

# A.F.C. AGENT AGREEMENT

This AGENT AGREEMENT ("Agreement") is entered into by and between A. S. Naraine, NARAIN, INC., an Indiana Corporation d.b.a. The American Financial Consultants Group, Inc. (AFC) and \_\_\_\_\_ ("Agent"), Social Security Number \_\_\_\_\_.

## 1. RELATIONSHIP AND SCOPE OF AUTHORITY

AFC hereby appoints Agent to represent AFC and promote its products. The relationship of Agent to AFC is that of an independent contractor, and nothing herein shall be construed to create the relationship of employee and employer. Agent is free to exercise his/her own judgment as to the time and manner for performing services required under this Agreement. Agent is also free to exercise his/her own judgment as to the persons from whom Agent will solicit applications and the time and place of solicitation. Agent shall make no representations or commitments of any type to applicants as to the issuance of policy or coverage of specific medical conditions or claims, nor will Agent incur any liability on behalf of AFC or any Carrier. Agent shall, directly and in person, ask each applicant every question on the application and record truthful and complete answers without omitting any facts that the applicant in any way stated or related to Agent.

## 2. COMPENSATION

AFC shall pay to Agent the commissions specified in the attached Commission Schedule at level \_\_\_\_\_ as compensation in full for all services performed and all expenses incurred by Agent, subject to the terms and conditions of this Agreement. No commission shall be paid to Agent unless and until AFC receives payment from the Carriers. Agent shall be credited earnings only on premiums paid in cash to Carriers on policies approved by AFC and personally sold by Agent which have applications bearing the Agent's name. The Commission Schedule and any commissions payable thereunder may be modified from time to time by AFC upon ten (10) days written notice, which may be contained in the AFC Field Bulletin or other written communication.

## 3. TERRITORY

During the term of this Agreement, Agent may solicit throughout the Agent's state of residence and other states as authorized by AFC but only if AFC and Agent are licensed in such states, and only if no specific counties are excluded in writing. This territory is not assigned exclusively to Agent. Agent shall not solicit applications in any manner in any state unless both Agent and AFC are duly licensed and authorized therein. Upon ten (10) days written notice to Agent, AFC may, in its sole discretion, discontinue conducting all or any part of its business within all or any part of Agent's territory or any other territory even if AFC is still licensed and authorized therein.

## 4. RESPONSIBILITIES

Agent shall at all times comply with all laws and regulations of the states in which Agent solicits business. Agent shall not rebate any premiums to any party. Agent shall be responsible for acquiring and maintaining all licenses in any territory in which Agent solicits insurance, as required by applicable law. Agent shall pay for all of Agent's license fees, appointment fees, bond fees, and fees and taxes required by any federal, state or local government, and if required by carriers. Agent is solely responsible for the performance, fidelity and honesty of Agent's employees during the term of their employment with Agent. All funds collected by Agent are held by Agent in trust and are the property of AFC and/or the Carriers, and Agent shall act as fiduciary with respect to those funds, which will in no event be used by Agent for personal, business or other purposes. Agent agrees to work diligently to prevent lapsing and replacement of insurance effected hereunder. All insurance written by Agent is and remains the property of AFC and the Carriers.

## 5. TERM

This Agreement shall be for an initial term of one (1) year from the date of execution set forth below and shall automatically renew for an additional one (1) year period on each anniversary date of its commencement unless it becomes inactive or is terminated as set forth below, as determined by AFC. This Agreement may be inactivated for any or no reason by either party upon five (5) days written notice to the other. In addition AFC may actively terminate this Agreement "for cause" immediately upon mailing written notice to Agent's last known address if Agent or any of Agent's employees shall:

- A. Commit any fraud in connection with Agent's duties under this Agreement.
- B. Violate any of the terms of this Agreement, the Agent Note or Pledge Agreement (as such terms are defined in paragraph 7 below); and/or the laws or regulations governing insurance sales in the state or states in which Agent is licensed; and/or any other laws or regulations of such state or the territory which Agent has been assigned.
- C. Be convicted of a felony.
- D. Publish, distribute or use any circulars, advertising, sales material or other matter referring to AFC or to policies or insurance companies without first securing the written approval of AFC.
- E. Communicate with any AFC policyholder for the purpose of replacing an AFC policy with a policy from another company.
- F. Slander/Libel regarding AFC, including but not limited to negative contact with AFC Insurance carriers/marketers, other AFC active/inactive agents, and/or policyholders/applicants.

