



An Independent Licensee of the Blue Cross and Blue Shield Association

STANDARD PRODUCER AGREEMENT

THIS STANDARD PRODUCER AGREEMENT between _____ (the “Standard Producer”) and Highmark Blue Shield (“HBS”) is effective as of the _____ day of _____, 200__ and applies to new individual business written for HBS on and after April 1, 2002.

Section 1. Standard Producer Information

1.1 If the Standard Producer is an individual, provide the information requested at Section 1.2.1. If the Standard Producer is an agency, provide the information requested at Section 1.2.2.

1.2.1. Individual Information

Producer/Broker Name:	_____
Social Security Number:	_____
Certificate of Qualification No.:	_____
Business Address:	_____ _____ _____
Business Phone:	_____
Fax:	_____

1.2.2 Agency Information

Agency Name:	_____
Federal Tax ID No.:	_____
Agency Certificate of Qualification No.:	_____
Qualifying Active Officer’s Name:	_____
Qualifying Active Officer’s Certificate of Qualification No.:	_____
Qualifying Active Officer’s Social Security No.:	_____
Business Address:	_____ _____ _____
Business Phone:	_____
Fax:	_____
Principal Partner/Corporate Officer:	_____

- 1.2.3. If the Standard Producer 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 Producers and Producers who conduct Producer or Producer business on behalf of the agency. The Principal Partner/Corporate Officer agrees to provide a copy of this Standard Producer Agreement to each licensed Producer or Producer who conducts Producer or Producer business on behalf of the agency.

Section 2. Introduction

- 2.1 PLEASE READ THIS PRODUCER AGREEMENT IN ITS ENTIRETY BEFORE YOU AGREE TO SERVE AS A STANDARD PRODUCER.
- 2.2 For purposes of this document, the terms “You” and “Your” shall refer to the individual Producer or to the Agency identified as the Standard Producer in Section 1.
- 2.3 HBS has contracts with Preferred Producers. A Preferred Producer, in turn, may ask You and other appropriately qualified individuals or agencies to serve as Standard Producers.
- 2.4 HBS will decide whether to appoint you to be a Standard Producer.
- 2.5 As a condition to your appointment as a Standard Producer, You must obtain and maintain an errors and omissions liability insurance policy. (See Section 3.1 for more details regarding this important condition.)
- 2.6 The Preferred Producer may attach this Standard Producer Agreement to any document or contract that You might be requested to sign as a condition of your appointment as a Standard Producer.
- 2.7 You may want to ask the Preferred Producer for a copy of the Preferred Producer Agreement between HBS, and the Preferred Producer. The Preferred Producer Agreement specifies all commission payment rules, including payment of commissions in the event HBS terminates Your appointment, terminates the Producer program, terminates the Preferred Producer Agreement, or You terminate Your relationship with the Preferred Producer. 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 Producer.

Section 3. Your Appointment as Producer for HBS

- 3.1 Before HBS will consider the appointment application materials submitted by the Preferred Producer 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 HBS.**
- 3.2 After HBS reviews the appointment application materials submitted by the Preferred Producer on Your behalf, HBS may elect to appoint you to be a Standard Producer. In the event of such an election, HBS will notify the Pennsylvania Insurance Department of Your appointment as an Producer for HBS. 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 individual applications for Health Benefits Programs as provided in Schedule “A,” as amended or supplemented from time to time, upon notice by HBS and only after:
- 3.3.1 Your appointment by HBS is complete; and
 - 3.3.2 You complete the necessary documentation as required by the Preferred Producer, including the Producer Appointment Agreement and Appointment Information Form.
- 3.4 The Preferred Producer (and not HBS) shall be responsible for any and all commission for business produced or services performed by You.
- 3.5 As Producer for HBS, You are only authorized to do the following:
- 3.5.1 To represent HBS to individuals in the service area designated by HBS.
 - 3.5.2 To obtain and present premium rate quotations for individual coverage under the Policies (as defined in the Preferred Producer Agreement between the Preferred Producer and HBS).
 - 3.5.3 To solicit applications required by HBS prior to effectuating coverage under individual Policies.
 - 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 individuals and to remit to HBS all initial premiums collected within five (5) business days of receipt of such initial premiums.
 - 3.5.5 Use its best efforts to increase persistency, profitability and customer service satisfaction according to guidelines developed by Company, in its sole discretion.
- 3.6 As Producer for HBS, You will be expected to comply with the following:
- 3.6.1 To be governed strictly by all HBS underwriting rules, regulations, and instructions contained in manuals, proposals or otherwise.
 - 3.6.2 To adhere to all underwriting, participation, and marketing guidelines of HBS applicable to the Policies.
 - 3.6.3 To observe and comply with all applicable insurance laws and Pennsylvania Insurance Department regulations, and any federal requirements.
 - 3.6.4 You must forward to HBS immediately upon receipt any and all governmental or other communications, complaints, and/or inquiries, written or oral, regarding or pertaining to the Policies.

