

Central Reserve Life's

Agent Appointment and Contract Information

One of CRL's primary goals is to keep our agents strong in our marketplace. CRL sales agents have the tools they need to succeed, including:

- **Products** – An expansive portfolio to serve your market and enhance your earnings potential.
- **Quality Service** – From policy issue through efficient claims processing.
- **MarketingSupport** – National advertising, quality brochures – the back-up you need before and after the sale.
- **Financial Strength** – The capital resources to stand behind our commitment to you and your clients.

AGENT APPOINTMENT INSTRUCTIONS For Agents currently licensed with the State

Complete the following information and submit through your field manager's office:

- Application for Licensing – complete in full, sign and date on reverse
- Agent Agreement – complete in full, sign and date on reverse
- Copy of current resident state license and any non-resident licenses
- Appointment Fee (see below) – Make check payable to Central Reserve Life.

If appointing an agency, include the agency license(s) and the appropriate fee for the agency. An authorized agency's/corporate officer's signature is required on the Agent Agreement when commissions are to be paid to an agency or corporation.

STATE	FEE	STATE	FEE	STATE	FEE
Alabama	\$30.00	Missouri	No Fee	South Carolina	No Fee
Arizona	No Fee	Nebraska	\$20.00	Tennessee	\$15.00
Delaware	\$25.00	Nevada	\$15.00	Virginia	\$14.00
Georgia	\$20.00	New Mexico	\$23.00	W. Virginia	\$25.00
Illinois	No Fee	Ohio	\$20.00	Wisconsin	\$7.00
Indiana	No Fee	Oklahoma	\$40.00		
Kansas	\$5.00	Pennsylvania	\$15.00		

For non-resident appointment requirements and fees, contact CRL's Licensing Department at 1-800-321-3997.

Commissions will be held until your appointment with CRL has been approved. You will receive an approval letter and a copy of the Agent Agreement.

Your success is our success, so at Central Reserve Life...

We're Committed to You





APPLICATION FOR APPOINTMENT

SECTION I – TYPE OR PRINT

Last Name, First Name, Middle Initial		Date of Birth:	Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female	Social Security/Federal I.D. No.:
Agent's E-mail address:	Home Phone Number: ()	Work Phone Number: ()		Fax Phone Number: ()
Agency Name (if agency is being licensed):		F.I.D. No:		Title or Position:
Agency/Business Address: (Street & No.)				Send commission checks to: <input type="checkbox"/> Business <input type="checkbox"/> Residence
City	State	Zip	County	Send correspondence to: <input type="checkbox"/> Business <input type="checkbox"/> Residence

Resident Addresses for past 10 Years

Street Address	City	State	Zip	County	From Mo./Yr.	To Mo./Yr.
Current Address:						
2.						
3.						
4.						

SECTION II

1. Have you ever been licensed with CRL? Yes No If Yes, Agent Code: _____
2. In which states are you now actively licensed? _____
3. Lines of Authority: _____
4. In which state(s) do you wish to be licensed with CRL? _____ (include required forms and a copy of license for state(s) indicated.)
5. Do you presently have E & O coverage? Yes No (If Yes, include a copy of your Certificate of Coverage page.)
6. Have you had a claim against your E & O coverage within the past five years? Yes No If Yes, explain: _____
7. Are you indebted to any insurance company, general agent or manager? Yes No If Yes, explain: _____
8. Have you ever been investigated or fined by a state department of insurance or has your license ever been suspended or revoked, or has an application for license been denied by any insurance department? Yes No If Yes, provide details, including a copy of any final consent order or resolution.
9. During the past five years, have you ever been adjudged bankrupt, had tax liens against you or been a party to litigation involving a client? Yes No If Yes, explain: _____
10. Have you ever been convicted of a felony or misdemeanor involving larceny, embezzlement, fraud, misrepresentation, conversion or other culpable misappropriation, or of any crime involving moral turpitude? Yes No If Yes, explain: _____

COMMISSIONS:

If commissions are to be assigned, complete the Assignment of Commissions Section on page 4.

For 1099 Reporting, please indicate your Federal ID# (or Social Security #) and Name, as it appears on your tax return filed with the IRS:

I.D.# _____ Name: _____

INCOMPLETE INFORMATION MAY DELAY THE APPOINTMENT PROCESS

(See reverse side to complete application with **Required Signature**)

A Summary of Your Rights Under the Fair Credit Reporting Act

The Fair Credit Reporting Act (FCRA) is designed to promote accuracy, fairness, and privacy of information in the files of every “consumer reporting agency (CRA). Most CRAs are credit bureaus that gather and sell information about you - such as where you work and live, if you pay your bills on time, and whether you’ve been sued, arrested, or filed for bankruptcy - to creditors, employers, and other businesses. The FCRA gives you specific rights in dealing with CRAs, and requires them to provide you with a summary of these rights as listed below. You can find the complete text of the FCRA, 15 U.S.C. 1681 *et seq.*, at the Federal Trade Commission’s web site (<http://www.ftc.gov>).

