



# SHENANDOAH LIFE INSURANCE COMPANY

## PARTIES TO THE CONTRACT

This contract is made and entered into between Shenandoah Life Insurance Company hereafter referred to as "Company"; and the party or parties indicated on the signature page, hereafter referred to as "Agent." Company and Agent recognize that this contract is entered into in accordance with the Independent Marketing Organization contract between Company and Independent Marketing Organization indicated on signature page.

## BUSINESS RELATIONSHIP

It is the intention of the Company to establish and develop a long term relationship with the Agent. The Company recognizes that in order for this relationship to last, there are certain underlying business practices which must be consistent as to the Company and the Agent. Along with compliance with all statutory laws, rules, and regulations to which the parties are subject, both the Company and Agent must share the desire to provide value, as well as fair and honest service to the policyholder and each other.

The Company hereby appoints the Agent to represent it subject to the following mutually agreed upon terms and conditions.

### I. RESPONSIBILITIES OF THE PARTIES

The Agent agrees to:

- A. Treat any money received or collected for the Company as property held in trust, and promptly remit such money to Company at its home office in Roanoke, Virginia.
- B. Adhere to the Company's requirements for the collection of any premium paid upon application for the Company's products.
- C. Comply with the underwriting and issue requirements of the Company as well as any and all applicable legal requirements of the state or states in which the Agent does business.
- D. Inform the Company of any and all facts of which the Agent is aware or becomes aware, relating to: a) any of the Company's products applied for or issued to a policyholder, and b) the health of any proposed applicant.
- E. Hold harmless and indemnify the Company from all losses, expenses, costs and damages resulting from any acts by the Agent or its subagents which breach the terms of this contract.
- F. Assist the Company in keeping its insurance policies in force.
- G. Carry such Errors and Omissions insurance coverage as the Company may require.
- H. Adhere to all Company requirements including those related to policy application, illustration, and delivery.
- I. Train and exercise general supervision over subagents affiliated with the Agent.

The Company agrees to:

Contract and appoint individuals as agents or licensees (hereafter referred to collectively as "subagents") when requested by Agent, provided that such individual meets Company's guidelines for appointment.

### II. LIMITATION OF AUTHORITY

The Agent has no authority and specifically agrees not to:

- A. Bind the Company to any promise or agreement; incur any debt, expense or liability whatsoever in the Company's name or for its account; or receive any money due or to become due the Company, except the initial premium on applications or policies, subject to the Company's requirements for the acceptance of such money and except where the Agent and the Company execute a separate collection agreement in writing.
- B. Deliver any policy or allow delivery of any policy until the initial premium required by the Company has been paid in full. The Agent or its subagents shall ask the policyholder if the policyholder is in the same condition as to health, habits, occupation and other facts as represented in the application for this policy. If the policyholder indicates that a change has occurred in any of the above areas, the Agent shall not deliver the policy, and the Company shall be informed of such change.

- C. Make, modify, or change any insurance contract, or bind the Company by making any promises respecting any insurance contract except when authorized in writing to do so by the President or a Vice President of the Company.
- D. Use any material, including but not limited to all written material or audio or video tapes, to solicit a sale of any of the Company's products, regardless of whether the Company's name is on such material, without written approval of the material by the Company.

### III. COMPLIANCE / MARKET CONDUCT

- A. The Agent specifically agrees that he or she will comply with all Company regulations regarding the use of illustrations. Further, the Agent agrees to use only complete illustrations which have been provided by the Company or generated on software provided by the Company to market the Company's products. The Agent agrees to use only the most current version of the illustration software and accompanying instructions which have been provided by the Company.
- B. The Agent agrees that it will allow the Company to review all sales programs, techniques, and methods, including all material shown to or provided to an applicant or client, which are used in the solicitation or servicing of the products produced by the Company.
- C. The Company shall advise Agent of any action or complaint by a state department of insurance relating to the Agent or any of its subagents and shall provide Agent copies of all correspondence relating to such action or complaint unless Company is precluded from doing so by state or federal law, regulation or rule or any order of any official of any state or federal agency. The Agent will cooperate with the Company in the investigation of any inquiry or complaint by any individual or any state or federal agency. Cooperation shall consist of preparation of a written response addressing the issues raised in the inquiry or complaint as well as providing the Company with a copy of all applicable marketing materials.

