



## THE INDEPENDENT ORDER OF FORESTERS General Agent Agreement

This General Agent Agreement ("Agreement") is made between The Independent Order of Foresters ("Foresters") and \_\_\_\_\_ (hereinafter referred to as "you" or "your" or "General Agent"), effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

### 1. PURPOSE

The Agreement allows Foresters to compensate you for the production of life insurance business ("Certificates") issued by Foresters that are sold by you and licensed personnel recruited by you, or under your management with National Agents Alliance ("NAA") on behalf of Foresters.

### 2. APPOINTMENT AND AGREEMENT

Foresters hereby appoints you as a General Agent to solicit business on its behalf and you agree to represent Foresters as an independent contractor in accordance with the terms of this Agreement, the business solicitation and application rules of Foresters, including the presentation of the Foresters Story and member benefits therein, and the laws and regulations of the state(s) in which you operate.

You shall not have exclusive rights of solicitation for any product issued by Foresters or for any geographic territory and you agree to obtain and maintain any state insurance license(s) necessary to solicit business on behalf of Foresters. You shall ensure that no individual shall offer or sell the Certificates on your behalf in any state other than the jurisdiction(s) in which the Certificates may be lawfully sold.

You are authorized to recruit licensed personnel on behalf of Foresters and to promote life insurance sales through such licensed personnel. Licensed personnel recruited by you for Foresters are subject to approval by Foresters and will be contracted by Foresters. For purposes of this Agreement, the term "licensed personnel" includes any individual, corporation or other entity contracted by Foresters on which you are eligible to receive a commission.

### 3. RELATIONSHIP

You are an independent contractor and nothing in this or any other agreement between you and Foresters shall be construed to create the relationship of employee and employer between you and Foresters.

As an independent contractor, you are free to operate your business in the manner you deem appropriate and are totally responsible for all expenses incurred in this operation. Further, you will not be treated as an employee for purposes of the Federal insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act or income tax withholding. The filing and payment of self-employment and income taxes with the Federal and appropriate state governments are your sole responsibility. You agree to comply with the requirements of the federal and appropriate state government(s) with respect to the filings and payment of self-employment and income taxes on any remuneration from Foresters.

As an independent contractor, it is contemplated that you may engage in non-insurance business and represent other insurance companies.

### 4. COMPENSATION

#### (A) General

So long as this Agreement is in force, Foresters agrees to pay you a commission on life insurance business sold by General Agent ("Personal Production"), if any, and licensed personnel recruited by General Agent ("GA Producers") for Foresters, or under your management with NAA, in connection with Certificates

issued by Foresters pursuant to applications secured by the General Agent or GA Producer and on premiums paid to Foresters.

Such compensation will be paid in the amount as provided by the applicable Commission Schedule then in effect pursuant to your general agent agreement with NAA, and subject to the following terms and conditions as contained in this Section 4 hereof with respect to commissions from all Personal Production and GA Producers, when the business is issued. The Commission Schedule is subject to change at any time upon written notice by NAA to Foresters and will only affect business issued on and after the effective date of the change, or the date of written notice of the change by NAA to Foresters, whichever is later. You agree that NAA's notice to Foresters of any change in the Commission Schedule is effective notice to you.

**(B) Personal Production**

i) First-Year and Renewal Commissions

Foresters agrees to pay you first-year and renewal commissions on business sold directly by you in the amount as set out in the applicable NAA Commission Schedule, subject to the terms and conditions stated in this Section 4.

ii) Annualization of First-Year Commissions

When, according to the records of Foresters, a Certificate is put in force and the first premium has been received by Foresters, Foresters will calculate the applicable commission for the first Certificate year in accordance with this Section and, on any Certificate up to a calculated annualized commission of \$3,500, advance to you, as a loan, those commissions, if any, for such year, to be repaid by your future earned commissions on that Certificate and subject to the following conditions