- You must be told if information in your file has been used against you. Anyone who uses information from a CRA to take action against you – such as denying an application for credit, insurance or employment – must give you the name, address, and phone number of the CRA that provided the report.
- You can find out what is in your file. A CRA must give you all the information in your file, and a list of everyone who has requested it recently. However, you are not entitled to a “risk score” or a “credit score” that is based on information in your file. There is no charge for the report if your application was denied because of information supplied by the CRA, and if you request the report within 60 days of receiving the denial notice. You are also entitled to one free report a year if you certify that (1) you are unemployed and plan to seek employment within 60 days, (2) you are on welfare, or (3) your report is inaccurate due to fraud. Otherwise, a CRA may charge you a fee of up to eight dollars.
- You can dispute inaccurate information with the CRA. If you tell a CRA that your file contains inaccurate information, the CRA must reinvestigate the items (usually within 30 days) unless your dispute is frivolous. The CRA must pass along to its source all relevant information you provided. The CRA also must supply you with written results of the investigation and a copy of your report, if it has changed. If an item is altered or deleted because you dispute it, the CRA cannot place it back in your file unless the source of the information verifies its accuracy and completeness, and the CRA provides you a written notice that includes the name, address and phone number of the source.
- Inaccurate information must be deleted. A CRA must remove inaccurate information from its files, usually within 30 days after you dispute its accuracy. The largest credit bureaus must notify other national CRAs if items are altered or deleted. However, the CRA is not required to remove data from your file that is accurate unless it is outdated or cannot be verified.
- You can dispute inaccurate items with the source of the information. If you tell anyone – such as a creditor who reports to a CRA – that you dispute an item, they may not then report the information to a CRA without including a notice of your dispute. In addition, once you’ve notified the source of the error in writing, they may not continue to report it if it is in fact an error.
- Outdated information may not be reported. In most cases, a CRA may not report negative information that is more than seven years old; ten years for bankruptcies. Access to your file is limited. A CRA may provide information about you only to those who have a need recognized by the FCRA - usually to consider an application you have submitted to a creditor, insurer, employer, landlord, or other business.
- Your consent is required for reports that are provided to employers or that contain medical information. A CRA may not report to your employer, or prospective employer, about you without your written consent. A CRA may not divulge medical information about you without your permission.
- You can stop a CRA from including you on lists for unsolicited credit and insurance offers. Creditors and insurers may use file information as the basis for sending you unsolicited offers of credit or insurance. Such offers must include a toll-free number for you to call and tell the CRA if you want your name and address excluded from future lists or offers. If you notify the CRA through the toll-free number, it must keep you off the lists for two years. If you request and complete the CRA form provided for this purpose, you can have your name and address removed indefinitely.
- You may seek damages from violators. You may sue a CRA or other party in state or federal court for violations of the FCRA. If you win, the defendant may have to pay damages and reimburse you for attorney fees. If you lose and the court specifically finds you sued in bad faith, you or your attorney may have to pay the defendant’s fees.

You may have additional rights under state law. You may wish to contact a State or local consumer protection agency or a state Attorney General to learn those rights.

If you have questions or believe your file contains errors, call our toll-free number. The FCRA give several different Federal agencies authority to enforce the FCRA: For QUESTIONS OR CONCERNS REGARDING CRA’s, creditors and others, PLEASE CONTACT:

Federal Trade Commission
Bureau of Consumer Protection – FCRA • Washington, DC 20580

I acknowledge that I have read A Summary of Your Rights Under the Fair Credit Reporting Act, above, and understand and authorize CENTRAL RESERVE LIFE INSURANCE COMPANY, or their authorized agent, to conduct a thorough check of my past or present employment, work history, education, references, and criminal history as needed for determination of my eligibility to occupy a position of trust. I authorize all persons who may have information relevant to this investigation to disclose it. I release from liability all persons, companies, and corporations disclosing such information. I release and indemnify any liability that might result from making such investigations. I hereby further authorize that a photocopy of this authorization may be considered as valid as the original.

I also acknowledge that I have thoroughly read and understand, and hereby agree to comply with the Agent Agreement.

