

LIGHTHOUSE MANAGEMENT LLC DBA LIGHT STAR MANAGERS
VOLUNTARY PRODUCER AGREEMENT

This Voluntary Producer Agreement (the "Agreement") is entered into this 20TH day of August 2015 between Lighthouse Management LLC DBA Light Star Managers, a managing general agency duly licensed in North Carolina (the "General Agent"), Lighthouse Property Insurance Corporation, an insurance company authorized to do business in North Carolina (the "Company"), and Independent Market Solutions, LLC, hereinafter (the "Agent"), the principal office of which is located at: 3159 SHAMROCK ST. SOUTH, TALLAHASSEE, FL 32309

I. TERM OF AGREEMENT.

This Agreement shall be effective as of 8/20/15 and shall continue:

1. until terminated pursuant to the provisions set forth in Section VIII below, or
2. in effect through and including _____ unless sooner terminated pursuant to the provisions set forth in Section VIII below,

II. APPOINTMENT, AUTHORITY AND INDEPENDENT CONTRACTOR STATUS OF AGENT.

A. Appointment and Authority. While this Agreement is in effect, subject to the terms and conditions of this Agreement, the General Agent appoints the Agent as an agent for the Company in the states listed in the Product Line Authorization Schedule (the "Product Line Authorization Schedule"), attached hereto and incorporated by reference herein, to:

1. Solicit and submit applications, to issue and deliver binders, endorsements and other evidence of insurance the Company is licensed to write as authorized in the Product Line Authorization Schedule and to provide services to the Company's policyholders subject to the Company's underwriting guidelines (see addendum #1 - Underwriting Schedule), bulletins or other instructions. The Company and General Agent retain the right to change Company underwriting guidelines, bulletins, directives, etc., without notice. The Agent acknowledges, however, that the General Agent and Company, subject to all applicable law, reserve the right to reject, non-renew and cancel any policy risk undertaken by Agent that is not entirely satisfactory to the Company.
2. Remit upon receipt all premiums from the Company's policyholders directly to the General Agent and to direct all of the Company's policyholders to pay all premiums directly to the General Agent as required by the Company's Direct Bill Program, attached hereto.
3. Accept policyholders' requests to cancel policies and to forward immediate written notice of such requests to the General Agent. Agent has no authority to initiate policy cancellations.
4. The territory within which Agent shall operate is not hereby assigned exclusively to Agent, nor shall Agent have the exclusive right to sell any of the Company's insurance products.

B. Independent Contractor Status. The Agent is an independent contractor and neither Agent nor Agent's employees or assistants are employees of the General Agent or the Company. Subject to the terms and conditions of this Agreement, the Agent shall be free to exercise Agent's own judgment as to the persons or entities from whom the Agent solicits insurance and the time, place and manner of such solicitations. Agent's workplace shall be of Agent's own choosing at a site other than the Company's premises. The Agent has exclusive control and responsibility to hire, supervise, and pay its employees or assistants and to select the companies for which it acts as an agent. Agent warrants and represents that Agent is fully trained and appropriately licensed to perform pursuant to this Agreement and is not in need of any training by the General Agent. The Agent is responsible for maintaining the appropriate license(s) in order that Agent can lawfully perform pursuant to this Agreement. The Agent is solely responsible for all costs and expenses incurred by Agent, its employees or assistants in the operation of Agent's business or otherwise.