- 3.6.5. To keep such records and forms as may be reasonably required by HBS and/or required under applicable laws and regulations. Such records together with all manuals and all supplies furnished by HBS shall remain the property of HBS and shall be subject to examination by and/or surrender to HBS at any time. You must maintain complete records of all transactions pertaining to Policies, along with correspondence to and from individual policyholders for the current year plus the six preceding calendar years.

Section 4. Limitations on Your Authority as a Standard Producer

- 4.1 As Producer for HBS, 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 Policy issued for a Health Benefits Program.
 - 4.1.2. To bind or commit HBS in any manner.
 - 4.1.3. To receive any money for HBS, 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 outside of the HBS Service Area.
 - 4.1.8. To effect any verbal Policies.
 - 4.1.9. To effect any Policies except by means of authorized forms duly executed by authorized HBS representatives.
 - 4.1.10. To publish or cause to be published, circulate or cause to be circulated, or utilize in the marketing effort contemplated under this Agreement any advertising material other than that approved in writing by or furnished by HBS. All questions regarding the appropriate use of advertising material must be directed to the Preferred Producer.
 - 4.1.11. Unless authorized in writing by HBS, You may not use in any form any registered or unregistered trademark, trade name, or service mark owned by HBS 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 HBS.
 - 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, any rebate of premium or other form of consideration.
 - 4.1.15. To enter into any legal proceeding pertaining to HBS as a representative of HBS, including the acceptance of legal process on behalf of HBS.

4.1.16. To act in a manner contrary to any laws, rules, or regulations of any governmental or other regulatory.

Section 5. Reservation of Rights

- 5.1 HBS reserves the right to reject any application for coverage under the Policies.
- 5.2 HBS reserves the right to discontinue or withdraw from sale any Policy, amendment, or endorsement.
- 5.3 HBS reserves the right to amend or cancel any individual Policy.
- 5.4 HBS reserves the right to determine all terms, conditions, and limitations on any Policy.
- 5.5 HBS reserves the right to amend, delete, or add any HBS procedure.
- 5.6 HBS reserves the right, upon reasonable notice, to audit and make copies of all records in Your possession which relate to the Policies or any Policy.
- 5.7 If HBS does not extend coverage under a Policy for one of the reasons listed above, no commission shall be paid.

Section 6. Licenses and Compliance with Regulation

- 6.1 By signing this Agreement, You represent and warrant that you are properly licensed to serve as Producer for HBS, and that you possess the professional competence and general fitness required by law to engage in the business of insurance.
- 6.2 You agree to notify the Preferred Producer, and HBS immediately of any termination, suspension, or expiration of Your license. You agree to notify the Preferred Producer and HBS 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 HBS to elect to terminate Your appointment, as Producer immediately shall not be construed as a waiver of the right to do so subsequently.

