

**AGENCY AGREEMENT**

ACSTAR Insurance Company (Company) and the undersigned Agent mutually agree as follows:

**I. AUTHORITY OF AGENT**

The Agent is authorized on behalf of the Company:

1. To solicit insurance for the classes of business which the Company writes in the Agent's territory and to deliver policies therefore which the Company may from time to time authorize to be issued and delivered.
2. To collect, receive and receipt for premiums on such policies, except as otherwise provided in Section V with respect to direct billed business.

However, the Agent is not authorized to bind the Company or to issue any bonds or policies unless such bonds or policies are first signed by the Company.

The Agent agrees to comply with all laws affecting his operation, to maintain his qualifications for licensing by appropriate authorities and to report as soon as practicable to the Company all policies issued or canceled. The Company reserves the right to cancel at any time any policy placed by the Agent with the Company. The Company shall give the Agent concurrent notice of cancellation of direct billed business for nonpayment of premium and prior notice all other cancellations.

**II. COMPENSATION**

The Company will pay the Agent (or the Agent's Agency) commissions at the rates specified in the Agent Commission Schedule, as amended from time to time.

The Agent may retain out of premiums collected by him, except on direct billed business, the commissions payable under this section. The Agent agrees to return promptly to the Company commissions retained by him or paid by the Company on premiums refunded under any policy by reason of cancellation or otherwise, whether the refund is made during the term of this Agreement of thereafter.

The commissions payable under this section shall be the full compensation on business placed by the Agent with the Company. The Company shall not be responsible for expenses incurred by the Agent or his Agency, such as rent, transportation, clerical services, solicitors' fees, postage, express mail, telephone, telegrams, advertising, or for any other expense whatsoever.

**III. COLLECTIONS AGENCY BILLED BUSINESS**

The Agent is responsible for the collection of all premiums on business placed with the Company except direct billed business. The Agent may, however, relieve himself of responsibility for the collection of additional premiums due on audit or anniversary premiums on surety bonds by requesting the Company in writing to undertake collection thereof directly, provided his request is made within 20 days of the billing date. No commissions are payable on premiums which are at least 30 days past due and are collected by ACSTAR.

**IV. ACCOUNTS**

The Agent will submit to the Company by the first of each month an account of all premiums on all business, except direct billed business, placed during the previous month or not previously reported.

The balances shown due the Company or the Agent shall be paid upon issuance of the bond.

The accredited representatives of the Company may inspect at any time the Agent's accounting records pertaining to business placed with the Company, provided the Agent has been given 30 days written notice of a default and reasonable time to cure such default.

The Director of Insurance of the State of Illinois or his designee shall have access to the Agent's books, records and documents pertaining to the insurance portion of business.

V. **DIRECT BILLED BUSINESS**

The Company is responsible for the billing and collection of premiums on all direct billed business and will pay the Agent the commissions on premiums collected. If the Agent should collect any premiums on direct billed business he will promptly account therefore and pay the amounts due the Company, without deducting commission, when and as the Company directs.

VI. **POLICYHOLDER’S DESIGNATION OF AGENT OR BROKER**

If a conflict exists as to which producer is authorized to represent and existing or prospective policyholder with respect to any insurance matter subject to this Agreement, the policyholder’s written statement designating his agent or broker shall control.

VII. **TERMINATION**

This Agreement may be terminated by either party upon 180 days prior written notice to the other.

Any unused policy forms and other unused Company supplies furnished by the Company to the Agent remain the property of the company and shall be accounted for and returned by the Agent to the Company on demand.

VIII. **REGULATION**

The Agent and the Company agree to comply with all applicable Illinois statues and regulation and specifically to 50 Illinois Administrative Code 3113.

IX. **DEFINITIONS**

When used in reference to this Agreement, “policy” means a policy of insurance or bond or other contract to suretyship and includes any binder, endorsement or rider relating thereto.

This Agreement, together with the Commission Schedule, Underwriting Profits Endorsement, if any, and amendments to the foregoing signed by the parties, constitutes the full agreement of the parties and supersedes all previous Agreements, oral or written, between the Company and the Agent.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Agency Name: \_\_\_\_\_ ACSTAR Insurance Company  
Firm Address: \_\_\_\_\_ Name: \_\_\_\_\_  
\_\_\_\_\_ Title: \_\_\_\_\_  
Agent Name: \_\_\_\_\_  
Agent Signature: \_\_\_\_\_  
Title: \_\_\_\_\_

**Agent Commission Schedule**

The commission rates for Agency Generated Premiums Shall be as follows:

Calendar Year Premiums	Commission Rate
Up to \$250,000.....	10%
\$250,000 to \$500,000.....	15%
Over \$500,000.....	20%