III. AGENCY RESPONSIBILITIES AND COMPANY'S LINES OF BUSINESS.

- A. Notification to General Agent.** The Agent agrees to forward copies of all binders, endorsements or certificates issued by the Agent, and otherwise notify the General Agent in writing of all liability accepted not later than forty-eight (48) hours following the inception date of coverage or the date of acceptance of such coverage, whichever occurs first.
- B. Claims Reporting.** The Agent agrees to report to the General Agent immediately all claims, suits, and notices of loss and further agrees to cooperate with the Company and General Agent to facilitate the investigation, adjustment, settlement and payment of any claim.
- C. Supplies.** At Agent's own expense, the Agent must have the electronic capability necessary to perform under this Agreement. The Agent agrees that if the General Agent does furnish to the Agent any supplies (including, but not limited to, policy applications, policy forms, software rating computer disks, or underwriting manuals) such supplies shall remain the property of the General Agent and shall be accounted for and returned by the Agent to the General Agent upon demand. The Agent agrees to comply with the provisions of North Carolina law, relating to the maintenance of the books and records of the Company.
- D. Accounting Records.** The Agent agrees that all accounting records of the Agent pertaining to the business of the Company shall be subject to inspection at any time during and after the term of this Agreement by representatives of the General Agent and/or Company.
- E. Advertisements.** The Agent agrees not to publish or distribute any advertisements, circulars or other materials referring to the Company or General Agent without first securing the Company's or General Agent's written approval. Agent need not obtain Company's or General Agent's approval prior to using advertisements which do not refer to the Company.
- F. Compliance with Insurance Code.** The Agent agrees to comply with the Insurance Code of the State of North Carolina.
- G. Lines of Business.** The Agent agrees that the Company reserves the exclusive right to determine the lines of business in which the Company will engage. The Agent agrees that, subject to compliance with the statutes and regulations of the State of North Carolina, the Company may withdraw from particular lines of business, notwithstanding their presence on the Product Line Authorization Schedule. Additionally, when the Company withdraws from any

line of business, any policies issued with respect to such line of business may be canceled (and the unearned premium returned and unearned commission reimbursed). Any such withdrawal from a line of business and/or cancellation of an application shall be without the Company or General Agent incurring any liability whatsoever to the Agent for any (i) costs, expenses, or losses or (ii) direct, indirect, consequential, or special damages the Agent incurs due to such withdrawal and/or cancellation by the Company or General Agent.

- H. **Brokerage Business.** Agent shall not act as a broker in connection with the issuance of any Company policies.
- I. **Taxpayer Identification.** Agent shall provide General Agent with a signed, completed copy of a W-9 taxpayer identification form. Agent shall immediately advise General Agent of any change(s) on the W-9 by submitting a new W-9 reflecting said change(s).
- J. **Licenses.** Agent shall designate one or more employees as a General Lines Producer and provide the General Agent with a copy of each designated employee's state General Lines License.

IV. INDEMNIFICATION AND INSURANCE.

- A. **Indemnification by General Agent.** The General Agent shall defend, indemnify and hold harmless the Agent from all costs, expenses, claims and losses including, without limitation, attorneys' fees, costs and expenses incurred in investigating or defending any claims, actions or demands or enforcing this indemnity, which the Agent incurs which arise out of any breach of this Agreement by the General Agent, or the servants, agents, subagents or employees of the General Agent, or negligent acts, willful misconduct, or errors or omissions of the General Agent, or the servants, agents, subagents or employees of the General Agent, except to the extent that the Agent caused such errors or omissions.

The General Agent agrees to pay Agent for any expenses, costs or losses Agent incurs which are covered by this indemnity within a reasonable time, in no event more than thirty (30) days after receiving written notice from the of the incurring of such expenses, costs, or losses by the Agent.

- B. **Indemnification by Agent.** The Agent shall defend, indemnify and hold harmless the General Agent and Company from all costs, expenses, claims and losses including, without limitation, attorneys' fees, costs and expenses incurred in investigating or defending any claims, actions or demands or enforcing this indemnity, which the General Agent or Company incurs which arise out of any breach of this Agreement by the Agent, or the servants, agents, subagents or employees of the Agent, or negligent acts, willful misconduct, or errors or omissions of the Agent, or the servants, agents, subagents or employees of the Agent, except to the extent that the General Agent caused such errors or omissions.