Section 7. Confidentiality

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

Section 8. Privacy Compliance

- 8.1 Member Privacy. All protected health information as defined by 45 C.F.R. § 164.501 about HBS insureds ("Protected Information") is subject to various statutory privacy standards, including state laws implementing Title V of the Gramm-Leach-Bliley Act; the Health Insurance Portability

and Accountability Act of 1996 (HIPAA), and regulations adopted thereunder by the Department of Health and Human Services (45 C.F.R. Parts 160, 162, 164 and proposed Part 142). The parties will treat all such information in accordance with those standards, and will use or disclose Protected Information received from the other only for the purposes stated in this Agreement, or to comply with judicial process or any applicable statute or regulation.

8.2 Business Associate Provisions. Whenever any activity under this Agreement would cause the Standard Producer to be considered a “Business Associate” under 45 C.F.R. § 160.103, the following restrictions will apply to all uses and disclosures of all Protected Information:

- 8.2.1 In all instances where the HIPAA “minimum necessary” standard, as provided in 45 C.F.R. § 164.502(b), applies, HBS shall disclose Protected Information to the Standard Producer, and the Standard Producer shall collect, create, or re-disclose such Protected Information, to the minimum extent reasonably necessary to permit the performance of the Standard Producer’s duties as described in this Agreement.
- 8.2.2 The Standard Producer shall use the Protected Information only to perform the functions delegated to it under this Agreement, and for no other purpose.
- 8.2.3 The Standard Producer will:
 - (a) Not use or further disclose Protected Information other than as permitted or required by this Agreement, or to comply with judicial process or any applicable statute or regulation;
 - (b) Notify HBS in advance of any disclosure of Protected Information that the Standard Producer is required to make under any judicial or regulatory directive;
 - (c) Use appropriate safeguards to prevent use or disclosure of Protected Information other than for the purposes required in this Agreement.
 - (d) Report to HBS any use or disclosure of Protected Information not provided for in this Agreement of which the Standard Producer becomes aware;
 - (e) Ensure that any agents, officers, directors or employees of the Standard Producer, including a subcontractor, to whom the Standard Producer provides Protected Information received from HBS, or created or received by the Standard Producer on behalf of HBS, agrees to the same restrictions and conditions that apply to the protection of information under this Agreement;
 - (f) Make Protected Information available to individuals as required by 45 C.F.R. § 164.524;
 - (g) Make available Protected Information for amendment and incorporate any amendments to Protected Information in accordance with 45 C.F.R. § 164.526;
 - (h) Make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528;
 - (i) Make its internal practices, books, and records relating to the use and disclosure of Protected Information received from, or created or collected by the Standard

Producer on behalf of HBS, available to the Secretary of Health and Human Services or state regulators when called upon for purposes of determining HBS's compliance with federal privacy standards; and

- (j) At termination of this Agreement, if feasible, return or destroy all Protected Information received from HBS, or created or received by the Standard Producer on behalf of HBS that the business associate still maintains in any form and retain no copies of such information or, if such return or destruction is not feasible, continue to treat all such information in accordance with the limits provided in this Agreement, of the contract to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information unfeasible.

8.3 Obligations of HBS

- 8.3.1. HBS shall provide the Standard Producer with the notice of privacy practice that HBS produces in accordance with 45 C.F.R. § 164.520, as well as any changes to such notice.
- 8.3.2. HBS shall provide the Standard Producer with any changes in, or revocation of, permission by the individual, as defined at 45 C.F.R. § 164.501 and § 164.502(g), to use or disclose Protected Information, if such changes affect Standard Producer's permitted or required uses and disclosures.
- 8.3.3. HBS shall notify the Standard Producer of any restriction to the use or disclosure of Protected Information that HBS has agreed to in accordance with 45 C.F.R. § 164.522.

8.4 Miscellaneous.

- 8.4.1. A reference in this Agreement to a section of 45 C.F.R. Parts 160, 162, 164 and proposed Part 142 means the section as in effect or as amended, and for which compliance is required.
- 8.4.2. If the HIPAA regulations governing Protected Information are modified in any way affecting the Business Associate Provisions of this Agreement, as soon as reasonably possible, but no later than the compliance date for any regulation, the parties shall review this Agreement and, as necessary, modify this Agreement to incorporate any relevant provisions.

