

Producer Agreement

This Agreement is made and entered into on this _____ day of _____, _____, by and between American Fidelity Assurance Company, an Oklahoma corporation (hereinafter referred to as “Company”) and _____, an individual, partnership, limited liability company, or corporation (hereinafter referred to as “Producer”). (PLEASE PRINT)

SECTION I DEFINITIONS

In this Contract: “You” or “Your” refers to You, the Company’s Producer, Agent, Agency or Broker; “We”, “Our” or “Us” refers to the Company; and “Insurance Products” refers to the insurance policies, riders, plans or contracts offered by the Company. Sub-Producers refers to any agent under You directly or indirectly affecting the commissions under this Contract.

SECTION II EFFECTIVE DATE

2.01 INITIAL EFFECTIVE DATE.

This Contract is effective on the later of the day of _____, _____, or the first day You are properly licensed, appointed or approved to sell the Company’s Insurance Products.

2.02 DELAYED EFFECTIVE DATE.

With respect to business in any state where You are not properly licensed, appointed or approved to sell the Company’s Insurance Products, this Contract will not take effect until You are properly licensed, appointed or approved to do so.

SECTION III YOUR TERRITORY

3.01 APPOINTMENT.

You are hereby appointed as a non-exclusive Producer, Agent, Agency or Broker for the Company.

3.02 EXCEPTED PRODUCTS.

Certain Insurance Products offered by the Company from time to time may be marketed only through other persons or organizations. These Insurance Products will not be available to You and You will not receive any commissions or other rights under these Insurance Products.

In addition, by Your signature below, You acknowledge that the Company does not offer and shall not accept Earned Income Credit (“EIC”) business.

SECTION IV YOUR AUTHORITY

4.01 GENERAL AUTHORITY.

You have the authority, responsibility and rights stated in this

Contract. You are authorized, subject to the Company’s rules and regulations, to solicit applications for Insurance Products of the Company listed in the Compensation Schedule(s) attached hereto and identified as Exhibit A or additional exhibits only in those states or jurisdictions in which You are licensed. You do not have an exclusive right to sell any particular Insurance Product of the Company in any particular territory nor do You have the right to knowingly solicit business from any group, trade or education associations which have previously endorsed the Company without the Company’s prior written authorization. You shall be responsible for obtaining and maintaining the necessary licenses and appointments to sell the Company’s products in the states in which You operate, whether resident or non-resident. Subject to the advance written approval of the Company, You are authorized to recruit and sponsor to the Company applications to appoint other licensed Sub-Producers. The Company reserves the right to refuse to accept business from any of Your Sub-Producers and to refuse to contract with any proposed Sub-Producers or to terminate with or without cause any Sub-Producers contract and can do so without terminating or violating Your Contract.

You are responsible for assuring that any Sub-Producers reporting business through You become fully informed as to the provisions and benefits of each Insurance Product offered by the Company for which Sub-Producers solicit applications. You further agree to represent such policies adequately and fairly to prospective purchasers and act in compliance with the Company’s policies and procedures.

When a Sub-Producer’s appointment or license is terminated, this will be treated as his/her termination of employment with You. The Company will be free, at its choosing, to enter into a new contract with any terminated Sub-Producer without violating Your Contract.

4.02 INDEPENDENT.

You are an independent contractor. Nothing contained in this Contract or in the rules and regulations of the Company shall be constructed to create the relationship of employer and employee between You and the Company. You shall be free to exercise Your own judgment as to the persons from whom You shall solicit applications for the Insurance Products of the Company listed in Your Compensation Schedule and the time, place and manner of solicitation. However, the Company may, from time to time, prescribe rules and regulations respecting the conduct of Your business, but not interfering with Your freedom of action.

Further, You will not be treated as an employee for purposes of the Federal Insurance Contribution Act, the Social Security Act,

the Federal Unemployment Tax Act or income tax withholding. The filing and payment of self-employment and income taxes with the Federal and appropriate state government(s) are Your sole responsibility. You agree to comply with the requirements of the Federal and appropriate state government(s) with respect to the filing and payment of self-employment and income taxes on any remuneration from the Company.

You are solely responsible for the compensation of Your Sub-Producers and persons in Your employ, including compensation on business issued before termination of employment. You agree to indemnify and hold the Company harmless from any loss, costs, liabilities, or damages which may be incurred by the Company as a result of Your failure to properly compensate Your Sub-Producers, employees and other representatives not otherwise referenced in this Contract.

4.03 RESERVATION OF RIGHTS.

The Company, without specifying the cause, reserves the right to: a) discontinue writing, and/or b) withdraw, substitute, change or alter any of the Company's Insurance Products or premium rates used by the Company, and/or c) withdraw from doing business within Your designated territory, if any, and/or d) discontinue Your marketing of any of the Insurance Products listed in Your Compensation Schedule(s). The exercise of these rights will be effective immediately upon notice to You by the Company.

4.04 SPECIFIC LIMITATIONS.

You are not authorized by or on behalf of the Company to:

- a. Incur any debt or obligation on behalf of the Company; or,
- b. Make, alter or discharge any contract or policy; or,
- c. Waive any forfeiture; or,
- d. Waive payment in cash; or,
- e. Extend the time for payment of any premium or accept payment of any past due premium; or,
- f. Extend the days of grace of any policy; or,
- g. Waive or approve evidence of good health of insurability; or,
- h. Receive any money due or to become due to the Company, except the first premium or first installment of premium on applications obtained by or through You; or,
- i. Represent the Company in any manner, except as permitted by this Contract.

If You do any of the above unauthorized acts, the Company may terminate this Contract and declare Your conduct to be fraud or wrongdoing in violation of Section VI, paragraph 6.07. The Company may also seek any other remedy it deems appropriate.