The Agent agrees to pay General Agent and/or Company for any expenses, costs or losses General Agent and/or Company incurs which are covered by this indemnity within a reasonable time, in no event more than thirty (30) days after receiving written notice from the General Agent and/or Company of the incurring of such expenses, costs, or losses by the General Agent.

- C. **Errors & Omissions Insurance.** The Agent shall maintain in full force and effect during the term of this Agreement a policy or policies of errors and omissions ("E&O") insurance issued by an insurer rated B+ or better by A.M. Best, or equivalent rating organization, and affording coverage in the amount of at least a \$1,000,000 combined single limit or \$500,000/\$1,000,000 per claim/aggregate limits. Such E&O insurance shall be maintained by the Agent at the Agent's sole cost and expense, and shall be primary and non-contributing coverage over any other

valid and collectible insurance available to the General Agent. The Agent shall furnish a copy of the policy declarations or other acceptable evidence of coverage (such as a certificate of insurance) to the General Agent each year as soon as practicable after the effective date.

V. COMMISSION.

- A. **Commission Rate.** The General Agent agrees to pay commissions to the Agent in accordance with the rate and conditions set forth on the Product Line Authorization Schedule. The commission rate as shown on the Product Line Authorization Schedule shall remain continuously in effect during the term of this Agreement, unless revised. (see addendum #2 - Product Line Authorization Schedule)
- B. **Revision of Commission Rate.** The commission rate may be revised by mutual agreement between the Agent and the General Agent, or by the General Agent after giving the Agent at least sixty (60) days advance written notice of the proposed revision and the effective date. The revision shall then be effective on the date specified in the notice without further action required by the General Agent or the Agent.
- C. **Offset.** The Agent agrees any amounts due the Agent that are held by the General Agent, including undistributed commissions and license or appointment fees due, may at any time be applied to and constitute an offset against balances due the General Agent from the Agent.
- D. **Refund.** In the event that either during the term of this Agreement or after its termination, the General Agent refunds premiums under any policy by reason of cancellation, or otherwise, the Agent shall immediately return to the General Agent the amount of commission received by the Agent with respect to such premiums refunded. The General Agent reserves the right to offset such amounts against any amounts due to the Agent.

VI. PREMIUM COLLECTION.

- A. **General.** Unless otherwise directed by General Agent, all premiums are to be collected pursuant to the Company's Direct Bill Program (see addendum #3 - Direct Bill Program Schedule). "Direct Bill Program" means the General Agent bills the policyholder directly for all premiums. The policyholder is directed to make all payments by check, money order or otherwise payable to the Company and mail them to the address contained in the Company's billing statement. Policyholders may also pay Direct Bill Program premiums by providing the General Agent with a premium financing contract with an approved premium financing institution, together with the required down payment.
- B. **Payments Made to the Agent.** Premium payments made payable to the Agent by policyholders are to be submitted to the General Agent without deduction for the Agent's commission and are to be submitted to the General Agent immediately upon receipt. Any such premium payments received by Agent shall be held by Agent in a fiduciary capacity as trustee for the General Agent.
- C. **Time of Payment.** All premiums are due and payable to the General Agent on or before the effective date of coverage.
- D. **Commissions.** Commissions on policy premiums subject to the Direct Bill Program shall be paid to the Agent within twenty (20) days after the end of the month in which such premiums are received and recorded by the General Agent, subject to offset at the sole option of the General Agent, of any balances due from the Agent.

VII RECORDS AND LIST OF EXPIRATIONS.

