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## ADDENDUM TO APPALACHIAN UNDERWRITERS, INC. AGENCY AGREEMENT

This Addendum to Appalachian Underwriters, Inc. Agency Agreement ("Addendum Agreement") by and between ("AGENT") having its principal place of business at \_\_\_\_\_ and Appalachian Underwriters, Inc., ("AUI"), having its principal place of business at 800 Oak Ridge Turnpike, Suite 800, Oak Ridge, TN 37830 with mailing address of PO Box 800, Oak Ridge, TN 37831. Hereinafter sometimes referred to individually as "Party or collectively as "Parties.

### PURPOSE OF AGREEMENT

WHEREAS, AUI desires to offer a program to allow Agent access to various carriers and additional products and services through Reliance Risk Solutions, LLC ("RRS"), a sperate entity from AUI, that will provide an avenue for high value placements;

WHEREAS, AUI desires to make RRS services available to Agent on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

#### 1. TERM OF AGREEMENT

The term of this Agreement shall be for one year. This Addendum Agreement shall automatically renew each year after the initial one-year period for consecutive one-year terms unless either party provides written notice of termination thirty (30 days) prior to ending date of the initial one-year period or any renewal thereof. Notwithstanding the foregoing, AUI or RRS may terminate Agents ability to access a Carrier(s) at any time by providing written notice of termination to Agent. Such notice shall be effective as provided in **Section 18**.

#### 2. SCOPE

This Addendum describes certain additional services that will be provided to Agent allowing submissions of potential business through RRS. In the event of a conflict between the terms of the Agreement and this Addendum, the terms of the Addendum will govern.

### 3. TERMINATION OR SUSPENSION

- a. This Addendum Agreement shall terminate:
  - i. Automatically if any public authority cancels or declines to renew the Agent's insurance license or certificate of authority.
  - ii. Automatically on the effective date of the sale or transfer of the majority interest of the Agent's business, or its consolidation with a successor firm, unless Agent follows procedures as provided in **Section 12**.
  - iii. Immediately in the event of misrepresentation of any matters set forth herein, abandonment, fraud, insolvency or gross and willful misconduct on the part of such Agent.
- b. If the Agent is delinquent, in either accounting or payment of monies due to AUI, then AUI may, by notice to the Agent, suspend the Agent's authority to change any existing policy or submit applications for quotes during this delinquency. This provision shall not apply to routine differences in the accounting records of the Agent and AUI which are minor in amount and do not involve premiums collected and withheld by the Agent.

### 4. BINDING AUTHORITY

Agent understands and acknowledges that it does **not** have any direct, express, or implied authority to bind AUI, RRS or the applicable carrier for coverage on any risk except as agreed to in writing by AUI or RRS.

### 5. COMPENSATION

Agent shall be paid commission on issued insurance contracts as sole and full compensation for the performance of his/her duties as Agent under this Addendum. Agent shall pay a return commission at the same rate on any return premiums. AUI or RRS shall have the right to offset commissions due Agent against any return commissions payable to the Insurance Carrier. If return premium results in a balance of commission payable to AUI or RRS, this amount is due and payable to AUI or RRS within fifteen (15) days from statement date.

No commission will be paid to Agent on any audited earned premiums that are not collected through the regular billing procedure and are referred to a collection agent or any kind of legal process for collection. AUI or RRS has the right to offset against any unpaid commission which may be owed to the Agent.

Commission rates payable pursuant to this Agreement may be revised by AUI or RRS at any time upon thirty (30) days written notice to Agency.

Further, AUI or RRS shall have the right to offset any commissions due Agent for any premiums due and payable to AUI, RRS or the carrier resulting from the Agent's failure to collect premium from the insured or to properly remit any premiums to AUI or RRS. Any credit extended by the Agent will be at the sole risk of the Agent.