If this Agreement is actively terminated for cause, then all of the Agent's rights to any compensation shall be immediately terminated, including but not limited to all commissions and renewal commissions.

## 6. COMMISSION LIMITATION

Commissions shall not be paid on preliminary term insurance, on premiums paid by any automatic premium loan, on premiums waived or commuted by reason of death, disability or exercise of policy options or on flat extra premiums charged due to occupational hazards or on any universal life rate increases due to underwriting requirements. On policies on which one or more annual renewal year premiums are paid in advance, commissions shall accrue only as such premiums would have become due. Renewal commissions shall be computed on life premiums after deduction of dividends, coupons, any policy fee and administrative charges, special billing and pre-authorized check charges. Commissions shall be paid, without interest thereon, within sixty (60) days after their receipt from Carrier and audit by AFC.

## 7. ADVANCES

AFC may, in its discretion, make Advances to Agent; each Advance will be a loan of money by AFC to Agent. AFC will not be obligated to make such Advances and may modify the terms of the Advances at any time without the consent of Agent although AFC shall endeavor to notify Agent promptly of any changes in the Advances. Advances shall be subject to the following:

### A. Agent's Account

Each advance or other amount provided to Agent by AFC will be debited to the Agent's Account, which is herein pledged to AFC to secure repayment of the Advances.

### B. Repayment

The unpaid amounts of both principal and interest outstanding under this note shall be due and payable on demand, but if no demand has theretofore been made then demand shall be deemed to have been given immediately upon the inactivation/termination of this agreement.

**C. Account Credits**

Commissions earned by Agent under this agreement will be credited to Agent's Account. No earned commissions in the advance account will be paid to Agent unless all amounts owed to AFC by Agent are fully repaid, including all Advances, all costs of leads and advertising if any, all refunds and all other obligations of Agent to AFC.

**D. Advance Requirements**

No advance commissions shall be paid:

1. Except upon satisfactory completion of the verification of an application submitted by Agent for coverage by an AFC endorsed Carrier.
2. If the check accompanying the application is non-negotiable or does not clear.
3. If the policyholder rejects coverage after verification.
4. If, upon seeking verification, AFC discovers that a full health history regarding a material condition was not admitted on the application, or the reported health history is unacceptable.
5. If the Agent's application for policy financing is rejected.
6. If AFC in its discretion, determines to discontinue Advances for any reason.

**E. Refunds**

Agent shall promptly refund to AFC all advances received with respect to:

1. Submitted applications for which policies are not issued.
2. Issued policies which are not accepted by the applicant.
3. Premiums that are refunded for any other reason.
4. Policies that are rescinded because of a fraudulent application.

All such refunds/charges, when received by AFC, will be credited/debited to Agent's Account. A reserve may be held from the Agent's account where that agent has a pending rescission, and is no longer actively writing new business with AFC.

**F. Interest Rate**

The unpaid principal balance from time to time outstanding shall bear interest, until the maturity of this note (whether by demand, acceleration, or otherwise), at a rate equal at all times to no less than 1 percent per month.

**G. Prepayment**

Principal or interest of this note may be prepaid from time to time and at any time, in whole or in part, without premium or penalty. All prepayments shall be applied first to accrued unpaid interest and then to principal.

**H. Default Interest**

After the maturity hereof (whether by demand, acceleration, or otherwise), all past due principal, and if permitted by applicable law all past due interest, shall bear interest at the rate of eighteen percent (18%) per annum.

