

Fortis Insurance Company Producer Sales Agreement

This Producer Sales Agreement (hereinafter referred to as "this Agreement") is between Fortis Insurance Company, by its current name or any new name or legal identity it may hold in the future; on behalf of its affiliated distribution organizations Fortis Health Sales and Fortis Investors, Inc., hereinafter referred to as the

"Company" or "We" or "Us" or "Our" and _____, "Producer" or "You" or "Your" or "Yours".
(Please print or type name)

The Producer agrees to comply with the following terms and conditions.

Producer

For Fortis Insurance Company

Signature

Signature

(Please print or type name)

Effective Date of Agreement
(To be completed by Home Office.)

Date

Producer #:

General Agent

GA Name (Please print)

GA Number

BENEFICIARY DESIGNATION:

Name Present Address

if living, otherwise to:

Name Present Address

A. PRODUCER RIGHTS AND DUTIES

1. INSURANCE SALES. You shall not submit any business to Us or receive commissions on such business until you are licensed in the state and are appointed by the Company. You may not solicit business in a non-resident state unless you are properly licensed as a non-resident agent in that state and are properly appointed by the Company. You are responsible for Servicing the Business You write. "Servicing the Business" includes, but is not limited to the following:

- A. You shall read and become familiar with the provisions of all insurance policies and attend training sessions, as deemed necessary by Your General Agent or Us.
- B. You shall ask all questions and correctly record all answers on all applications for insurance You personally complete and immediately send such applications to the Company or an Affiliated or Import Company. You shall be present during the taking of an application for insurance on which your signature appears.
- C. You shall make available to the Company or an Affiliated or Import Company, all information which comes into Your possession at anytime concerning the underwriting of a risk.
- D. You shall promptly deliver to the Policyholder all policies that come into your possession.
- E. After the point of sale, You shall continue to promptly and appropriately respond to policyholder service needs, which may include, but not be limited to, answering product related questions, facilitating policy changes or

upgrades, assisting with beneficiary designations, etc.

The General Agent, through whom you are submitting business to Us, is the agent of record under this contract and You acknowledge that the General Agent has the sole property rights in the referenced business, the expirations on the same and the rights of renewal therein. You have only such rights to commissions as are expressly granted under this Agreement. Your General Agent acknowledges that You may be entitled to compensation after termination under this Agreement which will be paid directly by Us.

2. **ACCOUNTING.** You will forward promptly to Us the total amount of first premium received by You, on behalf of the Company, and each application in accordance with Our instructions. All checks for first premium must be made payable to the Company. For amounts in excess of the limits set forth in a Conditional Receipt, you are not authorized to collect the initial premium or give the applicant a Conditional Receipt. We shall be responsible for providing the policyholder with proper premium notices and shall account directly with the policyholder for all renewal premiums paid. You shall not collect any premiums other than the first or initial premium. You shall keep segregated from all other funds of yours, monies due Us and shall be responsible for promptly remitting to Us all monies collected. In no case are you authorized to make other use of these funds.
3. **RIGHT TO CONTRACT** You shall not, either in Your own name or in the name of the Company, enter into, alter, or discharge any contractual arrangement in connection with an insurance product, nor waive any of the provisions of any such contractual arrangement, nor incur any debt or liability against the Company, nor institute any legal proceedings in the name of the Company.
4. **RECORDS.** You shall maintain complete and confidential Records of all business obtained on Our behalf. Such Records shall not be distributed to other insurance carriers or their agents, and shall only be used in the course of transacting the business of insurance for Us. "Records" shall include but not be limited to: all records relating to the financial arrangements, compensation, point-of-sale, marketing materials, insured information and any information relating to the transaction of Your business with Us. You shall maintain all Records for seven (7) years. Additionally, upon providing written notice to You, We may audit these materials or may designate an independent consultant to review such Records. All Records used by You in the transaction of business under this Agreement shall be delivered to Us upon demand.
5. **COMPLIANCE.** You shall comply with all state and federal statutes and regulations pertaining to the business of insurance and the sale thereof. You shall only perform the services agreed upon under this Agreement in states where You are lawfully licensed and appointed to do so, and where the Company is legally authorized to transact business. Further, You shall provide all necessary documentation, testimony, or other information as required by Us, relative to pending litigation or requirements of regulatory authorities. Such information shall be provided in a timely manner to meet statutory or court-ordered time frames.

