

- 1.2.3 If the Standard Agent is an agency, then the Principal Partner/Corporate Officer identified in Section 1.2.2 above, acknowledges receipt of these terms and conditions on behalf of all licensed producers who conduct producer business on behalf of the agency. The Principal Partner/Corporate Officer agrees to provide a copy of this Standard Agent Acknowledgment Form to each licensed producer who conducts producer business on behalf of the agency.

Section 2. Introduction.

- 2.1 **PLEASE READ THIS ACKNOWLEDGMENT FORM IN ITS ENTIRETY BEFORE YOU AGREE TO SERVE AS A STANDARD AGENT.**
- 2.2 For purposes of this document, the terms “You” and “Your” shall refer to the individual licensed producer, or to the agency identified as the Standard Agent in Section 1.
- 2.3 Capital administers an agent program as a service to its group customers. Capital contracts with Preferred Agents. A Preferred Agent, in turn, may ask You and other appropriately qualified individuals or agencies to serve as Standard Agents.
- 2.4 Capital will decide whether to appoint you to be a Standard Agent.
- 2.5 As a condition to your appointment as a Standard Agent, You must obtain and maintain an errors and omissions liability insurance policy. (See Section 3 for more details regarding this important condition.)
- 2.6 The Preferred Agent may attach this Acknowledgment Form to any document or contract that You might be requested to sign as a condition of your appointment as a Standard Agent.
- 2.7 You may want to ask the Preferred Agent for a copy of the Preferred Agent Master Agreement(s) between Capital and the Preferred Agent. **The Preferred Agent Master Agreement(s) specifies all commission payment rules, including payment of commissions in the event Capital terminates Your appointment, terminates the agent program, terminates the Preferred Agent Master Agreement(s), or You terminate Your relationship with the Preferred Agent. Depending on the reason for termination, payment of commissions may cease upon the date of termination or within a specified period of time after termination. It is Your responsibility to resolve all commission payment issues directly with the Preferred Agent.**

Section 3. Your Appointment as an Agent for Capital.

- 3.1 Before Capital will consider the appointment application materials submitted by the Preferred Agent on Your behalf, You must: (1) obtain an errors and omissions liability insurance policy which offers coverage in an amount equal to or greater than \$1,000,000, and (2) submit a copy of the “Declaration Sheet” of Your errors and omissions policy to Capital.

- 3.2 After Capital reviews the appointment application materials submitted by the Preferred Agent on Your behalf, Capital may elect to appoint you to be a Standard Agent. In the event of such an election, Capital will notify the Pennsylvania Insurance Department. Your appointment will be for the “0300 Accident and Health” power as defined by the Pennsylvania Insurance Department.
- 3.3 You will be permitted to submit group applications for health benefits programs [as defined in the Preferred Agent Master Agreement(s)] only after:
 - 3.3.1 Your appointment by Capital is complete; and
 - 3.3.2 You complete the necessary documentation as required by the Preferred Agent.
- 3.4 The Preferred Agent (and **not** Capital) shall be responsible for any and all commission for business produced or services performed by You.
- 3.5 As an insurance producer for Capital, You are **only** authorized to do the following:
 - 3.5.1 To represent Capital to groups (as defined in the Preferred Agent Master Agreement(s) in Capital’s 21-county service area, provided that such groups have executed a Agent of Record Letter which names You as Agent of Record, using the form available from the Preferred Agent.
 - 3.5.2 To obtain and present premium rate quotations for group coverage under the health benefits programs (as defined in the Preferred Agent Master Agreement(s) between the Preferred Agent and Capital).
 - 3.5.3 To solicit applications, enrollment cards, applications for contracts and similar or related documents required by Capital prior to effectuating coverage under group contracts for health benefits programs.
 - 3.5.4 To collect only the initial premium (initial premium does not include reserves, fees, retention payments, payment from bank Letters of Credit) from groups and to remit to Capital all initial premiums collected within five (5) business days of receipt of such initial premiums.
- 3.6 As an insurance producer for Capital, You will be expected to comply with the following:
 - 3.6.1 To maintain errors and omissions liability insurance which offers coverage in an amount equal to or greater than \$1,000,000.
 - 3.6.2 To be governed strictly by all Capital underwriting and participation rules, regulations, and instructions contained in manuals, proposals or otherwise.
 - 3.6.3 To adhere to all of Capital’s underwriting, participation, and marketing guidelines applicable to the health benefits programs.