**I. Default**

Without in any way limiting the demand provisions hereof, the occurrence of any of the following events shall be considered a default hereunder:

1. The failure of Agent to make timely payment of any principal or interest due hereunder.
2. A Failure of Agent to perform any covenant or provision of this Agreement.
3. The bankruptcy or insolvency of, the assignment for the benefit of creditors by, or the appointment of a receiver for any of the property of, Agent.

At the option of AFC, upon the occurrence of any default, the entire outstanding principal balance and all accrued unpaid interest shall at once become due and payable, without presentment, demand, protest, notice or grace, and the holder may, to addition to all its other rights and remedies, report Agent's name and account information to credit reporting agencies.

The failure to exercise the foregoing options upon the happening of one or more of the foregoing defaults shall not constitute a waiver of the right to exercise any of said options at any subsequent time in respect of the same default or any other default. The acceptance by AFC of this note of any payment hereunder which is less than the payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of said options at that time or at any subsequent time or nullify any prior exercise of any such option.

**J. Attorneys' Fees**

If this note is not paid at maturity (whether by demand, acceleration, or otherwise), or if it is collected through a bankruptcy, probate, or other court, whether before or after any such maturity, Agent shall pay all cost of collection incurred by the holder hereof, including but not limited to reasonable attorneys' fees.

**K. Waiver of Notice and Consent**

Agent waives presentment, notice of dishonor, notice of intention to accelerate the maturity hereof, diligence in collecting, grace, notice and protest, and Agent consents to all whether before or after maturity (whether by demand, acceleration, or otherwise).

**L. Events of Default**

The happening of any of the following events or conditions shall be a default hereunder:

1. A default in the timely payment or performance of the obligations.
2. Breach of any warranty or representation made by Agent herein.

**M. Remedies of Secured Party Upon Default**

When default or an event of default occurs, and at any time thereafter, AFC may proceed to enforce payment of the obligations and may immediately offset any and all remaining collateral against the obligations and may exercise any other remedies available under applicable law.

**N. Waiver**

No waiver by AFC of any right hereunder or of any default by Agent shall be binding upon AFC unless in writing executed by AFC. Failure or delay by AFC to exercise any right hereunder or waiver of any default of Agent shall not operate as a waiver of any other right, of further exercise of such right, or of any further default.

**O. Credit Report and Other Reports**

Agent acknowledges and agrees that AFC may at any time and from time to time, either directly or through a credit reporting agency, undertake verification or re-verification of any information contained in Agent's application to AFC, and Agent authorizes AFC to request and obtain an investigative credit report including but not limited to information as to Agent's character, general reputation, personal characteristics and mode of living. Upon Agent's written request to AFC within a reasonable period of

**P. Pledge and Collateral**

For value received, Agent hereby assigns and transfers to AFC and grants AFC a security interest in any and all commissions and other amounts payable AFC to agent at any time and from time to time as reflected in the Agent's Account, whether earned or unearned (The "Collateral"). The Collateral is to be held by AFC. This Agreement is made to secure the repayment of any and all Advances and other obligations under this agreement, and any and all other obligations of Agent to AFC or its assigns, including but not limited to those set forth in the Agent Agreement (collectively the "Obligations").

This Agreement will remain in effect until release by AFC in writing. AFC has no obligation to release this Agreement except upon payment in full of the Obligations. While this Agreement is in effect, neither Agent nor any other party except AFC and its assign and designees can withdraw all or any part of the Collateral. Agent agrees that no joint owner, beneficiary, surviving spouse or representative of Agent's estate shall have any rights in the Collateral in the event of Agent's death or incapacity unless and until the obligations are paid in full, and then only to the extent the Collateral has vested in and is payable to Agent pursuant to the Agent Agreement.

Agent hereby assigns and grants to AFC the right to set-off and apply all or any part of the Collateral toward the repayment of the obligations, whether or not Agent is in default of all or any part of the obligations. If Agent is in default of all or any part of the Obligations, AFC may exercise such right of setoff without any notice to Agent or consent from Agent (unless such notice or consent is required by law and cannot be waived).

