

LICENSED – ONLY AGENT AGREEMENT

THIS LICENSED-ONLY AGREEMENT (“Agreement”) is made and entered into by and between Company with administrative offices at 11200 Lakeline Blvd., Ste 100, Austin, Texas 78717-5964 and the person or entity that executes this Agreement and whose address is set forth in the Prospective Associate’s Application and Profile prepared and submitted in connection herewith (hereinafter, the “Associate, You, or Your.”)

1. COMPANY DEFINITION – For purposes of this Contract and any applicable Compensation Schedules, Supplements or Addendums, all references to “Company” shall be defined to include each of the following companies the agent becomes appointed with: American Retirement Life Insurance Company, Central Reserve Life Insurance Company, Continental General Insurance Company, Loyal American Life Insurance Company, Provident American Life & Health Insurance Company and United Teacher Associates Insurance Company.

Section 1: Relationship and Scope of Authority

Subject to the provisions and limitations set forth in this Agreement and in reliance on the promises, representations and warranties of Licensed-Only Agent, Company hereby appoints Licensed-Only Agent to act as an agent for Company, to represent Company in promoting, soliciting sales of, and selling designated products offered by and through Company. The relationship of Licensed-Only Agent and Company shall be that of an independent-contractor relationship, and nothing herein shall be construed to create the relationship of employee and employer, partners or co-venturers. Licensed-Only Agent is free to exercise its own judgment as to the time and manner for performing services required under this Agreement. Licensed-Only Agent is also free to exercise its own judgment as to the persons from whom Licensed-Only Agent will solicit applications and the time and place of solicitation, subject to compliance with applicable law.

Licensed-Only Agent is authorized to solicit applications with respect to the designated insurance products offered for sale through Company, to forward those applications for processing, to collect only the initial premium payment due on such applications in cases where appropriate (e.g., non-payroll deduct cases), to deliver policies of insurance as directed by Company (if the insured(s) is/are in good health and the initial premium has been paid in cases where appropriate (e.g., nonpayroll deduct cases)) and to do any act or perform any duty specifically authorized by Company in writing. Licensed-Only Agent shall make no representations, warranties or commitments of any type to applicants as to the issuance of a policy or coverage of specific medical conditions or claims, nor will Licensed-Only Agent incur any liability or debt on behalf of Company.

Licensed-Only Agent represents and warrants to Company now and at all times during the effectiveness of this Agreement that Licensed-Only Agent holds all licenses, certifications, bonds, and insurance necessary to perform services under this Agreement and on behalf of Company and that the state insurance regulatory authorities and all other appropriate governmental authorities with jurisdiction over Licensed-Only Agent have not revoked, suspended, denied renewal or otherwise imposed restrictions or limitations on Licensed-Only Agent’s licenses, certifications or qualifications necessary to perform under this Agreement and on behalf of Company.

Agent’s authority shall not extend beyond the limited authority as set forth in this Agreement and in conjunction with that limited authority Agent hereby agrees and acknowledges that Agent has no authority to:

- (i) Act in any way contrary to the laws and regulations governing the business of insurance, the ethics of life and health business, including but not limited to, the Agent Code of Ethics and Procedures, and the rules and regulations of Company as described in Company manuals, rate books, and general instructions.
- (ii) Contract debts or obligations in the name of Company or obligate it in any way; bind or attempt to bind Company by any promise or agreement, including but not limited to, obligation to insure; incur debt, expense or liability in Company’s name; make, alter, waive or modify any of the terms or provisions of companies policies, applications or contracts, including riders and amendments; discharge any contract or waive any forfeiture; extend the time for payment of any premium or note; or waive payments in cash; or
- (iii) Collect any premium, except the initial premium.

Section 2: No Compensation

Company will not compensate Licensed-Only Agent under this Agreement. It is understood and agreed that Licensed-Only Agent is under direct contract with the undersigned Appointing Agent and that Licensed-Only Agent will hold the Appointing Agent solely accountable for any compensation related to its activities hereunder. However, because Company will provide Licensed-Only Agent, and Licensed-Only Agent will use, Company’s proprietary written materials, pricing lists, and electronic web-portal, are necessary for Licensed-Only Agent to perform under this agreement. Because that information is Trade Secret Information of Company, Company may enforce the terms of this agreement as Against Licensed-Only Agent.

Section 3: Territory

During the term of this Agreement, Licensed-Only Agent may solicit only in territories in which it and Company are duly licensed and authorized in writing. No territory is assigned exclusively to Licensed-Only Agent, and Company may authorize other agents and producers of Company to solicit sales of, sell and market insurance policies and products offered by Company in such territory. Company may, at any time in its sole discretion, discontinue conducting all or any part of its business within all or any part of Licensed-Only Agent’s territory or any other territory even if Company is still licensed and authorized therein.