8.5 Safeguards. Producer will develop, implement and maintain and use reasonable and appropriate administrative, technical and physical safeguards to preserve the integrity, confidentiality and availability of Protected Health Information ("PHI"), and to prevent non-permitted Use or Disclosure of PHI. When so required:

- 8.5.1. Such safeguards shall be consistent with applicable requirements of 45 C.F.R. Part 164, Subpart C, pertaining to the security of Electronic Protected Health Information ("E PHI");
- 8.5.2. Producer will ensure that any agent, including a subcontractor, to whom it provides E PHI agrees to implement reasonable and appropriate safeguards to protect it; and
- 8.5.3. Producer will report any security incident (as defined in 45 C.F.R. § 164.304) of which it becomes aware to HBS.

Section 9. Indemnification

- 9.1 The Standard Producer agrees to indemnify and hold HBS, its respective affiliates and subsidiaries and their respective officers, directors, and employees harmless from any damage and against any liability for loss, cost, expenses, fines, penalties, including punitive or exemplary damages and all costs of defense, including reasonable attorney's fees; (i) resulting from any act, error or omission, whether intentional or unintentional, by the Standard Producer and its officers, directors, employees, related to or which arise out of the business covered by this Agreement, or (ii) resulting from any obligation, act or transaction created or performed by the Standard Producer in violation of, in excess of, or in contravention of the power and authority of the Standard Producer set forth in this Agreement.
- 9.2 In cases in which the Standard Producer's error and omissions liability insurer does not tender a defense for a lawsuit hereunder, (1) HBS shall select its own defense counsel, (2) the Standard Producer shall pay all expenses incurred by HBS relating to its defense, and (3) HBS shall obtain the consent of the Standard Producer before agreeing to any settlement, which consent shall not be unreasonably withheld.
- 9.3 In cases in which the Standard Producer's errors and omissions liability insurer tenders a defense for a lawsuit hereunder, (1) the Standard Producer shall submit a written request to its errors and omissions liability insurer to retain counsel recommended by HBS, and (2) the Standard Producer shall obtain the consent of HBS before agreeing to any settlement, which consent shall not be unreasonably withheld.
- 9.4 The Standard Producer expressly authorizes HBS, without precluding HBS from exercising any other remedy it may have, to charge against all compensation due or to become due to the Standard Producer under this Agreement any monies paid or liabilities incurred by HBS by reason of any occurrence described herein.

Section 10. Termination of Your Appointment as Producer for HBS

- 10.1 HBS may terminate Your appointment as Producer for HBS immediately upon the occurrence of any of the following:
- 10.1.1. 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;
 - 10.1.2. Termination of Your license;
 - 10.1.3. Your withholding, converting for Your own use, or otherwise misappropriating funds of HBS;
 - 10.1.4. You commit any illegal act or fraud in the performance of Your duties as Producer for HBS;
 - 10.1.5. Upon Your breach of any of the terms of this Standard Producer Agreement or of HBS underwriting rules, regulations and instructions.
 - 10.1.6. 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.

- 10.2 HBS may terminate Your appointment as Producer without cause by giving thirty (30) days written notice to You and to the Preferred Producer.
- 10.3 In the event of the termination of the Preferred Producer Agreement among HBS, and the Preferred Producer, Your contract with the Preferred Producer will terminate simultaneously, and HBS may:
 - 10.3.1. Assist You in establishing a relationship with another Preferred Producer; or
 - 10.3.2. Enter into Preferred Producer Agreements directly with You, so long as You qualify to participate in such an Agreement.

Section 11. Entire Agreement

- 11.1 This Agreement, together with the Schedules attached hereto, constitutes the entire agreement between the parties with respect to the matters contained herein and shall not be modified or rescinded, except by a writing signed by both parties. This Agreement supercedes all prior agreements, understandings, negotiations, and discussions among the parties pertaining to the Standard Producer program.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority and intending to be legally bound as of the date first written below.

