



Dear Agent:

Thank you for your interest in Preferred Auto Insurance Company (PAIC) and our personal auto insurance programs. In order for us to initiate the appointment process, we need you to complete the attached forms, sign and date, and then fax back to us using the fax cover sheet provided.

The fax cover sheet provides a checklist of items necessary for us to complete our process. We encourage you to double-check all of the forms before you fax, as to avoid untimely delays in getting your agency set up.

Once we receive your documents:

- Please allow 2 business days for us to process your agency application.
- You will receive a signed/executed copy to keep for your records via email or fax as provided on your application.

Should you have any questions about the processes, or these forms, please don't hesitate to call us @ (866) 299-5411.

Thank you for your time and consideration! We look forward to doing business with you and your agency soon.

Best Regards,

Preferred Auto Insurance Company



Preferred Auto Insurance Company

P. O. Box 41017

Memphis, TN 38174

Phone: (866) 299-5411 Fax: (901) 328-2099

Agency Agreement Forms

Agency Profile

Agency Name: _____ Telephone #: _____

Federal ID Number:

Web Site: _____ Fax #: _____

Physical Address: _____

City: _____ State: _____ Zip: _____ County: _____

Mailing Address: _____
(if different)

City: _____ State: _____ Zip: _____ County: _____

Agency Personnel Information - Email Required

Principal Contact: Name _____ Phone #/ Ext _____

Email*

Marketing Contact: Name _____ Phone #/ Ext _____

Email*

Personal Lines Contact: Name _____ Phone #/ Ext _____

Email*

Accounting Contact: Name _____ Phone #/ Ext _____

Email*

*NOTE: Please check ONE email address to which your agency wishes to receive all official PAIC program alerts and notifications.

Agency Information

Agency Volume Commitment (Circle one): 15K | 15 -50K | 50 - 100K | 100 - 250K | 250 - 500K | >500K

Top three non-std carriers used: 1) _____ 2) _____ 3) _____

E&O Policy #: _____ Expiry Date: _____

States licensed to conduct business in: _____

Agency License Number(s) and expiration dates: (if applicable) _____

Be sure to fax all completed documents including cover sheet to (901) 328-2099

PRIORITY FAX:



Preferred Auto Insurance Company
P. O. Box 41017
Memphis, TN 38174
Phone: (866) 299-5411 Fax: (901) 328-2099

To: **Agency Appointment** From: _____

Company: **PAIC** Date: _____

Fax: **(901) 328-2099** #Total Pages Including Cover ()

Regarding: **Agency Agreement Forms**

Please find enclosed our completed Agency Agreement forms. We have included the following information;

- Copy of Current E&O Dec Page
- Completed **Pre-authorized Deposit** Form **(with copy of Voided Check)**
- Completed **Agency Sweep** Form **(with copy of Voided Check)**
*Typically a separate trust account other than the one used for commission deposit;
- Completed Agency Application Form
- Signed and Dated Contract Page
- Signed and Completed W-9 Form
- Marketing Authorization Form
- Sub-producer Appointment Forms (when applicable)
- Copy of Resident and Non-Resident* Agency License(s)
- Copy of Resident and Non-Resident* Agent(s) License(s)

*Include non-resident information when applicable



Agency Contract

This agreement "the Contract", made this _____ day of _____, 200__, between **Preferred Auto Insurance Company** (hereinafter referred to as **PAIC**) and _____ (hereinafter referred to as **AGENT**), a duly licensed agency in the State of Tennessee. AGENT desires to place contracts of insurance with PAIC and utilize the services of PAIC.

WITNESSETH THAT:

PAIC hereby grants authority to the AGENT to submit for insurance coverage, risks located in Tennessee under insurance programs available through PAIC. This authority is subject to the laws of the State of Tennessee in which such AGENT is authorized to write insurance business and to the terms and conditions hereinafter set forth.

It is hereby agreed between PAIC and AGENT as follows:

AGENT'S RESPONSIBILITIES

AGENT agrees to maintain a Tennessee producer license and individual producer licenses for property and casualty insurance and to adhere to the laws and responsibilities that apply.

Other than the duties arising under the terms of a policy issued by PAIC to an insured, AGENT agrees that PAIC assumes no duties to the insured, including any responsibility for advising the insured with respect to their insurance needs.

AGENT'S AUTHORITY

AGENT is an independent contractor, not an employee of PAIC: Nothing in the Contract shall be construed to create an employer/employee relationship between AGENT and PAIC. As an independent contractor, AGENT will pay all expenses in connection with AGENT'S business.