Section 4: Responsibilities and Restrictions

Licensed-Only Agent shall at all times comply with all of Company’s rules and regulations as such may be amended from time to time and with all applicable federal and state laws and regulations. Licensed-Only Agent shall not (i) rebate any premiums or commissions to any party; (ii) make, alter or discharge any contract or policy; (iii) extend time for payment of any premium; (iv) waive any forfeiture, policy provision or premium payment; (v) modify any rate, receipt or requirement; (vi) endorse checks made payable to Company; (vii) advertise or publish any matter or thing concerning Company or its products without filing a proposed copy of such material with Company and obtaining approval, signed by an officer of Company; or (viii) undertake any act on behalf of Company other than as expressly authorized herein.

Licensed-Only Agent agrees to comply with applicable provisions of the Gramm Leach Bliley Financial Modernization Act of 1999, as amended from time to time, and any requirements associated with such Act that may be enacted by any state. To the extent that nonpublic personal information of any individual is disclosed to Licensed-Only Agent, Licensed-Only Agent agrees that it will not disclose or use the information other than to carry out the purposes of this Agreement.

Licensed-Only Agent shall be responsible for acquiring and maintaining all licenses in any territory in which Licensed-Only Agent solicits insurance, as required by applicable law. Licensed-Only Agent shall pay for all license fees, appointment fees, bond fees, and fees and taxes required by any federal, state or local government relative to Licensed-Only Agent. Licensed-Only Agent is solely and strictly responsible for the performance, fidelity and honesty of Licensed-Only Agent's employees and independent contractors, all of whom shall act in accordance with this Agreement. All premiums and funds collected by Licensed-Only Agent in connection with the sale of any insurance policy or product shall be held by Licensed-Only Agent in trust, and Licensed-Only Agent shall act as trustee and fiduciary with respect to those premiums and funds, which will in no event be used by Licensed-Only Agent for personal, business or other purposes.

Licensed-Only Agent agrees to work diligently to prevent lapsing and replacement of insurance effected hereunder. All insurance placed by Licensed-Only Agent shall be the property of Company. Licensed-Only Agent covenants and agrees that it will not hold itself out to the public or others as an employee, partner, co-venturer or Licensed-Only Agent (other than as provided for herein) of Company, and further covenants and agrees that it will not execute contracts binding on Company.

Section 5 : HIPAA Business Associate Agreement

1. Definitions

Capitalized terms used in this Business Associate Agreement shall have the meaning ascribed to them by the HIPAA Privacy and Security Rules and the HITECH Act, as applicable. If the meaning of any defined term used herein is changed by amendment to HIPAA or the HITECH Act, then the meaning of such defined term shall automatically change to correspond to the amended definition.

"Breach" shall mean the unauthorized acquisition, access, use, or disclosure of Unsecured PHI which compromises the security or privacy of such information, except where an unauthorized person to whom such information is disclosed would not reasonably have been able to retain such information. As further provided under the HIPAA Privacy Rule, Breach does not include:

- (i) any unintentional acquisition, access, or use of PHI by an employee or individual acting under the authority of Associate if such acquisition, access, or use was made in good faith and within the course and scope of the employment or other professional relationship of such employee or individual with Associate; any inadvertent disclosure from an individual who is otherwise authorized to access PHI at a facility operated by Associate to another similarly situated individual at the same facility; and such information is not further acquired, accessed, used, or disclosed without authorization by any person.

"Data Aggregation" shall mean, with respect to the PHI created or received by Associate in its capacity as the Business Associate of Company, the combining of such PHI by Associate with the PHI received by Associate in its capacity as a Business Associate of another Covered Entity, to permit data analyses that relate to the Health Care Operations (defined below) of the respective Covered Entities. The meaning of "Data Aggregation" in this Agreement is consistent with the meaning given to that term in the HIPAA Privacy Rule.

"Designated Record Set" shall have the meaning ascribed to that term by the HIPAA Privacy Rule at 45 C.F.R. §164.501.

"Electronic Media" shall have the meaning ascribed to that term at 45 C.F.R. §160.103 and shall include (i) electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (ii) transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before transmission.

"Electronic PHI" shall mean Protected Health Information that is transmitted by or maintained in Electronic Media as that term is defined at 45 C.F.R. §160.103.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996 and its implementing guidance and regulations, including the HIPAA Privacy Rules and the HIPAA Security Rule, all as may be amended from time to time.