## **6. CLAIM NOTIFICATION**

The Agent will promptly report directly to the assigned adjusting firm any claims, losses and lawsuits brought to Agent's attention by the policyholder and agrees to cooperate fully with AUI or RRS to facilitate reporting, investigation and adjustment of any claim when and as requested by AUI or RRS. Agent has no authority to investigate, adjust, or administer any claim filed under a policy placed by Agent through AUI or RRS.

## **7. ERRORS AND OMISSION COVERAGE, LICENSURE AND REPRESENTATIONS**

7.1 Agent shall maintain Errors and Omissions Coverage with minimum limits in the amounts of one million dollars (\$1,000,000.00) for each individual occurrence and one million dollars (\$1,000,000.00) aggregate coverage. Agent shall provide written evidence of Errors and Omissions Coverage upon execution of this Agreement and upon annual renewal of coverage either electronically or via facsimile to AUI's principal place of business. Agent shall continually maintain such Errors and Omissions Coverage throughout the term of this Agreement and shall ensure that AUI Receives timely notice if there should be any cancellation, change or any modification of coverage.

7.2 Agent acknowledges, represents, and warrants that it possesses valid licenses to negotiate, solicit, and transact insurance in the name or names of the Agent, as set forth in the Agreement. Agent further, acknowledges, represents, and warrants that such licenses shall be maintained in full force and effect in all states in which Agent is transacting business with AUI, RRS and Carriers. Agent agrees to report such suspension or revocation to AUI or RRS and Carrier(s) by certified mail, return receipt requested within Three (3) days of such suspension or revocation.

7.3 Agent shall provide true and complete applications. Agent represents and warrants that such applications shall contain no material misrepresentations of any kind of which Agent is or should be aware. Agent shall ensure that all material facts are accurately described and completely disclosed to AUI, RRS and Carriers. Further, it is the duty and obligation of the Agent to make AUI, RRS and Carrier aware of any material

changes of which Agent is or should be aware of affecting the risk during the pendency of the policy period and at any subsequent renewal.

## **8. OPERATING PROCEDURES**

8.1 Agent shall abide by operating procedures and or guidelines set forth by AUI, RRS and the Carrier and failure to follow AUI, RRS or Carrier guidelines or procedures shall be a breach of this Agreement.

8.2 Operating Procedures may be modified or revised by AUI, RRS or Carriers from time to time, and Agent shall comply with the terms of the Operating Procedures, as revised.

## **9. INDEMNIFICATION**

- a. Agent agrees to hold harmless, reimburse and indemnify AUI, RRS, its parents, affiliates, subsidiaries and their authorized representatives, officers, agents and employees against any and all liability for any judgments, awards, expenses, fines, penalties, attorney's fees, or other claims for damages in connection with any suit, complaint, charge, proceeding or action of any kind arising out of the performance or nonperformance by Agent of its duties and responsibilities under this Agreement, unless such performance or nonperformance occurred at the direction of or was caused by AUI or RRS. This hold harmless and indemnification requirement includes but is not limited to compensatory or consequential damages, punitive damages, regulatory fines and penalties and extra-contractual liability.
- b. AUI and RRS agrees to hold harmless, reimburse and indemnify Agent, its parent, affiliates, subsidiaries and their authorized representatives, officers, agents and employees against any and all liability for any judgments, awards, expenses, fines, penalties, attorney's fees, or other claims for damages in connection with any suit, complaint, charge, proceeding or action of any kind arising out of the performance or nonperformance by AUI of its duties and responsibilities under this Agreement, unless such performance or nonperformance occurred at the direction of or was caused by the Agent. This hold harmless and indemnification includes but is not limited to compensatory or consequential damages, punitive damages, regulatory fines and penalties and extra-contractual liability.
- c. The Party to be indemnified shall provide prompt notice to the indemnifying party of any claim against the indemnified party for which indemnification will or could be made under this Agreement and shall provide reasonable cooperation to the indemnifying party in defending such claim.