The power and authority of AGENT to act for and on behalf of PAIC is strictly limited to the terms of this Contract. Nothing contained herein shall be construed to grant AGENT, by implication or otherwise, any rights, powers, authority or privilege that is not expressly and specifically set forth in this Contract.

PREMIUM REMITTANCE

It is agreed and understood that all premiums collected by AGENT on business placed through PAIC are trust funds: that such premiums are the property of PAIC; that AGENT has no interest in the premiums collected by him and shall make no deductions there from before paying same to PAIC, except for commissions authorized in writing.

Unless otherwise specified or as outlined in *Exhibit A*, the premium collected on each policy is due and payable to PAIC upon receipt of payment from Insured or Premium Finance Company.

If AGENT has failed to account for and pay over to PAIC immediately upon demand, all premiums collected and/or unearned commission, all records and use and control of expirations shall be vested in PAIC and AGENT agrees to execute any documents necessary to formally place the title thereto in PAIC. PAIC likewise shall have the immediate right thereafter, in its discretion, to sell transfer, assign or otherwise handle and control the business and expirations covered by the Contract to satisfy in whole or in part the obligations of AGENT to PAIC.

COMMISSIONS

PAIC shall pay commission monthly to AGENT as outlined in *Exhibit A* on insurance contracts placed through PAIC. In the event of a policy cancellation (including cancellations ordered by PAIC) the unearned commission will be reflected in the commission statement and will be applied against earned commission.

Commissions may be changed by PAIC upon written notice to AGENT. PAIC will give Agent 60 days notice of the change.

BINDING AUTHORITY

AGENT has a 72-hour binding authority for New Business and Renewals. AGENT must have electronically submitted all pertinent documentation within 24 hours from inception of policy. Payments must be postmarked or uploaded within 72 hours from inception.

AGENT shall not make, alter or discharge on behalf of PAIC, any contract or policy or waive any forfeiture provision or condition therein, without the expressed written authority of PAIC.

LIABILITY OF AGENT TO PAIC

If AGENT has acted without actual authority, but PAIC is nevertheless bound because AGENT had apparent authority, AGENT is liable to indemnify PAIC for any resulting loss or damage.

CLAIMS

AGENT agrees to immediately report directly to PAIC all claims. AGENT also agrees to direct all correspondence and telephone calls regarding claims or potential claims to PAIC.

ADVERTISING

AGENT shall not insert any advertisement referring to PAIC, or issue or cause to have issued any letter, circular, pamphlet or other publications or statement so referring, without the written consent of PAIC. In the event PAIC suffers loss or expense arising out of such

unauthorized advertisement or publications of AGENT, AGENT shall be liable for all resulting damages and costs, including attorney's fees.

DUTIES

AGENT must at all times keep in force an E&O insurance policy with limits not less than \$100,000 per occurrence and \$300,000 aggregate, and upon request from PAIC provide proof that such policy is in effect.

AGENT must maintain all original signed contracts in his office for the required time specified by law in Tennessee.

AGENT is responsible for his employees' P & C licenses and to provide proof they have an active license. AGENT is to ensure his employees maintain their licenses as governed by the State of Tennessee.

It is the duty of AGENT to notify PAIC of any new Producer in his employment that will be writing on behalf of PAIC. PAIC also must be advised of any Producer no longer writing business on PAIC's behalf.

AGENT is responsible for his employees following the guidelines of PAIC.

TERMINATION

This agreement may be immediately terminated in the event of either PAIC's or AGENT'S violation of fiduciary responsibility, insolvency, threat of insolvency, fraud, abandonment, or willful, gross or negligent misconduct, including the termination or suspension of either PAIC's or AGENT'S license.

Either party by giving the other 60 days written notice of cancellation, may cancel the Contract for any reason. After the date of cancellation of the Contract, unless otherwise stipulated at the option of PAIC, AGENT shall complete the collection and account to PAIC for all non-direct billed premiums, commissions and other transactions unaccounted for on the date of cancellation or arising thereafter in respect of outstanding insurance. In case PAIC shall find it necessary to perform any duty otherwise required of AGENT under the Contract, the AGENT shall be liable for all costs incident thereto.

The Contract is non transferable. No rights or interest arising under the Contract shall be subject to assignment by AGENT without PAIC's written consent.

OWNERSHIP OF EXPIRATIONS

The use and control of expirations, and the records thereof, shall remain in the undisputed possession and ownership of AGENT, except as provided under the premium remittance section and duties of the Contract.