"HIPAA Privacy Rule" shall mean those regulations relating to the privacy of PHI at 45 C.F.R. Parts 160 and 164, as may be amended from time to time.

"HIPAA Security Rule" shall mean those regulations relating to the security of electronic PHI at 45 C.F.R. Parts 160, 162, and 164, as may be amended from time to time.

"HITECH Act" shall mean the Health Information Technology for Economic and Clinical Health (HITECH) Act and its implementing guidance and regulations, all as may be amended from time to time.

"Protected Health Information" or "PHI" shall mean Individually Identifiable Health Information, as that term is defined under HIPAA at 45 C.F.R. §160.103, transmitted or maintained in any form or medium that Associate creates or receives from or on behalf of Company in the course of fulfilling its obligations under this Agreement or the applicable Associate Agreements. PHI shall not include (i) education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. §1232g, (ii) records described in 20 U.S.C. §1232g(a)(4)(B)(iv), and (iii) employment records held by Company in its role as employer.

"Record" shall mean any item, collection, or grouping of information that includes PHI and is maintained, collected, used, or disseminated by or for Company.

"Secretary" shall mean the Secretary of the Department of Health and Human Services.

"Security Incident" shall have the meaning set forth in 45 C.F.R. §164.304.

"Treatment", "Payment" and "Health Care Operations" shall have the meaning given to those terms at 45 C.F.R. §164.501, as may be amended from time to time.

"Unsecured PHI" shall mean PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary.

2. OBLIGATIONS OF ASSOCIATE

A. Use and Disclosure of PHI

- (i) Except as otherwise limited in this Agreement, Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Company as specified in the Associate Agreements, provided that such use or disclosure would not violate the HIPAA Privacy & Security Rules if done by Company or the minimum necessary policies and procedures of Company. Company has the right to amend this Agreement at any time with respect to permitted uses and disclosures by Associate.
- (ii) To the extent Associate is to carry out one or more of Company's obligations under Subpart E of 45 C.F.R. Part 164, Associate agrees to comply with the requirements of Subpart E that apply to the Company in the performance of such obligations.
- (iii) Associate may use or disclose PHI as required by law.
- (iv) Associate shall not use or disclose, and shall ensure that its directors, officers, employees, agents, and subcontractors do not use or disclose, PHI in any manner that would constitute a violation of the HIPAA Privacy Rule or the HITECH Act if done by Company, except that Associate may use and disclose PHI as permitted under the HIPAA Privacy Rule for the proper management and administration of Associate or to carry out the legal responsibilities of Associate, provided that disclosures are: (a) required by law or (b) Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- (v) Except as otherwise limited in this Agreement, Associate may use or disclose PHI to provide Data Aggregation services relating to the health care operations of the Company if such services are required under the Associate Agreements.
- (vi) Associate shall neither use nor disclose PHI for the purpose of creating de-identified information that will be used for any purpose other than as directed by Company to carry out the obligations of Associate set forth in this Agreement or the applicable Associate Agreements, or as required by law.

B. Limited Data Set or Minimum Necessary Standard

In using, requesting and/or disclosing PHI, Associate shall comply with any and all applicable laws, including implementing guidance and regulations, in determining what constitutes "minimum necessary." Associate shall limit the use, disclosure, or request of Individuals' PHI, to the extent practicable, to the Limited Data Set (as defined in 45 C.F.R. §164.514(e)(2)) or, if needed by Associate, to the minimum necessary amount of Individuals' PHI to accomplish the intended purpose of such use, disclosure, or request and to perform its obligations under this Agreement and/or the Associate Agreements. Associate shall determine what constitutes the minimum necessary to accomplish the intended purpose of such disclosure. Associate's obligations under this provision shall be subject to modification to comply with guidance issued by the Secretary.

C. Receiving Remuneration in Exchange for PHI Prohibited

Associate shall not directly or indirectly receive remuneration in exchange for any PHI of an Individual. Associate shall not engage in marketing activities or the sale of PHI, as defined in the HIPAA Privacy Rule without prior written consent of Company and individual written authorization, as required by law.

D. Genetic Information

Associate shall not undertake any activity that may be considered underwriting based on genetic information, as defined by the Genetic Information Nondiscrimination Act and prohibited under the HIPAA Privacy & Security Rules.

E. Safeguards Against Misuse of Information

Associate shall comply with all applicable requirements of HIPAA and the HITECH Act relating to Business Associates and shall implement appropriate safeguards to prevent the use or disclosure of PHI in any manner other than pursuant to the terms and conditions of this Agreement. Associate shall implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the PHI that it creates, receives, maintains, or transmits on behalf of Company.