- a. If any Certificate lapses or otherwise goes out of force (other than by reason of death), you hereby agree to immediately repay to Foresters an amount equal to the commissions, if any, paid or prepaid in respect of such Certificate as set out in Sub-section 4(B)iv below.
- b. On any Certificate where the annualized first-year commission is greater than \$3,500, any commission above that amount will be paid as earned if and when the remaining premium is paid.
- c. Foresters may, in its sole discretion and upon five (5) days written notice by fax or mail to you, cease the annualization of first-year commissions to you with respect to all Certificates put in force thereafter and all commissions will be payable as earned on those Certificates.
- d. Excess commission on Universal Life Certificates is not advanced at issue or delivery. When the maximum commissionable premium commission advance has been cleared, excess commission is paid as earned.

iii) When First-Year Commissions are Paid

First year compensation is paid on all lines of business either at delivery or at issue, depending upon the Certificate, when processed at Foresters House.

First year compensation will be paid at Certificate issue, rather than on delivery, for Foresters life business only which is issued standard as applied for as determined by the standard Foresters rules for new business then in effect at Certificate issue.

The delivery period for Policies where first year compensation is paid at Issue is 42 days.

For all of Foresters life insurance Certificates that are issued other than as applied for, they are delivered, for purposes of first year compensation, when the delivery receipt is processed at Foresters House.

If a reinstatement occurs in the first-year of the Certificate and was a reinstatement of a lapse or first-year surrender, first-year commission previously deducted is re-credited when the reinstatement is processed at Foresters.

iv) When First-Year Commissions are Deducted

First-year commissions are deducted in the current month on insurance Certificates for losses processed at Foresters House due to first-year lapses, cancellations and first-year surrenders. First year

commissions on Universal Life excess premium are deducted when Universal Life excess premium payment reversals are processed at Foresters House.

If a Certificate lapses or otherwise goes out of force (other than by reason of death) within the first six months of the first Certificate year, you agree to immediately repay to Foresters an amount equal to 100% of the commissions paid or prepaid. If a Certificate lapses or otherwise goes out of force (other than by reason of death) within months seven to twelve of the first Certificate year, you agree to immediately repay to Foresters an amount equal to two-twelfth's of the commissions paid or prepaid, if any, relating to each unpaid premium in months seven to twelve in the first Certificate year.

If, at the end of the first year on a Universal Life Certificate, first-year premiums actually received are less than the commissionable annualized premium, commissions are deducted on the premium difference between the commissionable annualized premium and the first-year premiums actually received.

In cases where first-year commissions were paid at Certificate issue:

(1) If the Certificate is not delivered within the required 42-day timeframe (period between issue date and delivery due date), and the delivery receipt and any related delivery requirements are not received by Foresters House by the 42<sup>nd</sup> day, all relevant first year commission will be charged back and you agree to repay to Foresters an amount equal to 100% of the commissions paid or prepaid. The first year commission will be re-credited to you only if: delivery is personally completed by you; and, the original signed delivery receipt is received by Foresters, while this Agreement is in force.

(2) If there has been a 42-day chargeback processed on a Certificate and the Certificate subsequently lapses or cancels, the pro-rated amount of first year commission will be charged back but a corresponding credit to offset the 42-day chargeback will be applied.

If Foresters returns a premium or part thereof to the Certificate holder for any reason, you agree to waive all rights to the commission, if any, relating thereto and will repay to Foresters any commission received in respect thereof.

Any and all commissions charged back, deducted and to be repaid pursuant to this Sub-section 4(B)iv hereof, with respect to your personal production and from any licensed producer ("Producer") terminated for excess debt under your management or for which you received first year or renewal commission overrides for immediately prior to that Producer's termination, shall be an "Indebtedness" as that term is defined in Section 11 of this Agreement.

v) Vesting – First-Year and Renewal Commission

In the event of the termination of this Agreement other than for cause, and subject to the following conditions, Foresters agrees to pay you, or in the event of death, your estate, all first-year, renewal and other commissions payable under this Agreement:

- (1) This Agreement must have been in force for at least twenty-four (24) months;
- (2) On the date of the termination of this Agreement, you must have maintained minimum life persistency for all of the life business issued by Foresters for you and the Producers under your management with NAA, during the respective period of persistency measurement, pursuant to the following table of completed years of service under this Agreement:
  - a. Two completed years – 65% minimum persistency
  - b. Three completed years – 50% minimum persistency
  - c. Four to six completed years – 45% minimum persistency
  - d. Seven to ten completed years – 40% minimum persistency
  - e. Eleven to fifteen completed years – 35% minimum persistency
  - f. Sixteen to twenty completed years – 30% minimum persistency
  - g. Twenty-one and plus completed years – not applicable.