Date: _____ Agent’s Signature: **X** _____

TO BE COMPLETED BY FIELD MANAGER:

Name of Agent: _____ Contract Commission Level: _____

Agent Hierarchy Structure (include levels):

Name: _____ Code: _____

Name: _____ Code: _____

Name: _____ Code: _____

ASSIGNMENT OF COMMISSIONS

Complete this section only if commissions are to be paid to another individual agent or agency other than the applicant:

For valuable consideration, the receipt of which is hereby acknowledged, I, the undersigned Assignor do hereby assign my commissions according the following terms and conditions to:

Name of individual or company to whom commissions are assigned (Assignee)

Street Address City State Zip Code

Social Security No. or Federal Tax I.D.: _____

Terms and conditions of assignment:

This completed form must be received by CRL between the first (1st) and the fifteenth (15th) day of the month in order to be effective on the first day of the month following such receipt.

Check **ONE** of the following:

- This assignment shall apply to all present and future CRL commissions, subject to the stated terms, including commissions presently on CRL's books as of today's date and any commissions earned in the future.
- This assignment shall apply only to commissions based on business issued with an effective date of _____ and thereafter (does not assign any rights to commissions for CRL business written before the date inserted).

Check **ONE** of the following:

Binding Assignment of Commission

- (1) This is a permanent assignment of the commissions described above.
- (2) This assignment does not create any rights in Assignee to commissions earned on any business written after I have discontinued my business association with Assignee.
- (3) Unless otherwise released by the Assignee, in writing, Central Reserve Life Insurance Company (CRL) is hereby authorized to pay directly to the Assignee the commissions assigned herein.
- (4) This assignment is binding and cannot be revoked by me but may be released by the Assignee. If the Assignee wishes to release this assignment, the original, signed statement of release must be sent to CRL's Commission Department, which release shall be effective on the first day of the month following receipt.
- (5) This assignment creates permanent rights to the assigned commissions in the Assignee and I understand that I shall no right to revoke this assignment.

Non-Binding Assignment of Commissions

- (1) Until revoked by me according to the terms provided herein, Central Reserve Life Insurance Company (CRL) is hereby authorized to pay directly to the Assignee the commissions governed by this assignment.
- (2) This assignment is non-binding and can be revoked by me at any time by providing written notice to CRL's Commission Department. Such revocation shall be effective on the first day of the month following receipt of the written notice by CRL's Commission Department.
- (3) This assignment does not create any permanent rights in the Assignee to the assigned commissions and I shall have the right to revoke this assignment under the terms states herein.

Assignor Signature: _____ Date: _____

Address _____
Street City State Zip Code

Social Security No. or Federal Tax I.D.: _____

If commissions are payable to an agency, the agency must be currently licensed and appointed (if applicable).

Incomplete forms will be returned and not processed



AGENT AGREEMENT

This Agent Agreement (Agreement) is entered into by and between _____ (Agent), whose address is _____, and Central Reserve Life Insurance Company (CRL), Cleveland, Ohio 44136, and includes all CRL products, excluding any employer group plans.

SECTION 1: COMMISSION CALCULATION

Agent and CRL agree that CRL shall pay to Agent commissions as follows: The commission will be based on the percentage of the Base Premium Rate as of the initial effective date of coverage. As used in this Agreement, the Base Premium Rate shall mean the premium rate announced from time to time by CRL as its Base Premium Rate. At renewal, commission will be paid on the Base Premium Rate only. All premiums used to determine the amount of commissions payable on all products must be both earned and received by CRL. Refer to the enclosed separate Commission Schedule for commission rates.