**Q. Warranties and Representations**

- 1) Except for the security interest created by this agreement, Agent has title to the Collateral free from any lien, security interest, encumbrance or claim, and Agent will, during the term of this Agreement, at Agent's cost, keep the Collateral free from other liens, security interests, encumbrances or claims; and defend any action which may affect the security interest created herein or Agent's title to the Collateral.
- 2) No financing statement covering the Collateral or any part or proceeds thereof is on file in any public office and, at AFC request, Agent will join in executing all financing statements and other instruments deemed necessary by AFC to perfect the security interest created herein.
- 3) No part of the Collateral is exempt or protected by law from the effects of this agreement.

**8. LIABILITIES OF OVERRIDE AGENT**

Any Agent who receives an override commission on another Agent is responsible, to the extent indicated herein, for the liabilities and debit balances to AFC of same agent(s) from the date the new agent is appointed by the Overriding Agent with AFC. The amount of the account, which is deemed by AFC to be uncollectible by AFC, and any liability incurred by AFC as a result of acts or omissions of such agents, will be assessed to Overriding Agent but ONLY to the extent of the amount of override commissions or other commissions received or to be received by Overriding Agent as a result of business produced by same Agent for AFC. Satisfaction of Overriding Agent's debt incurred as a result of the uncollectible debit balances or other obligations to AFC of such Agents appointed by or assigned to Overriding Agent will be achieved by AFC retaining any and all of Overriding Agent's unpaid earned commissions and override commissions and other monies due and owing to Override Agent which are unpaid.

**9. VESTING OF MONTHLY COMMISSIONS**

Monthly commissions shall become vested in the Agent only in accordance with this paragraph and only if Agent is not in breach or violation of any provision of this Agreement. Subject to the above, beginning immediately after the effective date of the Agreement, Agent shall be 100% vested.

Notwithstanding the above, if Agent shall at any time breach any of Agent's Agreements with AFC, or if all monthly commissions of an Inactive Agent/Agency fall below \$50.00 in any given month, or if all active major medical policies of an Inactive Agent/Agency are less than five (5) in any given month as reflected on that month's AFC Monthly Commission statements, then no further monthly commissions shall be credited to Agent. Notwithstanding anything to the contrary contained in this Agreement or any other agreement between Agent and AFC, commissions will be credited, upon Agent's death, to Agent's heirs, beneficiaries, surviving spouse or estate only to the extent they have vested in Agent before his death, subject, however, to provisions of this agreement.

**10. METHOD OF REMITTANCE ON NEW APPLICATIONS**

Agent shall immediately remit to AFC or Carrier all premiums Agent collects. It is understood and agreed that AFC or Carrier will accept no application unless accompanied by the initial premium. No commission shall be deemed earned until the policy is issued, delivered by Agent, and accepted by the applicant.

**11. REINSTATED POLICIES AND CONVERTED POLICIES**

No commissions shall be paid on lapsed policies. If a lapsed policy is reinstated by Agent, the commission to be paid to Agent shall be the same as for the renewal of such policy. If the reinstatement of a lapsed policy written by Agent is accomplished by a different AFC agent, Agent shall not be entitled to a commission on the reinstated policy. Reinstatement commissions are to be determined in accordance with the Commission Schedule in effect the time of reinstatement. Commissions on reinstating, replacement, or conversion of one form of policy to another (or on surrendered policies) are not covered by this Agreement but may be determined by AFC on applications submitted.

**12. RECORDS AND REPORTS**

Agent shall render such reports and keep such records and business accounts as AFC requests. Should Agent be requested to complete any inquiry or projection, that Agent shall be required to submit to AFC a complete response to such inquiry. Should Agent choose not to respond, such inaction shall be considered in direct violation of Agent's contract and contract shall become inactive and terminated with cause.

For so long as Agent represents AFC, AFC will furnish Agent with a monthly statement of Agent's Account and will pay any amount due Agent, subject to active status and outstanding debit balance repayment. Upon receipt of such statement, Agent shall immediately examine it, and if not satisfied as to its accuracy, Agent shall return such statement and the payment to AFC with full particulars of any discrepancy therein within thirty (30) days; otherwise the statement shall be deemed accepted by Agent as true and correct. The Account on the books of AFC shall be competent evidence of such Account for all purposes.