INDEMNIFICATION

PAIC agrees to defend, indemnify and hold harmless AGENT against all claims, expenses, actions or judgments whatsoever which may be incurred by AGENT due to PAIC's negligence or violation of any part of the Contract, provided: (a) that AGENT gives PAIC prompt written notice of any claim indemnified against hereunder or of any knowledge AGENT acquires of circumstances likely to cause such a claim; and (b) that PAIC shall have the right at its option and its expense to investigate, settle, defend and control the defense of such claims.

AGENT agrees to defend, indemnify and hold harmless PAIC against all claims, expenses, actions or judgments whatsoever which may be incurred by PAIC due to AGENT'S negligence or violation of any part of the Contract, provided: (a) that PAIC gives AGENT prompt written notice of any claim indemnified against hereunder or of any knowledge PAIC acquires of any circumstances likely to cause such a claim; and (b) that AGENT shall have the right at its option and expense to investigate, settle, defend and control the defense of such claims.

AMENDMENTS

All amendments to the Contract, excluding the schedule of commissions, will require the express written consent of both PAIC and AGENT.

ARBITRATION CLAUSE

The following procedure will be followed in the event of a disagreement or dispute involving the interpretation of the Contract or the performance or nonperformance of PAIC and AGENT.

- a) The parties will make every effort to establish a meeting for the purpose of settling unresolved disputes. It is understood that this meeting will be conducted in good faith.
- b) If PAIC and AGENT are unable to resolve their conflict within fifteen days; the controversy will be resolved by arbitration.
- c) All unresolved disputes with regard to the terms and conditions of the Contract will be decided by a panel of three arbitrators. The party who desires arbitration will appoint one arbitrator and will furnish written notice of the appointment to the other party. Within ten days thereafter the other party will appoint one arbitrator. The two appointed arbitrators will, within fifteen days thereafter, together select a third arbitrator who will be designated as the presiding officer of the panel. If the appointed arbitrators fail or refuse to choose a third arbitrator within thirty days after having been appointed, the third arbitrator will be chosen by a court having jurisdiction of the dispute regarding the Contract.
- d) The decision of a majority of the panel will be binding on PAIC and AGENT without right of appeal, and may be enforced by a court having jurisdiction of the parties and the dispute with regard to the Contract. The determination of the panel must be in writing and bear the signatures of a majority of the arbitrators.
- e) Expenses of arbitration will be shared on an equal basis by PAIC and AGENT. Arbitrators shall have the right to select one party for a greater amount of the expenses should it be found that the party did not initially offer a good faith effort to resolve the difference on an informal basis.

It is agreed that the situs of the Contract is the State of Tennessee and that the terms and conditions of the Contract shall be governed exclusively by the laws of the State of Tennessee.

The Contract supersedes and voids all previous agreements, written or oral, existing between PAIC and AGENT.

DATED AND EFFECTIVE THIS _____ day of _____, 200____.

PREFERRED AUTO INSURANCE COMPANY

By: _____

(Title)

Agency: _____

By: _____

(Title)



EXHIBIT A

Commission Schedule Effective: 11/07/2007

Preferred Auto Insurance Company

Program	Type of Coverage	Premium Breakdown	Agent Commission
Tennessee	Private Passenger Automobile *	New Business Renewal Business	15% 17%
Tennessee	Agency Web Rating Portal - Private Passenger Automobile *	New Business Renewal Business	12% 12%
Tennessee	Non Owners Automobile **	New Business Renewal Business	15% 17%
Tennessee	TowBuster	New Business Renewal Business	50% 50%
Tennessee	Travel Pack with AD&D	New Business Renewal Business	50% 50%
Tennessee	Travel Pack with Hospital Indemnity	New Business Renewal Business	50% 50%
Tennessee	PAIC Incentive Program ***	Volume > 250,000 Volume > 750,000	5% max 10% max

* Commissions paid on Earned Premium

** Commissions paid on Written Premium

*** PAIC Incentive Program pays agent additional commission on earned premium for Volume and Loss Ratio performance within an Underwriting Year. For agents producing greater than \$250,000 but less than \$750,000 in annualized Direct Billed Premium, the additional commission is earned at .25 for each 1.00 the agent's loss ratio is below 60%. For agents producing greater than \$750,000 in annualized Direct Billed Premium, the additional commission is earned at .50 for each 1.00 the agent's loss ratio is below 60%. Paid annually at end of 1st Quarter following year earned.