4.05 PROTECTION OF INDIVIDUAL PRIVACY/CONFIDENTIALITY REQUIREMENTS.

As a Producer appointed by the Company, You are obligated to comply with the requirements of the Federal Gramm-Leach-

Bliley Act and related federal and state laws regarding the privacy of the individual, non-public personal information of Our insureds. Based on the foregoing, You agree and warrant that You are aware of the requirements of the Gramm-Leach-Bliley Act, and related federal and state laws, regulations, rules and requirements, and agree that You shall: 1) comply with all such federal and state laws, rules, regulations and requirements in the performance of Your obligations and duties as a Producer for the Company; and 2) restrict Your use of the non-public personal, medical and/or financial information that You obtain, collect, receive or otherwise access on behalf of the Company pertaining to Our insureds solely for the purpose of performing the services and obligations in Your capacity as a Producer for the Company; and 3) take all reasonable steps to protect the non-public personal, medical, and/or financial information pertaining to the Company's insureds, to the extent You acquire and possess such information.

You further agree that You will not: 1) sell, share, trade or disclose any non-public personal, medical and/or financial information pertaining to any individual insured of the Company, who may seek to obtain or who has previously obtained any Insurance Products or services under this Contract for personal, family, or household purposes, to any individual or entity, including Your affiliates, employees, agents and representatives, except those having a need to know or access such information to allow You to perform Your duties and obligations required under this Contract on behalf of the Company in Your capacity as a Producer for the Company; and/or 2) take any actions that will cause the Company to be in violation of any federal or state privacy laws and regulations.

Accordingly, You agree to hold harmless and indemnify the Company from any claims, loss, costs, damages, fines or liabilities of any kind which may result from Your disclosure or any other non-permitted use of any non-public personal, medical and/or financial information pertaining to Our individual insureds in contravention of this Contract and all applicable state and federal privacy laws and regulations. You further understand and agree that if the Company is aggrieved by Your breach of the provisions of this paragraph 4.05 and/or the requirements of any federal and state privacy laws and regulations, the Company shall be entitled to immediate injunctive relief, any other remedies afforded by law and the Company may immediately terminate this Contract pursuant to Section VIII, paragraph 8.01.

4.06 PROTECTION OF INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION.

As a Producer appointed by the Company, You acknowledge and agree that You will comply with the requirements of the Health Insurance Portability and Accountability Act of 1996, and any other applicable law regarding the Privacy of Individually Identifiable Health Information of Our insureds for any of the Company's Insurance Products that are covered by the Health Insurance Portability and Accountability Act of 1996, and any other applicable law regarding the Privacy of Individually Identifiable Health Information.

(a) Definitions:

When used in this Contract as defined terms, the following terms shall have the meanings set forth below:

“Privacy Rule” for the purpose of this Contract shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

“Protected Information” for the purpose of this Contract shall mean any information about the Company’s insureds, enrollees or subscribers or about individuals who apply for coverage with the Company, regardless of whether the information is individually identifiable.

“Secretary” for the purpose of this Contract shall mean the Secretary of the Department of Health and Human Services or his designee.

“HIPAA Rules” for the purpose of this Contract shall mean the collective privacy, transaction and security regulations promulgated pursuant to the Health Insurance Portability and Accountability Act, as codified at 45 CFR parts 160, 162, and 164.

“Individual” for the purpose of this Contract shall have the same meaning as the term “individual” in 45 CFR § 160.103 and shall include persons who qualify as a personal representative in accordance with 45 CFR § 164.502 (g). In general, an Individual is the person who is the subject of Protected Health Information.

“Security Standards” for the purpose of this Contract shall mean the Security Standards set forth at 45 CFR parts 160, 162, and 164, to be effective no later than April 20, 2005, as they exist now or as they may be amended.

“Transaction Standards” for the purpose of this Contract shall mean the Standards for Electronic Transactions set forth at 45 CFR, parts 160 and 162, as they exist now or as they may be amended.

“HHS” for the purpose of this Contract shall mean the Department of Health and Human Services.

Terms used, but not otherwise defined, in this paragraph 4.06 shall have the meaning as those terms in the Privacy Rule.

(b) Obligations and Activities of Producer :

- (1) You agree to not use or disclose Protected Information other than as permitted or required by this Contract or as required by law; and
- (2) You agree to use appropriate safeguards to prevent use or disclosure of the Protected Information other than as provided for by this Contract; and
- (3) You agree to mitigate, to the extent practicable, any harmful effect that is known to You of a use or disclosure of Protected Information by You in violation of the requirements of this Contract; and

- (4) You agree to report to the Company any use or disclosure of the Protected information not provided for by this Contract of which You become aware; and
- (5) You agree to ensure that any Producers or subcontractors, including Sub-Producers, to whom You provide, with the Company’s prior written approval, Protected Information received from, or created or received by You on behalf of the Company agree to the same restrictions and conditions that apply through this Contract to You with respect to such information; and
- (6) You agree at the request of the Company to provide the Company access to Protected Information in the format requested by the individual, unless the Protected Information is not readily producible in such format, in which case it shall be produced in a readable hard copy format; and
- (7) You agree to make any amendment(s) to Protected Information that the Company directs in accordance with 45 CFR 164.526 for as long as the Protected Information is in Your possession or under Your reasonable control; and
- (8) You agree to make internal practices, books, and records, including policies and procedures and Protected Information, relating to the use and disclosure of Protected Information received from the Company, or created or received by You on behalf of the Company available to the Secretary or other regulatory officials as directed by the Company, in a time or in a time and manner designated by the Secretary or other regulatory official, for purposes of the Secretary or other regulatory official determining the Company’s compliance with the Privacy Rule or other applicable law; and
- (9) You agree to document such disclosures of Protected Information and information related to such disclosures as would be required for the Company to respond to a request by an individual for an accounting of disclosures of Protected Information and provide this information to the Company as it may request from time to time.
- (10) If You conduct any HIPAA Standard Transaction for or on behalf of the Company, You shall comply, and shall require any subcontractor or subagent conducting such HIPAA Standard Transaction(s) to comply, with each applicable requirement of Title 45, Part 162 of the Code of Federal Regulations. You shall not enter into, or permit Your subcontractors or subagents to enter into, any agreement in connection with the conduct of Standard Transactions for or on behalf of the Company that:
 - i. changes any definition, Health Information condition, or use of a Health Information element or segment as described in the HHS Transaction Standard Regulation (45 CFR § 162.915 (a)); or
 - ii. adds any Health Information elements or

segments to the maximum defined Health Information Set as described in the HHS Transaction Standard Regulation (45 CFR § 162.915 (b)); or

- iii. uses any code or Health Information elements that are either marked “not used” in the HHS Transaction Standard’s implementation specifications or are not in the HHS Transaction Standard’s implementation specifications (45 CFR § 162.915 (c)); or
- iv. changes the meaning or intent of any of the HHS Transaction Standard’s implementation specifications (45 CFR § 162.915 (d)).