SECTION 2: ACCOUNTING AND PAYMENT OF COMMISSIONS

- 2.1 Agent is not authorized to collect nor receive any premium, other than the initial premium on behalf of CRL. Such premium shall be payable to CRL in the form of a check or a money order. Immediately upon receipt of the initial premium, Agent shall submit such premium to CRL. Any other action by Agent shall be deemed conversion.
- 2.2 The amount of commissions payable due to conversions of a policy or group certificates of insurance and any other changes in the plan of insurance, including, but not limited to a waiver or all or any part of the premiums shall be governed by CRL's then in force rules and practices.
- 2.3 CRL reserves the right, at all times, to reject any application for insurance without specifying the cause, and to cancel, refuse to renew, or to modify any policy. Agent shall promptly refund all monies collected on any application by Agent on which policy is declined, on any application by Agent on which CRL issued a policy not accepted by the applicant, and on any application by Agent for which the premium is refunded. CRL shall have the right to set-off against commissions that may be payable to Agent, any indebtedness or obligation, of any kind whatsoever, owed by Agent to CRL or by any other lawful means of collecting indebtedness.
- 2.4 Notwithstanding any other provision of this Agreement, upon the cancellation or termination of Agreement for cause, which shall be determined in CRL's sole discretion, any interest of Agent in commissions payable according to the terms of Agreement shall immediately cease and no longer exist and Agent shall have no right to renewal commissions on in force business after the termination date of Agreement. As examples of "for cause," if the Agent is charged with or convicted of a crime; has his/her license suspended or canceled by a State; or performs any act or omission that CRL deems to be harmful to CRL.
- 2.5 Agent shall carry an Errors & Omissions (E&O) policy in the amount not less than \$500,000 per occurrence or such other amount as CRL may require, covering Agent and naming CRL as an additional insured, issued by a company acceptable to CRL. Evidence of such coverage shall be provided CRL upon initial licensing and at renewal.
- 2.6 Any indebtedness due from Agent or his sub-agents will be a first lien on any monies due or to become due under this Agreement and the Company may, at any time, deduct from any monies due Agent, any such indebtedness together with interest at the legal rate and any collection costs incurred by the Company. The Company has the right to charge and collect interest up to the highest lawful rate on debit balances created by the Agent or his sub-agents, no matter how such balances were created.
- 2.7 Any dispute arising out of or related in any manner to this Agreement shall be settled by arbitration in accordance with the following terms and with the Ohio Rev. Code, §2711 et. al., and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. If a dispute arises which the parties in good faith cannot settle, either party may within six (6) months from the alleged breach or occurrence resulting in the dispute make a demand for arbitration by filing a demand in writing with the other party and serving the same by depositing it in the U.S. mail, return receipt requested. CRL and Agent shall each choose, within sixty (60) days after demand for arbitration is mailed, a former officer or executive of an insurance company to serve as an arbitrator and the two appointed arbitrators shall choose a third arbitrator possessing the same qualifications. If either party fails to appoint an arbitrator within sixty (60) days of after the written demand for arbitration was mailed, the party who has appointed an arbitrator may petition the Cuyahoga Court of Common Pleas for an order compelling the non-complying party to appoint its arbitrator. All reasonable costs incurred as a result of obtaining the court order compelling appointment of an arbitrator shall be paid by the non-complying party. All arbitration proceedings and any judicial proceedings necessary to enforce this agreement to arbitrate shall take place in Cuyahoga County, Ohio. Each of the parties hereby irrevocably waives punitive, exemplary, consequential and other non-compensatory damages in connection with any arbitration award with respect to the dispute. The costs and expenses of arbitration, including the fees of the arbitrators and any attorneys' fees, shall be borne by the losing party or in such proportions as the arbitrators shall determine.
- 2.8 Vesting— Compensation After Termination. Unless Agreement has been canceled or terminated for cause, upon termination of this Agreement with the Company by either party the Company will pay either to the Agent or in event of death or total disability of Agent to Agent's surviving spouse, next of kin or legal representative, as the Company may elect or, if this Agreement is with a corporation or partnership to the corporation as follows:
 - (a) The remainder of the first policy year commission including overwrite commissions on sub-agents of Agent.
 - (b) Upon termination of this Agreement overwrite commissions and renewal commissions on both agent and sub-agents of Agent shall be vested on business in force on date of termination. In the event sub-agents of Agent continue to write business after date of termination, Agent shall not be paid overwrite commission on that new business.
 - (c) When the total renewal commission payable to the Agent is less than \$600 in any calendar year, then such compensation payments shall cease.