You shall also comply with all policies and procedures established by Us pertaining to the business of insurance and the solicitation of Company products.

6. **CONDUCT AND INDEMNIFICATION.** You agree not to engage in any practice harmful to the best interests of the Company. You further agree that any such practice can serve as the basis for the immediate termination of this agreement.

You hereby agree to indemnify and hold Us harmless for any and all claims, expenses, costs, and damages which may be asserted by any third party or parties against Us arising from Your action or inaction. You further acknowledge that this obligation shall survive the term of this agreement.

You agree that during the term of this Agreement and for one year after the termination of this Agreement, to refrain from soliciting any account of Your General Agent with Us, whether for yourself or for others, directly or indirectly, and whether or not for compensation.

7. **ADVERTISING.** You shall not publish, print, or disseminate any Advertising material pertaining to Us or Our products without obtaining prior written approval from Us. "Advertising" shall include but is not limited to: printed and published material, descriptive literature, sales aids, circulars, leaflets, booklets, depictions, illustration, business cards, stationary, envelopes, and form letters transmitted via newspapers, magazines, radio, television, telephone, billboards or the Internet describing the Company or its products. You shall not alter or change any Company-produced Advertising. You further shall comply with all Company Advertising policies and guidelines.

You shall not use any title other than that of "Producer" or "Agent" in Advertising materials or in any other form or fashion, without the written permission of an Officer of the Company.

8. **ERRORS AND OMISSIONS COVERAGE.** You shall maintain adequate Errors & Omission coverage at all times during the term of this Agreement. We reserve the right to request written evidence of this coverage at any time.
9. **FEES AND SUPPLIES.** You shall pay all expenses You incur in the performance of this Agreement, including but not limited to all license fees and taxes, and We will not be liable for any such expenses.
10. **PRODUCTION REQUIREMENTS.** You agree to produce new sales on a regular basis for Us in accordance with the production standards established by the attached Producer Commission and Product Schedules, which may be amended by Us at Our sole discretion. We shall have the sole right to determine the volume, measure and time period of production needed to maintain this Agreement or authorization to sell a specific product.

B. COMPANY RIGHTS AND DUTIES

1. **PRODUCT AUTHORIZATION.** You are hereby authorized to sell the products designated by Us in the attached Product Schedule. We shall compensate You for selling these products in accordance with the terms and conditions described in section C below and in accordance with the Producer Commission and Product Schedules as attached.
2. **PRODUCTS AND MARKETING MATERIALS.** We agree to make available to You through your General Agent informational, product-oriented, rating or advertising materials necessary to sell the insurance products for which You are authorized.
3. **WITHDRAWAL PROVISION.** We may withdraw or discontinue any form or forms of policies and also reserve the right to comply with any legislative enactment or departmental ruling or to withdraw from any part or parts of the territory in which You operate. It is further agreed that the provisions of this Agreement may be modified or changed, if they conflict with any federal or state law or ruling of any State Insurance Department. In addition, We retain the sole discretion to modify or change any provision of this agreement to conform to our business needs and objectives.
4. **RIGHT OF TERMINATION.** We shall have the right to Terminate this Agreement for Cause, under Section E, Subsection 5.A., and thereby revoke any and all rights granted to You under the terms of this Agreement if You fail to uphold any of the obligations listed in Section A - Producer Rights and Duties. This decision shall be at the sole discretion of the Company.

C. GENERAL AGENT RIGHTS AND DUTIES

1. **RECRUITING AND APPOINTING WRITING AGENTS.** General Agents are authorized to recruit and nominate Writing Agents in the states and for the products designated by Us. We reserve the right to approve, assign, reassign and terminate any Writing Agent or Producer.