(11) To the extent You create, receive, maintain, or transmit electronic protected health information (“PHI”), no later than April 20, 2005, You shall:

- i. implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that You create, receive, maintain or transmit on behalf of the the Company as required by the Security Standards.
- ii. Ensure that any agent, including a subcontractor, to whom You provide electronic PHI agrees to implement reasonable and appropriate safeguards to protect the PHI.
- iii. Promptly report to the the Company any Security Incident, as determined by You, involving PHI of which You become aware.

(c) Permitted Uses and Disclosures by Producer.

Except as otherwise limited in this Contract, You may use or disclose Protected Information solely for the purpose of performing Your obligations and duties as a Producer for the the Company, provided that such use or disclosure would not violate the Privacy Rule or any other applicable law if done by the Company or the minimum necessary policies and procedures of the Company.

(d) Further Restrictions on Use and Disclosure by Producer. You shall limit the use and disclosure of Protected Information as the Company may instruct to comply with the Company’s obligations under the Privacy Rule and any other applicable law.

(e) Term and Termination.

- (1) Term. The Term of this Contract shall be effective as of the date listed in paragraph 2.01 or paragraph 2.02, whichever is applicable, of this Contract and shall terminate as provided in paragraph 8.01 of this Contract or for cause as set forth in paragraph 4.06(e)(2) of this Contract.
- (2) Termination for Cause. Upon company’s knowledge of a material breach by You, the Company may, at its discretion, either:
 - i. Provide an opportunity for You to cure the breach and end the violation or terminate this Contract if You do not

cure the breach and end the violation within the time specified by the Company; or,

- ii. Immediately terminate this Contract if You have breached a material term of this Contract and cure is not possible; or,
- iii. If neither termination nor cure is feasible, the Company shall report the violation to the Secretary.

(3) Effect of Termination.

- i. Except as provided in paragraph 4.06 (e)(3)(ii), upon termination of this Contract, for any reason, You shall return or destroy all Protected Information received from the Company, or created or received by You on behalf of the Company. This provision shall apply to Protected Information that is in the possession of Your Producers or subcontractors, including Sub- Producers. You shall retain no copies of the Protected Information.
- ii. In the event that You determine that returning or destroying the Protected Information is infeasible, You shall provide to the Company notification of the conditions that make return or destruction infeasible. Upon the Company’s satisfaction that return or destruction of Protected Information is infeasible, You shall extend the protections of this Contract to such Protected Information and limit further uses and disclosures of such Protected Information to those purposes that make the return or destruction infeasible, for so long as You maintain such Protected Information.

(f) Miscellaneous.

- (1) Regulatory References. A reference in this Contract to a section in the Privacy Rule means the section as in effect or as amended.
- (2) Amendment. The parties agree to take such action as is necessary to amend this Contract from time to time as is necessary for the Company to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, and any other applicable law.
- (3) Survival. The respective rights and obligations of Producer under the Privacy of Individually Identifiable Health Information paragraph shall survive the termination of this Contract.
- (4) Interpretation. Any ambiguity in this Contract shall be resolved to permit the Company to comply with the Privacy Rule and any other applicable law.

SECTION V

YOUR DUTIES

5.01 SOLICIT INSURANCE.

You shall actively solicit applications for the Company's Insurance Products for approval or disapproval by the Company, collecting initial premiums in exchange for the official receipts furnished by the Company. All applications shall be dated in the presence of the applicant with the date the application was signed. You will mail or deliver the application, as well as the entire gross premium collected, to the Company within fifteen (15) working days after the application is signed by the applicant. Premiums paid by the policyowner after the initial premium shall be payable directly to the Company. You will be responsible to the Company for all monies and securities collected by You and such funds will be promptly remitted to the Company. If the first year's premium is payable in installments, You will collect only the first installment thereof.

5.02 ALABAMA RELATED SALES.

For each sale of the Company's Insurance Products to policyholders in the State of Alabama (regardless whether the application is physically taken in Alabama), You are required to:

- a. secure approval (signature) on the Company's Arbitration form from all individual insurance policy applicants; and
- b. submit the signed Arbitration form to the Company with the signed Acknowledgment form and completed application.

Alabama resident applicants must elect arbitration to be considered an acceptable risk to the Company for all Insurance Products sold in that state.

5.03 OBSERVATION OF COMPANY RULES, ETC.

You are responsible for Your actions and the actions of Your Sub-Producers. You and Your Sub-Producers and other employees will observe and familiarize Yourself with the submission and underwriting guidelines and rules and regulations of the Company, as they may exist from time to time. The rules and regulations of the Company are hereby incorporated into this Contract by reference. You agree to follow any special instructions as may, from time to time, be given to You by an officer, actuary, attorney or underwriter of the Company; and You will also comply with all laws of the states in which You are licensed. Notice to the Producer's Principal shall be deemed to constitute notice to the Sub-Producer. You agree not to cause: a) any Producer appointed with Us or any representative of the Company to sever ties or relationship with the Company, or b) any policyowner or certificateholder to cancel his or her policy or certificate. You agree not to solicit or replace any business submitted by You whether or not You are appointed and/or contracted or terminated. You agree not to compete with Us in any group containing any of Our policyholders.