SECTION 3: MISCELLANEOUS PROVISIONS

- 3.1 Agent agrees to abide by the laws of the state in which he/she holds a license to solicit insurance and all rules, regulations and procedures of CRL.
- 3.2 Agent agrees to indemnify and hold CRL harmless from any and all loss, cost, liabilities, or damages which are incurred by CRL as a result of Agent's acts or omissions or the acts or omissions of Agent's employee(s), agent(s) or licensee(s), including, but not limited to, such acts as fraud, misrepresentation or the violation of any law, regulation or provision of this Agreement.
- 3.3 CRL agrees to indemnify and hold Agent harmless from any and all loss, cost, liabilities, or damages which are incurred by Agent as a result of CRL or its employee(s), agent(s) or licensee(s) acting in violation of a law or regulation or engaging in fraudulent or acts of misrepresentation.
- 3.4 Agreement shall continue in full force and effect until terminated in one of the following ways:
 - (a) Without cause by CRL or Agent with advance written notice to the other party at the last known mailing address, which notice shall be deemed received when deposited in the U.S. mail, return receipt requested;
 - (b) For cause, if Agent or any of Agent's employees shall:
 - (i) commit any fraud in connection with Agent's duties under this Agreement;
 - (ii) violate any terms of this Agreement, or any agreement between Agent and CRL and/or any applicable federal or state the laws or regulations governing insurance the business of insurance;
 - (iii) be charged with or convicted of a felony;
 - (iv) publish, distribute or use any circulars, advertising, sales material or other matter referring to CRL or to policies or insurance companies without first securing the written consent of CRL; or
 - (v) communicate with any CRL employer or certificate holder for the purpose of replacing a CRL policy with a policy from another company.
 - (c) Immediately upon cancellation or suspension of Agent's license by a state or by CRL; or
 - (d) Upon death of Agent.
- 3.5 CRL shall not be affected by any assignment of the commissions payable under Agreement until the original or a certified copy of the assignment on a form approved by CRL has been received at its CRL's corporate office in Cleveland, Ohio. CRL does not assume responsibility for the validity or sufficiency of any assignment. CRL's payment of any assigned commissions fully releases CRL from any further obligations related to such commissions.
- 3.6 Regardless of the date signed, Agreement shall be effective on the date all licensing requirements are completed to CRL's satisfaction. Agreement shall be construed in accordance with the laws of the State of Ohio.
- 3.7 Unless inconsistent with state law, CRL shall deduct all renewal licensing fees from the Agent's commission account as they become due unless Agent has requested in writing that the reimbursement for the fee be handled in another manner.

SECTION 4: AGENT CODE OF ETHICS AND PROCEDURES

You are a professional in the business of insurance. As such you realize the importance of maintaining the highest standard of ethics in dealing with the consumer and with each of the insurance companies you represent. In soliciting insurance or in otherwise providing insurance services, you are limited in the things you can say and do by insurance laws and the rules and practices of Central Reserve Life Insurance Company ("CRL"). The purpose of this Code of Ethics is to make you aware of CRL's general rules and regulations that you must comply with while acting as an "Agent" in the sale and servicing of CRL products.

4.1 General Rules (CRL's policies are written in simple and understandable terms and speak for themselves.)

As an Agent, you have **NO** authority to:

1. Bind insurance or bind CRL in any way, by any promise or agreement, unless and until approved in writing by CRL.
2. Waive or modify any of the terms or provisions of CRL's policies or applications, without approval in writing by CRL.
3. Waive or modify the terms of a Conditional Exclusion Rider or Individual Exclusion Rider.
4. Interpret, construe, misrepresent or otherwise adjudge the terms of our policies, including, but not limited to, whether:
 - (a) an individual or group is or may become insured;
 - (b) a condition or illness is covered under our policies; or
 - (c) a claim will be paid.(Such questions can only be answered by certain authorized Home Office Personnel.)
5. Advise an Employer, Employee, Applicant, or other person that insurance will be effective on a certain date unless and until the Home Office has approved and has stated the effective date in writing.
6. Collect any premium other than the initial premium nor to deposit any premium check into your personal or business accounts.
7. Advise the Employer/Applicant to cancel existing coverage.
8. Instruct the Employee/Applicant (applicant) not to disclose any conditions or illness of which he has informed you.
9. Act in any way contrary to the rules and regulations of CRL as described in this and other CRL manuals, agreements, rate books, or general instructions.
10. Act in any way contrary to the laws and regulations governing the insurance business.

4.2 Rules Pertaining to Application Solicitation and Underwriting

For group insurance, the Participation Request and Agreement must be completed in full either by the Employer or by the agent from information obtained directly from the Employer. It must be signed by an authorized representative of the Employer. You are responsible for making sure it is complete.

You are responsible for making sure all questions on the enrollment application have been answered fully and completely. Medical information should include details as to diagnosis, treatment and medications, dates of treatment, degree of recovery, and name and address of the doctor or hospital. All information must be disclosed by the applicant. Home Office underwriters are the only ones who are authorized to determine whether a condition is material. **No exceptions exist to this rule.** For example, if an applicant tells you he saw his doctor for the flu last year, you cannot tell him it is okay to omit the information; rather, you must tell him that he must disclose it on the application.

Applications which have cross-outs, white-outs, incomplete answers, or alterations will result in delay or the return of the application for completion and resubmission.

If the applicant is unable to sign the application and has a valid Power of Attorney, attach a copy of the Power of Attorney to the application.