- A. **Ownership of Records.** While this Agreement is in effect, the Agent owns all files, documents, writings, notes, written memoranda and expirations (hereafter referred to as the "Records" for purposes of this Section VII) produced by the Agent in connection with or associated with any policy issued by the General Agent.
- B. **Termination of Agreement.** Upon the expiration or termination of this Agreement, if the Agent accounts for and pays all premiums and other sums for which Agent may be liable to the General Agent, and is not otherwise in default under this Agreement, then the Records shall remain the property of the Agent and be left in the Agent's possession. If, however, this Agreement expires or terminates and the Agent has not accounted for and paid all premiums or other sums owing to the General Agent, or is otherwise in default under this Agreement, then the ownership of the Records shall be transferred to the General Agent, and the Agent shall not be permitted to use any information contained in the Records.
- C. **Disagreement as to Agent's Liability.** Should the Agent and the General Agent disagree on the amount the Agent owes to the General Agent as of the expiration or termination of this Agreement, ownership of the Records shall remain with the Agent, provided that the Agent promptly furnishes collateral acceptable to the General Agent in the amount of the disputed liability, to be held by the General Agent until the difference is resolved. If the Agent fails to furnish acceptable collateral upon the General Agent's demand, then the ownership of the Records shall be transferred to the General Agent, and the Agent shall not be permitted to use any information contained in the Records.

VIII. TERMINATION OF THIS AGREEMENT.

- A. **Notice.** This Agreement may be terminated with or without cause by either party upon sixty (60) days written notice.
- B. **Breach.** If either party fails to discharge any of its duties or obligations hereunder and, after the breaching party is given written notice of such failure to discharge said duties and obligations and such failure is not cured within thirty (30) days of the date of such notice, then this Agreement may be terminated immediately.
- C. **Agent's Failure to Pay.** In the event the Agent is delinquent in either accounting or payment of monies due the General Agent, the General Agent may, by written notice to the Agent, immediately terminate, suspend or modify any of the provisions of this Agreement. Any costs incurred by the General Agent to collect monies owed including, but not limited to, attorneys' fees, collection agency fees and all related costs for trial and any appeal, shall be paid by the Agent.
- D. **Certain Events.** Either party may terminate this Agreement immediately upon written notice to the other party should the other party voluntarily commence any type of proceeding seeking the appointment of a trustee, receiver, liquidator, custodian, conservator or similar official of all or any substantial part of its property, or should an involuntary or voluntary bankruptcy case or other proceeding be commenced against the other party and the other party consents to any relief requested or, if any relief requested is not stayed or discharged within sixty (60) days, or should the other party make any general assignment for the benefit of creditors or fail generally to pay its debts as they become due.
- E. **Change in Control or Ownership.** In the event of a change in control of the Agent, whether in a single transaction or a series of transactions, this Agreement shall immediately terminate. A change in control shall include, but not be limited to: (i) if the Agent is a corporation, a sale or transfer of a majority of the issued and outstanding stock of the Agent; (ii) if the Agent is a

proprietorship or partnership, a sale or transfer of a majority interest in the proprietorship or partnership; (iii) a sale of the Agent's assets used in the Agent's insurance business; (iv) a sale of the Agent's insurance business; or (v) a sale of all or a portion of the Agent's insurance book.

- F. **Regulatory Termination.** This Agreement shall terminate concurrently with the termination by any insurance regulatory body of the authority of the General Agent or the Agent to act in accordance with the terms and conditions of this Agreement.

IX. RIGHTS UPON TERMINATION.

- A. **Termination of Agent's Authority.** Except as otherwise provided herein, upon expiration or termination of this Agreement, all powers and authority of the Agent shall terminate immediately. However, if this Agreement is terminated as provided in Subsection VIII A, immediately upon notification to the Agent, the Agent's authority granted under Subsection II A is revoked. The Agent may only submit applications and requests for endorsements in writing to the General Agent for prior approval. The General Agent reserves the right to exercise such approval or authorization at its sole discretion.
- B. **Continuing Obligations of Agent.** After termination of this Agreement, the Agent shall perform those duties that the General Agent in writing directs the Agent to perform limited to those duties that the Agent would have been obligated to perform at the General Agent's request hereunder prior to termination of this agreement. The Agent may continue to countersign endorsements that are sent after termination to the Agent by the General Agent for countersigning; however, the Agent shall not countersign any endorsements that increase the Company's liability or extends the term of any insurance policies without written authorization from the General Agent.
- C. **Non-Renewal of Policies.** After the expiration or termination of this Agreement, all policies of the Agent will continue in force until the normal expiration dates unless the General Agent, in compliance with all applicable statutes and regulations, exercises its right to terminate such policies at an earlier date. For the purpose of this subsection, policies written for a term longer than one year shall be treated as having an expiration date at the end of each twelve (12) months following the inception date of the policy and the General Agent may terminate the policy at the end of any such twelve (12) month period. The General Agent will issue the proper non-renewal notices on all policies subject to the requirements of the law.