The persistency formula is  $1 - (\text{Premium of Lapses} / \text{Premium of Sales})$ .

"Premium of Lapses" is equal to the sum of the initial premium of lapsed Certificates from the effective date of this Agreement to its termination date. Lapses include certificate lapses, surrenders

and pending lapses, but do not include Certificate holder deaths, replacements, conversions or cancellations.

"Premium of Sales" is equal to the sum of the initial premium for all certificates issued from the effective date of this Agreement to its termination date, excluding Certificate holder deaths and cancellations.

- (3) You do not incur any Indebtedness to Foresters following termination of this Agreement that is not immediately repaid by you to Foresters upon demand, otherwise all vested commissions will cease to be due and payable by Foresters thereafter.

If you are a corporation, commissions payable under this Sub-section shall be paid to you, your successors or assigns.

In the event that this Agreement is terminated for cause, no further first-year or renewal commissions shall be payable, except for the payment of any commissions earned and accrued to date, but as yet unpaid.

## **5. LIMITATION OF AUTHORITY**

You agree not to perform any acts on behalf of Foresters for which you are not authorized, such as:

- a. Accept risks, incur debt or liability or make contracts;
- b. Waive, alter, modify or change any Foresters Certificate, terms, rates or customary requirements;
- c. Endorse checks payable to Foresters;
- d. Deliver Certificates except in accordance with Foresters instructions and during the good health of the proposed insured;
- e. Accept premiums, except for the limited exception of initial premiums in accordance with Foresters procedures;
- f. Adjust or settle any Certificate claim; or,
- g. Conduct any advertising whatsoever involving Foresters, its name or Certificates, without the prior written approval of Foresters.

## **6. DUTIES**

General Agent hereby agrees that its duties and responsibilities shall include, but not be limited to, the following:

- a. To submit all applications for Certificates directly to Foresters and to hold any monies collected on behalf of Foresters and remit them promptly to Foresters.
- b. To comply with all applicable laws of each state where such Certificates are marketed and with all of Foresters rules and procedures for the sale of Certificates, and to immediately report to Foresters and NAA any breach thereof by your licensed agents.
- c. To obtain written approval from an officer of Foresters prior to the publication of any written material whatsoever regarding Foresters or its Certificates, unless such material has been furnished to General Agent by Foresters for use.
- d. To provide reasonable access during normal business hours to any location, from which General Agent conducts its business and provides services to Foresters pursuant to this Agreement, to auditors designated in writing by Foresters for the purpose of performing audits for Foresters. Foresters shall give reasonable advance written notice of an audit and include in that notice the matters, which it will audit. General Agent shall provide the auditors any assistance they may reasonably require. Such auditors shall have the right during normal business hours to audit any business record, activity, procedure, or operation of General Agent that is reasonably related to the business marketed under this Agreement, including the right to interview any General Agent personnel involved in providing or supporting such responsibilities.

## **7. SOLICITATION RIGHTS**

You agree that Foresters will have, at all times both during and after the termination of this Agreement, the right to communicate in any fashion with the persons insured under the Certificates issued hereunder for any purpose, including but not limited to: advertising Forester's products, benefits and services; responding to inquiries; conservation of business; servicing the Certificates; and, adjusting claims.

## 8. COMPANY PROPERTY

Foresters will furnish you such Certificates, forms, advertising matter, diskettes, and other supplies, as it may deem necessary. The title to these Foresters materials, as well as all undelivered Certificates, books, supplies or other property furnished to you shall be vested in Foresters and shall be accounted for and delivered to its authorized representative upon the termination of this Agreement or at any time upon demand.