In soliciting the insurance, you are responsible for fully explaining to the Employer/Applicant all provisions of the Participation Request and Agreement, a Specimen enrollment application, the group insurance plan selected by the Employer, and all insurance benefits, limitations, exclusions, and conditions as described in the current CRL brochure. If further clarification is required, refer to a current copy of the sample specimen booklet. Be sure the Employer understands that the master insurance contract governs in all respects.

Agents are not permitted to solicit, sell or procure an application for insurance until they have in their possession an insurance agent's license authorizing them to solicit, sell or procure applications.

If you are the agent who solicits and sells the insurance to an employee or applicant, then you must personally perform all of the duties outlined herein. Consequently, you may not send an agent who is not licensed by CRL to perform any of these responsibilities nor may you delegate any of these responsibilities to an associate or an employee. (This provision applies to responsibilities that you have because you are a *licensed agent* [such as soliciting insurance, explaining benefits to prospective insureds, and signing participation requests and enrollment applications as the agent of record]. It does not mean that you have to perform *every* task by yourself, such as simple clerical tasks that can be performed by others.)

The initial premium check must be an Employer/Applicant check and it must be made payable to "Central Reserve Life Insurance Company." No agent is authorized to deposit any check made payable to Central Reserve Life Insurance Company into any personal or business account. The agent only has the authority to accept the premium check and forward it to CRL.

After receipt of the enrollment forms, depending on state laws, CRL may decide

1. not to accept the group/Applicant;
2. to decline to insure some employees or dependents; or
3. to require condition riders.

No insurance coverage goes into effect until the Employer/Applicant receives written notice of acceptance from the Home Office.

You are required to advise the Employer not to cancel existing coverage until receipt of written notice of approval by CRL. Otherwise, if CRL does not approve the Employer group for coverage, the group may lose all insurance coverage. Also, occasionally, a requested effective date cannot be approved, and if the Employer group/Member has canceled prior coverage, there may be a gap in coverage.

The Agent is responsible for making certain that the Participation Request and Agreement and the other enrollment forms are completed properly. If the enrollment forms contain errors or if the requested information is missing or incomplete, consideration for coverage may be needlessly delayed. And if necessary, CRL will reject the submission and return the enrollment forms to the agent for proper completion and resubmission.

4.3 Rules Pertaining to Claims and Coverage

CRL will not make a determination until a complete claim has been submitted. Claims' decisions may be delayed because CRL may have to obtain medical records or confirm eligibility. All policy terms and provisions will be taken into consideration before a determination is made.

Insureds may be required to obtain pre-admission certification (commonly referred to as "pre-certification" even though emergency certifications are obtained after the fact). However, even if pre-admission certification is obtained, *it is not to be construed as a determination that benefits will be paid for the hospitalization.* **You may not telephone to obtain pre-admission certification for an insured.**

Medical information is confidential and cannot be disclosed to you.

Insureds with questions concerning claim matters should be directed to the Home Office Customer Service Representative.

4.4 Sanctions

Misconduct by you, including violation of this Code of Ethics, can result in immediate termination of your license with CRL or any other agreement with CRL, as the case may be. If the misconduct or violation warrants, CRL may report it to the appropriate Department of Insurance or other governmental agency. CRL reserves all rights it may have to take any necessary legal action as the situation warrants.

4.5 Training

The field manager or other comparable person is responsible for learning about and staying knowledgeable concerning CRL's insurance products, operating policies and practices and procedures. Although the field manager is responsible for training each Writing Agent, each individual Agent is ultimately responsible for making certain he or she is thoroughly familiar with CRL products and practices before soliciting business.

4.6 Field Manager Assignment/Reassignment

Release by Mutual Agreement: If an agent wishes to be reassigned to a different manager, the agent must request a release, in writing, from the current manager. The current manager must sign the release, indicating his/her agreement to the reassignment. A copy of the signed release must be forwarded to CRL's Licensing Department, which will record the change to the new manager.

Six Months of Not Writing Business: If an agent has not written any new business for a minimum of six (6) months, the Home Office shall have the right, in its sole discretion to reassign the agent to any other manager. Such reassignment may be initiated by the Home Office, or at the request of the writing agent or a manager.

Upon Cancellation of License: If an agent voluntarily cancels his/her license and *has* written new business during the immediately preceding six (6) months, the agent may only be re-licensed under the same manager he/she had at the time of cancellation or wait six (6) continuous months before requesting to be re-licensed with a different manager. During this six (6) month waiting period, the agent may not write any new business with CRL.