Supplemental – Sub Producer Appointment Form

(Include a copy of their State License)

1	First Name (*For all, please print exactly as shown on state license)	Middle Name*	Last Name*	Social Security No.
				- -
	Residence Address	City	State	Zip

2	First Name (*For all, please print exactly as shown on state license)	Middle Name*	Last Name*	Social Security No.
				- -
	Residence Address	City	State	Zip

3	First Name (*For all, please print exactly as shown on state license)	Middle Name*	Last Name*	Social Security No.
				- -
	Residence Address	City	State	Zip

4	First Name (*For all, please print exactly as shown on state license)	Middle Name*	Last Name*	Social Security No.
				- -
	Residence Address	City	State	Zip

5	First Name (*For all, please print exactly as shown on state license)	Middle Name*	Last Name*	Social Security No.
				- -
	Residence Address	City	State	Zip

P. O. Box 41017
Memphis, TN 38174



(866) 299-5411 Phone
(901) 328-2099 Fax

AUTHORIZED AGREEMENT FOR ELECTRONIC FUNDS TRANSFER (EFT)

In order for your Agency to be authorized for electronic funds transfer, the form below must be completed, signed and returned with a voided trust check attached. The account will be verified by the bank and your Agency will be notified via email of the outcome.

COMPANY NAME: PREFERRED AUTO INSURANCE COMPANY

I (we) _____ (hereinafter called PRODUCER) hereby authorize Preferred Auto Insurance Company, hereinafter called COMPANY, to initiate debit entries to our Producer Trust Account indicated below at the depository financial institution named below, hereinafter called DEPOSITORY, to debit the same account.

BANK ABA #: _____ [ROUTING NUMBER]

ACCT. #: _____ Checking Savings

This authorization will remain in effect until COMPANY has received written notification from PRODUCER of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

PRODUCER CODE (S) _____, _____, _____, _____
Please verify that the producer codes above apply to the trust account number provided by your agency

First time EFT Set-Up

Change of existing EFT Set-Up

Yes, please enable EFT for installments

No, I do not wish to utilize EFT for installments

NAME OF AGENCY (DBA): _____

TEL.#: _____ **FAX #:** _____

CONTACT PERSON (S) (AT AGENCY): _____
PLEASE PRINT

EMAIL ADDRESS: _____

SIGNED: _____ **DATE:** _____

NOTE: Attach Copy of Voided Check!!

P. O. Box 41017
Memphis, TN 38174



(866) 299-5411 Phone
(901) 328-2099 Fax

Electronic Agency Sweep Authorization

YES, sign me up for the Agency Sweep option

I warrant that I have the Account at the Bank listed below and have sufficient funds to pay all appropriate debit entries.

Bank Information: Please provide copy of VOIDED check

Bank Name _____

Bank Routing # (enter 9 digits) _____

Account Name _____

Bank Account # (enter up to 17 digits) _____

Checking Savings

This is a change to my existing account (Complete only the areas that apply.)

Bank Information: Please provide copy of VOIDED check

Bank Name _____

Bank Routing # (enter 9 digits) _____

Account Name _____

Bank Account # (enter up to 17 digits) _____

Checking Savings

PAIC Number _____ - _____

Agency Name _____

Email Address _____

I attest:

- The account listed above is my account and not the account of another individual or business entity used without permission
- I attest that in accordance to my Agreement with Preferred Auto Insurance Company, this account is a business account used solely for the collection and distribution of premiums and not for personal or operating expenses related to my business.
- If required by the law, i.e. my state, this account is a premium trust account.

Principal Name (please print) _____

Principal Signature _____ Date ___/___/___

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Memphis, TN 38174



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Preferred Auto Insurance Company

Permission Form

The regulation promulgated by the Federal Communications Commission (FCC) under the *Junk Fax Prevention Act of 2004* require us to obtain your express written permission to send you faxes that contain “commercial” material—essentially those that promote our products, programs, and services.

So that we can fax you information about our products, programs, and services, we ask you to give us permission to communicate this type of information to you via fax. Please complete, sign and include this form to us along with the other documents required to consider you for an appointment with Preferred Auto Insurance Company.

Please be assured that Preferred Auto Insurance Company values your right to privacy. If you have any questions, please contact us at (866) 299-5411.

_____ **Organization**
Name for which consent is being provided (Your agency name)

Fax number(s) for which consent is being provided

I am authorized to and hereby give consent for the organization listed above to receive faxes at the number(s) listed above. I further agree that my express permission to receive faxes will continue and have no date of expiration, unless revoked by me in writing.

Signature: _____

Date: ____/____/____