## 9. CONFIDENTIALITY

You understand and agree that certain information received from Foresters including, without limitation, information concerning Foresters members or customers, may be proprietary and/or confidential in nature, and that all such information shall be used by you solely for purposes of soliciting policies pursuant to this Agreement. You, therefore, further agree that you will not, for any reason whatsoever, during the term of this Agreement and for a period of one year following the termination of this Agreement, intentionally, directly or knowingly use such information to take a systematic approach towards soliciting Foresters Certificate holders or recruiting Foresters Producers and agents.

## 10. TERMINATION

This Agreement may be terminated as follows:

- a. By you or by Foresters, with or without cause, immediately upon the mailing of written notice by either party to the other party to the last know address of the other. Such termination shall be effective immediately upon mailing if such termination is for cause, or 30 days after mailing if said termination is without cause.
- b. Automatically upon: the termination of Foresters Master Marketing Agreement with NAA; the termination of your general agent's or agent's agreement with NAA; or, your death, disability or retirement (if you are a corporation, upon dissolution or disqualification of the corporation).

For purposes of this Agreement, " for cause" includes, but is not limited to your:

- i) violation of any of the terms of this Agreement of any amendment or addendum made a part hereof;
- ii) neglect to report or pay to the Company any premiums collected on its behalf;
- iii) violation any law or regulation of any state insurance department or of Foresters Certificate solicitation and application rules;
- iv) attempt to induce or induce any employee, agent, or representative of Foresters to discontinue their association with Foresters;
- v) providing confidential information or materials acquired from Foresters to any competitor or potential competitor; or,
- vi) having carried forward in your commission account with Foresters any Indebtedness owed by you, as determined in Section 11 of this Agreement, following a period of six (6) consecutive weeks of no first year commissions paid , or to be paid as due, by Foresters to you or to any Producer for which you are eligible to receive commissions for from Foresters.

Termination of this Agreement shall automatically terminate any supplements, addenda or amendments made a part of this Agreement.

## 11. INDEBTEDNESS

It is understood and agreed that, if at any time your commission account with Foresters is negative, the total negative account will be carried forward and commissions due to you from Foresters will be applied as follows in that order towards the Indebtedness until both a. and b. below are reduced to a zero balance:

- a. One hundred percent (100%) of your total first year and renewal commissions to your personal production Indebtedness; and,
- b. Fifty percent (50%) of your first year, renewal and any other commissions to your Indebtedness for terminated Producer(s).

Foresters is hereby given first lien upon any amounts due you, your successors or assigns under this or any other agreement with Foresters or its affiliates as security for payment of any Indebtedness owed to Foresters by you or by your terminated Producers, if any. Any such Indebtedness shall be considered a

personal debt to Foresters, and Foresters shall have the right to withhold or deduct any Indebtedness due from you on or after termination thereof, or to otherwise collect said Indebtedness from you, your successors or assigns. Any Indebtedness owed, or becoming due, by you to Foresters under this Agreement on or after termination thereof shall become immediately due and payable in full upon demand by Foresters. If it becomes necessary to take any legal actions to collect such Indebtedness, you agree to pay all costs and disbursements of collection, plus reasonable attorneys' fees and interest allowed by applicable law and regulation in the collection process.

## **12. INDEMNIFICATION**

You agree to indemnify and hold Foresters harmless from any and all expenses, costs, causes of action, damages and fines resulting from or arising out of your unauthorized acts or transactions.

Foresters agrees to indemnify you and hold you harmless from any and all expenses, costs, causes or action and damages resulting from or arising out of promotional, sales or advertising material provided by Foresters in connection with the sale of the Certificates or any breach by Foresters in connection with the sale of the Certificates or any breach by Foresters of insurance laws or regulations or federal or state tax laws or regulations with respect to the Certificates; provided however, that Foresters shall not be responsible under tax laws for the reporting of compensation paid to your licensed personnel in connection with the sale of Certificates.