- 3.6.4 To observe and comply with all applicable insurance laws and Pennsylvania Insurance Department regulations, and any federal requirements, including those relating to employee benefit plans.
- 3.6.5 You must forward to Capital immediately upon receipt any and all governmental or other communications, complaints, and/or inquiries, written or oral, regarding or pertaining to the health benefits programs.
- 3.6.6 To keep such records and forms as may be reasonably required by Capital and/or applicable laws and regulations. Such records together with all manuals and all supplies furnished by Capital shall remain the property of Capital and shall be subject to examination by and/or surrender to Capital at any time. You must maintain complete records of all transactions pertaining to groups, along with correspondence to and from groups for the current year plus the six preceding calendar years.

Section 4. Limitations on Your Authority as a Standard Agent.

- 4.1 As an insurance producer for Capital, You are **not** permitted to perform any of the following acts:
 - 4.1.1 To waive, modify, or change any terms, conditions, rates, proposals, or limitations of any group contract.
 - 4.1.2 To bind or commit Capital in any manner.
 - 4.1.3 To receive any money for Capital, except the initial premium as specified in Section 3.5.4.
 - 4.1.4 To extend the time for any premium payment.
 - 4.1.5 To reinstate any coverage terminated.
 - 4.1.6 To adjust, settle, or admit liability on any claim.
 - 4.1.7 To solicit applications or enrollment forms outside the Service Area.
 - 4.1.8 To effect any verbal group contracts for health benefits programs.
 - 4.1.9 To effect any group contracts for health benefits programs except by means of authorized forms duly executed by authorized Capital representatives.
 - 4.1.10 To publish or cause to be published, circulate or cause to be circulated any advertising material other than that approved in writing by or furnished by Capital. All questions regarding the appropriate use of advertising material must be directed to the Preferred Agent.
 - 4.1.11 Unless authorized in writing by Capital, You may not use in any form any registered or unregistered trademark, trade name, or service mark owned by Capital or by the Blue Cross and Blue Shield Association.

- 4.1.12 To extend credit or incur any indebtedness, liability, or obligation on behalf of Capital.
- 4.1.13 To sign an application on behalf of an applicant.
- 4.1.14 To pay, allow, or offer to pay or allow as an inducement to any person or group, any rebate of premium or other form of consideration.
- 4.1.15 To enter into any legal proceeding pertaining to Capital as a representative of Capital, including the acceptance of legal process on Capital's behalf.
- 4.1.16 To act in a manner contrary to any laws, rules, or regulations of any governmental or other regulatory authority having jurisdiction over employee health and welfare benefit plans.

Section 5. Capital Will Only Offer Health Benefits Programs to Eligible Groups.

- 5.1 In order to be eligible for the health benefits programs offered by Capital, a group must comply with Capital's current eligibility and underwriting standards/guidelines. These standards/guidelines are subject to change without notice.
- 5.2 All necessary enrollment materials and premium rate quotation requests must be received by Capital within any deadlines set by Capital before a group will be considered for coverage.
- 5.3 A group must be formally accepted by Capital and must execute the required group contract(s) in order to be enrolled.

Section 6. Reservation of Rights.

- 6.1 Capital reserves the right to reject any group application for enrollment in a health benefits program.
- 6.2 Capital reserves the right to discontinue or withdraw from sale any health benefits program, amendment, or endorsement.
- 6.3 Capital reserves the right to amend or cancel any health benefits program group contract.
- 6.4 Capital reserves the right to determine all terms, conditions, and limitations on any health benefits program group contract.
- 6.5 Capital reserves the right to amend, delete, or add any Capital procedure.
- 6.6 Capital reserves the right, upon reasonable notice, to audit and make copies of all records in Your possession which relate to the health benefits program or any proposal for a health benefits program that You presented to a group.
- 6.7 If Capital does not extend coverage under a group contract for health benefits programs for one of the reasons listed above, no commission shall be paid.

Section 7. Licenses and Compliance with Regulations.

- 7.1 By signing this Acknowledgment Form, You represent and warrant that You are properly licensed to serve as an insurance producer for Capital.
- 7.2 You agree to notify the Preferred Agent, and Capital immediately of any termination, suspension, or expiration of Your license. You agree to notify the Preferred Agent and Capital immediately in the event You are charged with any wrongdoing for which the penalty of suspension or revocation is possible. The failure on the part of Capital to elect to terminate Your appointment as an insurance producer immediately shall not be construed as a waiver of the right to do so subsequently.

Section 8. Confidentiality.

