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lives with more honor and peace

INDEPENDENT INSURANCE AGENCY CONTRACT

This independent insurance agency contract is dated _____, 2017, and is between PING AN GROUP, INC., DBA Ping An Insurance Center (“PAIC”), a California corporation, and _____, a/an _____ (“Agency”), and will continue until terminated.

PAIC is in the business of providing insurance markets in all lines of coverage and Agency is a licensed insurance producer. The parties have determined that it is mutually desirable to form a business relationship in which PAIC will provide markets for Agency’s accounts in exchange for a percentage of Agency’s commissions, bonuses, and/or fees.

Article I COMMISSIONS

- A. **Commission Split.** Any accounts written, acquired or merged by Agency and placed with the carrier group PAIC offers (“PAIC’s Carriers”) will be paid according to Agency’s elected commission split. The upfront fee is due to PAIC on or before the date of this agreement and is refundable for a period of 30 days after the date of this agreement by Agency’s written request to terminate the agreement or reduce its commission split. PAIC may modify its monthly fee structure, from time to time, with 12 months’ written notice to Agency.

Agency/PAIC	50/50	65/35	70/30	75/25	80/20	85/15	90/10	100/0
Upfront Fee	\$600	\$1,200	\$2,400	\$3,000	\$5,000	\$10,000	\$20,000	\$60,000
Monthly Fee	\$100	\$200	\$300	\$400	\$500	\$600	\$700	\$1,000
Elected Commission Split								

- B. **Increases to Commission Split.** Agency may increase its commission split at any time by giving 30 days’ written notice and payment in full of the upfront fee to PAIC. The amount due will be the difference between the amount paid toward the previous commission split and the amount charged for the new commission split. The new commission split will begin on the first day of the following month.
- C. **Agency Direct Commissions.** At the 100/0 commission split, PAIC will authorize all of PAIC’s Carriers to distribute all their commission statements to Agency and pay Agency directly.

Article II BONUSES

- A. **Profit Sharing with No Premium Requirements.** Should PAIC qualify for a profit sharing bonus, Agency will share in the bonus if Agency’s loss ratio meets the requirement established by the carrier at the end of the qualifying period, regardless of Agency’s policy count or premium volume. If Agency is writing under PAIC’s shared master code, the loss ratio for the master code as a whole must qualify. If Agency has multiple producer codes with the carrier, each code must qualify individually. Agency will not be eligible to share in the bonus if this agreement is terminated prior to the end of the qualifying period. Agency’s percentage of the bonus will be determined by Agency’s percentage of PAIC’s overall business that qualified for the bonus.
- B. **Incentive Bonuses.** Should PAIC qualify for an incentive bonus, Agency will share in the bonus if Agency individually meets the requirements established by the carrier at the end of the qualifying period. Agency’s bonus amount will be determined by the amount that Agency individually qualified for.
- C. **Bonus Split.** All bonuses will be paid according to Agency’s commission split at the end of the qualifying period. Non-monetary bonuses that Agency individually qualifies for and cannot be split will be awarded to Agency.

Article III CARRIERS

- A. **Non-Exclusive Carriers.** Agency may pursue and maintain separately its own carrier appointments outside of those available through PAIC’s Carriers.
- B. **Common Carriers.** If Agency obtained appointments with any of PAIC’s Carriers prior to contracting with PAIC, or obtains appointments with carriers while contracted with PAIC and prior to PAIC contracting with those carriers, Agency may retain those carriers separately, or may choose to merge the business with PAIC. PAIC reserves the right to refuse to merge Agency’s business written through a common carrier. Agency retains the right to later withdraw business merged with a common carrier from PAIC, without penalty or fee, with 30 days’ written notice to PAIC.

- C. **PAIC's Carriers.** Agency agrees that during the term of this agreement and for a period of 12 months following the termination of this agreement, Agency will not pursue or enter into any type of contract on its own, or through another aggregator, cluster, network or agency or otherwise discuss the placement of insurance with PAIC's Carriers unless Agency has obtained, in advance, the written consent of PAIC.

Article IV OWNERSHIP

- A. **Immediate Ownership.** Agency will have immediate ownership of its book of business. All client records and control of policy expirations placed through PAIC will be deemed the property of Agency.