STANDARD PRODUCER

HIGHMARK BLUE SHIELD

Signature of Producer or Authorized
Agency Representative

Signature

Producer/Agency Name

Michael J. MacGee
HBS Authorized Representative

Title

Vice President, Mid-Atlantic Sales & Marketing
Title

Date

Date

**HIGHMARK BLUE SHIELD
PRODUCER/AGENCY APPOINTMENT INFORMATION FORM**

Important Notice Regarding Your Appointment as Producer for the Sale of Products Offered Through Highmark Blue Shield

Highmark Blue Shield (HBS) will be referred to throughout this Producer Appointment Information Form as the “Appointing Entity.”

- Prior to the appointment or reappointment of an insurance Producer, Pennsylvania law requires insurance companies that are authorized to transact business within Pennsylvania to make reasonable inquiry to: (i) determine whether the Producer could be disqualified from obtaining a new or renewal Producer’s certificate of qualification license under applicable Insurance Department regulations; and (ii) verify other information relevant to an Producer’s fitness to conduct the business of insurance.
- Additionally, under Federal law, any person who has been convicted of any criminal felony involving dishonesty or breach of trust is prohibited from engaging in the insurance business without the consent of the Pennsylvania Insurance Commissioner.

APPOINTMENT INFORMATION FORM CHECKLIST

- ✓ Have you legibly printed or typed your responses to the Appointment Information Form?
- ✓ Have you attached a copy of your current Agency certificate of qualification?
- ✓ Have you attached a copy(ies) of your current individual Producer(s) certificate of qualification for all Producers in the agency?
- ✓ Have you attached a copy of your current E&O carrier certificate of insurance?
- ✓ Have you signed and dated your Appointment Disclosure Form?

**HIGHMARK BLUE SHIELD
PRODUCER APPOINTMENT INFORMATION FORM**

(Individual)

YOUR FULL NAME: _____
(As it appears on Certificate of Qualification)

LIST ANY OTHER NAMES BY WHICH YOU CONDUCT BUSINESS: _____

PRODUCER CERTIFICATE OF QUALIFICATION NUMBER: _____
(Attach copy of Certificate)

COMPANY NAME: _____
(Agency that you will write business through, if applicable)

YOUR SOCIAL SECURITY NUMBER: _____ - _____ - _____ **DATE OF BIRTH:** _____
(mm/dd/yy)

BUSINESS ADDRESS:
STREET _____

CITY _____ **STATE** ____ **ZIP** _____
TELEPHONE NO. (____) _____
FAX NO. (____) _____
NUMBER OF YEARS AT THIS LOCATION: _____
PRIMARY E-MAIL ADDRESS: _____

RESIDENCE ADDRESS:
STREET _____

CITY _____ **STATE** ____ **ZIP** _____
TELEPHONE NO. (____) _____

- Yes No Has any insurance license or certificate held by you ever been refused, suspended, revoked or been the subject of any administrative action in this state, any other state, the District of Columbia or any Canadian province?
- Yes No Do you engage or have you ever engaged in the insurance business as an individual under any name other than the one stated on this form?
- Yes No Are you aware of any past acts, past failures to act or any other facts or events which relate in any way to your fitness or competence to engage in the business of insurance? (e.g. dishonest acts, conviction of a crime, lack of training or experience, etc.)

NOTE: You are required to provide information regarding your employment history and references with this application.

**HIGHMARK BLUE SHIELD
AGENCY APPOINTMENT INFORMATION FORM**

(Corporations/Partnerships)

Corporation Partnership

COMPANY'S NAME: _____
(As it appears on Certificate of Qualification)

LIST ANY OTHER NAMES IN WHICH THE COMPANY CONDUCTS BUSINESS:

TAX ID NUMBER: _____
 BUSINESS ADDRESS: _____
 STREET _____

 CITY _____ STATE ____ ZIP _____
 TELEPHONE NO. (____) _____
 FAX NO. (____) _____
 NUMBER OF YEARS AT THIS LOCATION: _____
 PRIMARY E-MAIL ADDRESS: _____

List Officers in Corporation or Partners in Partnership (Active/Inactive)
 Each Active Officer/Partner must complete an individual Appointment Information Form and attach appropriate fee as well as provide copy of Certificate of Qualification.