SECTION 5: PERSONAL INFORMATION

WHEREAS, state and federal laws and regulations have been enacted restricting the use and disclosure of Nonpublic Personal Financial Information, Nonpublic Personal Health Information and Protected Health Information, herein referred to as Personal Information (PI);

WHEREAS, the Parties wish to comply with such laws, including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") as amended, the federal Gramm Leach Bliley Act ("GLBA") as implemented on a state to state basis and the USA Patriot Act ("USAPA"), as well as with applicable regulations issued pursuant to HIPAA, GLBA and USAPA;

NOW, THEREFORE, for full and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

5.1 In performing its duties and obligations under the Agent Agreement, Agent shall have access to, create, receive, maintain or transmit PI. As such, Agent is a Business Associate. Accordingly, in performing its duties pursuant to the Agent Agreement, Agent hereby agrees that it shall:

- A. Not use or further disclose PI other than as permitted or required by the Agent Agreement or as otherwise permitted or required by law.
- B. Use appropriate safeguards to prevent unauthorized uses or disclosures of PI. Upon request of CRL, from time to time, Agent shall provide information to CRL regarding such safeguards.
- C. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of data that is electronically exchanged, including, without limitation, electronic PI that it creates, maintains or transmits on behalf of CRL. Upon request of CRL, from time to time, Agent shall provide information to CRL regarding such safeguards.
- D. Promptly report to CRL any security incident of which it becomes aware and any unauthorized uses or disclosures of PI of which it becomes aware, and mitigate, to the extent practicable, any harmful effect known to Agent of a use or disclosure of PI by Agent in violation of the requirements of this Agreement.
- E. Ensure that any agents of Agent, including, but not limited to, contractors and subcontractors, to whom Agent provides PI (including, without limitation, electronic PI) received from CRL, or created or received by Agent on behalf of CRL, agree to the same restrictions and conditions that apply to Agent with respect to such information, including, without limitation, the obligation to implement reasonable and appropriate safeguards to protect electronic PI.
- F. Notify CRL in writing within five (5) business days of any requests received by Agent from individuals seeking access to or copies of PI received or created by Agent on behalf of CRL, and respond to such requests when and as directed by CRL.
- G. Notify CRL in writing within five (5) business days of the receipt by Agent of any requests from individuals seeking to amend PI maintained by or on behalf of CRL, and respond to such requests when and as directed by CRL. Additionally, when and as notified by CRL, Agent shall incorporate any amendments, corrections and/or other documents or information to PI maintained by Agent and shall notify its contractors and subcontractors who receive PI of any such amendments, corrections and/or other documents or information.
- H. Notify CRL in writing within five (5) business days of any requests received by Agent from individuals seeking an accounting of disclosures of Protected Health Information and respond to such requests when and as directed by CRL. Additionally, Agent shall maintain and make available to CRL upon request a record of all disclosures of Protected Health Information made, including, at a minimum, the date of each disclosure, the name and address of the recipient of the Protected Health Information, a description of the Protected Health Information disclosed and the purpose of and basis for the disclosure.
- I. Make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from CRL, or created or received by Agent on behalf of CRL, available to CRL, or at the request of CRL, to the Secretary of the Department of Health and Human Services (the "Secretary") for purposes of determining CRL's compliance with HIPAA and the privacy regulations there under. Copies of any Protected Health Information so provided by Agent to the Secretary also shall be provided to CRL.
- J. At termination or expiration of the Agent Agreement, if feasible, return or destroy all PI received from CRL, or created or received by Agent on behalf of CRL, that Agent still maintains in any form, and retain no copies of such information; or, if such return or destruction is not feasible, Agent shall extend the protections of this Addendum to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

5.2 Agreements Related to USA Patriot Act Obligations: CRL is governed by federal laws which require CRL to comply with the Customer Identification section under the USA Patriot Act ("USAPA"). Under this regulation, insurers must set forth standards regarding the identity of their customers in connection with the purchase of insurance. Accordingly, CRL is required to obtain the following commitments from Agent, and Agent agrees it shall:

- A. For face-to-face solicitation, agents must confirm the identity of an individual applying for coverage. The identity of the individual must be confirmed by viewing either their driver's license, state identification or passport. Employer business will be confirmed by submission of a current wage and tax statement with the application for proper underwriting review. For all other solicitations (i.e. electronic or telephone solicitation), the agent must obtain at least their name, address, telephone number and Social Security Number for CRL to verify. All business will be run through CRL's routinely checked government-issued lists of known or suspected criminals.