Article V REFERRAL INCENTIVE

- A. **Agency Referral Income Stream.** Should Agency refer a third party that contracts with PAIC (a "Referral"), Agency will be paid 10% of PAIC's share of the Referral's upfront fees, commissions, monthly fees, and bonuses. Referral incentives will be paid to Agency when fully earned by PAIC and included in Agency's monthly accounting and payment of commissions. Referral incentive payments will survive any transfer or sale of Agency or the Referral, unless the acquiring party does not contract with PAIC or the Referral is acquired by another agency already contracted with PAIC, and will continue until the agreement with Agency, or its successors or assigns, or the agreement with the Referral, or its successors or assigns, is terminated for any other reason.

Article VI DUTIES

A. **Duties of Agency.**

1. **Agency Retains its Identity.** Agency shall operate in its own name and cannot be identified as, or co-identified with, PAIC. Agency acknowledges that it does not have contractual authority to enter into a lease, utilities, or any other service in the name of PAIC. Agency will function as an independent contractor and will not be an agent, joint venturer or partner of PAIC, and will not be construed as an employee for state and federal tax or for unemployment purposes.
2. **Business Office.** Agency agrees to operate an independent insurance agency office as a place to conduct business. The office must be in a business location and approved by PAIC.
3. **Expenses and Taxes.** Agency will be responsible for all of its own expenses including lease, utilities, furniture, phone, computer, signs, advertising, lead generation and underwriting reports and all taxes including quarterly income, state and federal taxes, federal or state unemployment contributions, FICA and self-employment taxes.
4. **Bond and Licenses.** Agency shall maintain an active insurance producer/business entity bond and insurance licenses as required and provide copies to PAIC prior to the date of this agreement and upon each renewal without any further request.
5. **E&O Insurance.** Agency shall maintain an active errors and omissions insurance policy and provide a copy to PAIC prior to the date of this agreement and upon each renewal without any further request. PAIC must be listed as an additional insured and the policy must reflect the minimum limits of coverage as determined by PAIC, which may be subject to change on an annual basis.
6. **Agency Bill and PFTA.** Agency will be responsible for the accounting of all agency billed policies. Commission on agency billed policies will not be subject to the commission split. If required by its domicile State Division of Insurance, Agency shall establish a separate Premium Fund Trust Account for the exclusive purpose of depositing clients' premiums.
7. **Prior Non-Compete.** Agency and any producers who write business through Agency may have certain obligations with regard to former insurance carriers or agencies that may impact the business that Agency is authorized to write. Agency hereby represents and warrants that the solicitation or acceptance of new business and the servicing of business will not violate the terms of any contractual, legal or other obligation with any third party; and that Agency will indemnify PAIC and all of its officers, directors, employees, successors and assigns from any legal losses, liabilities, damages, taxes, expenses, reasonable legal fees and disbursements, costs of investigation, litigation, settlement, judgment, interest and penalties arising from or relating to third party claims, demands, actions or threat of action arising from or relating to Agency's actual or alleged breach of a contractual, legal or other obligation with any third party that is related in any way to business that Agency conducts through PAIC.
8. **Employees and Producers.** Agency will be responsible for its own employee payroll and the cost of workers' compensation insurance. Agency shall pay all commissions to producers that it appoints according to its agreement with them. PAIC will have no obligation, of any kind, either during or after the termination of this agreement, to the employees, producers, or any other third party employed by, or acting on behalf of, Agency.

9. **Customer Service and Procedures.** Agency will handle all customer service and adopt each carrier’s procedures for new account submissions, file maintenance, document retention, rating, invoicing, claims, and renewal process.

B. Duties of PAIC.

1. **Direct Carrier Appointments.** PAIC agrees to submit Agency for direct appointment with PAIC’s Carriers. Agency acknowledges that PAIC cannot guarantee appointments and that ultimately the carrier has the final decision to appoint Agency. PAIC reserves the right to suspend or terminate a carrier appointment if Agency’s loss ratio is detrimental to PAIC’s overall loss ratio or jeopardizes PAIC’s contract with the carrier, with 30 days’ written notice to Agency.
2. **Payment and Accounting of Commissions.** PAIC shall pay and give an accounting of commissions to Agency on or before the 28th day of each subsequent month. PAIC reserves the right to deduct from Agency’s commissions and bonuses any amounts owed to PAIC, PAIC’s Carriers, or service providers obtained through PAIC. Agency agrees to authorize PAIC to debit Agency’s account if Agency has a negative amount payable after the accounting of commissions. Agency will have the right to audit PAIC’s statements on a semi-annual basis at Agency’s cost.
3. **Licenses.** PAIC shall maintain an active insurance license in its domicile state and Agency’s domicile state.