**13. PRINTED MATERIAL**

AFC or Carriers will furnish Agent with all supplies, applications, circulars and printed matter AFC or Carriers deem necessary for doing business under this Agreement. Agent agrees not to publish, distribute or use any circulars, advertising, sales material or other matter referring to AFC or to AFC policies without first securing AFC's written approval. All printed matter and supplies AFC furnishes are property of AFC and shall be promptly returned to AFC upon request or when this Agreement becomes inactive.

**14. REFUNDS/REJECTION**

AFC reserves the right, at all times, to reject any application for insurance without specifying cause, and to cancel, refuse to renew, or modify any policy. Agent shall promptly refund all monies collected on any application by Agent on which a policy is declined, on any application by Agent on which AFC issued a policy not accepted by the applicant, and on any application by Agent for which the premium is refunded.

**15. DISCONTINUANCE OF POLICY FORMS**

AFC may discontinue or withdraw any policy now or hereafter made available for sale. AFC may determine commissions and renewal commissions on any policy not scheduled herein.

**16. INDEMNITY**

Agent agrees to indemnify AFC and hold AFC harmless from any and all expense, costs, cause or causes of action and damages, including attorneys' fees resulting from any wrongful act, omission, statement or representation by Agent, Agent's employees or subagents.

**17. ERRORS AND OMISSIONS**

Agent shall carry an Errors and Omissions liability policy of not less than \$100,000 per occurrence or such other amount as AFC may require, covering Agent, issued by a company acceptable to AFC.

**18. SURVIVABILITY**

Sections 4, 5, 7, 8, 9, 13, 16, and 18, of this Agreement shall survive its termination for any reason.

**19. ASSIGNMENT**

Agent may not, without the express written consent of AFC, assign any of its rights or responsibilities hereunder. AFC may assign its rights hereunder to a third party, including but not limited to any lender.

**20. APPLICABLE LAW**

The validity of this Agreement, its construction, interpretation and enforcement and the rights of the parties hereto shall be determined under, governed by and construed in accordance with the laws of the State of Indiana, without regard to principles of conflicts of law. Agent agrees that all actions or proceedings arising in connection with this Agreement shall be tried and litigated only in the state courts located in the County of Hamilton, State of Indiana, or, at the sole option of AFC, in any other court in which AFC shall initiate legal or equitable proceedings and which has subject matter jurisdiction over the matter in controversy. Agent waives, to the extent permitted under applicable law, any right that Agent may have to assert the defense of lack of jurisdiction over the person, the doctrine of "Forum on convenience" or to object to venue to the extent any proceeding is brought in accordance with this paragraph. Agent agrees to pay all filing fees, research costs, attorney's fees, and any other financial charges incurred by AFC for any proceeding that involves said Agent and AFC. Instance(s) of slander/libel, proofed by written response of third party, shall commence termination with cause without retaliation.

**21. PARTIAL INVALIDITY**

If any provision of this Agreement is declared invalid for any reason, the invalidity of the provision shall not affect the validity of any other provision of this Agreement, and all other provisions shall remain in full force and effect. It is declared to be the intention of the parties that they would have executed all other provisions of this Agreement without including any such part or parts, or portions that may, for any reason, be hereafter declared invalid.

**22. ENTIRE AGREEMENT**

This Agreement, together with the other agreements incorporated herein by reference, constitutes the entire agreement between the parties and supersedes and replaces any and all prior agreements between AFC and Agent. This Agreement may not be modified, altered or amended except by a writing signed by all parties to this Agreement.

**23. EFFECTIVE DATE**

This Agreement shall become effective upon Agent becoming licensed in Agent's territory for the sale of insurance described herein, or the date of AFC execution of this Agreement at its offices in Indiana whichever shall occur last.

Executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

**AGENT**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

**THE AMERICAN FINANCIAL CONSULTANTS GROUP**

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_