F. HIPAA Security Standards

Associate shall comply with the HIPAA Security Rule with respect to any Electronic PHI that Associate holds on behalf of Company.

- (i) Associate agrees to use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to Electronic PHI to prevent use or disclosure of PHI other than as provided for by the Agreement.
- (ii) Associate shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic PHI that it creates, receives, maintains, or transmits on behalf of Company, as required in the HIPAA Security Rule.
- (iii) Associate shall ensure that any agent, including a subcontractor, to whom it provides Electronic PHI agrees to implement reasonable and appropriate safeguards to protect such information.

G. Reporting of Violations and Security Incidents

- (i) Upon becoming aware of a use or disclosure of PHI in violation of this Agreement, including any Breach or suspected Breach of Unsecured PHI, Associate shall immediately report such use or disclosure to Company.
- (ii) Associate shall report to Company any Security Incident under the HIPAA Security Rule of which it becomes aware, including the identities of any individual whose Electronic PHI was breached. If the HIPAA Security Rule is amended to remove the requirement to report unsuccessful attempts of unauthorized access, the requirement to report such unsuccessful attempts shall no longer apply as of the effective date of that amendment.

H. Responsibilities in the Event of a Breach

- (i) In the event of a Breach or suspected Breach, including any actual, successful Security Incident of which it becomes aware which has compromised the protections set forth in the HIPAA, Associate shall forward to Company as soon as practicable, but in any event within 48 hours after such Breach or suspected Breach is discovered by Associate, a written notice including the identification of each individual whose Unsecured PHI has been, or is reasonably believed to have been, accessed, acquired, or disclosed during the Breach or suspected Breach. Such notification shall:

- a. be made in writing to the Company with a copy to the Privacy Office.
 - b. include the names of the individuals whose information was breached, the circumstances surrounding the breach, the date of the breach and date of discovery, the information breached, any steps the individuals should take to protect themselves, the steps Associate (or its agent or subcontractor) is taking to investigate the breach, mitigate losses, and protect against future breaches, and a contact person for more information.
- (ii) For purposes of discovery and reporting of Breaches or suspected Breaches, Associate is not the agent of the Company (as "agent" is defined under common law).
 - (iii) Associate shall cooperate with Company and shall provide such assistance as Company may reasonably request so that Company may comply with any obligations it may have to investigate, remediate, mitigate, report, and or otherwise notify third parties of such Breach. Associate shall be liable for all costs associated with the investigation, remediation, mitigation, and reporting of Breaches of Unsecured PHI caused by Associate, its officers, employees, agents, and/or subcontractors.
 - (iv) If requested by Company, Associate shall notify, at its own cost, the individuals involved, or the media or the US Department of Health and Human Services, as applicable, in accordance with the HITECH Act, and regulations or guidance issued thereunder, including 45 C.F.R. Part 164, Subpart D, provided that Company shall approve the content of any notification in advance. If requested by Company, Associate shall reimburse Company for any costs associated with Company making such notification.

I. Agreements with Third Parties

In accordance with 45 C.F.R. 164.502(e)(1)(ii) and 164.308(b)(2), Associate shall ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of Associate agree to the same restrictions, conditions, and requirements that apply to Associate with respect to such information pursuant to this Agreement, and as required by applicable law, with respect to such PHI. Associate warrants and represents that in the event of a disclosure of PHI to any third party, the information disclosed shall be no more than the minimum necessary for the intended purpose. Associate shall ensure that any agent or subcontractor of Associate to whom Associate provides PHI implements reasonable and appropriate safeguards to protect such information.

J. Access to PHI

In the event Associate maintains PHI in a Designated Record Set, Associate shall, within five business days of receipt of a request from Company, provide to Company PHI in Associate's possession that is required for Company to respond to an individual's request for access to PHI made pursuant to 45 C.F.R. §164.524 or other applicable law. Associate shall comply with, and shall assist Company in complying with, requirements for providing access to certain information in electronic format if Company or Associate uses or maintains an electronic health record with respect to an Individual's PHI, under 45 C.F.R. §164.524. In the event any individual requests access to PHI directly from Associate, whether or not Associate is in possession of PHI, Associate may not approve or deny access to the PHI requested. Rather, Associate shall, within two business days, forward such request to Company.

K. Availability of PHI for Amendment

In the event Associate maintains PHI in a Designated Record Set, Associate shall, within five business days of receipt of a request from Company, provide to Company PHI in Associate's possession that is required for Company to respond to an Individual's request to amend PHI made pursuant to 45 C.F.R. §164.526 or other applicable law. If the request is approved, Associate shall incorporate any such amendments to the PHI as required by 45 C.F.R. §164.526 or other applicable law. In the event that the request for the amendment of PHI is made directly to Associate, whether or not Associate is in possession of PHI, Associate may not approve or deny the requested amendment. Rather, Associate shall, within two business days forward such request to Company.

