

# CHOICE ADMINISTRATORS® AGENT AGREEMENT

This Agreement is made by and between \_\_\_\_\_ (“Agent”) and CHOICE Administrators, Inc., a California corporation (“CHOICE Administrators”) to transact business related to CHOICE Administrator’s offerings.

1. **LICENSURE:** Agent warrants that he/she is licensed by the state’s Department of Insurance or similar regulatory agency as an Insurance broker or an insurance agent and is specifically licensed to transact health insurance transactions. A life license is also required to sell and earn commissions for life products. A photocopy of Agent’s license is attached hereto. Agent agrees to notify CHOICE Administrators immediately upon the suspension, revocation or expiration of any such license. Failure to maintain such license will terminate this Agreement retroactive to the date such license was suspended, revoked or expired. Agent agrees to return to CHOICE Administrators all commissions paid to Agent after such license was suspended, revoked or expired. Agent represents and warrants that he/she has never suffered the loss, suspension or termination of any license issued by any governmental authority in connection with the sale of any type of insurance, prepaid health care, hospital or professional benefits agreement, and that he/she has never been convicted of a crime involving moral turpitude.
  2. **INDEPENDENT CONTRACTOR:** Agent and his/her sub-brokers or sub-agents are independent contractors of CHOICE Administrators. No employer-employee relationship is created by this Agreement and no employee rights or benefits will inure to Agent or his/her sub-brokers or sub-agents under this Agreement.
  3. **COMPLIANCE WITH LAW:** Agent agrees and shall cause its principal persons and employees to comply with all applicable insurance regulations, including but not limited to, applicable provisions of the Knox-Keene Health Care Service Plan Act of 1975, as amended. Agent agrees to file reports required by applicable laws and regulations and to promptly notify CHOICE Administrators of any disciplinary proceedings against him/her or against any of its principal contractors or employees relating to any license issued to any person by the applicable regulatory authority.
  4. **SOLICITATION AND AGENT’S REPRESENTATIONS:** By this Agreement, Agent is authorized to solicit applications for CHOICE Administrators’ programs. Agent is not authorized to accept or bind program coverage, to represent that Agent has the power to accept any applicant, to modify any CHOICE Administrators’ programs products, or to waive or modify the terms or conditions regarding application, eligibility, enrollment, coverage or benefits. Agent acknowledges that he/she is prohibited from making any representation(s) regarding the nature or scope of application or eligibility requirements of CHOICE Administrators programs benefits, except by use of written materials prepared and furnished by CHOICE Administrators, a participating health plan (“Participating Plan”), or a general agency appointed by CHOICE Administrators (“Service Agency”). Agent agrees not to engage in practices of solicitation that would constitute steering of prospective subscribing groups to or away from the CHOICE Administrators’ programs to the exclusion of other group market health contracts because of the health status, claims experience, industry, occupation or geographical location of the small employer in violation of applicable state laws and regulations, including but not limited to, California Health and Safety Code Section 1357.03.
  5. **UNDERWRITING:** Agent acknowledges that only Participating Plans are authorized to accept an application or bind coverage. CHOICE Administrators and Participating Plans reserve the right to reject any application solicited by Agent. CHOICE Administrators further reserves the right to discontinue writing or offering its group programs without prior notice.
  6. **COMMISSIONS AND CONDITIONS OF PAYMENT:** As sole compensation for services under this contract, CHOICE Administrators will pay commissions to Agent on premiums received for those group programs as set forth in Addendum(s), Schedule of Commissions, which is incorporated by reference. Commissions for premiums received will be paid within 30 days. Commissions will be paid only on premiums actually received and accepted by CHOICE Administrators, and never prior to the subscriber group’s effective date. If a premium adjustment shall be made for any period, then a corresponding adjustment shall be made in the Agent commission for the period commencing with the adjusted premium charges. No commissions are paid on conversion plans. Agent is not entitled to reimbursement for expenses. CHOICE Administrators reserves the right to modify or replace the commission schedule at any time upon thirty (30) days prior written notice to Agent and such modified or replacement schedule shall apply to all groups written after the effective date of such modification or replacement. Commissions paid on subscriber groups effective prior to the change in commission schedule will be governed by the commission schedule in effect at the time of issuance until the renewal of such subscriber groups, at which time the current commission schedule will go into effect. Payment of commissions is contingent upon all of the following:
    - i. Agent maintaining an active insurance license from the state’s Department of Insurance or similar regulatory agency where the Agent is transacting business with CHOICE Administrators
    - ii. Agent remaining the designated broker-or agent-of-record for an active group subscriber
    - iii. Agent taking all reasonable steps, as determined by CHOICE Administrators, to service all in force plans
    - iv. Agent’s compliance with CHOICE Administrators’ rules, regulations, operating policies and the provisions of this Agreement, which may be changed without prior notice, and
    - v. Commissions owed to Agent exceed \$25. Commissions will accumulate and not be paid until at least \$25 is payable to Agent.
- Agent grants to CHOICE Administrators a first lien on all commissions payable under this Agreement to secure payment to CHOICE Administrators of all funds under the control of Agent which belong to CHOICE Administrators, or of any other indebtedness of Agent to CHOICE Administrators. Agent acknowledges that CHOICE Administrators has the right to offset any commissions to which Agent is entitled by the amounts of any funds under the control of Agent which belong to CHOICE Administrators or of any other indebtedness of Agent to CHOICE Administrators. CHOICE Administrators agrees to continue to pay to Agent following termination of this Agreement commissions earned by Agent while this Agreement was in effect, subject to the terms of this section and this Agreement.
7. **BROKER-OR AGENT-OF-RECORD:** After six (6) months of continuous enrollment in CHOICE Administrators’ programs, group subscribers may transfer at any time from one broker or agent to another broker or agent. Any group subscriber may change brokers or agents and designate a new broker or agent-of-record by notifying CHOICE Administrators in writing; the change will take place the first of the following month after written notice is received. Notice of the impending change will be sent to the current broker or agent-of-record within fourteen (14) days of receipt of the written request from a group subscriber of CHOICE Administrators. CHOICE Administrators will take reasonable steps to keep the name of the newly requested broker-or agent-of-record confidential.
  8. **NON-ASSIGNABILITY:** Neither this Agreement nor any right or beneficial interest may be assigned or transferred without prior written approval from CHOICE Administrators.
  9. **SUB-BROKERS AND SUB-AGENTS:** Agent agrees to execute and submit written notice to CHOICE Administrators of each sub-broker or sub-agent employed by or contracting with Agent. That notice will not be effective until received and approved by CHOICE Administrators, and returned to Agent. Agent agrees to be solely responsible for his/her sub-brokers or sub-agents under this Agreement and to manage all business matters related to the sub-broker or sub-agent, including but not limited to, their compensation, training, supplies and correspondence. Agent agrees to