### IV. COMPENSATION

The Company will compensate the Agent according to the compensation schedule in effect at the time the insurance contract is written or modified.

### V. GENERAL PROVISIONS

- A. No assignment of this contract or any rights under this contract shall be binding on the Company without its written consent, and any such assignment shall be subject to offset or recoupment for any money due the Company by the Agent as provided for in this contract.

- B. The Company shall make available at the Home Office within 30 days of Agent's written request, all records related to business placed with the Company by the Agent or its subagents for inspection and examination by the Agent or its authorized representative. The Company, or its authorized representative may perform periodic written reviews and/or audits of all records of the Agent related to business placed with the Company by the Agent and its subagents. Company shall give Agent thirty (30) days written notice of such reviews and/or audits.
- C. The Company shall have the right to offset against any money due the Agent by the Company or recoup any money due the Company by the Agent or its subagents. As security for this right of offset, the Agent hereby agrees that the Company shall have a first and prior lien against the compensation provided for under this contract or any previous contract between the Company and the Agent to the extent of any money due the Company from the Agent. In addition to this right of offset, any money due the Company from the Agent or its subagents is immediately due and payable, and the Agent agrees to pay any and all costs, fees and expenses of collecting any such money due the Company. The Company shall have the right to charge the maximum rate of interest allowed by law, not to exceed 12%, on money due the Company from the Agent and the Agent shall pay such interest if charged.
- D. The Agent shall not have exclusive rights of distribution for any product issued by the Company or for any geographic territory.
- E. The Agent shall be solely liable for the expenses of operating and maintaining the Agent's agency without contribution from the Company.
- F. The Agent is an independent business person and shall be free to exercise independent judgment as to the time and place of performing all acts under this contract. The Agent shall be free to represent other insurance companies as the Agent sees fit. In all respects, the relationship of the Agent to the Company shall be that of an independent contractor and not an employee of the Company.
- G. The Agent and its subagents agree to notify the Company and the Company agrees to notify the Agent promptly upon receipt of any oral or written communication from an applicant, policyholder, other individual, or state regulatory agency setting forth a complaint relating to the Company policies sold by the Agent or its subagents or the Agent or subagent's conduct in the solicitation, sale and servicing of Company's policies and contracts. The

Company shall have the right to determine the ultimate disposition of such complaint and to make corresponding adjustments to the commission account of the Agent. Any such determination by the Company shall be binding on the Agent and its subagents.

- H. The Company shall furnish the Agent with a statement of account at such intervals as determined by the Company but no less frequent than semimonthly. Such statement shall be complete and conclusive evidence of accounts between the parties to this contract, and shall be binding on the Agent unless objection is made in writing by the Agent and received by the Company within 60 days after the statement is mailed by the Company. In addition, Company will promptly deliver to Agent copies of all correspondence, including but not limited to lapse notices between Company and policyholders or former policyholders solicited under this contract.
- I. The failure of either party to enforce any of the provisions of this contract shall not constitute a waiver by that party of any such or other provisions of the contract.
- J. This contract shall replace any and all previous contracts between the Agent and the Company.
- K. This contract will be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without giving effect to its conflict of laws principles and rules. Jurisdiction over any matters of dispute arising under or by virtue of the Agreement shall rest exclusively in either the state courts of the Commonwealth of Virginia or the federal courts having jurisdiction over the Commonwealth of Virginia.

## VI. SOLE AND EXCLUSIVE PROPERTY

- A. All reports, training materials, manuals, and records, including computer-related materials (such as CDs, disks, tapes, cassettes, etc.), containing client, sales and/or product information, illustration software, etc., are and shall remain the sole and exclusive property of the Company, subject to inspection and review by the Company at any and all times.
- B. The Agent agrees to surrender the above items, and any and all copies thereof, to the Company immediately upon demand or upon termination of this contract. Agent further understands and agrees that the Company has the right to terminate Agent's right to access Company systems, including but not limited to StarNet.
- C. The Agent further agrees not to take or copy any

forms, policies, manuals, policyowner lists, CDs, diskettes, tapes, cassettes, or other materials which are the property of the Company. The Agent also agrees to return all licenses, money, policies, manuals, books, papers, sales materials, reports, records, forms, and all other property of the Company then in his charge and control.