- B. Not conduct business transactions with customers who provide suspicious identities or who fail to provide confirming evidence of their identities.

5.3 Injunctive Relief; Indemnification:

- A. Injunction: The parties acknowledge and agree that in the event of a breach or threatened breach by Agent of its duties and obligations hereunder with respect to PI, CRL shall be irreparably and substantially harmed and that remedies at law will not be an adequate remedy for such breach. Accordingly, in such event CRL shall be entitled to immediate injunctive relief against such breach or threatened breach. Such rights to injunctive relief shall be in addition to and not in limitation of any other legal and equitable relief available to CRL under applicable law.
- B. Indemnification: Agent hereby agrees to indemnify, defend and hold harmless CRL, its board of directors, officers, members, agents, employees, contractors, and personnel (the "Indemnitees") from and against any and all claims, demands, suits, actions, losses, expenses, costs (including reasonable attorney fees), obligations, damages, deficiencies, penalties, causes of action and liabilities (collectively, "Claims") incurred by CRL as a result of or that are proximately caused by any breach of the duties and obligations of Agent hereunder. CRL shall provide to Agent prompt written notice of relevant information and reasonable assistance (at Agent's expense) as may reasonably be requested by Agent in connection with the defense of any Claim. Notwithstanding the foregoing, Agent shall not settle any Claim with the consent of CRL which consent shall not be unreasonably withheld.

- 5.4 Termination: In addition to any other grounds for termination in the Agent Agreement, CRL may immediately terminate the Agent Agreement and any other contracts between CRL and Agent if it determines that Agent has violated any material requirements of applicable state or federal law or this Agreement. Alternatively, at the discretion of CRL, CRL may grant to Agent a reasonable time in which to cure any such violations to the reasonable satisfaction of CRL. The duties and obligations of Agent under this Agreement shall continue in effect notwithstanding any such termination.

5.5 Miscellaneous:

- A. Notices. Any notices to be provided hereunder shall be delivered in writing or electronically as follows:
- | | | | |
|------------|------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------|
| If to CRL: | Privacy Site Official
Central Reserve Life Insurance Company
17800 Royalton Road, Strongsville, Ohio 44136 | If to Agent: | CRL's last recorded
Address for Agent |
|------------|------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------|
- B. Amendment. The parties agree to amend this Agreement as necessary for CRL to comply with any future amendments or clarifications to HIPAA, USAPA or GLBA.

5.6 The Following Definitions Apply:

"Health Information" means any information, whether oral or recorded, in any form or medium that:

- (a) is related by the consumer, or is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse; and
- (b) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual.

"Individually Identifiable Health Information" means Health Information, including demographic information collected from an individual, and that:

- (a) is created or received by a health care provider, health plan, employer, or health care clearinghouse; and
- (b) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and
 - (i) that identifies the individual; or
 - (ii) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

"Nonpublic Personal Health Information" means Health Information:

- (a) that identifies an individual who is the subject of the information; or
- (b) with respect to which there is a reasonable basis to believe that the information could be used to identify an individual.

"Nonpublic Personal Financial Information" means:

- (a) Personally Identifiable Financial Information; and
- (b) any list, description or other grouping of consumers (and publicly available information pertaining to them) that is derived using any Personally Identifiable Financial Information that is not publicly available.

"Personally Identifiable Financial Information" means any information that:

- (a) a consumer provides to obtain an insurance product or service from a licensee;
- (b) about a consumer resulting from a transaction involving an insurance product or service between a licensee and a consumer; or
- (c) is otherwise obtained about a consumer in connection with providing an insurance product or service to that consumer.

"Protected Health Information" means Individually Identifiable Health Information that is:

- (a) transmitted by electronic media; and
- (b) maintained in any medium deemed to be electronic media in HIPAA, or transmitted or maintained in any other form of medium.

All other terms and conditions of the Agent Agreement between the Parties remain unchanged and in full force and effect.

SECTION 6: CRL'S RIGHT TO AMEND AGREEMENT

6.1 CRL has the right, in its sole discretion, to amend Agreement, including by not limited to, changing the amounts payable as commissions. Any such amendment shall apply to all rewrites/reinstatements, to any new business and to any increases in premium at renewal on or after the effective date of the amendment.

AGREED AND ACCEPTED:

AGENT'S SIGNATURE: X _____

AGENCY:* _____

BY: _____

TITLE: _____ Date: _____

*Authorized agency's/corporate officer's signature is required only when appointing an agency or corporation.

CENTRAL RESERVE LIFE INSURANCE COMPANY

BY: _____

TITLE: _____ Date: _____