5.04 REPORT LICENSURE ACTIONS OR PROCEEDINGS.

You shall promptly notify the Company of the institution of

any administrative, regulatory, legal or disciplinary proceedings against You or any of Your Sub-Producers relating to any license issued to You or any of Your Sub-Producers as pertaining to any of Your duties under this Contract.

5.05 COLLECTION OF FUNDS.

All premium payments by insureds or proposed insureds shall be by check or cashiers check payable to the Company. Neither You nor Your Sub-Producers are authorized to collect any check or cashiers check payable to You or Your Sub-Producers for premiums due to the Company. All initial premium collections made by You or Your Sub-Producers shall be kept entirely separate and distinct from any other funds in Your possession, and You shall forward all such funds to the Company within fifteen (15) working days. In no case shall You make any use of these funds. Should You withhold any funds, policies, receipts or other property belonging to the Company or to any applicant for insurance, this Contract shall be immediately terminable by the Company; and upon such termination, all first year and renewable commissions and any other claims whatsoever accruing hereunder to You shall be forfeited in accordance with Section VI, paragraph 6.07.

5.06 AVAILABLE PRODUCTS.

The solicitation of applications for the Company's Insurance Products shall be restricted to the Insurance Products named in the Compensation Schedule(s) attached hereto and such other Insurance Products as may subsequently be added to the Compensation Schedule(s).

5.07 PRODUCT DELIVERY.

You and Your Sub-Producers shall promptly deliver all issued policies and contracts in accordance with the Company's rules.

5.08 RETURN OF PREMIUM.

If no policy or contract is issued on an application, then the whole amount of all monies collected by You and Your Sub-Producers shall be returned to the applicant by the Company. If the Company finds it necessary, for any reason, to cancel a policy or contract and return premium on said policy You shall repay the Company, on demand, the amount of any commissions received on premium charges returned, even if You have paid the commissions to Your Sub-Producers.

5.09 FUTURE SERVICES.

As part of Your duties, You shall assist in the maintenance and renewal of all policies and contracts issued by the Company and perform such other duties as may be requested by the Company. Failure to do so may result in forfeiture of future commissions.

5.10 RECORD RETENTION.

You agree to keep full and complete records of all transactions pertaining to any business submitted and accepted under this Contract and any and all other records that may be required by any governmental entity or regulatory agency in connection with Your relationship with the Company, its insureds and the public. You shall preserve all books and records for a period of not less

than five (5) years, the first two (2) years of which shall be in an easily accessible place at Your principal place of business. Thereafter, such records may be warehoused or stored, subject to availability to the Company and to any Commissioner of Insurance within five (5) days of a request thereof.

5.11 ADDITIONAL AGENCY DUTIES.

The additional provisions set forth below will apply to this Contract if You are a corporation, limited liability company, partnership or any entity other than an individual:

You shall designate one or more individuals to deal with Us on Your behalf. Such designation must be made by Your board of directors if You are a corporation; by any member if You are a limited liability corporation; or by any general partner if You are a partnership. In the absence of a designation, We may (but are not obligated to) deal with Your president or any vice president (if You are a corporation); any member (if You are a limited liability corporation); or any general partner (if You are a partnership). You agree to inform Us of any changes in Your legal structure, and of any changes in Your officers, members or partners. You also agree to inform Us of any transfer of Your stock, membership or partnership interests. Upon receipt of such information, We may elect to terminate this Contract upon five (5) days written notice to You.

5.12 GOOD FAITH.

You agree to perform all of Your duties under this Contract in utmost good faith.

SECTION VI COMPENSATION

6.01 COMMISSIONS.

While this Contract is in force, You will be paid commissions based on the amount of premiums received in cash by the Company on policies and contracts issued from applications for insurance solicited by You and/or Your Sub-Producers, provided (1) Your name appears on the application as Producer, or (2) the name of any of Your Sub-Producers appears on the application as Producer. Your commission rates and other terms are set forth in the Compensation Schedule(s) attached as Exhibit A. The Company may change the Compensation Schedule(s) from time to time as it sees fit, but the new schedules will only apply to business written by You or Your Sub-Producers after the Company gives You notice of the change. Commissions due and payable to You shall be computed and paid no less than monthly on premiums received and posted by the Company on policies covered by this Contract which are produced by You and/or Your Sub-Producers whose relationships to You are properly established and authorized by Us, so long as the minimum commissions earned in any prior commission payment cycle equals or exceeds \$25.00. Any commission earned for any commission cycle that is or remains below \$25.00 will be paid by the Company the next commission cycle after the commission balance equals or exceeds \$25.00. All commissions in Schedule(s) A or additional schedules of this Contract shall be reduced by the amount which the Company pays directly to Your

Sub-Producers. You shall have no claim for commissions except as herein provided and shall not be entitled to reimbursement for any expenses unless the incurring of such expenses was authorized in writing in advance by the Company.

The Company has no obligation to You and Your Sub-Producers for commissions, compensation, expense allowance or any other form of compensation in connection with the services performed and expenses incurred by Your Sub-Producers. You acknowledge and agree that Your Sub-Producers shall look solely to You for the payment of commissions or other compensation hereunder. Compensation shall only be paid to Your Sub-Producers as long as You and Your Sub-Producers maintain an insurance producers license, and are appointed in the states in which You and Your Sub-Producers are required to maintain such license.

The commissions and any other compensation provided in this Contract will be compensation in full for all services performed and all expenses incurred by You. You will pay to Us on demand any compensation paid to or retained by You to which You are not entitled under the terms of this Contract. In case of any provision requiring a refund of commissions or other compensation, We may, at Our election, debit Your account for the amount of the refund without demand or notice, or may demand the refund, or both, but debiting Your account in such manner will not relieve You of Your obligation to make the refund. While You are an active Producer, should Your commission earned under this Contract fall below \$300.00 for any single contract year, the Company shall retain the right to automatically terminate this Contract pursuant to Section VIII, paragraph 8.01.

