



## BROKER AGREEMENT

THIS AGREEMENT made and entered into by and between the undersigned, (hereinafter referred to as •Broker• and Chelsea Surplus Underwriters, Inc., a Florida corporation (hereinafter referred to as Chelsea), as hereinafter set forth:

### RECITALS:

1. Broker warrants that Broker holds a General Insurance Agent's License issued by the State of Florida that is presently in good standing, and desires to place business through Chelsea for acceptance by one or more insurance carriers in compliance with the laws and regulations pertaining to the placement of such insurance.

2. Chelsea is willing to accept such business as Broker may from time to time desire to secure through Chelsea, but only upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, it is agreed and understood as follows:

1. Broker warrants, represents, and certifies that any business which Broker may submit to Chelsea for the insurance of persons or property situate in a State other than the State of Broker's domicile will, if accepted by Chelsea, be effected in accordance with the Surplus Lines Law, Insurance Code, and rules and regulations of the domicile of the proposed insured.

2. Broker shall, upon the execution of this Agreement, provide Chelsea with proof of errors and omissions insurance coverage and a copy of its primary agent's insurance license issued by the State of Florida.

Broker shall maintain such errors and omissions coverage, as well as such insurance license, in full force and effect throughout the term of this Agreement or any renewal or extension thereof, and shall notify Chelsea in writing in the event that (a) proceedings are initiated to either revoke or suspend any insurance license which may have been issued to Broker, its agents, servants or employees, or (b) its policy of errors and omissions coverage has been canceled or not renewed.

3. Indemnifications:

A. Chelsea shall indemnify, save, defend and hold harmless Broker, its employees, officers, directors and affiliates against any claims, suits, hearings, actions, damage claims, liabilities, fines, penalties, loss or expenses which Broker may become obligated to pay to or on behalf of any insured based on any act, error or omission of Chelsea in issuing policies of insurance at the request of Broker, except to the extent that Broker has caused, contributed to or compounded such error.

B. Chelsea shall indemnify, save, defend and hold harmless Broker, its employees, officers, directors and affiliates from any civil liability Broker may become legally liable to pay based on

a failure of Chelsea to comply with the requirements of the Fair Credit Reporting Act, Title 15, United States Code, Section 1681 in the procurement or use of consumer reports ordered by Broker or upon its authorization, except to the extent Broker has caused, contributed to, participated in, or permitted such failure by act or inaction.

C. Chelsea shall also indemnify, save, defend and hold harmless Broker, its employees, officers, directors and affiliates from such legal fees, court costs, and costs of investigation incurred by Broker in defending itself against any claim of a type described in of Sub-paragraphs A and B of this Paragraph 3, but only to that portion of the total liability attributable to Chelsea.

D. Broker shall promptly notify Chelsea when it receives notice of the commencement of any action relating to liabilities of the type described in Sub-paragraphs A and B of this Paragraph 3, and Chelsea shall be entitled to participate in such action or, at its election, to assume the defense of such action. If Chelsea elects to assume the defense of any such action, it shall not be liable to Broker for any legal or other expense thereafter incurred by Broker in connection with such action.

E. Broker shall indemnify, save, defend and hold harmless Chelsea, its employees, officers, directors and affiliates against any claims, suits, hearings, actions, damage claims, liabilities, fines, penalties, loss or expenses which Broker may become obligated to pay to or on behalf of any insured based on any act, error or omission of Broker, including attorney's fees, court costs, and costs of investigation, arising out of any act, error, omission or other breach of this Agreement by Broker, unless the conduct give rise to such claim was performed at the specific direction of Chelsea.

F. Broker shall indemnify, save, defend and hold harmless Broker, its employees, officers, directors and affiliates against any claims, suits, administrative complaints, or other actions brought by any insure against Chelsea arising out of or resulting from Chelsea returning excess deposit premiums to Broker in conformance with this Agreement. Such indemnification shall include payment of damages of any kind, fines, or penalties, including attorney's fees, court costs, and costs of investigation incurred by Chelsea in its defense.

