



**The Mechanic Group**  
A Division of Specialty Program Group LLC  
One Blue Hill Plaza, Suite 530 P.O. Box  
1646  
Pearl River, NY 10965  
(845) 735-0700 or (800) 214-0207 Fax:  
(845) 735-8383  
[www.mechanicgroup.com](http://www.mechanicgroup.com)

## **PRODUCER AGREEMENT**

This agreement is entered into this \_\_\_\_\_ by and between **THE MECHANIC GROUP** a division of Specialty Program Group, LLC having its principal office at One Blue Hill Plaza, Suite 530, Pearl River, NY 10965, and any of its subsidiary offices, hereinafter referred to as "MGI" and

**PRODUCER:** \_\_\_\_\_  
**ADDRESS:** \_\_\_\_\_  
**CITY, STATE, ZIP:** \_\_\_\_\_

an individual, partnership, corporation, registered firm, producer or agency, hereinafter referred to as PRODUCER. This agreement replaces all previous agreements or contracts, whether oral or written, and shall continue in full force and effect until amended, suspended or terminated.

WHEREAS the PRODUCER desires MGI to place risks of the PRODUCER'S clients (hereinafter referred to as the "INSURED") with and for acceptance by admitted and/or non-admitted companies in compliance with the laws, rules and regulations pertaining thereto, regarding the placement of such business.

MGI and PRODUCER agree to be bound by the following terms and conditions with respect to such offering:

### **I. LEGAL RELATIONSHIP**

Nothing in this agreement shall be construed to imply an employer-employee relationship between MGI and PRODUCER. PRODUCER is an independent contractor and is not employed in any manner by MGI.

### **II. BROKER'S AUTHORITY**

Subject to the terms of this agreement, PRODUCER shall:

- a. solicit applications of insurance;
- b. bill and collect premiums on all policies, contracts, binders, riders and endorsements pursuant to this agreement;
- c. maintain a sufficient staff to perform his duties under this agreement; and
- d. hold all monies received pursuant to this agreement in a fiduciary capacity.

### **III. LICENSING**

PRODUCER warrants that he is properly and legally licensed and in good standing to transact business as an insurance broker for each line of coverage placed with MGI in accordance with the provisions of the PRODUCER'S commercial domicile or any state in which the PRODUCER transacts business.

Upon request, the PRODUCER agrees to provide evidence to MGI of such license(s).

#### **IV. PAYMENT OF PREMIUMS**

PRODUCER shall be primarily liable to MGI for the full amount of the premium and applicable state taxes, less commission, including but not limited to additional premiums developed under audits or retrospective penalties, on every insurance contract placed for PRODUCER. MGI will invoice PRODUCER on each risk where coverage is effective at the request of the PRODUCER. Such invoice will be due and payable as indicated in the invoice and may vary based upon the credit terms of the issuing company. If terms are not set forth in the invoice, premiums are to be remitted by the inception date of each binder, policy or endorsement.

#### **V. GUARANTEE OF PAYMENT**

In consideration of MGI accepting business from PRODUCER, PRODUCER guarantees payment to MGI of all earned premiums including, but not limited to minimum earned premiums required by the issuing company, deposits and endorsements on all policies of insurance, placed by PRODUCER with MGI except as provided in section VI. of this agreement. Such payment is due MGI whether or not PRODUCER has collected the premium. Any credit extended to the insured shall be the sole risk and responsibility of PRODUCER. PRODUCER agrees to pay MGI a return commission on all returned premium adjustments at the same rate that was originally applied to such coverage. PRODUCER understands that MGI, without limitation of its other rights and remedies, reserves the right to cancel any policy for nonpayment of premium. PRODUCER further guarantees that they will be responsible for the return of any premiums due a finance company if funds are directly released to them.

#### **VI. UNCOLLECTIBLE ADJUSTABLE PREMIUMS**

Additional premiums that have been determined by annual or interim audits and/or retrospective rating adjustments are fully earned and due upon receipt of invoice.

PRODUCER is relieved of responsibility for the collection of such premiums if within thirty (30) days from the date of MGI's invoice, PRODUCER notifies MGI in writing that PRODUCER has made diligent efforts to collect such premiums but is unable to do so AND the issuing company relieves MGI of its responsibility for the collection of such premiums. PRODUCER shall also provide sufficient documentation that's acceptable to the issuing company and MGI of its attempt to collect such premiums.

PRODUCER waives any right to commission payments under this provision if premiums are subsequently collected by issuing company or MGI.

#### **VII. RESPONSIBILITIES OF BROKER**

PRODUCER understands that in providing coverage, MGI is relying upon the accuracy of information provided by the insured through PRODUCER and submitted to MGI. It is the responsibility of PRODUCER to disclose to MGI the existence of any conditions which he is or reasonably should be aware of that may affect the insurability of the insured.