6.02 COMMISSIONS FOR PRODUCER OF RECORD.

A policyholder may request a Producer of Record change. The Company, in its sole discretion and judgment, will settle any dispute regarding Producer of Record designation status. The Company will allow the current Producer of Record thirty (30) days to secure written proof from the policyholder or employer that the policyholder or employer does not wish to change its designated Producer of Record before a final decision is made. Removal as Producer of Record, in and of itself, will not terminate this Contract. Upon removal, You shall be entitled to receive any renewal commissions on business sold by You.

6.03 LIMITS.

Commissions will be payable only on insurance maintained in force by payment of cash premiums, and no commission is payable on premium waived or commuted by reason of death or disability. No first year or renewal commissions will be paid on any temporary extra premium because of underwriting considerations.

6.04 "AS PAID" BASIS.

All commissions will be payable on an "as paid" basis. For purposes of this Contract, "as paid" means We will pay Your commissions according to the mode in which the premium is paid to the Company, except that the Company reserves the right to limit the commission paid on any one case to \$10,000 on any modal premium collected on that case and pay the

remaining commission on that case in excess of \$10,000 in a manner mutually agreed to between the parties. No amount of commission will be due and owing to You until the Company has received the premium in cash to which the commission applies, the policy has been issued and any necessary policy or riders have been properly executed and received by the Company.

6.05 RESERVATION OF RIGHTS.

The Company reserves the right to determine: a) the compensation to be paid and to whom it shall be paid on reinstated or converted policies and on policies which, in the Company's judgment, are replacements of existing policies and b) classifications of policies for compensation purposes and the amount of compensation to be paid on plans not now covered in the Compensation Schedule(s). If a policy that You or Your Sub-Producers have sold is issued by the Company and then lapses for more than 45 days and is subsequently reinstated, the Company will be relieved of the payment of any future commissions for the resale of the policy unless the reinstatement application for such policy was procured by You, or Your Sub-Producers.

6.06 DISPUTES.

Should a dispute arise between You and another Producer over compensation, the Company will have the sole right to decide and settle the dispute. If the Company does so, its decision shall be binding and conclusive on all parties.

6.07 FORFEITURE OF FUTURE COMPENSATION.

Notwithstanding any other provision of this Contract, including those on vesting, no compensation will be due or payable after termination of this Contract if the Company discovers that during or after Your association with the Company You have:

- a. perpetrated any fraud or deceit upon any applicants, insureds or the Company; or,
- b. misapplied the funds of the Company, an insured, or any applicant for insurance; or,
- c. withheld any funds, policies, receipts, supplies or equipment belonging to the Company after We have made a demand for them; or,
- d. failed to truthfully and accurately report all relevant medical information known to You with respect to an applicant for insurance when required; or,
- e. exceeded the specific limits of Your authority set forth in Section IV, paragraph 4.04, subparagraphs (a) through (i); or,
- f. done anything to influence a policyowner to cancel or lapse his or her policy with the Company; or,
- g. done anything to influence a Producer or employee of the Company to sever his or her relationship with the Company; or,
- h. failed to fully cooperate with the Company to investigate any complaint or dispute; or,
- i. submitted a fraudulent application for advancing of commissions; or,
- j. divulged the names of the Company's policyholders, group payroll deduction accounts or producers to any competitor without Our permission; or,

k. provided the Company's information or materials to any competitor or potential competitor. Termination for cause will result in the forfeiture of vested compensation.

6.08 YOUR COMPENSATION.

Payment of all commissions on policies secured by You or Your Sub-Producers shall be made to You or Your Sub-Producers subject to paragraph 6.01. Neither You nor Your Sub-Producers shall have any further claim against the Company for commissions or otherwise.

6.09 COMPENSATION DEDUCTIONS.

The Company may deduct from any monies due to You, which may be payable by the Company under this or any previous Contract, any amount which may be due to the Company including any debit balance and including, but not limited to, amounts due under any prior Contract under which the Company has assumed liability from another company, and under paragraphs 6.01, 8.08 and 8.10 of this Contract.

6.10 LIEN.

The Company is hereby given a first lien upon any amounts due You, Your estate, successors or assigns under this or any other Contract with the Company or its affiliates as security for payment of any indebtedness owed to the Company by You or by Your Sub-Producers, if any. Any such indebtedness shall be considered a personal debt to the Company and the Company shall have the right to collect said indebtedness from You, Your estate, successors or assigns. Any commissions, overrides or other amounts advanced or otherwise paid to You before actually earned shall be an indebtedness under this paragraph. Any indebtedness owed by You to the Company under this Contract shall become immediately due and payable in full upon demand by the Company and any unpaid balance shall bear interest payable monthly at the published rate established by the Company commensurate with prevailing interest rates, until such date as the Company receives full payment from You. In the event of the termination of Your authority, the unpaid balance of Your indebtedness shall be immediately due and payable without demand or notice. If it becomes necessary to take any legal actions to collect any such indebtedness, You agree to reimburse and/or indemnify the Company for all costs, expenses and attorneys fees that the Company may incur in recovering from You and/or Your Sub-Producers any property or indebtedness belonging to or owed to the Company.

6.11 INJUNCTION.

You agree that if during this Contract or within two (2) years after its termination, You do any of the acts described in Section IV, paragraph 4.04, Section IV, paragraph 4.05, Section IV, paragraph 4.06, or Section VI, paragraph 6.07 of this Contract, that damages, if any, and remedies at law for doing such acts would be inadequate. Therefore, in the event You do any such acts, the Company shall be entitled to an injunction, without the necessity of furnishing bond, restraining You from any such act. You agree that any such act would result in continuing irreparable harm and damage to the Company, but nothing contained herein shall be construed as prohibiting the Company from pursuing

any other remedies available to it, including the recovery of damages from You.

6.12 CHARGEBACKS.

The current Company practice is not to apply chargebacks for termination of Insurance Products. The Company reserves the right to implement chargeback of commissions at Our discretion upon prior notification to You.

