



California Producer Contract

This CONTRACT dated this _____ day, of _____, 20____, by and between SAFEGUARD HEALTH PLANS, INC., a California corporation (hereinafter referred to as "SAFEGUARD"), and _____, (hereinafter referred to as "PRODUCER"), is made with reference to the following facts:

- A. SAFEGUARD is a California corporation licensed as a Knox-Keene Health Care Service Plan whose primary purpose is to operate dental and vision health care service plans, said services being provided on a prepaid closed panel basis.
- B. PRODUCER is a duly qualified and acting solicitor and desires to place contracts with SAFEGUARD for the provision of prepaid dental benefits.

NOW, THEREFORE, the parties do mutually covenant and agree as follows:

1. That on all programs effected through PRODUCER, SAFEGUARD will pay to the PRODUCER as full compensation thereon, a service fee as provided for in the attached schedule(s). The service fee shall be paid on a monthly basis on or before the last day of the month following the month in which the applicable prepayment fees are paid, for each month this Contract is in effect. However, no service fees will be paid in the event the applicable contract holder fails to pay the monthly prepayment fee due to SAFEGUARD for the applicable month.
2. Service fees shall be calculated on the basis of the applicable number of members, multiplied by the applicable monthly prepayment fee, multiplied by the applicable commission percentage. Adjustments may be made at any time during the term of the contract between SAFEGUARD and the contract holder due to any prepayment fee refunds due to cancellation or for other reasons, occurring during such month, and other chargebacks. Therefore, the amount due PRODUCER may be adjusted at any time to reflect the applicable corrections as set forth in this paragraph. An appropriate explanation of any such adjustment in PRODUCER's service fee payment will be provided to PRODUCER by SAFEGUARD at the time the service fee is paid.
3. The service fees specified herein will be extended to and be allowed on such prepayment fees paid for a contract period of a particular contract placed with SAFEGUARD through the efforts of PRODUCER, provided the PRODUCER (a) has the written permission of the contract holder to service its interest under the contract and to solicit new coverage thereunder during such period, and (b) that the PRODUCER performs such service and solicitation in a manner satisfactory to SAFEGUARD. In the event such service fee allowance shall cease by reason of default under conditions (a) and/or (b), SAFEGUARD will inform the PRODUCER of such termination by notice in writing mailed to PRODUCER's last known address. Subsequent compliance with such conditions shall not reinstate such service fee allowance hereunder unless SAFEGUARD's written consent thereto is endorsed hereon or attached hereto.
4. Any service fees accruing hereunder shall be accrued as the applicable monthly prepayment fee is paid by the contract holder to and accepted by SAFEGUARD. Any service fee received hereunder by PRODUCER for any prepayment fee and/or any portion thereof, returned by SAFEGUARD to the contract holder, shall be repaid immediately to SAFEGUARD by PRODUCER.
5. If any contract under which PRODUCER is receiving service fees is terminated by either SAFEGUARD or the contract holder, for any reason or cause, all rights to service fees that might otherwise have accrued hereunder on such contract shall cease effective on the date of termination of said contract. PRODUCER shall be entitled to receive service fees on each contract signed through PRODUCER's efforts, as agreed to by the parties hereto, to the end of each individual contract, except in cases where the contract between SAFEGUARD and the contract holder is terminated prior to its pre-agreed date, in which case PRODUCER's right to service fees shall cease effective the date the contract is terminated.
6. PRODUCER shall not assign any right or interest arising hereunder except with prior written consent of SAFEGUARD. Any indebtedness to SAFEGUARD from PRODUCER arising at any time for any reason, shall constitute a first lien upon any service fees for allowances due, or that become due hereunder to PRODUCER.
7. The PRODUCER has no authority, either express or implied, to alter or discharge any contract to extend the due date of prepayment fee, or to waive or extend any contract provision or conditions of any contract between SAFEGUARD and a contract holder. The PRODUCER has no authority to alter, amend or change any solicitation brochure or written material used in connection with PRODUCER's efforts to sell SAFEGUARD programs, without the prior written consent of SAFEGUARD.

