a default for breach of any term or condition shall not be construed as a waiver, nor operate as a bar to Company or ACIA thereafter demanding a full and complete compliance therewith.

10. That the Agent and its subagents are independent contractors and nothing contained herein shall be construed to create the relationship of employer and employee between the Company or ACIA and the Agent or between the Company or ACIA and the subagents. The Agent and its subagents shall comply with all state and local statutes or regulations and shall pay all taxes, license fees or other levies upon the business of the Agent or subagents.

11. To report immediately all claims and losses disclosed, reported or acknowledged to the Agent, and shall forward to Company's Claims Department any documentation relating thereto, including but not limited to all claim forms or reports, legal notices or demands, as well as any other information the Agent possesses involving a claim or loss relating to a Company.

12. To avoid and refrain from any commitment to a liability on behalf of a Company or ACIA in connection with a claim or loss including the partial or full payment of a claim, loss or advance in connection therewith, unless the Agent has received specific prior written authorization from ACIA or Company as applicable.

13. To maintain an errors and omission insurance policy with an insurer that has at least a B+ rating and is acceptable to Company. The policy must include minimum limits of \$250,000 per occurrence, \$500,000 aggregate for acts of the Agent, its subagents and employees. Proof of continuing coverage must be provided to the Company and ACIA annually upon request.

14. To notify ACIA and a Company of its intent to sell, merge or otherwise transfer all or part ownership of its insurance agency or substantially all of its assets or its interest, if any, in the expirations of business placed with the Company. Such notice shall be given as soon as practicable but not less than thirty (30) days prior to the effective date of any such proposed transaction. ACIA shall not unreasonably withhold its appointment of any successor agency provided the Agent has given the notice required by this Agreement and has complied in all material respects with the obligations imposed upon the Agent by this Agreement. And providing any successor agency meets any and all new agency requirements for approval set forth by the Company, including but not limited to background checks for the Agent, employees and subagents.

15. Indemnify and hold ACIA, its officers, agents and employees harmless from any and all damages, judgments, claims, suits, attorneys fees, court costs and investigation expenses arising out of any negligent dishonest or intentional acts of Company or the Agent or conduct caused

by, errors, omissions or in the preparation, processing, handling or billing of continuous type policies, including but not limited to the failure of the Company to send the premium notice.

D. BROKERAGE

1. The parties recognize that in some cases the Agent may not be able to obtain a contract with a Company through a GA or MGA and thus the Agent will need ACIA to broker certain business.

2. In the event the Agent does not have a contract or appointment to write with a certain Company with which ACIA has an appointment, the Agent may broker business through ACIA so long as the Agent complies with all Companies rules and procedures. With regard to brokered business, the Agent shall have full power to prepare applications for insurance, collect and remit premium due to ACIA for the issuance of any such brokered policy, and deliver the policy and any endorsements to the insured; as to such activities, the Agent shall be regarded as the agent of the insured and shall not be considered to be the agent of the Company for any purpose. Upon taking such actions, the Agent without an appointment from the company which takes the risk shall disclose to the insured that the Agent is not authorized to bind coverage or to execute or issue a policy for the subject risk. The Agent, without an appointment from a particular Company, may not sign or execute policies or issue binders, endorsements, or any other indication of coverage on behalf of that insurer.

3. Unless otherwise notified in writing by ACIA, the Agent agrees to submit all applications and related documents and all monies directly to ACIA for the processing of all new business brokered under Section D of this Agreement.

4. Unless conflicting, all other provisions of this Agreement shall also apply to business brokered under Section D. of this Agreement.

E. TERMINATION

1. Should the Agent wish to terminate this Agreement with ACIA to obtain a direct Company contract or to form an agreement with another GA or MGA, or for any other reason, the Agent must submit such request in writing to ACIA at least one hundred eighty (180) days prior to the requested termination date. The Agent further agrees that the insurance accounts can only begin to transfer to the Agent in the month of January and shall continue thereafter until all have been transferred. Further, the Agent agrees that ACIA will suffer a loss due to the termination of this Agreement. Therefore, the Agent agrees to pay ACIA a one time buy out to be no less than four percent (4%) of the total premium for all insurance accounts written by the Agent and being moved to another GA, MGA, or to the Agent's own contract with a Company. This Agreement shall terminate immediately without notice should the Agent's insurance license be suspended or terminated. This Agreement shall terminate immediately and automatically on the effective date if the sale or transfer to, or merger with, a successor of the Agent's business, unless the Company has agreed in writing to appoint the successor as an agent. Further, this Agreement may be terminated immediately upon written notice from ACIA to the Agent. Upon termination of the Agreement, the Agent will immediately relinquish its right to bind coverage on behalf of all Companies written through ACIA.