SECTION VII YOUR RIGHTS

7.01 TRANSFERABILITY RIGHTS.

You may transfer, setover, convey or assign all or part of Your business only upon the written consent of the Company.

7.02 VESTING RIGHT ON COMMISSIONS.

Any commissions payable to You under the terms of the applicable Compensation Schedule(s) will immediately vest, subject to the terms of:

- a. paragraph 6.01 of Section VI;
- b. paragraph 6.07 of Section VI; and
- c. paragraph 8.01 of Section VIII.

7.03 RETIREMENT AND DISABILITY RIGHTS.

If You are an individual, upon Your written notice of retirement or upon the Company's determination that You are disabled, and subject to provisions contained herein, the Company will continue to pay any total compensation due to You until You die. If You wish to do so, You may offer Your business to the Company. If mutually acceptable terms can be agreed upon, the Company may purchase Your business and You will receive no further compensation under this Contract.

7.04 RIGHTS UPON DEATH WHILE ACTIVE.

If You are an individual and You die while You are an active Producer (before retirement or disability), the Company will pay any total compensation due to Your beneficiary(ies) as designated in this Contract, or Your estate until the death of all designated beneficiaries and their beneficiaries in succession.

7.05 RIGHTS UPON DEATH WHILE RETIRED.

If You are an individual and You die while You are receiving benefits under paragraph 7.03 of this Section VII, those payments will be made to Your beneficiary(ies) as designated in this Contract, or Your estate until the death of all designated beneficiaries and their beneficiaries in succession.

7.06 BENEFICIARIES.

If You are an Individual, Your Primary and Contingent

Beneficiary designations should be indicated in this Contract. If no designations are shown, Your estate will be Your beneficiary. If more than one Primary Beneficiary is named, payment shall be made to them equally, share and share alike, or to the survivor of them. If more than one Contingent Beneficiary is named, payment shall be made to them equally, share and share alike, or to the survivor of them. The Contingent Beneficiary will participate in the receipt of benefits only upon death of all Primary Beneficiaries prior to Your death.

You may change any beneficiary without his or her consent, prior to designation of any irrevocable beneficiary, by filing a written request for the change with the Company's home office. The request will not be effective until the Company sends You notice that the request has been received. Once this notice has been sent, the change will relate back to and take effect as of the date You signed the request. The Company will not be liable for any payments it makes before it acknowledges receipt of the request. A new designation of beneficiary terminates the interest of all previous beneficiaries.

SECTION VIII GENERAL PROVISIONS

8.01 TERMINATION OF CONTRACT.

Upon Your:

- a. death or dissolution; or,
- b. failure to comply with the Company's rules and regulations or the laws of any applicable state or jurisdiction or the regulations of any applicable department of insurance; or,
- c. committing an act of fraud or wrongdoing as set forth in Section IV, paragraph 4.04, Section IV, paragraph 4.05, Section IV, paragraph 4.06, Section VI, paragraph 6.07, or any other section of this Contract; or,
- d. allowing any insurance license of Yours to be revoked, suspended or non-renewed by any state; or,
- e. becoming bankrupt or insolvent; or,
- f. failing to comply with the terms and conditions of this or any other Contract with Us; or,
- g. engaging in any sales practice which, in Our opinion, is injurious to the Company's name or business interests, or conducting Yourself, in Our opinion, so as to injure the Company's standing or good name in the community or elsewhere; or,
- h. failing to comply with the proper collection of funds procedures as set forth in Section V, paragraph 5.04; or,
- i. failing to earn a minimum of \$300.00 of commission during any single Contract year as set forth in Section VI, paragraph 6.01.

The Company may for cause, automatically terminate this Contract by written notice to You or Your successors or assigns stating the cause of the termination. At any time, either You or the Company may terminate this Contract without cause on thirty (30) days written notice sent to the last known address of the other. If You are an individual, this Contract shall immediately terminate, without cause, upon Your death. If You

are a partnership, the death of a partner shall not terminate this Contract, but it shall continue in force for new business only, in favor of the surviving partner(s), subject to the provisions of any written Partnership Agreement of which the Company had prior written notice. If You are a corporation or limited liability company, this Contract shall immediately terminate upon Your dissolution, bankruptcy, or insolvency.

Upon termination, You shall immediately repay all indebtedness due to the Company, including all monies advanced to You, and You shall deliver to the Company all funds, policies, property, records and agency supplies of every kind belonging to the Company. In the event of termination of this Contract, one hundred (100%) percent of future commissions will be payable to You unless commissions have been forfeited to the Company pursuant to Section VI, paragraph 6.07, Section VIII, paragraph 8.22 or the amount does not meet the minimum amount listed in Section VI, paragraph 6.01.

8.02 YOUR REPRESENTATIONS AND WARRANTIES.

You hereby represent and warrant to the Company that:

- a. You and Your Sub-Producers are legally and properly qualified to act as insurance Producers for the sale of life and accident and health insurance for the Company within the areas where You or Your Sub-Producers are soliciting business on behalf of the Company, You or Your Sub-Producers are properly appointed and licensed; and
- b. You shall comply with and shall cause Your Sub-Producers and employees to comply with all applicable federal, state and local statutes, laws, regulations and rules, including, but not limited to, the USA PATRIOT Act of 2001, and the statutes administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and the Telephone Protection Act of 1991 as amended in 2003, and the National Do Not Call List administered by the Federal Trade Commission ("FTC") and will take such action as is necessary to amend this Contract from time to time as is necessary for the Company to comply with the requirements of the USA PATRIOT Act of 2001, and the statutes administered by the U.S. Treasury Department's Office of Foreign Assets Control and the Telephone Protection Act of 1991 as amended in 2003, and the National Do Not Call List administered by the Federal Trade Commission ("FTC") and You or any person acting on Your behalf, are responsible for ensuring that any telephone or fax number(s) that You call or send documents to are screened against Do Not Call/Fax registries before the number is called for telemarketing purposes; and any other action as necessary to comply with any other applicable law; and
- c. You have never suffered the loss, suspension or termination of any license issued by any governmental authority in connection with the sale of any type of insurance, and certify that You are in compliance as mandated by the Violent Crime Control and Law Enforcement Act of 1994 having not been convicted of a felony; and