- d. In the event Agent receives any inquiry, complaint, or other notice from any regulatory or governmental body regarding business placed under or involving this Agreement, Agent shall immediately notify AUI and RRS of any such inquiry, complaint, or other notice.
- e. This Section 9 shall survive the termination of this Agreement.

## **10. SECURITY REQUIREMENTS**

- a. Agent shall be fully responsible for implementing and maintaining information systems that are reasonably protect the personal data of customers including but not limited to personal identifiable information.
- b. Agent will inform AUI and RRS promptly in writing by emailing [legal@appund.com](mailto:legal@appund.com) of the occurrence of any Security Breach involving or relating to information of customers.
- c. Agent will require all third parties with access to AUI, RRS or customer information to adhere to security requirements of this Addendum, including confidentiality obligations not subject to regulatory agency notification requirements.
- d. Any personal data processed by agent in performance of its services under the Agency Agreement or this Addendum will be processed and protected in accordance with applicable Privacy Laws in place.
- e. Agent will be fully responsible for any unauthorized use, access, or processing of customer information in any physical, electronic, or other form type.

## **11. EXPENSES OF THE AGENT**

AUI nor RRS shall be responsible for any of the expenses of the Agent.

## **12. AGENT SALE OR TRANSFER**

The Agent agrees to give thirty (30) days-notice to AUI and RRS of any potential sale or transfer of majority interest of Agent's business, or its consolidation with a successor firm and immediate notice in event of valid sale or transfer. This agreement has been entered into based on consideration of Agent's experience and services. Any assignment, sale or transfer of the Agent's business may subject this agreement to termination and no business shall be submitted by or renewed with new owner without approval by an authorized officer of AUI and RRS.

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### **13. BOOKS AND RECORDS**

AUI and RRS shall have access at all reasonable times to the Agent's books and records and be entitled to make copies if necessary, for purposes of determining any fact relating to any money due, regulatory complaint or any issue regarding business placed by the Agent with AUI OR RRS. Agent shall maintain books and records regarding said business submitted and/or placed with AUI for at least five (5) years.

### **14. PRIVACY**

Both parties shall be prohibited from disclosing or using any nonpublic personal financial information or nonpublic personal health information related to any policyholder, beneficiary, consumer or customer (as such terms are defined under applicable state and federal privacy laws), except as necessary to carry out its duties and obligations under this Agreement or otherwise required under applicable state or federal law, including, without limitation, the Gramm-Leach-Bliley Act, and any state law or regulation implementing the same.

### **15. CONFIDENTIAL INFORMATION**

The Parties agree that all information regarding this Agreement, including but not limited to business plans and strategies, regulatory filings, pricing, systems and technology obtained or disclosed as a result of this Agreement, is proprietary to each of the Parties as specifically provided to each other and such information shall remain proprietary to such Party and shall at all times remain and be kept confidential by the Parties (the "Confidential Information"). Confidential Information shall not be deemed to include information that: (i) is or becomes publicly known and generally available in the public domain through no act or omission of the receiving Party; (ii) is known by the receiving Party, without confidentiality restrictions, at the time of receiving such information as evidenced by its contemporaneous written records; (iii) is lawfully disclosed to the receiving Party by a third party without restriction on use or disclosure to the receiving Party's knowledge upon reasonable investigation; or (iv) is independently developed by or for the receiving Party without use of or reference to the other party's Confidential Information as evidenced by its contemporaneous written records. The receiving Party may disclose Confidential Information to the extent required by an order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule or regulation, or by subpoena, summons or other administrative or legal process; provided, however, that the receiving Party has provided the disclosing Party with prompt written notice, if and to the extent permitted by applicable law, thereof so that the disclosing Party may seek a protective order or other appropriate remedy, at its cost, and that, if such protective order or other remedy is not obtained, the receiving Party



furnishes only that portion of the Confidential Information that is legally required. The foregoing notwithstanding, nothing herein requires the receiving Party to breach any applicable law, regulation, order of a court of competent jurisdiction, administrative agency or governmental body or any subpoena, summons or other administrative or legal process. Each Party shall maintain the other Party's Confidential Information in confidence and shall not disclose any of the other Party's Confidential Information to any third party without the other Party's written permission, not to be unreasonably withheld or delayed; provided further that any such third party agrees to be contractually bound by the confidentiality obligations of this Agreement. This Section shall survive termination of this Agreement.