X. AGENT'S SUCCESSOR.

- A. **Agent's Successor.** The Agent may not assign or transfer the Agent's interest in this Agreement, whether voluntary, involuntary, by act of law or otherwise, except as set forth in this Section X. The Agent's interest in this Agreement may be assigned to the Agent's successor or successors provided that the General Agent consents in writing to such assignment and that such successor or successors then meet the General Agent's requirements for appointment and agree to comply with the terms hereof. The General Agent is under no obligation to appoint the Agent's successor or successors.

XI. MISCELLANEOUS.

- A. **Modification.** This Agreement may be supplemented, amended or revised only in writing by mutual agreement of the Agent and the General Agent, except as provided in Subsections V B and VIII C.
- B. **Waiver.** A waiver by the General Agent of any breach or default by the Agent under this Agreement

shall not constitute a continuing waiver or a waiver by the General Agent of any subsequent breach or default.

- C. **North Carolina Law, Jurisdiction, Venue, and Service of Process.** This Agreement shall be governed by, interpreted and enforced in accordance with the laws of the State of North Carolina. Agent hereby consents to personal jurisdiction in the courts of the State of North Carolina. The Agent agrees that service of process in any proceeding in any such court may be affected by Certified Mail at the address for Agent set forth in this Agreement
- D. **Waiver of Jury Trial.** In any claim or controversy, the Agent and the General Agent hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other in any court with respect thereto.
- E. **Notice.** Any notice required or permitted under this Agreement will be written and will be deemed to have been given (i) when personally delivered, (ii) when served pursuant to the North Carolina Rules of Civil Procedure, or (iii) on the second day after it is deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified, or registered mail return receipt requested, addressed to:

General Agent: Lighthouse Management LLC
625 Waltham Avenue
Orlando, Florida 32809
Fax: 888-456-9163
Attn: Clay Frankel

Agent: Agency Name: *Independent Market Solutions LLC*
Attn: *David D. Burt*
Taxpayer Identification Number: *47-4155202*
Telephone: *850-702-5653*

Mailing Address:

Address: *3159 SHAMROCK ST. SOUTH*

City: *TALLAHASSEE* State: *FLORIDA* Zip: *32309*

Street Address (for delivery purposes):

Address: *3159 SHAMROCK ST. SOUTH*

City: *TALLAHASSEE* State: *FLORIDA* Zip: *32309*

- F. **Headings.** The descriptive headings of this Agreement are intended for reference only and shall not affect the construction or interpretation of this Agreement.
- G. **Gender.** All terms and words used in this Agreement, regardless of the gender in which they are used shall be construed to include any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any section of this Agreement may require.
- H. **Savings Provision.** In the event any provision of this Agreement is adjudged to be unenforceable, all remaining provisions shall continue in full force and effect.
- I. **Integration.** This Agreement supersedes and replaces as of its effective date with respect to

the subject matter covered herein all previous agreements, if any, between the General Agent and the Agent.

IN WITNESS WHEREOF, the General Agent has caused its duly authorized representative to execute this Agreement on its behalf as of the date first set forth above, and the Agent has caused its duly authorized officer to execute this Agreement on its behalf (if a corporation), or has individually executed this Agreement as of the date first set forth above.