2. If notice is given by the Company to the Agent and the Agent has fully complied with all of the provisions of this Agreement, at Company discretion, the Company may renew policies in accordance with the then existing underwriting rules with the coverage term not to exceed one (1) year. The Agent shall be paid a commission for any such policy renewal in accordance with the commission schedule then in effect.

F. RELEASE FROM AGREEMENT BY COMPANY

1. Should the Agent wish to be released from this Agreement with ACIA without penalty to pursue a direct contract with any of the companies ACIA authorizes, such release may be obtained by meeting the following criteria:

a. The Agent has produced with ACIA and has in force a total written premium of not less than \$500,000.00 with the individual Company the Agent wants to pursue a direct contract.

b. The Company the Agent desires to obtain a contract with is agreeable to providing the Agent with a direct contract.

c. The Agent has provided at least one hundred eight (180) days notice to ACIA of the Agent's intent to secure a direct appointment.

d. The Agent agrees that the insurance accounts can only begin to transfer to the Agent in the month of January following notice of termination by the Agent and shall continue thereafter until all have been transferred.

e. The Agent pays ACIA a one time buy out to be no less than four percent (4%) of the total premium for all insurance accounts written by the Agent and being moved to the Agent's own contract with a Company.

2. If the five items in paragraph F. 1. above are met and a direct appointment with a Company is authorized and approved, the remainder of this Contract shall remain in full force and without jeopardy for those remaining companies authorized by ACIA to the Agent.

G. GENERAL PROVISIONS

1. Venue. This Agreement is to be performed by both parties in Austin, Travis County, Texas, and shall be construed and interpreted under Texas law. Venue of any lawsuit under this Agreement shall be in Austin, Travis County, Texas.

2. Complete Agreement. This Agreement and the applicable Commission Schedules and related payment terms contain the entire understanding between the parties and are not transferable or assignable. No amendment hereto shall be effective unless in writing and signed by both parties hereto. However, all Companies reserve the right to unilaterally amend the Commission Schedule and they may change or discontinue any form of policy now or hereafter in use. Such an amendment to the Commission Schedule shall be binding on the Agent when written notice, thereof, properly addressed to the Agent, has been deposited in the mail, or sent via electronic mail, or sent via overnight carrier.

3. ARBITRATION. ANY AND ALL DISPUTES ARISING UNDER OR RELATING TO THIS AGREEMENT WILL BE SUBMITTED TO THE TRAVIS COUNTY DISPUTE RESOLUTION CENTER FOR BINDING ARBITRATION AND PROMPT RESOLUTION, WITH ALL COST OF SUCH ARBITRATION BEING SHARED EQUALLY BY THE PARTIES. ACIA AND THE AGENT AGREE TO BE BOUND BY THIS PROVISION AND THE RESULTS OF SUCH ARBITRATION. THE PARTIES UNDERSTAND THAT THIS PROVISION WILL ELIMINATE THEIR RIGHT TO A JURY TRIAL IN ANY AND ALL DISPUTES. THE PARTIES FURTHER ACKNOWLEDGE THAT THE ARBITRATOR SHALL HAVE THE AUTHORITY TO ISSUE INJUNCTIVE RELIEF PRIOR TO A FINAL AWARD. IN THE EVENT THE TRAVIS COUNTY DISPUTE RESOLUTION CENTER IS UNABLE OR UNWILLING TO CONDUCT THE ARBITRATION, THEN THIS DISPUTE SHALL BE SUBMITTED TO THE AMERICAN ARBITRATION ASSOCIATION FOR RESOLUTION.

4. Unenforceability of Provisions. If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

5. Commissions. Commission rates will differ from each Company based in part but not entirely upon territory, guidelines, insurance score and rating classes. The Agent acknowledges that commission percentages are subject to change without notice. Commissions will be paid on any premium received and recorded by the Company, subject to an offset of any return commission(s) due from the Agent. Commissions will not be paid on any policy fee or state mandated taxes or surcharges. Unearned commissions as a result of cancellations or endorsements resulting in return premiums will be deducted from the monthly commission check sent to the Agent by the Company. The type of Agreement that ACIA has with each Company, will determine whether the commissions that are paid to the Agent are the responsibility of the Company or ACIA.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the day and in the year first above written.

ACIA

THE AGENT

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