**Article VII
SEPARATION**

A. **Separation of Agency from PAIC.** At any time after the date of this agreement, Agency may separate and retain its accounts from PAIC by giving 30 days’ written notice and remitting the buyout in accordance with its commission split to PAIC. Upon receipt of the buyout, PAIC will provide Agency with written authorization to obtain carrier appointments on its own with PAIC’s Carriers and to transfer its accounts. This agreement will terminate on the separation date stated in Agency’s written notice to PAIC.

Agency/PAIC	50/50	65/35	70/30	75/25	80/20	85/15	90/10	100/0
Buyout	\$50,000	\$40,000	\$35,000	\$30,000	\$25,000	\$20,000	\$15,000	\$10,000

B. **Separation of PAIC from Agency.** At any time after the date of this agreement, PAIC may separate from Agency by giving 12 months’ written notice to Agency. Agency will continue to receive an accounting and payment of commissions during the 12-month period and will have the option to separate from PAIC as described in this article or move its accounts to carriers outside of PAIC’s Carriers. This agreement will terminate at the end of the 12-month period and Agency will relinquish ownership of any accounts remaining through PAIC.

**Article VIII
TRANSFER OR SALE**

A. **Transfer or Sale of Agency.** At any time after the date of this agreement, Agency may transfer or sell, all or some of, its accounts to a third party with 30 days’ written notice to PAIC. The parties acknowledge that there is a mutual business interest in Agency’s accounts placed through PAIC and agree that any transfer or sale of these accounts is subject to the following:

1. **Acquiring Party Newly Contracts with PAIC.** If the acquiring party desires to contract with PAIC, they must be in full compliance with the qualifications of PAIC and their domicile State Division of Insurance. If it is a complete transfer or sale, Agency’s commission split will transfer to the acquiring party and this agreement will terminate on the date of transfer or sale stated in Agency’s written notice to PAIC. If it is a partial transfer or sale, the commission split of Agency’s accounts will change to the acquiring party’s commission split. A buyout is not required if the acquiring party newly contracts with PAIC.
2. **Acquiring Party Does Not Contract with PAIC.** If it is a complete transfer or sale and the acquiring party does not desire to contract with PAIC, Agency must first separate from PAIC as described in this agreement. If it is a partial transfer or sale and the acquiring party does not desire to contract with PAIC, Agency must first remit the buyout in accordance with its commission split. Upon receipt of the buyout, PAIC will provide Agency with written authorization to transfer the accounts to the acquiring party.
3. **Acquiring Party is an Existing Agency with PAIC.** If it is a complete transfer or sale and the acquiring party is already contracted with PAIC, Agency must first separate from PAIC as described in this agreement. If it is a partial transfer or sale and the acquiring party is already contracted with PAIC, Agency must first remit the buyout in accordance with its commission split. Upon receipt of the buyout, PAIC will provide Agency with written authorization to transfer the accounts to the acquiring party.

B. **Transfer or Sale of PAIC.** At any time after the date of this agreement, PAIC may assign the rights and benefits given to it under this agreement to a third party. Agency acknowledges and consents that it is the intent of the parties to permit this agreement to survive any sale of assets, merger, consolidation, or other change in the corporate structure of PAIC.