LIGHTHOUSE MANAGEMENT LLC
DBA LIGHT STAR MANAGERS

By: 

Title: Executive Vice President

Witness: MCROWELL

Agency Name:

Independent Market Solutions, LLC

By: 

Printed Name: David D. Burt

Title: Agent in Charge

Witness: 

ADDENDUM # 1
UNDERWRITING SCHEDULE

The General Agent hereby authorizes the Agent to transact business on behalf of the Company subject to the terms and conditions set forth in this Schedule and in the Agreement.

The Agent, by accepting this Schedule, agrees to service the authorized class of business (i.e., product line) in accordance with the territory and limits of liability set forth in this Schedule and the Company's established underwriting requirements and guidelines and any bulletins or directives from the Company or General Agent for the product line. The Agent agrees that applications and risks bound by the Agency not in accordance with the terms and conditions set forth in this Schedule, the Voluntary Producer Agreement and the Company's underwriting requirements and guidelines including the Eligibility Guidelines/General Rules Supplement constitute a breach of the Voluntary Producer Agreement and any loss and expense related thereto shall be assumed by the Agent. In the event the Company sustains a loss on an application or risk which the Agent has bound, which is not within the scope of his authority under this Schedule, the Voluntary Producer Agreement and the Company underwriting guidelines, the Agent agrees to reimburse the Company for the amount of loss plus the expenses incurred by the Company because of the loss (including attorneys' fees).

In addition to other underwriting guidelines and except to the extent directed by the General Agent in writing otherwise, the Agent shall comply with the following underwriting guidelines:

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| a. Basis of Rates and Premiums to be charged | The rate and premiums filed by the Company and approved by the North Carolina Department of Insurance. |
| b. Types of Permissible Risks | See Product Line Authorization above and as otherwise stated in writing by the General Agent, |
| c. Applicable Exclusions | As set forth in the applicable policy form, the Company's Policy Program Manuals and as otherwise stated in writing by the General Agent. |
| d. Territory | State of North Carolina |
| e. Policy Cancellation Provisions | As provided in applicable policy form. |
| f. Maximum Policy Period | 12 months unless otherwise stated by the General Agent in writing |

ADDENDUM #3
DIRECT BILLING PROGRAM SCHEDULE

This Schedule pertains to that certain Voluntary Producer Agreement (the "Agreement") entered into by and between Lighthouse Property Insurance Corporation (hereinafter the "Company"), Lighthouse Management LLC (hereinafter referred to as the "General Agent") and the Producer below named (hereinafter referred to as the "Producer") which Agreement is hereby amended and modified by the addition of the following language and Provisions:

DIRECT BILLING SERVICE: As to each policy of insurance duly issued and in effect under the Agreement the parties agree as follows:

- 1) The Company and/or General Agent each reserves the right to directly bill the policyholder for all renewal premiums, and/ or additional premiums, and to collect and receive such premiums.
- 2) As to all billing statements and communications pertaining to the premiums made by the Company or General Agent and directed to the policyholder, the Company or General Agent may print thereon the name of the Producer, and Producer consents thereto.
- 3) Within 18 days following the end of each month in which premiums are collected by the Company or General Agent, directly from policyholder, the Company or General Agent, whichever receives such premiums, agrees to compute and remit to Agent commissions due upon such premiums received directly from the policyholder and/or Producer at the rate shown on the commission schedule.
- 4) Unless otherwise agreed in writing by the Company or General Agent, the Producer shall not have any right or authority to receive or collect premiums or other monies for or on behalf of the Company or General Agent in those instances in which the Company or General Agent has exercised its right to directly bill the policy holder. In the event that a Producer shall collect or receive any such premiums or monies, the Producer shall thereupon promptly account for such amount and deliver the same, within 24 hours, to the Company or General Agent without offset or deduction.
- 5) Except as specifically amended or modified by this Schedule, the Agreement shall be and remain in full force and effect.