Your General Agent is free to contract individually with You relative to the terms and conditions of Your employment with them. However, We assume no responsibility for the enforcement, fulfillment or administration of the terms or obligations created by such an agreement. Further, wherein any provision of an agreement between You and Your General Agent conflicts with Our General Agent or Producer Sales Agreements, Our agreements shall always supersede and prevail.

2. **PAYMENT OF PRODUCER COMPENSATION.** Your General Agent has authorized Us to pay You directly. The General Agent may revoke the pay direct authorization by requesting Us to terminate without cause Your Fortis Insurance Company Producer Sales Agreement.

Your General Agent acknowledges that You may be entitled to compensation after termination under the Fortis Insurance Company Producer Sales Agreement which will be paid directly by Us. If Your earnings after termination fall below \$650 in any consecutive 12 month period, any future renewal earnings will be paid to the General Agent.

3. **AGENT OF RECORD.** Your General Agent remains the agent of record and retains all property rights in the business written by You during the time period You are licensed under the General Agent. You have only such rights to commissions as are expressly granted under this Agreement. Your General Agent will remain responsible for the servicing of the business written.

D. COMPENSATION

1. **PAYMENT OF COMPENSATION.** Your General Agent shall determine the commission rate payable to You on the

business written by You while licensed as a Producer under that General Agent. We will pay You commissions in accordance with the attached Producer Commission and Product Schedules as full compensation for services and expenses. Such commission compensation is deemed to be Your "Base Commission." The Company reserves the right to revise the Commission and Product Schedules as We deem appropriate. A change in the Commission and Product Schedule applies to new insurance applications received after the effective date of the revisions for your Base Commission.

While this Agreement is in force, You will be paid based on the amount of premium received by Us on policies issued from applications for insurance submitted by You for products You are authorized to sell on the attached Product Schedule. Commissions will be payable only on insurance maintained in force.

2. **INDEBTEDNESS.** Compensation payable under this Agreement or any other agreement with Us, or an Affiliated or Import company, shall be offset to repay any indebtedness or claims now due, or which may become due at any time, from You or Your General Agent, to Us, or an Affiliated or Import Company. The Company, or an Affiliated or Import company, shall have a first lien on all compensation as security for payment of any and all such debts or claims, whether arising hereunder or otherwise, and the Company, or an Affiliated or Import Company, shall have the right, without any requirement that We first obtain Your consent or give You notice, to deduct any monies so due from such compensation. This lien shall not be extinguished by termination of this Agreement and shall be binding on You and Your executors, administrators, or assigns. Upon termination of this Agreement, all monies and indebtedness due the Company, or an Affiliated or Import company, shall be payable immediately upon demand, together with the legal rate of interest and any administrative costs of collection including attorney's fees and expenses.
3. **ACCOUNTING BY THE COMPANY.** We shall furnish You with a statement of Your account on at least a monthly basis. Upon receipt of such statement, You shall examine it, and if not satisfied as to its correctness must notify Us in writing of any discrepancy within one hundred eighty (180) days from the date the statement of account is mailed or You shall be deemed to have admitted its accuracy and correctness.
4. **BENEFICIARY.** Any compensation due You under this Agreement at Your death, or due thereafter to a beneficiary, is hereby directed to be paid to the designated beneficiary as revocable payees. If no person is named as payee in this Agreement, such compensation will be paid to Your legal representative. Any such payment shall be a full discharge of all liability with respect to said compensation.

E. GENERAL PROVISIONS

1. **TRANSFER OF BUSINESS.** No transfer or assignment of any business or the compensation due or to become due to You by virtue of this Agreement shall be valid unless requested by your General Agent and authorized in advance in writing by an Officer of the Company. Any such transfer or assignment shall be subject to and subordinate to any and all indebtedness of Yours or your General Agent to the Company or an Affiliated or Import company. We also reserve the right to transfer any business, and the compensation payable on that business, to honor a policyholder's written request or in cases where deemed necessary by Us.
2. **AMENDMENT.** No modification of this Agreement will bind Us unless it is made in writing and executed by an Officer of the Company. This Agreement shall constitute the entire agreement between the parties and cannot be modified by any prior or subsequent verbal promise or verbal statement by whomsoever made.