**Article IX
TERMINATION**

- A. **Voluntary Relinquishment of Book of Business.** At any time after the date of this agreement, Agency may elect to terminate this agreement, without a transfer, sale, or separation, by giving 30 days' written notice to PAIC. Agency will receive one final accounting and payment of monthly commissions. PAIC reserves the right to withhold the final commission payment until Agency has submitted all of its client files to PAIC for the purpose of servicing the accounts. Upon voluntary relinquishment of its book of business, Agency will surrender ownership of all accounts placed through PAIC.
- B. **Automatic Termination.** This agreement will terminate automatically without PAIC's further need to comply with any notice requirement or financial obligation to Agency, and Agency will forfeit ownership of all accounts placed through PAIC, subject to Agency or its heirs providing written notice to PAIC of a transfer or sale within 30 days, upon the occurrence of any of the following:
1. **Agency Abandonment.** Constructive or actual abandonment of the independent insurance agency office by Agency.
 2. **Inactive Bond, Licenses or E&O.** Agency fails to provide copies of an active producer/business entity bond, insurance licenses or errors & omissions insurance to PAIC as described in this agreement or Agency's insurance license is revoked, subject to reinstatement within 30 days.
 3. **Misappropriation of Premiums.** Agency commits any form of theft, embezzlement or misappropriation of insurance premiums.
 4. **Illegal Acts.** Agency commits any illegal acts against PAIC.
 5. **Reputational Harm.** Agency causes any reputational harm to PAIC or its name.
 6. **Death with No Successor.** The death of Agency's principals with no successor.

**Article X
CONFIDENTIAL INFORMATION**

- A. **Confidential Client Information.** Agency will have access to significant personal confidential client information during the term of this agreement and agrees that all necessary and reasonable steps will be taken to assure that this information is not disclosed, breached, accessed, or compromised in any way by Agency, its employees, producers, or third parties and that Agency will indemnify PAIC and all of its officers, directors, employees, successors and assigns from any legal losses, liabilities, damages, taxes, expenses, reasonable legal fees and disbursements, costs of investigation, litigation, settlement, judgment, interest and penalties arising from or relating to client or third party claims, demands, actions or threat of action arising from or relating to Agency's actual or alleged disclosed, breached, accessed, or compromise of confidential information with any client or third party that is related in any way to business that Agency conducts through PAIC. The parties agree that this covenant of confidentiality extends beyond the termination of this agreement.
- B. **Confidential PAIC Information.** Agency will have a copy of this proprietary Independent Insurance Agency Contract during the term of this agreement and will treat this contract and its contents as confidential information and take all necessary and reasonable steps to assure that this information is not disclosed, breached, accessed, or compromised in any way by Agency, its employees, producers, or third parties to the detriment of PAIC. Agency shall not use, make or sell, for any purpose, any product or service or other item derived from this proprietary contract. Agency acknowledges that the confidentiality of this contract is essential to PAIC's business and that it would suffer substantial financial damages if Agency breaches its covenants and obligations contained in this agreement. The parties agree that this covenant of confidentiality extends beyond the termination of this agreement.

**Article XI
OTHER LIABILITIES**

- A. **Limited Authority.** Other than the binding of insurance coverage for any policies written by Agency through PAIC, it is understood that Agency is an independent contractor and has no authority to act in any manner, express or implied, that would cause or create any legal obligation on behalf of PAIC. Agency has no right or independent authority under this agreement to contract, assign, encumber, or act in any way or manner that would cause PAIC to incur any form of financial liability or legal obligation. Any liabilities incurred by Agency will become the sole responsibility of Agency.
- B. **Indemnification.**
1. **Agency Indemnifies PAIC.** Agency shall indemnify PAIC against any and all losses and liability imposed or claimed, including attorney's fees and other legal expenses, arising directly or indirectly from any act or failure to act, of Agency, its employees or producers, including all claims relating to the injury, disability or death of any person or damage to any property.

2. **PAIC Indemnifies Agency.** PAIC shall indemnify Agency against any and all losses and liability imposed or claimed, including attorney's fees and other legal expenses, arising directly or indirectly from any act or failure to act, of PAIC, its employees or sub- contractors, including all claims relating to the injury, disability or death of any person or damage to any property.

**Article XII
NON-INTERFERENCE**

- A. **Non-Interference.** Agency agrees that during this agreement, and for a period of 12 months after its termination, Agency will not assist, encourage, or induce any other agency to terminate their agreement with PAIC.

**Article XIII
AGREEMENT VARIATIONS**

- A. **Agreement Variations.** Agency acknowledges that PAIC may make variations to and operate under different versions of this agreement, and consequently, the rights and obligations of other agencies may differ materially from those of Agency. Any variance in rights or obligations of one agency has no effect on the obligations, promises, and covenants of Agency under this agreement.

**Article XIV
INJUNCTIVE RELIEF**

- A. **Injunctive Relief.** Agency acknowledges that any violation by Agency of any covenants or agreements made in this agreement, including breach of PAIC's Carriers, Confidential Information or Non-Interference would result in damages that are difficult to ascertain and would cause irreparable injury to PAIC's business. Accordingly, Agency agrees that PAIC will be entitled to immediate injunctive relief for any breach or threatened breach of these covenants or agreements.