- d. You will diligently and to the best of Your ability ensure that the facts set forth by any potential insured in an application for insurance or coverage that You or Your Sub-Producers solicit are true and correct; and
- e. You will fully inform each applicant that the Company will rely solely upon the applicant's representations in rejecting, conditionally accepting or contracting with the applicant, and that the subsequent discovery by the Company of material facts known by applicant and either not disclosed or misrepresented on the application can result in the rescission or cancellation by the Company of any contract entered into in reliance thereof; and
- f. You further agree and understand that an individual shall not be accepted for coverage under the Company's Insurance Products, unless and until the applications are reviewed and approved by the Company; and
- g. You will make no representation whatsoever with respect to the nature or scope of the benefits of the Company's Insurance Products except through and by means of the written material prepared and furnished to You for that purpose by the Company and that You shall have no authority to and will not purport to make any oral or written alteration, modification or waiver of any of the terms or conditions applicable to such Insurance Products. You further agree that if You or any Sub-Producer are convicted of a felony after the effective date of this Contract, You will notify the Company in writing immediately after such conviction.

8.03 TAXES.

You are to pay all occupational taxes and municipal taxes. All premium taxes will be paid by the Company.

8.04 ADVERTISING MATERIALS.

All advertising materials of any kind, including form letters (duplicated by any means as well as individually typewritten form letters), telephone listings, signs, or any other materials used by You, including comparisons, which use or include the name, logos or trademarks of the Company, or which describe Insurance Products produced by the Company, shall be submitted to the Company and shall not be printed, circulated or used without the Company's prior written approval.

8.05 USE OF COMPANY STATIONERY.

Neither You nor Your Sub-Producers are authorized to make any use whatsoever of the Company's stationery without the express written consent of an officer of the Company.

8.06 BOOKS AND RECORDS.

All sales materials, rate books, policy record cards, records, printed matter and other supplies furnished by the Company are the property of the Company. You shall be responsible for their care and shall return them to the Company upon termination of this Contract.

8.07 BONDS.

Bonds, as required by the Company or any insurance regulatory authority, shall be paid for by You.

8.08 RIGHT TO SET-OFF.

The Company may set-off any debts, due or owing at any time by You or Your Sub-Producers to the Company, against any monies payable by the Company under this or any previous Contract. Any such set-off shall not constitute an election by the Company to forego any other remedy to collect any indebtedness that You might owe the Company.

8.09 CONCLUSIVE ACCOUNTING.

The Company will give to You a statement of all monies becoming due and payable to You since the date of the preceding statement. Unless You file written objections to such statement or accounting within thirty (30) days after the date upon which the statement is mailed to You at Your notice address or made available to You electronically, the statement shall be deemed conclusively correct and You shall waive any right to contest the amounts stated therein in the future.

8.10 GENERAL INDEMNIFICATION OF THE COMPANY.

You agree to reimburse and/or indemnify and hold the Company harmless from any loss, costs, liabilities, or damages which are incurred by the Company as a result of Your acts or omissions or the acts or omissions of Your employees, including the violation of any law or regulation; and without limiting the generality of the foregoing, You further agree to reimburse the Company for any expenses which it may incur in enforcing Your obligations hereunder, including but not limited to court costs and attorneys fees. The terms "acts or omissions" as used in this paragraph include, but are not limited to, failure to comply with this Contract's provisions; the Company underwriting guidelines, procedures, directives, instructions or requests from the Company employees, or violation of any statute, law, rule or regulation or failure to comply with any administrative or court order.

8.11 CONVENTION AND PRIZES.

It is expressly agreed that the Company will have the whole and exclusive right to designate which, if any, Producer will be invited to attend any Company convention or meetings and to receive any prize under the Company contests.

8.12 MODIFICATION OF CONTRACT.

Except as provided herein, this Contract shall not be modified except in writing signed by You and the President, Vice President or Secretary of the Company.

8.13 NON-WAIVER.

The forbearance or neglect of the Company to require a strict compliance on Your part with any of the terms and conditions of this Contract, or to declare a default for failure to perform when it shall become known to the Company, shall not operate as a waiver of any of these terms or conditions or as a release of You from Your obligation thereafter to perform this Contract strictly in accordance with its terms and conditions.

8.14 SOLE AGREEMENT.

This Contract is in lieu of all other agreements, understandings, or contracts heretofore or now existing between You and the

Company, except that neither any indebtedness to the Company under previous contracts or otherwise, nor Your rights to commissions, fees, or bonuses payable on account of applications procured by You, on which the policies were issued and paid for prior to the date hereof, shall be impaired except as agreed in Section 8.01.

8.15 ASSIGNMENT.

Neither this Contract nor any beneficial interest therein can be assigned, transferred or disposed of by You without the prior written consent of the Company. The Company may assign this Contract without Your consent to any corporate successor-in-interest, successor-in-merger, or successor-in-consolidation.

8.16 NOTICES.

Any notice required by the terms of this Contract shall be in writing and will be deemed given when it is deposited in the United States mail, postage prepaid, properly addressed to You at Your last known business address, or to the Company at its home office in Oklahoma City, Oklahoma.

8.17 CHOICE OF LAW, PLACE OF PAYMENT AND ENFORCEABILITY.

All compensation payable hereunder shall be payable at Oklahoma City, Oklahoma. In consideration of the execution of this Contract and other valuable considerations, You agree that this Contract shall be governed as to its interpretation and construction by the laws of the State of Oklahoma without giving effect to any conflict of laws doctrine which may result in the application of the laws of another jurisdiction and that venue for any legal proceeding brought under this Agreement by either of the parties hereto shall be restricted to the District Court of Oklahoma County, Oklahoma or the United States District Court for the Western District of Oklahoma, both located in Oklahoma City, Oklahoma.