Further, it is the responsibility of PRODUCER to provide MGI with all information concerning the type and amount of insurance coverage to be considered for quotation. MGI assumes no responsibility toward PRODUCER with regard to the adequacy, amount or form of coverage obtained through any insurance carrier.

#### **VIII. NO BINDING AUTHORITY**

The parties hereto understand and agree that in no event, nor under any circumstance whatsoever, shall this Agreement ever be interpreted or constructed to the effect that the PRODUCER may bind MGI or any company or underwriter represented by MGI.

#### **IX. OTHER AGREEMENTS:**

It is specifically understood and agreed that notwithstanding anything to the contrary herein set forth, this Agreement shall not be interpreted or construed so as to:

- (a) Prevent the PRODUCER from executing other similar agreements with competitive markets.
- (b) Compel MGI to accept or place all or any of the business offered by the PRODUCER.

## **X. CLAIMS**

PRODUCER will report all claims and/or losses as expeditiously as possible to MGI or insurer. PRODUCER has no authority to assign losses to be adjusted nor may he negotiate or settle any loss.

## **XI. COMPENSATION**

MGI shall pay PRODUCER a percentage of the premium for business produced by PRODUCER and placed through MGI.

PRODUCER shall refund return commissions on policy cancellations or reductions in coverage, in each case at the same rate at which such commissions were originally earned.

## **XII. CONFIDENTIALITY**

In connection with this agreement, PRODUCER agrees to treat any proprietary information supplied by MGI as confidential. MGI agrees to treat any proprietary information supplied by the PRODUCER as confidential. Unless otherwise required by law, neither MGI or PRODUCER or their respective representatives will, without the other's written consent, disclose any proprietary information or other information about the relationship or program.

## **XIII. INDEMNIFICATION**

PRODUCER agrees to indemnify and hold harmless MGI, any affiliated companies, their officers, directors, employees and agents from and against any and all claims, damages, liabilities, including reasonable attorney's fees, costs or other expenses incurred by MGI arising directly or indirectly from any acts, errors or omissions or breach of this agreement by PRODUCER. In addition MGI agrees to indemnify and hold harmless PRODUCER, from and against any claims, damages or liabilities, including reasonable attorney's fees, costs or other expenses incurred by producer arising from the direct negligent acts, errors or omissions by MGI.

## **XIV. TERMINATION**

This agreement may be terminated by either party upon ten (10) days written notice of termination to the other. Such termination, however, will not affect the rights of the parties including, but not limited to, coverage, obligation to pay premiums, commissions payable and return commissions due on the date of termination.

## **XV. EVIDENCE OF INSURANCE**

PRODUCER agrees to maintain an errors and omissions liability insurance policy coverage with a per claim limit and an aggregate limit each not less than \$1,000,000, underwritten by an insurer rated not less than A-, VII by the A.M. Best Company. PRODUCER further agrees to attach to this agreement a certificate of insurance evidencing coverage that is acceptable to MGI and to maintain such coverage at all times while this agreement is in effect.

Further, MGI also agrees to maintain an errors and omissions liability insurance policy coverage with a per claim limit and an aggregate limit each not less than \$1,000,000, underwritten by an insurer rated not less than A-, VIII by the A.M. Best Company.

## **XVI. COMPLETE AGREEMENT**

This signed agreement incorporates all of the previous and contemporaneous discussions, representations, understandings and agreements between the parties with respect to the subject matter. The terms and conditions expressed in this agreement shall not be, altered except in writing, signed by an authorized officer of PRODUCER and an officer of MGI.

**XVII. ASSIGNMENT**

This agreement is nonassignable and the PRODUCER may not assign or delegate any of the PRODUCER’S rights, interests, or obligations under this agreement without the express written consent of MGI.

**XVIII. WAIVER**

No waiver or modification of this agreement shall be effective unless it be in writing and signed by a duly authorized officer of MGI. The failure of MGI to enforce any provision of this agreement shall not constitute a waiver by MGI of any such provision. The past waiver of a provision by MGI or PRODUCER shall not constitute a course of conduct or a waiver in the future of that same provision.

**XIX. SEVERABILITY**

If any provision hereof shall be held to be invalid or unenforceable, such legal defect shall not affect any other provision of this agreement.

**XX. JURISDICTION**

This agreement shall be governed by the laws of the State of New York, and any legal proceeding in connection with this agreement shall be brought only in a court of competent jurisdiction in the state of New York.

In witness thereof, the parties have duly executed and caused this agreement to be signed as of the date first above written:

**MGI**

**PRODUCER**

Name: Marc Katz

Name\_\_\_\_\_

Title: Principal

Title\_\_\_\_\_

Signature\_\_\_\_\_

Signature\_\_\_\_\_

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

Date\_\_\_\_\_