L. Accounting of Disclosures

Associate agrees to document disclosures of PHI and information related to such disclosures as would be required for Company to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. §164.528 or other applicable law. Associate shall comply with, and shall assist Company in complying with requirements for providing an accounting of certain PHI disclosures if Company or Associate uses or maintains an electronic health record with respect to PHI, under 45 C.F.R. §164.528. Associate shall, within 10 business days of receipt of a request from Company, provide to Company such information as is in Associate's possession and is required for Company to respond to a request for an accounting made in accordance with 45 C.F.R. §164.528 or other applicable law. In the event the request for an accounting is delivered directly to Associate, Associate shall, within two business days, forward such request to Company. It shall be Company's responsibility to prepare and deliver any such accounting requested.

M. Individuals' Right to Confidential Communications and to Request Restriction on Use and Disclosure of PHI

Associate shall comply, and shall assist Company in complying, with responding to Individuals' requests for confidential communications or to restrict the uses and disclosures of their PHI under 45 C.F.R. §164.522. This shall include complying with requests to restrict the disclosure of certain PHI with which Company is required to agree, in accordance with 45 C.F.R. §164.522.

N. Availability of Books and Records

Associate hereby agrees to make its applicable internal practices, books and records, including policies and procedures, available to the Secretary and Company for purposes of determining Company's and Associate's compliance with the HIPAA Privacy and Security Rules and HITECH. The practices, books and records subject to this Section are those practices, books and records that relate to the use and disclosure of PHI that is created by Associate on behalf of Company, received by Associate from Company, or received by Associate from a third party on behalf of Company.

O. Policies, Procedures and Training

Associate shall develop and implement privacy and security policies and procedures as necessary and appropriate to meet its obligations under this Agreement and applicable state and federal laws, including HIPAA. Associate shall train its employees and workforce members, and ensure that its agents or subcontractors train their employees and workforce members, on such policies and procedures.

P. Duty to Mitigate

Associate shall mitigate, to the extent practicable, any harmful effect that is known to Associate of a use or disclosure of PHI by Associate in violation of the requirements of this Agreement.

3. TERM AND TERMINATION

A. Term

The term of this Business Associate Agreement shall terminate when all of the PHI provided by Company to Associate, or created or received by Associate on behalf of Company, is destroyed or returned to Company, or, if Company determines that it is infeasible to return or destroy such PHI, protections are extended to such information, in accordance with the termination provisions in this Section.

B. Termination for Cause

If Company determines that Associate has committed a material breach of this Agreement, or any applicable Associate Agreements pertaining to the use or disclosure of PHI, Company shall either:

- (i) Provide an opportunity for Associate to cure the breach or end the violation and terminate this Agreement and any applicable Associate Agreements if Associate does not cure the breach or end the violation within the time specified by Company; or
- (ii) Immediately terminate this Business Associate Agreement and any applicable Associate Agreements if Company determines cure is not possible.

Associate acknowledges and agrees that any breach of this Business Associate Agreement shall also constitute a breach of the applicable Associate Agreements.

C. Effect of Termination

- (i) Except as provided in the paragraph below, upon termination of this Business Associate Agreement for any reason, Associate shall return or destroy all PHI received from Company, or created or received by Associate on behalf of Company. This provision shall also apply to PHI that is in the possession of subcontractors or agents of Associate. Associate shall retain no copies of the PHI.
- (ii) In the event that Associate determines that returning or destroying the PHI is infeasible, Associate shall provide to Company notification of the conditions that make return or destruction infeasible. Upon Company's determination that return or destruction of PHI is infeasible, Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Associate maintains such PHI.

4. MISCELLANEOUS

A. Limitation of Liability

No exculpation or limitation on Associate's liability set forth in any of the Associate Agreements shall apply to any liability of Associate as a result of Associate's breach of this Agreement.

B. Indemnification

The parties agree to indemnify, defend, and hold harmless each other, their subsidiaries and affiliates, and their respective directors, officers, employees and agents, from and against any loss, claims, damages, judgments, attorneys' fees, expenses, penalties, fines, and liabilities of any kind or nature for which either party may become liable resulting from any claim, legal action, or proceeding arising directly or indirectly out of either party's violation of the terms of this Agreement.