8.18 HEADINGS AND TITLES.

The headings and titles used herein are for reference only. They are not to be construed to be a substantive part of this Contract or in any way to affect the validity, construction or effect of any contract provisions.

8.19 ERRORS AND OMISSIONS COVERAGE.

You agree to maintain in force, at Your own expense, while this Contract is in effect, errors and omissions insurance coverage acceptable to the Company. You further agree to provide Us with copies of the current declaration page evidencing the issuance of the errors and omissions insurance as required hereunder at the time of execution of this Contract, and within ten (10) business days of each date such insurance is discontinued, suspended, reduced or terminated for any reason whatsoever.

8.20 BINDING CONTRACT.

This Contract shall be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto.

8.21 COMPANY PROPERTY.

Sales brochures, applications, rate books, software, policyholder cards, and all other supplies furnished by the Company will remain Company property and shall be accounted for and returned by You or Your Sub-Producers on demand. You agree to be responsible for any damage or misuse thereof. Company property is subject to examination by a duly authorized representative of the Company at any time.

8.22 BANKRUPTCY.

If You should take or be placed in bankruptcy to the extent of any amount due the Company under this or any other Contract with the Company, no compensation shall be payable under this Contract and any such compensation shall immediately become the Company's property.

SECTION IX MARKET CONDUCT AND ETHICS

9.01

The Company strives to adhere to high ethical and business principles. To promote these principles, the Company has formally adopted as corporate policy the Code and Principles of Ethical Market Conduct as promulgated and endorsed by the Insurance Marketplace Standards Association ("IMSA"). The Company has also adopted and implemented written statements of policy based upon the IMSA Principles and Code. We ask all of Our Producers and Sub-Producers to join Us in complying with and fully supporting these high ethical standards:

- a. You will conduct Your business according to high standards of honesty and fairness and render that service to Our mutual customers which, in the same circumstances, You would apply to and demand for Yourself;
- b. You will use Your best efforts to notify the Company of any new designations or memberships in professional organizations which have or support ethical market conduct standards;

- c. You will provide competent and customer focused sales and service based upon the customer's insurable needs or financial objectives. Any information given to customers will be consistent with making buying decisions appropriate for them;
- d. You will engage in active and fair competition;
- e. You will only use advertising and sales materials that are clear as to purpose, honest and fair as to content, and have been approved by the Company prior to Your presentation to a customer;
- f. You will notify the Company immediately of all customer complaints or disputes so the Company can handle them fairly and expeditiously;
- g. You will never make promises for the Company without expressed written authorization;
- h. You will only accept signatures that You know to be authentic on documents for the Company;
- i. You will fully comply with all laws and regulations regarding the marketing and sales of the Company's Insurance Products;
- j. You will agree to actively participate in periodic training and continuing education on compliance with laws and regulations relating to the marketing and sales of the Company's Insurance Products and the concepts contained within the IMSA Principles and IMSA Code;
- k. You will agree to refrain from making disparaging remarks about the Company's competitors. ("Disparaging remarks" do not include relevant, factually accurate information); and
- l. You acknowledge and agree to comply with the IMSA Principles of Ethical Market Conduct, the IMSA Code and the AFA Statement of IMSA Policy adopted by the Company.

BENEFICIARY DESIGNATIONS. (See Section VII, paragraph 7.06)

Primary Beneficiary(ies):

<u>Name</u>	<u>Address</u>	<u>Relationship</u>

Contingent Beneficiary(ies):

AGENT ELECTRONIC SIGNATURE AUTHORIZATION

The undersigned Agent of the Company hereby authorizes as follows:

You authorize the Company or its authorized agent or representative to use Your signature in an electronic format and store such on a designated and secured computer system. You understand that Your electronic signature will never be used without Your prior consent. Your electronic signature will only be used when You submit prior authorization for each applicant. You understand that You may submit such authorization by either: 1) completing an American Fidelity Assurance Company EZ-Form application that contains information about an applicant for insurance and Your written authorization to attach Your electronic signature to the final insurance application for such applicant; or 2) providing an applicant with the Internet Address of the Secured AFAdvantage® Term Life web site along with the appropriate Agent ID/password.

The undersigned Agent of the Company hereby acknowledges as follows:

1. You have received and reviewed the Company's memorandum dated October 1, 2003, concerning the national do not call registry.
2. The Company has a procedure to "screen" any telephone number it furnishes to You to ensure that such telephone number is not on the national do not call registry.
3. If You, or any person acting on Your behalf, make telemarketing calls to any telephone number that has been acquired from a source other than the Company, the Company will not be responsible for screening any such number to ensure that it is not on the national do not call registry, and state's do not call list or any "in-house" do not call list. You will be responsible for ensuring that any telephone number acquired from a source other than the Company is screened against the national do not call registry, any state's do not call list and any "in-house" do not call list before the number is called for telemarketing purposes and will assume all liabilities and indemnify and hold the Company harmless from all claims, suits and demands of every kind and nature, including any and all actions, causes of action, suites, judgments, controversies, losses, damages, costs, liens, charges, court costs, reasonable attorneys' fees, payments, liabilities and expenses whatsoever occasioned by, resulting from, arising out of, related to or in connection with Your failure to do so.

DIRECT DEPOSIT FOR COMMISSIONS

(Please include a void check or copy of a void check)

Remember, commission checks are only generated if the payout amount is greater than \$25.00. This will remain the same for direct deposits.

Name of Bank: _____ Account #: _____

Routing #: _____

Circle one: Checking Savings

It is hereby understood and agreed that by completing the above information and signing below, I authorize American Fidelity Assurance Company to deposit my commissions into the above named account.

This Contract authorizes Us to print Your name in Company publications unless You notify Us in writing.

You understand and agree to the terms of this Contract executed this _____ day of _____, _____.

By: _____

PRODUCER
(You)

By: _____

AMERICAN FIDELITY ASSURANCE COMPANY
("Company")

Authorized Signature