8. PRODUCER agrees that it and its salespeople will at all times act in compliance with the Knox-Keene Act of 1975, as amended and regulations issued pursuant thereto by the Department of Corporations. Further, PRODUCER agrees that it and its salespeople will use no written material in selling or servicing any of SAFEGUARD's programs, which has not first been approved by SAFEGUARD and the Department of Corporations.
9. In the event PRODUCER has been paid any prepayment fee on any contract described herein, PRODUCER shall be responsible for all monies due to SAFEGUARD, received by PRODUCER, by its appointees, or employees. All such monies received by PRODUCER on behalf of SAFEGUARD shall be segregated at all times from the assets of the PRODUCER. All such monies shall be paid to SAFEGUARD within twenty-four (24) hours after receipt by PRODUCER. Any failure to pay said monies to SAFEGUARD as provided herein shall be cause for immediate termination of this Contract and a forfeiture of all rights of the PRODUCER hereunder and all service fees and allowances to PRODUCER. PRODUCER shall have no right to deduct any monies due it from any funds received from any contract holder, but shall forward the gross amount of all funds received directly to SAFEGUARD, as provided herein.
10. This Contract permits the PRODUCER to procure and submit to SAFEGUARD applications for services offered by SAFEGUARD. The PRODUCER acting as an independent contractor and not as an employee of SAFEGUARD is solely responsible for its own expenses and actions. The PRODUCER agrees to comply with all applicable laws of the State of California in transacting business.
11. This Contract and attached schedule(s) constitutes the entire agreement between the parties hereto. There are no oral representations or agreements not embodied in this written Contract. This Contract may only be modified by a subsequent writing executed by the parties hereto.
12. PRODUCER shall defend, indemnify and hold SAFEGUARD harmless from and against any and all injuries, claims, demands, liabilities, suits at law or in equity or judgments of any nature whatsoever, which SAFEGUARD, its employees, representatives, agents or third parties may sustain or incur by reason of any act, neglect, or default of PRODUCER in connection with any act or failure to act by PRODUCER in connection with this Contract.
13. Either party shall have the right at any time with or without cause to terminate this Contract by delivering written notice of termination to the other. Notice of termination shall be sent by Certified Mail, Return Receipt Requested. Termination shall be effective forty-eight (48) hours after the date of mailing of the notice of termination. Such termination shall have no effect upon the rights and obligations of the parties arising out of or relating to any transactions occurring prior to the effective date of such termination and any continuing obligations after termination as set forth herein.
14. This Contract shall be terminated by the death of the PRODUCER, by retirement or by the determination of SAFEGUARD that the PRODUCER has become totally and permanently disabled.
15. The following acts of omissions by the PRODUCER are hereby agreed to be sufficient cause for termination of this Contract:
 - A. Fraud
 - B. Embezzlement
 - C. Willful violation of any applicable law or regulation
 - D. Willful violation of any provision of this Contract
 - E. Any other acts or omissions on the part of PRODUCER, which reflect unfavorably upon the reputation of SAFEGUARD or the contract holders it represents.
16. In the event of termination of this Contract for cause, PRODUCER's right to service fees and any other form of compensation shall cease and no right to damages from either SAFEGUARD or any group contract it represents resulting from such termination shall arise whatsoever.
17. This Contract may be terminated if the PRODUCER does not or is not able to continue to service the contracts effected through the PRODUCER.
18. Upon cancellation or termination of this Contract for any reasons, PRODUCER covenants and agrees not to cause any contract holder to terminate or cancel its contract with SAFEGUARD, nor will PRODUCER use any SAFEGUARD contracting providers for any non-SAFEGUARD program.

19. Should any dispute, grievance or controversy of any kind or nature arise between the parties to this Contract, involving this Contract or any of its terms and conditions, its breach or nonperformance, the dispute, grievance or controversy shall be settled by arbitration pursuant to the rules and regulations then in force and effect of the American Arbitration Association; a judgment upon any award rendered by the arbitrator may be duly entered in any court in the State of California, having jurisdiction thereof. The locations of such arbitration shall be in the City of Irvine, California, unless all parties to the arbitration otherwise mutually agree in writing. The prevailing party shall be entitled to court costs and reasonable attorney's fees.

20. PRODUCER covenants and agrees that it will preserve and retain all books and records applicable to this Contract for a period of not less than five (5) years. All such books and records shall remain accessible subject to five (5) days request therefore by SAFEGUARD, or by the Department of Corporations.

IN WITNESS WHEREOF, the parties have executed this contract on the date first written above, at Aliso Viejo, California.

"PRODUCER" SIGNATURE

SAFEGUARD HEALTH PLANS, INC.

BY _____

(Company Name)

(Signature)

Name _____

(Title)

Address _____

City, State, Zip _____

BY _____
(Name)

Telephone _____

Social Security # _____
(Individual)

(Signature)

Federal Tax ID # _____

(Title)