## **13. ERRORS AND OMISSIONS INSURANCE**

You agree to obtain, and require all licensed personnel recruited by you who market or solicit the Certificates to obtain, and maintain errors and omissions insurance coverage providing for each policy period: minimum coverage of \$1,000,000 for each claim; \$1,000,000 claims aggregate; and, requiring the errors and omissions insurer to provide notice to Foresters if that coverage is terminated for any reason, including a lapse for non-payment of premium.

## **14. ARBITRATION**

Except as otherwise specifically set forth below, all disputes, controversies or differences between Foresters and General Agent which arise under or are related to this Agreement, their employees or agents (including, without limitation, the construction, performance or breach of any Agreement) upon which an amicable understanding cannot be reached within 30 days shall, upon the written request of either party, be settled and determined by arbitration in accordance with the commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award entered by the arbitrators may be entered in any court having jurisdiction of these matters. General Agent and Foresters agree to arbitrate within 30 days following the transmittal of written demand of either party to arbitrate any dispute arbitrable under this Agreement. The Arbitration shall take place in the city of the office where you principally conduct your business as a General Agent.

The cost of arbitration, including the fees of the arbitrators, but not including the attorney's fees, shall be borne by the losing party unless said Court of Arbitrators shall decide otherwise.

Notwithstanding the foregoing, Foresters shall have the option, but not the obligation, to submit to and pursue in a court of law any claim against the General Agent for any indebtedness due foresters under this Agreement. The General Agent agrees that, if Foresters pursues such a claim in a court of law, (i) failure of Foresters to assert any additional claim in such proceeding shall not be deemed a waiver of, or estoppel to pursue, such claim as a claim or counterclaim in arbitration as set forth above, and (ii) the institution or maintenance of a judicial action hereunder shall not constitute a waiver of Foresters right to submit any other claim or controversy relating to this Agreement, even though arising out of the same transaction or occurrence, to binding arbitration as set forth herein. If General Agent asserts a claim against Foresters in arbitration or otherwise during the pendency of a claim brought by Foresters in a court of law, the court action shall be stayed and the parties shall submit to arbitration all claims. The institution of judicial action or exercise of self-help remedies shall not constitute a waiver of the right of Foresters to submit the dispute to arbitration.

## **15. ENTIRE AGREEMENT**

You understand and agree that this Agreement constitutes the entire Agreement between the parties hereto with respect to the matters set forth herein and supercedes any and all previous agreements between you and Foresters; provided, however, that this Agreement does not release you from any

obligations that are owed by you under any prior Agreement. No modification or amendment of this Agreement will be valid unless made in writing by a Vice President of Foresters.

**16. WAIVER**

Failure of Foresters to insist upon strict compliance with any provision of this Agreement or rule of Foresters shall not constitute a waiver of the provisions or rules.

**17. GOVERNING LAW**

It is mutually agreed that all questions and issues relating to the validity of or performance under this Agreement shall be governed by the laws of the State of the General Agent's principal place of business.

**18. ASSIGNMENT**

The rights and benefits of Foresters shall be transferable, and all provisions hereunder shall inure to the benefit of, and be enforceable by, its successors and assigns.

You may not assign any compensation paid, or that will be paid, to you by Foresters, or directly or indirectly sell or otherwise transfer business or the actual or potential compensation interest from business you will solicit, sell or service on behalf of Foresters, to a third party other than as authorized in writing by Foresters.

**19. SURVIVABILITY OF CONTRACTUAL PROVISIONS**

All rights of Foresters will survive the termination of this Agreement.

**THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION THAT MAY BE ENFORCED BY THE PARTIES.**

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates indicated below.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
General Agent Signature

\_\_\_\_\_  
Print or Type Name of General Agent

Title: \_\_\_\_\_  
ONLY if General Agent is a corporation

Date: \_\_\_\_\_

**The Independent Order of Foresters**

By: \_\_\_\_\_  
Signature

Title: \_\_\_\_\_

Date: \_\_\_\_\_