(Name)	(Title)	(SSN/Tax ID)	(Active/Inactive)

** Attach additional pages if needed.

- Yes No Has any insurance license held by this agency ever been refused, suspended, revoked or been the subject of any administrative action in this state, any other state, the District of Columbia or any Canadian province?
- Yes No Does the charter and/or other organization documents of this agency authorize the agency to engage in the business of insurance?
- Yes No Since the last appointment, has there been any change in the power to direct, or in the authority to control, the activities of this agency?

NOTE: If you answered "yes" to any of the above questions, you are required to provide additional information and full documentation of the facts relating to your answer with this application.

**HIGHMARK BLUE SHIELD
PRODUCER APPOINTMENT AGREEMENT**

This Appointment Agreement (“Agreement”) is made effective as of the date set forth below by and between Highmark Blue Shield (“HBS”), with its principal office at 1800 Center Street, Camp Hill, PA. 17089 and _____ (“Producer”) an individual whose address is _____

WHEREAS, Producer has been issued a Certificate of Qualification (“CQ”) by the Commonwealth of Pennsylvania Insurance Department (“Department”); and

WHEREAS, Producer has requested HBS to appoint him/her as an Producer to sell HBS products.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. Producer warrants that he/she has been issued a valid CQ by the Department and that the CQ is in full force and effect. Producer further warrants that his/her CQ reflects lines of authority for the kinds of insurance that Producer intends to sell on behalf of HBS.
2. Producer has completed the Producer Appointment Information Form (“Information Form”), attached hereto and made a part hereof, prior to the execution of this Agreement. Producer hereby represents HBS that the information contained on the Information Form is true and correct as of the effective date of this Agreement.
3. HBS hereby appoints Producer to act as its Producer in the sale and service of the following products: _____
4. This Agreement shall become effective on this __ day of _____, 20____ and shall be unlimited in duration; provided, however that this Agreement will automatically terminate if, at any time, Producer’s CQ is no longer valid.
5. Either party hereto may terminate this Agreement, with or without cause, by giving written notice to the other party at the address set forth herein.
6. The parties hereto agree that nothing contained herein shall create an employment relationship between the parties.
7. HBS shall have the right, with prior written notice, to conduct periodic audits of the books and records of Producer as such relate to this Agreement.
8. Producer shall obtain and keep in force, during the term of this Agreement, Errors and Omissions Insurance in an amount and, with an insurance carrier reasonably satisfactory to HBS. Upon request, Producer agrees to provide HBS with a Certificate of Insurance evidencing the required coverage.
9. HBS, at is option, may assign or transfer this Agreement to any affiliated or successor entity.

10. Producer agrees to comply with all HBS guidelines, procedures and policies, as may be in effect from time to time, heretofore or hereafter adopted by HBS.
11. Producer agrees to notify HBS immediately upon the occurrence of any event which may affect the ability of the Producer to fulfill his/her obligations under this Agreement or affect the status of Producer's CQ.
12. Producer agrees to satisfy all obligations that he/she may have under this Agreement in accordance with applicable federal, state, and local laws and regulations.
13. Producer agrees to any and all disclosures made by HBS in reliance upon its duty to comply with applicable federal, state, and local laws and regulations regarding the appointment and termination of the Producer.
14. Producer agrees that HBS may amend this Agreement, without prior notice, in order to comply with applicable statutory and regulatory requirements.
15. This Agreement shall be governed in all respects by the laws of the Commonwealth of Pennsylvania. The invalidity or unenforceability of any terms or provisions hereof shall in no way affect the validity or enforceability of any other terms or provisions of this Agreement.
16. This Agreement, together with any attachments hereto, constitutes the entire Agreement between the parties, and supercedes all other proposals, understandings or agreements, whether written or oral, previously entered into between HBS and Producer for the purpose of appointing Producer to sell HBS products.

NOW, THEREFORE, the parties hereto have executed this Agreement as of the date set forth herein.