We shall have the sole right to amend this Agreement and any attachments, exhibits or schedules. All amendments to this Agreement except amendments to Commission or Product Schedules shall be in writing and shall become effective thirty (30) days after the mailing of written notice of the amendment to Your last known address. Amendments to Commission and Product Schedules shall become effective immediately upon execution by Us.

3. **WAIVER.** No failure, neglect, or forbearance on the part of Us to require strict performance of any provision of this Agreement shall be construed to be a waiver of any of Our rights or privileges hereunder.
4. **NOTICE OF ADDRESS CHANGE.** You are responsible for providing Us with a current business and mailing address as they change. Business address shall include Street or Rural Route number and Post Office Box number if applicable. Post Office Box numbers alone are not acceptable.
5. **TERMINATION.** This Agreement may be terminated in accordance with one of the three provisions identified below.

- A. **TERMINATION FOR CAUSE.** We may effect an immediate termination of this Agreement without notice to You and revoke all the rights and privileges granted hereunder, if one of the following conditions occur:
1. You fail to uphold any of the provisions (except section A, subsection 10 - Production Requirements) contained in Section A of this Agreement entitled, "Producer's Rights and Duties." You breach any provision of this Agreement deemed by us to be material. A determination that a failure to fulfill any obligation under this Agreement shall be at the sole discretion of the Company.
 2. Your insurance license is revoked in any state by a regulatory authority or a court of law or becomes legally incapacitated for any other reason.
 3. You commit any felony, defraud or attempt to defraud the Company or a consumer, or commit any other act involving dishonesty or misrepresentation.
 4. You seek to induce anyone to discontinue payment of premium, to relinquish any policy with the Company, or aid any other to do so, for any reason.

- B. **TERMINATION DUE TO THE INABILITY TO PERFORM THE FUNCTIONS OF A PRODUCER.** We may terminate this Agreement immediately upon Your death or incapacitation. "Incapacitation" shall be defined as the inability to fulfill the terms and obligations of this Agreement and shall be determined at the sole discretion of the Company.

If commission rights were provided under the Termination Rights section, and if termination is due to death, We will pay to the designated beneficiary compensation which otherwise would have been payable as long as such payments do not fall below \$650 in any consecutive 12 month period. In any event, such payments shall cease upon the tenth anniversary of the Producer's death, or upon the death of the beneficiary prior to the tenth anniversary of the termination, whichever occurs first. You must provide Us with a current address for any designated beneficiary.

If You die prior to a ten year period from the start of payments after termination, any compensation payments granted to You under the Termination Rights section shall continue to the beneficiary designated in this Agreement or designated by subsequent written notice for the remainder of the ten year period or until payments fall below \$650 in any consecutive 12 month period, or until the death of the beneficiary, whichever occurs first.

- C. **TERMINATION WITHOUT CAUSE.** This Agreement may be terminated by either party upon mailing of a 30 day written notice of its intent to terminate this Agreement without cause to the other party at such party's last known address.
- D. **EFFECTS OF TERMINATION.** The termination of this Agreement will not affect any claim or right which the Company may have against You. We retain the ability to pursue the recovery of any and all damages caused by Your replacement of Our policy with that of another company in violation of the terms of this Agreement.
- E. **TERMINATION RIGHTS.** If termination is effected by Termination Without Cause or incapacitation as defined in Termination Due To The Inability to Perform the Function of a Producer, then We shall continue to pay compensation earned as long as You live until payments fall below \$650 in any consecutive 12 month period.

6. **EFFECTIVE DATE.** This Agreement, which includes the Appointment Application, Producer Sales Agreement, Commission and Product Schedules and addenda, will be effective as of a date determined by Us. Acceptance and execution of this Agreement by Us and Producer shall be by signature. This Agreement supersedes all previous contracts, agreements, and understandings between the parties. Nothing in this Section shall be construed to release any obligation or debt incurred under a previous Producer Agreement or any other agreement between the parties. This Contract will be re-negotiated should the contract between Your General Agent and Us terminate; however, any rights, responsibilities and obligations shall continue as outlined in this Contract.
7. **CHOICE OF LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin without regard to the conflict of laws provisions thereof, and the state and federal courts located in that state shall have exclusive jurisdiction over the parties for the purposes of adjudicating all disputes that may arise under this Agreement. You hereby waive all objections to venue and personal jurisdiction in those forums for such disputes.