## VII. TERMINATION IN GENERAL

- A. This contract, along with any and all riders, supplements, schedules, amendments, or endorsements to the contract, along with any license or appointment of the Agent and its subagents by the Company, may be terminated 30 days after written notice is provided by the Company or the Agent to the other, in person or to the last known address of the party to be notified.
- B. This contract, along with any and all riders, supplements, schedules, amendments or endorsements to the contract, along with any license or appointment of the Agent and its subagents by the Company, will terminate immediately upon the termination of the contract with the Independent Marketing Organization or upon the death of the Agent.
- C. Any terms of this contract which by their nature extend beyond its termination, except as specified in Section VIII, shall remain in effect until fulfilled.

## VIII. TERMINATION FOR CAUSE

- A. The Company, at its option, may terminate this contract at any time immediately upon written notice and **for cause** if the Agent engages in any act of fraud, misappropriation or mishandling of funds, or any other misconduct damaging to the Company, violates any of the terms of this contract, fails to pay a debit balance on demand, violates any state insurance law or regulation, or misrepresents Company's products or its financial condition.
- B. Further, the Company, at its option, immediately upon written notice, may terminate this Agreement **for cause** or may permanently discontinue payments made pursuant to this Agreement after termination, if Agent, at any time, (a) takes any action or sanctions any action which results in the cancellation, lapse or surrender of Company's policies; or (b) endeavors to induce representatives to discontinue their contracts or appointments with Company.

## IX. PAYMENTS AFTER TERMINATION

- A. Except as otherwise provided for herein, upon termination of this contract, the Company shall continue to pay compensation to the Agent in accordance with the other provisions of this contract and the compensation schedule in effect at the time of termination.
  - 1. No bonuses will be earned or payable after the date of termination of the contract.

- 2. All compensation due under this contract shall be terminated after any calendar year in which the Agent's total compensation shall be less than \$500 for that year. For example, if the Agent's total compensation in a given year is \$501, the Agent will continue to receive compensation the following year. If the Agent's total compensation is \$499 in a given year, no further compensation will be due the Agent under this contract.
  - 3. Upon termination, all compensation will be paid by electronic fund transfer.
- B. In the event that this contract is terminated due to the death of the Agent, any compensation accruing after the date of termination will be paid, subject to Sections V. C.

- and VIII. above, in the following order of preference:
- 1. A beneficiary named by the Agent on forms provided by the Company and received by the Company prior to the Agent's death; or
  - 2. The spouse of the Agent if he or she survives the Agent by more than 30 days; or
  - 3. The Agent's estate, executors or administrators as determined by the Company.
- C. If this contract is terminated for cause in accordance with Section VIII, all future and current compensation due Agent shall be forfeited.

**PLEASE PRINT OR TYPE**

Complete Section A only if the Agent is contracting with the Company as an individual (in which case, all Agent level compensation will be paid to the Agent as an individual). Complete Section B only if the Agent is incorporated and this contract is between the Company and the Agent's corporation (in which case, all Agent level compensation will be paid to the corporation unless the Agent completes a separate Agent contract as an individual with the Company).

<b>SECTION A</b>	<b>SECTION B</b>
<p>_____</p> <p align="center">Individual Agent Name (Print or Type)</p> <p>_____</p> <p align="center">Signature of Agent</p> <p>_____</p> <p align="center">Social Security Number</p>	<p>_____</p> <p align="center">Corporate Agent Name (Print or Type)</p> <p>_____</p> <p align="center">Signature of Authorized Officer</p> <p>_____</p> <p align="center">Name of Authorized Officer (Print or Type)</p> <p>_____</p> <p align="center">Federal Tax Identification Number</p>
<p>Name of Independent Marketing Organization (IMO) _____</p>	

**HOME OFFICE USE**

Signature of Shenandoah Life Company Officer \_\_\_\_\_

This contract shall take effect on \_\_\_\_\_ and subsequent contract years shall begin with the anniversary of this date.

Agent Number \_\_\_\_\_