Producer

Highmark Blue Shield

Date: _____

By: _____

Title: _____

PREFERRED PRODUCER & STANDARD PRODUCER RELATIONSHIP AGREEMENT

This Agreement is between _____ (“Standard Producer”) and _____ (“Preferred Producer”) and is made for the purpose of authorizing the Standard Producer to effectuate coverage under individual contracts providing healthcare benefits offered through Highmark Blue Shield (“HBS”) for individuals who are located in a service area designated by HBS. This Agreement shall remain in effect until terminated by either party and shall remain in effect until terminated or revised by mutual agreement of the parties.

This Agreement is subject to the following:

1. The Standard Producer agrees to abide by the terms and conditions set forth in the Standard Producer Agreement entered between HBS and Standard Producer.
2. The Preferred Producer agrees to abide by the terms and conditions set forth in the Preferred Producer Agreement entered between HBS and Preferred Producer.
3. During the term of this Agreement and any extension thereof, or at any time after termination of this Agreement, the Standard Producer shall not divulge or use any confidential and/or proprietary information about the business of the Preferred Producer, except as authorized by the Preferred Producer in writing. Confidential and proprietary information about the business of the Preferred Producer, includes, but is not limited to, policies, procedures and/or proposals prepared by the Preferred Producer, in any form whatsoever, which the Standard Producer obtained as a result of this Agreement.
4. The Standard Producer shall be liable to and hold the Preferred Producer harmless for any acts or omissions by the Standard Producer, whether or not resulting from negligence, which result in the unauthorized disclosure or use of such confidential or proprietary information.
5. The Preferred Producer agrees to hold all information submitted by the Standard Producer in strict confidence and will not use such information for its own business purposes.
6. The Standard Producer agrees to indemnify and hold the Preferred Producer and its respective officers and employees harmless from any liabilities, losses, claims or damages, including costs, expenses and reasonable attorney’s fees that arise or result from the performance or nonperformance of the Standard Producer’s obligations hereunder, which are due to acts or omissions, whether negligent or otherwise, of the Standard Producer or any other persons over whom the Standard Producer exercises control.
7. This Agreement shall be terminated upon the termination of either the Preferred Producer or Standard Producer’s appointment(s) with HBS as per the Preferred Producer Agreement and Standard Producer Agreement.
8. This Agreement shall not be sold, pledged, or assigned by the Standard Producer without prior written approval of the Preferred Producer.
9. No forbearance or neglect on the part of the Preferred Producer to insist upon the compliance with the terms of this Agreement shall be construed as, or constitute a waiver of any provision of this Agreement or a grant of authority under this Agreement.
10. In the event the Standard Producer terminates this Agreement and enters into an Agreement with another HBS approved Preferred Producer, the original Preferred Producer shall continue to receive override commissions on the existing book of business for a period of two (2) years from the effective date of the original Agreement.

11. Privacy Compliance

- 11.1. Member Privacy. All protected health information as defined by 45 C.F.R. § 164.501 about HBS insureds ("Protected Information") is subject to various statutory privacy standards, including state laws implementing Title V of the Gramm-Leach-Bliley Act; the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and regulations adopted thereunder by the Department of Health and Human Services (45 C.F.R. Parts 160, 162, 164 and proposed Part 142). The parties will treat all such information in accordance with those standards, and will use or disclose Protected Information received from the other only for the purposes stated in this Agreement, or to comply with judicial process or any applicable statute or regulation.
- 11.2. Business Associate Provisions. Whenever any activity under this Agreement would cause the Standard Producer to be considered a "Business Associate" under 45 C.F.R. § 160.103, the following restrictions will apply to all uses and disclosures of all Protected Information:
- 11.2.1. In all instances where the HIPAA "minimum necessary" standard, as provided in 45 C.F.R. § 164.502(b), applies, HBS shall disclose Protected Information to the Standard Producer, and the Standard Producer shall collect, create, or re-disclose such Protected Information, to the minimum extent reasonably necessary to permit the performance of the Standard Producer's duties as described in this Agreement.
- 11.2.2. The Standard Producer shall use the Protected Information only to perform the functions delegated to it under this Agreement, and for no other purpose.
- 11.2.3. The Standard Producer will:
- 11.2.4. Not use or further disclose Protected Information other than as permitted or required by this Agreement, or to comply with judicial process or any applicable statute or regulation;
- 11.2.5. Notify HBS in advance of any disclosure of Protected Information that the Standard Producer is required to make under any judicial or regulatory directive;
- 11.2.6. Use appropriate safeguards to prevent use or disclosure of Protected Information other than for the purposes required in this Agreement.
- 11.2.7. Report to HBS any use or disclosure of Protected Information not provided for in this Agreement of which the Standard Producer becomes aware;
- 11.2.8. Ensure that any agents, officers, directors or employees of the Standard Producer, including a subcontractor, to whom the Standard Producer provides Protected Information received from HBS, or