- 8. INDEPENDENT CONTRACTOR.** You are an independent contractor and nothing in this Agreement shall be construed as establishing the relationship of employer and employee between the Company and You or any persons employed by You or under Your supervision. You shall be solely responsible for Your own debts and obligations, including taxes, and shall not, under any circumstances, hold Yourself out to be an employee of the Company. You shall not, in any claim against Us or in any determination of eligibility for statutory benefits, assert that You are an employee of the Company. You are free to exercise independent judgment as to the persons from whom applications are solicited and the time, place, and manner of soliciting such applications or performing any other authorized act. You acknowledge that You have the responsibility for paying self-employment tax and that the Company does not treat You as an employee for Federal tax purposes.
- 9. AFFILIATED COMPANY.** For the purposes of this Agreement, an "Affiliated Company" shall mean a corporate entity either wholly or partially owned by Fortis Insurance Company, Fortis Investors, Inc., or its parent company Fortis, Inc.
- 10. IMPORT COMPANY.** For the purposes of this Agreement an "Import Company" shall mean a company with which Fortis Insurance Company or Fortis Investors, Inc. has entered into a contractual arrangement so as to allow the distribution of non-variable products. All terms and conditions of this Agreement, any addenda or commission schedules attached hereto and made a part hereof, shall be binding upon the General Agent in selling Import Company products.
- 11. SEPARABILITY.** If any provision of this Agreement is held invalid for any reason, the remainder of this Agreement shall not be affected thereby.
- 12. ENTIRE AGREEMENT.** This Agreement together with all amendments and attachments, including the Commission and Product Schedules, set forth the entire understanding between the parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter hereof.
- 13. AGENCY INCORPORATION.** Where state law allows, You are free to contract with Us as a corporate entity. The officer who executes this Agreement on behalf of Your corporation shall be the only officer eligible to make administrative or compensation changes with Us. Should Your corporation wish to change this individual, You must submit a resolution naming the new individual to take on these responsibilities and the minutes of the board of directors meeting where such resolution was adopted.

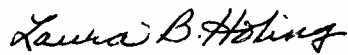
**AMENDMENT TO SALES AGREEMENT
EFFECTIVE July 1, 2001**

Pursuant to the terms of Section D (2) of your Managing General Agent Sales Agreement/General Agent Sales Agreement/Local Agent Sales Agreement or Section E (2) of your Producer Sales Agreement, Fortis Insurance Company has the sole and unilateral right to modify and amend its Agreement with You. We hereby invoke such right of amendment, and provide You with the following Amendment to your Agreement effective July 1, 2001.

The following is added to the end of the Conduct and Indemnification Section:

Services provided by You pursuant to this Agreement may be subject to state and federal privacy laws and regulations, including but not limited to the Gramm-Leach-Bliley Act and any state statutes or regulations enacted or promulgated as a result thereof (the "GLB Act"). The GLB Act prohibits a non-affiliated third party that performs services on behalf of an insurer from disclosing or using non-public personal information ("NPI") other than to carry out the purposes for which NPI was disclosed. You are hereby prohibited from disclosing NPI directly or indirectly or using NPI except as necessary to carry out Your obligations pursuant to this Agreement. You represent and warrant that You shall comply with the state and federal laws in connection with Your performance of services hereunder, including, but not limited to, the GLB Act and its prohibitions against the use and disclosure of NPI. In addition, in the event You are notified that a customer opts out, You are prohibited by the GLB Act from using or disclosing NPI received from Company in order to market other goods and services to that customer.