4. Chelsea agrees to pay Broker a commission upon such business as may be placed by Broker through Chelsea, at such rates as may from time to time be agreed upon between Broker and Chelsea.

5. Broker shall refund to Chelsea commissions paid on all business placed by Broker with Chelsea upon canceled policies or policies upon which premiums may have been reduced, at the same rate at which such commissions were originally allowed Broker.

6. Broker shall make payment of premiums to Chelsea no later than 15 days after the end of the month in which coverage is billed. Any credit extended by Broker to the insured shall be at the

Broker's sole risk, and premiums upon policies of insurance placed by Broker through Chelsea shall be paid to Chelsea by Broker when due, whether or not such premiums have been collected by Broker. Uncollectible audits must be returned to Chelsea within 30 days of original invoice to Broker, failing which Broker shall become fully responsible for payment of the audit premium.

7. In those instances where the premium properly chargeable upon a policy of insurance placed by Broker through Chelsea cannot be determined at the time that coverage is bound, it shall be the responsibility of the Broker, upon any final determination of, or adjustment to, the amount of any such premium, to collect and pay over to Chelsea such premium as and when the same may become due.

8. This agreement does not permit Broker to bind insurance coverage on behalf of Chelsea or any company, carrier, or underwriter represented by Chelsea. Nor does this agreement permit Broker to issue Certificates of insurance on behalf of Chelsea or any company, carrier or underwriter represented by Chelsea.

9. Broker agrees that policies of insurance placed by Broker through Chelsea are not subject to flat cancellation, and that short rate cancellations will be permitted in most cases. Inspection fees and policy fees are fully earned at the time that coverage is bound. It is further agreed that cancellations made at the request of those underwriters or companies who Chelsea may represent will be on a pro-rata basis. The minimum earned premium for all policies of insurance placed by Broker through Chelsea will be 25% of the gross premium payable upon any such policies, unless otherwise indicated by Chelsea in writing at the time that coverage is bound.

10. The cancellation credit or endorsement credit upon any policy of insurance where the premium has been financed by the insured will be returned to the Finance Company that financed the premium, less unearned commission by the Broker. Broker agrees to promptly return this unearned commission to the proper premium finance company. Broker shall submit to Chelsea a copy of the premium finance contract signed by the insured upon all policies of insurance placed by Broker through Chelsea upon which the premium has been financed, either in whole or in part.

11. Chelsea, at its option, may impose a delinquency charge in an amount equal to one and one-half percent (1½ %) monthly upon any sums of money which Broker may from time to time owe Chelsea that are not paid as and when due.

12. In the event that the Broker is a corporation, partnership or other business entity, the person executing this Agreement on Broker's behalf personally and unconditionally guarantees the full performance of each and every obligation of Broker to be performed under the terms and provisions of this Agreement, and shall be deemed to be jointly and severally liable with Broker for performance in full of the terms and provisions hereof.

13. Chelsea acknowledges that the ownership of expirations and renewals, as well as

information provided to Chelsea by broker, are proprietary to, and shall remain the property of, Broker following the expiration of this Agreement.

14. This Agreement shall become effective when accepted by Chelsea and supersedes all prior agreements between Broker and Chelsea, whether oral or written. It may be terminated by either party at any time upon the giving of written notice of such termination, but such termination shall not affect the rights of either party as of the date of such termination.

15. The prevailing party in any action brought to construe or enforce this Agreement shall be entitled to recover its reasonable attorney's fees and costs of court. The exclusive venue for the bringing of any such action shall lie in Orange County, Florida.

16. This agreement shall be construed in accordance with and be governed by the Laws of the State of Florida.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

Broker Name: \_\_\_\_\_

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

Name/Title: \_\_\_\_\_

Primary Agent's License #: \_\_\_\_\_

Issuing State: \_\_\_\_\_

(Copy of Broker's license must be attached)

Accepted and effective on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

CHELSEA SURPLUS UNDERWRITERS, INC.

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

Name/Title: \_\_\_\_\_

**Payment of all invoices and statements should be remitted to:**

**Chelsea Surplus Underwriters, Inc.**

**P.O. Box 140595**

**Orlando, Florida 32814-0595**