

**FARMERS INSURANCE GROUP OF COMPANIES
AGENT APPOINTMENT AGREEMENT**

Between _____ (hereinafter called the "Agent") and FARMERS INSURANCE EXCHANGE, TRUCK INSURANCE EXCHANGE, FIRE INSURANCE EXCHANGE, MID-CENTURY INSURANCE COMPANY, FARMERS NEW WORLD LIFE INSURANCE COMPANY and, _____ all hereinafter collectively called the "Companies."

The Agent accepts appointment by the Companies as an agent of and for the Companies in District No. ____ in the State of _____, effective _____ and continuing until terminated by either party as provided herein, under the following mutually agreed upon terms and conditions:

A. The Companies agree in consideration of the Agent's agreements:

1. To pay new business and service commissions or any other commission to the Agent in accordance with commission schedules as established by the Companies and in effect on the effective date of a commission transaction.
2. To arrange for Group Life and Comprehensive Medical Insurance plans and pay a portion of the premium if the Agent elects to apply for coverage under these plans. The balance of the premium will be paid by the Agent if covered under these plans.
3. To provide approved Company manuals, forms and policyholder records necessary to carry out the provisions of this Agreement.
4. To provide advertising assistance (Ad -Aid) as provided by the Ad-Aid programs as established by the Companies.
5. To make available to the Agent education and sales training programs developed by the Companies.

B. The Agent agrees in consideration of the Companies agreements:

1. To sell insurance for the Companies and to submit to the Companies every request or application for insurance for the classes and lines underwritten by the Companies and eligible in accordance with their published Rules and Manuals. All business acceptable to the Companies and written by the Agent will be placed with the Companies.
2. To provide the facilities necessary to furnish insurance services to all policyholders of the Companies including, but not limited to, collecting and promptly remitting monies due the Companies, receiving and adjusting claims within the Agent's authority notifying the Companies of all claims beyond that authority, and servicing all policyholders of the Companies in such a manner as to advance the interest of the policyholders, the Agent and the Companies.

The location of the Agent's office cannot unduly interfere with the business established by another Agent.

3. To permit authorized representatives of the Companies to review and examine agency records for the purpose of verifying compliance with this Agreement.
4. To provide a fidelity bond in favor of the Companies. The Agent may either participate in the blanket fidelity bond arranged by the Companies by paying the applicable premium, or the Agent may obtain a separate fidelity bond acceptable to the Companies, at the Agent's expense, with a minimum limit of \$10,000.

- C. This Agreement terminates upon death of the Agent and may be terminated by either the Agent or the Companies on three (3) months written notice.

If the provisions of this Agreement are breached by either the Agent or the Companies, the Agreement may be terminated by the other party on thirty (30) days written notice. This Agreement may be terminated immediately by mutual consent or by the Companies for the following reasons:

1. Embezzlement of monies belonging to the Companies.
2. Switching insurance from the Companies to another carrier.
3. Abandonment of the Agency.
4. Conviction of a felony.
5. Willful misrepresentation that is material to the operation of the Agency.

- D. In the event this Agreement is terminated by the Companies, the Agent may within ten (10) days of receiving the notice of termination request a review of the termination review board.

The termination review board will be composed of:

1. An Agent of the Companies selected by the terminated Agent, such Agent must be a member of the President's Council from the same Region as the terminated Agent;
2. The Regional Manager or a representative of said Regional Manager, and
3. A third party to be mutually selected by the other two members of the board.
The Review Board will convene within twenty (20) days of the request by the Agent at the Regional Office or such other convenient place selected by the Regional Manager.

The Board will submit a summary of the hearing and its recommendations to the Executive Home Office.

The chief executive officer and staff will review the summary and recommendations, reach a decision and promptly advise the Agent of that decision.

- E. If this Agreement is terminated, the Agent shall be entitled to first year commissions which become payable over the next twelve months following termination for Farmers New World Life business written prior to termination and payment of those commissions will be after the completion of the twelve months. The Agent shall also be entitled to new business commissions less new business chargebacks for business written prior to termination in the Companies other than Farmers New World Life.

No service commissions will be payable to the Agent after termination of the Agreement.

- F. The Agent or the Agent's heirs may sell all or any part of this Agency to a member(s) of the Agent's immediate family at any time, provided the purchaser is acceptable to the Companies, and provide the sale price does not exceed the proportionate share of the "Contract Value" (as hereinafter defined) of the Agency.
- G. In the event of termination of this Agreement, and there is no sale pursuant to paragraph F, the Companies will pay "Contract Value" to the Agent or heirs in the manner hereinafter set out. In the event termination is because of embezzlement, there is no Contract Value.

CONTRACT VALUE

Contract Value is based upon (1) the amount of service commissions paid to the Agent on active policies during either the six month or twelve month period immediately preceding termination; (2) the number of policies in the Agent's active code number; (3) the number of years of continuous service as an Agent for the Companies immediately prior to termination.

If the Agent has less than fifty policies in an active code number, there is no Contract Value, otherwise Contract Value will be computed for each Company in accordance with the following schedules on either a six month or twelve month basis, whichever is higher.

Years of Service Six Month Commissions

| Number of Active Policies | First | Next | Next | Over |
|------------------------------|--------------|--------------|--------------|---------------|
| | <u>5 Yrs</u> | <u>5 Yrs</u> | <u>5 Yrs</u> | <u>15 Yrs</u> |
| | % | % | % | % |
| 50-500 | 50 | 100 | 150 | 200 |
| 501-1000 | 100 | 150 | 200 | |
| 1001-1500 | 150 | 200 | | |
| Over 1500 | 200 | | | |

Twelve Month Commissions

| | First | Next | Next | over |
|-----------|--------------|--------------|--------------|---------------|
| | <u>5 Yrs</u> | <u>5 Yrs</u> | <u>5 Yrs</u> | <u>15 Yrs</u> |
| | % | % | % | % |
| 50-500 | 25 | 50 | 75 | 100 |
| 501-1000 | 50 | 75 | 100 | |
| 1001-1500 | 75 | 100 | | |
| Over 1500 | 100 | | | |

Active policies are all policies registered in an Agent's code number except those policies assigned to the Agent's 500 and 800 series code numbers.

UNDERWRITING CONTRACT VALUE BONUS

An Agent who meets the underwriting bonus qualifications established by the Companies will be awarded an Underwriting Contract Value Bonus in accordance with programs and schedules published from time to time by the Companies. Entitlement to the Underwriting Contract Bonus will be evidenced in certificates issued to qualifying Agents annually. These certificates shall state said bonus in terms of percentages and shall be fully vested when received, based on the Contract Value at the time of termination, in accordance with the bonus program. Upon vesting, the percentage of Underwriting Contract Value Bonus will inure to the benefit of the Agent, his heirs and assigns, and may not be reduced.

The Underwriting Contract Value Bonus will be paid in accordance with this paragraph G. However, where there is a sale pursuant to paragraph F, said Bonus will be paid to the selling Agent in one lump sum.

Contract Value and amounts payable as an Underwriting Contract Bonus will be paid in not less than three equal installments and at not less than six-month intervals. However, when an Agent dies or becomes totally disabled, or Contract Value is \$5,000 or less, the Agent may elect to receive Contract Value and amounts payable as an Underwriting Contract Value Bonus, in one lump sum.