## **16. COUNTERPARTS**

This Agreement may be signed and delivered in one or more counterparts, all of which shall be deemed an original, and together they shall constitute one and the same Agreement. A facsimile or e-mailed signature shall have the same effect as original signatures.

## **17. ENTIRE AGREEMENT**

This Agreement constitutes the entire Agreement between the Parties and:

- i. Shall be effective.
- ii. Shall remain in force and effect for the term of the Agreement unless suspended or terminated as provided herein.
- iii. No amendments to or modifications of the Agreement shall be valid unless made in writing and executed by an authorized representative of each Party in the form of an Addendum to this Agreement, except in respect to commissions, which may be changed by agreement of each Party in writing other than by Addendum to this Agreement.

## **18. NOTICES**

All notices required under this Agreement shall be sent to the addresses provided in the beginning of this Agreement. All notices under this Agreement shall be deemed given: i) when delivered by hand; ii) one day after being sent by commercial overnight courier with written verification of receipt; or iii) three days after being sent by registered or certified mail, return receipt requested, postage prepaid. Either Party may from time to time change its address for notification purposes by giving the other Party written notice of the new address and the date upon which it will become effective.

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**19. ASSIGNMENT**

Agent shall not assign or transfer this Agreement or any rights or obligations under this agreement without AUI's prior written consent. A change in control of Agent/Agency constitutes an unauthorized assignment under this Agreement. Any unauthorized assignment or transfer of this Agreement or any rights or obligations thereunder, shall be void and constitutes grounds for immediate termination of this Agreement at the sole discretion of AUI.

**20. NO WAIVER**

Any waiver is only valid to the extent expressly set forth in writing. No waiver by either Party of any right under this Agreement shall constitute a subsequent or continuing waiver of such right or any other rights under this Agreement.

**21. SEVERABILITY**

If any provision or portion of this Agreement should be determined by any court or agency of competent jurisdiction to be invalid, illegal or unreasonable, in whole or in part in any jurisdiction, and such determination should become final, such provision or portion shall be deemed severed in such jurisdiction, but only to the extent required to render remaining provisions and portions of this Agreement enforceable, and this Agreement as thus amended shall be enforced in such jurisdiction to give effect to the intention of the Parties insofar as that is possible, and further, this Agreement shall continue without amendment in full force and effect in all other jurisdictions. In the event of any such determination, the Parties shall negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intents and purposes hereof.

**22. WAIVER OF TRIAL BY JURY**

BOTH PARTIES WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER ON ANY MATTERS WHATSOEVER CONCERNING THIS AGREEMENT THAT RESULT IN LEGAL RECOURSE.

**23. CHOICE OF LAW**

This Agreement shall be governed and construed in accordance with the laws of the State of Tennessee. Each Party hereby irrevocably and unconditionally consents to the exclusive jurisdiction of the federal and state courts in the State of Tennessee for any action, suit or proceeding arising out or related hereto. Each party further hereby irrevocably and unconditionally waives any objection to Anderson County, Tennessee as



proper venue of any action, suit or proceeding arising out of or relating to this Agreement in the federal and state courts of the State of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in any inconvenient forum.

IN WITNESS WHEREOF, this Agreement is agreed upon and effective on the date of last signature of the Parties respective duly authorized officer provided below.

\_\_\_\_\_  
*Appalachian Underwriters, Inc.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

By: *Robert J. Arowood*

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

Title: *President*

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_