created or received by the Standard Producer on behalf of HBS, agrees to the same restrictions and conditions that apply to the protection of information under this Agreement;

- 11.2.9. Make Protected Information available to individuals as required by 45 C.F.R. § 164.524;
- 11.2.10. Make available Protected Information for amendment and incorporate any amendments to Protected Information in accordance with 45 C.F.R. § 164.526;
- 11.2.11. Make available the information required to provide an accounting of disclosures in accordance with 45 C.F.R. § 164.528;
- 11.2.12. Make its internal practices, books, and records relating to the use and disclosure of Protected Information received from, or created or collected by the Standard Producer on behalf of HBS, available to the Secretary of Health and Human Services or state regulators when called upon for purposes of determining HBS's compliance with federal privacy standards; and
- 11.2.13. At termination of this Agreement, if feasible, return or destroy all Protected Information received from HBS, or created or received by the Standard Producer on behalf of HBS that the business associate still maintains in any form and retain no copies of such information or, if such return or destruction is not feasible, continue to treat all such information in accordance with the limits provided in this Agreement, of the contract to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information unfeasible.

11.3. Obligations of HBS

- 11.3.1. HBS shall provide the Standard Producer with the notice of privacy practice that HBS produces in accordance with 45 C.F.R. § 164.520, as well as any changes to such notice.
- 11.3.2. HBS shall provide the Standard Producer with any changes in, or revocation of, permission by the individual, as defined at 45 C.F.R. § 164.501 and § 164.502(g), to use or disclose Protected Information, if such changes affect Standard Producer's permitted or required uses and disclosures.
- 11.3.3. HBS shall notify the Standard Producer of any restriction to the use or disclosure of Protected Information that HBS has agreed to in accordance with 45 C.F.R. § 164.522.

11.4. Miscellaneous.

11.4.1. A reference in this Agreement to a section of 45 C.F.R. Parts 160, 162, 164 and proposed Part 142 means the section as in effect or as amended, and for which compliance is required.

11.4.2. If the HIPAA regulations governing Protected Information are modified in any way affecting the Business Associate Provisions of this Agreement, as soon as reasonably possible, but no later than the compliance date for any regulation, the parties shall review this Agreement and, as necessary, modify this Agreement to incorporate any relevant provisions.

11.5. Safeguards. Producer will develop, implement and maintain and use reasonable and appropriate administrative, technical and physical safeguards to preserve the integrity, confidentiality and availability of Protected Health Information (“PHI”), and to prevent non-permitted Use or Disclosure of PHI. When so required:

11.5.1. Such safeguards shall be consistent with applicable requirements of 45 C.F.R. Part 164, Subpart C, pertaining to the security of Electronic Protected Health Information (“EPHI”);

11.5.2. Producer will ensure that any agent, including a subcontractor, to whom it provides EPHI agrees to implement reasonable and appropriate safeguards to protect it; and

11.5.3. Producer will report any security incident (as defined in 45 C.F.R. § 164.304) of which it becomes aware to HBS.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority and intending to be legally bound, have executed this Agreement.

(Standard Producer)

(Preferred Producer)

(Authorized Signature)

(Authorized Signature)

(Date)

(Date)