**Article XV
WAIVER OR MODIFICATION**

- A. **Waiver or Modification.** No waiver or modification of any term of this agreement will be effective unless in writing and signed by the parties. Waiver of any breach will not operate as a waiver of any subsequent breach, nor may the same be asserted in any proceeding as an estoppel against the party asserting a subsequent breach.

**Article XVI
GOVERNING LAW**

- A. **Governing Law.** The laws of PAIC's domicile state will govern this agreement in all respects without consideration to any conflict of laws principles.
- B. **Venue.** Venue of any proceeding will be placed in PAIC's domicile state and county and both parties waive any objection to venue.

**Article XVII
ATTORNEY'S FEES AND COURT COSTS**

- A. **Attorney's Fees and Court Costs.** If PAIC must bring any action against Agency to enforce the provisions of this agreement, or otherwise in the protection of its business interests as described in this agreement, PAIC will be entitled to recover all reasonable attorney's fees, court costs, and any other fees as awarded by any court or tribunal, or as otherwise deemed fair and equitable.

**Article XVIII
ARBITRATION**

- A. **Binding Arbitration.** The parties shall settle any dispute arising out of this agreement by binding arbitration in PAIC's domicile state and county. An award of arbitration may be confirmed in a court of competent jurisdiction.
- B. **Bifurcation of Issues.** If any claim or controversy involves a demand for injunctive or other equitable relief, or cross-claim for such relief, and a lawsuit is filed in a court of competent jurisdiction, it is agreed between the parties that the litigation will be bifurcated to the extent feasible, to the end that all issues other than those required to be determined by a court of law will be determined by arbitration as described in this article.

**Article XIX
NOTICES**

- A. **Delivery of Notices.** All notices called for in this agreement must be in writing, signed by the sending party, and delivered by one of the following methods:

1. **Personally.** Served personally, by handing the notice to the person to be served or leaving it with an individual at the person's place of business or residence.
 2. **Email.** Served by email to PAIC at info@pingan-us.com or to Agency at _____.
 3. **Certified or Registered Mail.** Served by certified or registered mail, postage prepaid and return receipt requested.
 4. **Overnight Courier.** Served by a nationally recognized overnight courier, with all fees prepaid and signature required.
- B. **Receipt of Notices.** A notice will be deemed to have been received as follows:
1. **Signed Receipt.** If it is delivered in person or sent by registered or certified mail or by nationally recognized overnight courier, upon receipt as indicated by the date on the signed receipt.
 2. **Reply Email.** If it is delivered by email, when the recipient, by an email sent to the email address for the sender, acknowledges having received that email, with an automatic "read receipt" not constituting acknowledgment for purposes of this article.
 3. **Undeliverable.** If the receiving party rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.
- C. **Addresses.** For notice under this agreement to be valid, it must be addressed to the receiving party at the email or mailing address listed in this article for the receiving party or to any other email or mailing address designated by the receiving party in a notice in accordance with this article.
1. **PAIC's Address:** 9660 Flair Drive, #468, El Monte, CA 91731; (626)454-6666 (O); (626)329-4410 (Fax)
 2. **Agency's Address:** _____

**Article XX
MISCELLANEOUS**

- A. **Entire Agreement.** This contract represents the sole and entire agreement between the parties and supersedes all other oral or written agreements between them.
- B. **Severability.** If any provision of this agreement is found to be invalid, illegal, or unenforceable, in whole or in part, for any reason, it will be modified or deleted to make the balance of this agreement, as modified, valid, legal and enforceable.
- C. **Counterparts.** The parties may sign this agreement in several counterparts, each of which will be deemed an original but all of which together will constitute one instrument.
- D. **Notice of Copyright.** © 2011 Ping An Group Inc. dba Ping An Insurance Center. All rights reserved. No part of this document may be reproduced or transmitted in any form or by any means without prior written consent of PAIC.

**Article XXI
SIGNATURE OF THE PARTIES**

Both PAIC and Agency agree this contract. The parties are signing this agreement on the date stated in the introductory clause.

PING AN INSURANCE CENTER

By:

By: _____

Sean X. Li, PhD
President/CEO