- 8.1 During the term of Your appointment as an insurance producer for Capital or at any time after termination of Your appointment, You may not divulge or use any confidential and/or proprietary information about Capital's business, except as authorized by Capital in writing. Confidential and proprietary information about the business of Capital includes, but is not limited to, policies, procedures, underwriting guidelines, and/or group specific proposals of Capital, in any form whatsoever.
- 8.2 You agree to be liable for and to reimburse Capital for any and all damages to Capital that arise from Your acts or omissions which result in the unauthorized disclosure or use of such confidential or proprietary information.

Section 9. Termination of Your Appointment as an Insurance Producer for Capital.

- 9.1 Capital may terminate Your appointment as an insurance producer for Capital immediately upon the occurrence of any of the following:
 - 9.1.1 Such termination is required by state or federal law or regulation, or by an order of any state or federal agency or court with authority to issue such an order;
 - 9.1.2 Termination of Your license;
 - 9.1.3 Your withholding, converting for Your own use, or otherwise misappropriates funds of Capital or a group;
 - 9.1.4 You commit any illegal act or fraud in the performance of Your duties as an insurance producer for Capital;
 - 9.1.5 Upon Your breach of any of the terms of this Acknowledgment Form or of Capital's underwriting rules, regulations and instructions.
 - 9.1.6 Upon Your conviction, entry of a plea of *nolo contendere*, or the imposition of probation without verdict for any felony, or a misdemeanor related to the business of insurance, including but not limited to fraud, theft, embezzlement, or any other offense related to the misuse or taking of funds.

- 9.1.7 Upon Your breach of any provision of the HIPAA Business Associate Addendum to which Section 10 refers.
- 9.2 Capital may terminate Your appointment as an insurance producer upon thirty (30) days written notice if You fail to achieve the minimum production standards established by Capital. The production standards are set forth in the Preferred Agent Master Agreement(s) may be updated annually by Capital.
- 9.3 Capital may terminate Your appointment as an insurance producer without cause by giving thirty (30) days written notice to You and to the Preferred Agent.
- 9.4 In the event of the termination of the Preferred Agent Master Agreement(s) between Capital and the Preferred Agent, Your contract with the Preferred Agent will terminate simultaneously, and Capital may:
- 9.4.1 Assist You in establishing a relationship with another Preferred Agent; or
- 9.4.2 Enter into a Preferred Agent Master Agreement(s) directly with You, so long as You qualify to participate in such an Agreement.

Section 10. HIPAA Compliance.

- 10.1 You agree to comply with the terms of the HIPAA Business Associate Addendum that is attached hereto and incorporated herein by reference.

Section 11. Assignment.

- 11.1 Your assignment of any Agent of Record Letter(s) or commissions payable will only be valid with prior notice to the Preferred Agent and with Capital's prior written consent. Your right to commission in the event of such assignment will remain subject to the terms of the Preferred Agent Master Agreement(s).

Section 12. Acknowledgment.

12.1 If the Standard Agent is an individual, read the information at Section 12.2.1 and sign this form at the space provided. If the Standard Agent is an agency, read the information at Section 12.2.2 and sign this form at the space provided.

12.2.1 Individual Acknowledgment

12.2.2 Agency Acknowledgment

<p>YOUR SIGNATURE ON THE LINE BELOW SIGNIFIES YOUR ACKNOWLEDGMENT AND ACCEPTANCE OF THESE TERMS. YOU ALSO ACKNOWLEDGE THAT CAPITAL WILL RELY UPON YOUR AGREEMENT WITH THESE TERMS AS THE BASIS FOR YOUR APPOINTMENT AS AN INSURANCE PRODUCER FOR CAPITAL.</p> <p>Agent/Agent Signature: _____</p> <p>Agent/Agent Name: _____</p> <p>Date: _____</p>	<p>YOUR SIGNATURE ON THE LINE BELOW SIGNIFIES YOUR ACKNOWLEDGMENT AND ACCEPTANCE OF THESE TERMS ON YOUR OWN BEHALF AND ON BEHALF OF ALL LICENSED INSURANCE PRODUCERS THAT CONDUCT INSURANCE PRODUCER ACTIVITY ON BEHALF OF THE AGENCY. YOU ALSO ACKNOWLEDGE THAT CAPITAL WILL RELY UPON YOUR AGENCY'S AGREEMENT WITH THESE TERMS AS THE BASIS FOR YOUR AGENCY'S APPOINTMENT AS AN INSURANCE PRODUCER FOR CAPITAL.</p> <p>Principal Partner/ Corporate Officer Signature: _____</p> <p>Principal Partner/ Corporate Officer Name: _____</p> <p>Date: _____</p>
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