In addition to any other rights available to Company under this Agreement and/or any Associate Agreements, Associate shall indemnify and hold Company harmless from and against all damages, costs, fines and penalties directly or indirectly arising from Associate's breach of applicable state or federal privacy and data security laws and regulations, including HIPAA and the HITECH Act, and/or related to any Breach directly or indirectly attributable to Associate including its employees, officers, directors, agents, and/or subcontractors.

C. Regulatory References

A reference in this Business Associate Agreement to a section in the HIPAA Privacy and Security Rules or the HITECH Act shall mean the section as in effect or as amended.

D. Amendment

The terms of this Business Associate Agreement shall be construed in light of any interpretation or guidance on HIPAA and/or the HITECH Act issued by the United States Department of Health & Human Services from time to time. If any relevant provision of the HIPAA Privacy and Security Rules or the HITECH Act is materially amended in a manner that changes the obligations of Business Associates or Covered Entities that are embodied in this Agreement, or in the event that applicable law, or an arbitration or judicial interpretation of same, or any regulatory or enforcement action should explicitly or otherwise require that this Agreement be changed, altered or modified, then Company shall notify Associate and provide such required amendment, and Company and Associate shall continue to perform their respective obligations under this Agreement as modified.

Section 6: Term

This Agreement may be terminated for any or no reason by either party immediately upon written notice to the other or immediately if Licensed-Only Agent or any of Licensed-Only Agent's employees or independent contractors shall:

- (i) commits any fraud or dishonesty in connection with the duties, services or actions being performed on behalf of Company or under this Agreement;
- (ii) violates any of the terms of this Agreement;
- (iii) violates any laws or regulations governing insurance sales in the state or states in which Licensed-Only Agent is licensed and/or other laws of regulations of such state or territory which Licensed-Only Agent has been assigned;
- (iv) is indicted or convicted of a felony;

- (v) publishes, distributes or uses any circulars, advertising, sales material or other matter referring to Company or to contracts or policies without first securing the written approval of Company as required herein;
- (vi) directly or indirectly engages in a pattern or practice of communicating with any Company policyholder for the purpose of replacing, canceling or otherwise terminating a Company policy;
- (vii) die (if an individual) or dissolve (if an entity such as a corporation, limited liability company, partnership, etc.);
- (viii) becomes insolvent or bankrupt, or make an assignment for the benefit of creditors or be in default of any obligation.

Section 7: Method of Remittance on New Applications

Licensed-Only Agent shall immediately remit to Company all premiums collected or received by Licensed-Only Agent. It is understood and agreed that, unless otherwise pre-authorized by the Company (e.g., specific arrangement for Worksite, Credit Union or direct response sales), Company will accept no application unless accompanied by the initial premium.

Section 8: Records and Reports

Licensed-Only Agent shall render such reports and keep such records and business accounts as Company requests.

Section 9: Printed Material

Company may furnish Licensed-Only Agent with all supplies, applications, circulars and printed matter Company deems necessary for doing business under this Agreement. Licensed-Only Agent agrees not to publish, distribute or use any circulars, advertising, sales material or other matter referring to Company or to Company's policies without first securing Company's written approval. All printed matter and supplies Company furnishes are property of Company and shall be promptly returned to Company upon request or when this Agreement terminates.

Section 10: Refunds and Rejections

Within the limitations of the law, Company reserves the right, at all times, to reject any application for insurance without specifying cause, and to cancel, refuse to renew, or modify any policy. Licensed-Only Agent shall promptly refund all monies collected on any application by Licensed-Only Agent on which a policy is declined, on any application by Licensed-Only Agent on which Company issued a policy not accepted by the applicant, and on any application by Licensed-Only Agent for which the premium is refunded.

Section 11: Discontinuance of Policy Forms

Without incurring any liability to Licensed-Only Agent, Company may discontinue or withdraw, rewrite, replace or convert any policy now or hereafter made available for sale.

Section 12: Policy Replacement Prohibited

Licensed-Only Agent shall not directly or indirectly engage in a pattern or practice of replacing, lapsing, canceling, or rewriting Company's policyholders. Without the agreement contained in this Section 12, Company would not enter into this Agreement and would not provide Licensed-Only Agent with the printed materials identified in Section 9 of this Agreement and access to the electronic web-portal.

Furthermore, Licensed-Only Agent shall not directly or indirectly attempt to recruit any agent or producer of Company for any other entity or persuade any agent or producer of Company to terminate or reduce their relationship with Company.

Company will provide Licensed-Only Agent, and Licensed-Only Agent will use Company's proprietary written materials, pricing lists, and electronic web-portal, which are necessary for Licensed-Only Agent to perform under this Agreement. This material constitutes Trade Secret Information of Company as further defined in Section 13 of this Agreement. Company would not provide this information if Licensed-Only Agent did not agree to the terms of this Section 12.