Except as expressly provided herein, the terms and provisions and conditions of said Agreement shall remain unchanged and in full force and effect. The terms and conditions of this Amendment shall control over any conflicting or inconsistent terms and conditions in the Agreement. Pursuant to the terms of Section D (12) of your Managing General Agent/General Agent Sales Agreement or Section D (11) of your Local Agent Sales Agreement or Section E (12) of your Producer Sales Agreement, this Amendment supersedes all prior agreements, arrangements and communications. This Amendment is considered a part of your sales Agreement and carries full force and effect.



Laura Hohing,
Senior Vice President - Fortis Health

AMENDMENT TO SALES AGREEMENT EFFECTIVE APRIL 14, 2003

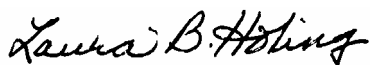
Pursuant to the terms of Section D (2) of your Managing General Agent Sales Agreement/General Agent Sales Agreement/Local Agent Sales Agreement or Section E (2) of your Producer Sales Agreement, Fortis Insurance Company has the sole and unilateral right to modify and amend its Agreement with You. We hereby invoke such right of amendment, and provide You with the following Amendment to your Agreement effective the later of April 14, 2003, or the effective date of your Agreement.

The following is added to the end of the Conduct and Indemnification Section:

For purposes of this section, capitalized terms not otherwise defined shall have those meanings ascribed by Health Insurance Portability and Accountability Act and its implementing regulations, each as amended from time to time, ("HIPAA") and implementing regulations. In your capacity as a Business Associate to Company, You agree:

- (i) not to use or to disclose Protected Health Information ("PHI") other than as permitted or required by this Agreement or as required by law.
- (ii) to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement.
- (iii) to mitigate, to the extent practicable, any harmful effect that is known to You of a use or disclosure of PHI by You in violation of the requirements of this Agreement.
- (iv) to report to Company any use or disclosure of the PHI by You or Your agents, including subcontractors, that is not provided for by this Agreement and of which You become aware.
- (v) to ensure that any agent, including a subcontractor, to whom You provide PHI received from, or created or received by You on behalf of Company, agrees in writing to the same restrictions and conditions that apply to You under this Agreement with respect to such information.
- (vi) to provide access, at the request of Company, and in the time and manner it specifies in writing with reasonable advance notice, to PHI in a Designated Record Set, to Company or, as directed by Company, to a Policyholder or dependent.
- (vii) to make any amendment(s) to PHI in a Designated Record Set that the Company directs in response to a request of a Policyholder or dependent, and in the time and manner as Company may specify in writing with reasonable advance notice.
- (viii) to make available to the Company, or to the Secretary of the Department of Health and Human Services (the "Secretary"), Your internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by You on behalf of Company (the "Materials"). The Materials shall be provided by You in the time and manner (A) specified by Company in writing with reasonable advance notice to You or (B) designated by the Secretary.
- (ix) to document disclosures of PHI and information related to such disclosures as would be required for Company to respond to a request by a Policyholder or dependent for an accounting of disclosures of PHI in accordance with HIPAA.
- (x) to provide to Company or an individual designated by Company, in the time and manner as Company may specify in writing with reasonable advance notice, information collected in accordance with Section (ix) above, to permit Company to respond to a request by a Policyholder or dependent for an accounting of disclosures of PHI in accordance with HIPAA.
- (xi) to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic PHI that You create, receive, maintain, or transmit on behalf of Company as required under HIPAA.
- (xii) to report to Company any breach of Your security of which You become aware.
- (xiii) at termination of this Agreement, to return or destroy all PHI received from Company, or created or received by You on behalf of Company or to extend the protections of this Agreement to the information and to limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as You maintain such PHI.

This Amendment is a part of your Sales Agreement. Except as expressly provided in this Amendment, the terms and provisions and conditions of this Agreement shall remain unchanged and in full force and effect. The terms and conditions of this Amendment shall control over any conflicting or inconsistent terms and conditions in this Agreement. Pursuant to the terms of Section D (12) of your Managing General Agent/General Agent Sales Agreement or Section D (11) of your Local Agent Sales Agreement or Section E (12) of your Producer Sales Agreement, this Amendment supersedes all prior agreements, arrangements and communications.



Laura Hohing,
Senior Vice President - Fortis Health