Section 13: Trade Secret Information

Licensed-Only Agent does hereby acknowledge, agree and accept that the Trade Secret Information of Company falls within that term as defined by Texas Trade Secrets Act or by the Uniform Trade Secrets Act. Trade Secret Information as used in this Agreement includes, but is not limited to: agent, customer or client lists, including names, addresses, telephone numbers, and amounts and types of insurance; expiration and renewal dates of policies; lists of business leads; claims histories; due dates of premium and amounts thereof; and statements of monthly accounts submitted to Licensed-Only Agent by Company. Specifically Trade Secret Information includes the physical materials and web-portal access which Company will provide to Licensed-Only Agent. All Trade Secret Information furnished to the Licensed-Only Agent shall be and remain the property of Company. This specifically includes lists of customers and related information, which Licensed-Only Agent brought to Company. Company derives independent economic value from the Trade Secret Information and from its not being generally known to the public or to other persons who can obtain economic value from its disclosure. Licensed-Only Agent will not during or after the term of this Agreement divulge, make known, or otherwise make use of any Trade Secret Information for any purpose except as authorized by Company, including but not limited to the solicitation of business from any person or entity. This Section shall survive the termination of this Agreement for any reason.

Section 14: Liability, Indebtedness and Indemnity

Licensed-Only Agent shall be liable to Company for the payment of all (i) monies due from Licensed-Only Agent, (ii) debit balances on the account of Licensed-Only Agent, or (iii) debit balances resulting from loans to Licensed-Only Agent by Company. Company's books shall be *prima facie* evidence of such debit balances or loans due.

Any indebtedness incurred by Licensed-Only Agent to Company shall be payable on demand immediately upon receipt of a written notice from Company.

Licensed-Only Agent agrees to indemnify Company and its affiliates, shareholders, directors, officers and employees and to hold Company, its affiliates, shareholders, directors, officers and employees harmless from any and all expenses, liabilities, costs, cause or causes of action and damages, including attorneys fees and costs of litigation, resulting from or growing out of any breach of this Agreement and any related agreement or any unauthorized, fraudulent, negligent or wrongful act, omission, statement or representation by Licensed-Only Agent, Licensed-Only Agent's employees or independent contractors. This Section shall survive the termination of this Agreement for any reason.

Section 15: Errors and Omissions

Licensed-Only Agent shall at all times carry an Errors and Omissions liability insurance policy of not less than \$100,000 per occurrence or such other amount as Company may require, issued by an insurance company acceptable to Company.

Section 16: Survivability

Sections 2, 4, 6, 9, 11, 12, 13, 14, 16, 18, 19, 20, 21, 22 and 23 of this Agreement shall survive its termination for any reason.

Section 17: Assignment

This Agreement is a continuing obligation and shall be binding upon Company and Licensed-Only Agent, and their respective heirs, successors, transferees and assigns, and shall inure to the benefit of and be enforceable by Company and Licensed-Only Agent and their respective heirs, successors, transferees and assigns. Licensed-Only Agent may not, without the express prior written consent of Company, assign any of its rights or responsibilities hereunder. Company may assign its rights hereunder to a third party without notice to or consent of Licensed-Only Agent.

Section 18: Mandatory Binding Arbitration

A. Mandatory Binding Arbitration- Except as otherwise provided in this Agreement, all claims, disputes, and controversies arising out of or in any manner relating to this Agreement, or any other agreement executed in connection with this Agreement, or to the performance, interpretation, application or enforcement hereof, including but not limited to occurrence hereof (in each case, "Dispute"), shall be submitted to binding, non appealable arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (AAA) in force at the time the demand is filed, unless the parties mutually agree otherwise.

Either party may within one (1) year from the date of the alleged occurrence resulting in the Dispute make a demand for arbitration by filing a demand in writing with the other party and serving the same by depositing it in the U.S. Mail, certified mail, return receipt requested. Company and Associate shall each choose, within sixty (60) days after demand for arbitration is made its arbitrator and the two appointed arbitrators shall choose a third arbitrator that is a current or former insurance industry professional. If either party fails to appoint an arbitrator within sixty (60) days after the written demand for arbitration is made, the party who has appointed an arbitrator may petition the District Court of Travis County, Texas for an order compelling the non-complying party to appoint its arbitrator. All reasonable costs and fees incurred, as a result of obtaining the court order compelling appointment of an arbitrator shall be paid by the non-complying party. If the two arbitrators cannot agree on a third arbitrator within this timeframe, the third arbitrator shall be chosen by the AAA using its Commercial Rules then in effect. In such event the parties shall jointly pay the fees of the AAA.

All arbitration hearings conducted hereunder, and all judicial proceedings to enforce any of the provisions hereof, shall take place in Travis County, Texas. The hearing before the arbitrators of the matter to be arbitrated shall be at the time and place within said County as is selected by the arbitrators.

The decision of any two arbitrators with respect to a Dispute shall be binding and conclusive and non-appealable and shall be submitted to the court for confirmation with the same effect as a judgment.

Each of the parties hereby irrevocably waives punitive, exemplary, consequential and other non-compensatory damages in connection with any arbitration award with respect to any Dispute.

The costs and expenses of arbitration, including the fees of the arbitrators, shall be borne by the losing party or in such proportions as the arbitrators shall determine. The successful party shall recover as expenses all reasonable attorneys' fees incurred by said party in connection with the arbitration proceedings.

C. Exclusivity - Each party agrees that compliance with the requirements of this Section 18 is a condition to its right to assert any claims with respect to a Dispute in any other forum, except only as set forth in subparagraph D below.

D. Exceptions - Notwithstanding any other provision of this Agreement, Company may enforce Licensed-Only Agent's compliance with any restrictive covenant, policy replacement prohibition, confidentiality provision or trade secret provision contained in this Agreement to the fullest extent permitted by law by seeking any remedy available at law or in equity, including but not limited to obtaining a temporary restraining order or injunction, without having to mediate and/or arbitrate, and without need to post a bond to do so.

Licensed-Only Agent agrees that Licensed-Only Agent is not excused from complying with any restrictive covenant, policy placement prohibition, confidentiality provision or trade secret provision because of any claim Licensed-Only Agent may have against Company.

Section 19: Attorney's Fees

In any litigation between Associate and Company to this Agreement which concerns any matter governed by, arising from, or related to this agreement, no party will be entitled to recover the attorney's fees incurred in prosecuting or defending claims, regardless of whether such is allowed by statute, law, or otherwise, except as provided in Section 18 of this Agreement, and except in the event that a decider of fact determines, in their sole discretion, that a claimant brought forth a frivolous claim. In that event, a respondent to such a claim may recover his attorney's fees expended defending against the frivolous claim.

Section 20: Applicable Law

This Agreement shall be governed by the laws of the State of Texas. Exclusive venue with respect to all matters hereunder shall be Travis County, Texas. COMPANY AND LICENSED-ONLY AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT.

Section 21: Partial Invalidity

If any provision of this Agreement is declared invalid for any reason, the invalidity of that provision shall not affect the validity of any other provision of this Agreement, and all other provisions shall remain in full force and effect. It is declared to be the intention of the parties that they would have executed all other provisions of this Agreement without including any such part or parts, or portions that may, for any reason, be hereafter declared invalid.

Section 22: Entire Agreement

This Agreement, together with the other agreements incorporated herein by reference, constitutes the entire agreement between the parties and supersedes and replaces any and all prior agreements (whether oral or written) between Company and Licensed-Only Agent. This Agreement may not be modified, altered or amended except by a writing signed by all parties to this Agreement. This Agreement shall be binding upon the successors and heirs of the parties hereto.

Section 23: Company Approval & Effective Date

The Home Office of Company shall have sole authority with respect to any contract or agreement with any agent recruited by Associate or others in Associate's hierarchy. In addition, all licensing of any agents at any level shall be performed by the Licensing Department of company, and all agents much conform to the market conduct standards of Company.

This Agreement shall become effective upon Licensed-Only Agent becoming licensed in Licensed-Only Agent's territory for the sale of insurance described herein, or the date of Company's execution of this Agreement at its offices in Texas, whichever shall occur last. For purposes of this provision, the sending of Company's "Welcome Letter" will constitute it's execution of the Agreement.

Section 24: Notices

All notices, certificates, requests, demands and other communications provided for hereunder or under any Note or any Pledge Agreement shall be in writing and shall be (a) sent by first class United States mail, (b) sent by overnight courier of national reputation, or (c) sent via email, in each case addressed to the party whom notice is being given at its address, or sent to the email address on the agent's record, as set forth above or, as to each party, at such other addresses as may hereafter be designated by such Section. All such notices, requests, demands and other communications shall be deemed to have been given on (a) when deposited in the mail if delivered by mail, (b) the date sent if sent by overnight courier, (c) or date sent via email.

Section 25: Amendments

To the extent permitted by law, the terms of this Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever except by written instrument signed by the parties hereto, and then such waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.