



Contact AUI, Inc. for information  
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FEDERAL I.D. NUMBER \_\_\_\_\_

AGENCY CODE \_\_\_\_\_

## **AGENCY CORRESPONDENT'S AGREEMENT**

THIS CORRESPONDENT'S AGREEMENT, made as of the \_\_\_\_ day of \_\_\_\_\_, 2005, between AUI, Inc. a Texas Corporation of Austin, Texas (AUI), and

\_\_\_\_\_  
(AGENCY NAME--Please Print)

\_\_\_\_\_  
(ADDRESS)

\_\_\_\_\_  
(PHONE & FAX)

\_\_\_\_\_  
(EMAIL)

### WITNESSETH:

WHEREAS, AUI is a licensed excess and surplus lines agent in the State of Texas and is in the business of placing contracts of insurance with various insurers who may not be admitted to do business in the State of the insured residence; and

WHEREAS, Correspondent is a licensed property and casualty agent and may from time to time request AUI to obtain property and casualty insurance coverage for customers of the Correspondent;

### THEREFORE, AUI AND CORRESPONDENT AGREE AS FOLLOWS:

#### 1. SCOPE OF AGREEMENT

This agreement shall govern the relationship between AUI and Correspondent with respect to all policies of insurance insuring clients of Correspondent heretofore or hereafter obtained by AUI at the request of Correspondent. Nothing contained herein shall be construed to require Correspondent to obtain insurance through AUI, nor to require AUI to accept orders for insurance from the Correspondent.

#### 2. DURATION AND TERMINATION

This agreement shall continue in effect until terminated by either party upon written notice. Notwithstanding such termination, this agreement shall continue to apply to all policies ordered by correspondent through AUI prior to the effective date of termination.

**3. CORRESPONDENT'S AUTHORITY**

Nothing contained in this agreement shall be construed to constitute Correspondent an agent for AUI in any respect, and Correspondent shall have no authority to, and agrees that it will not, make representation on behalf of AUI, or obligate AUI, to clients of Correspondent, to insurers represented by AUI, or to any other third parties.

**4. OWNERSHIP OF BUSINESS AND EXPIRATIONS**

Correspondent shall have the ownership of all insurance business subject to this agreement and the use and control of all expirations with respect to insurance obtained through AUI, except that if Correspondent shall at any time be in default in any of its obligations hereunder, then AUI shall have the right, so long as such default shall continue, to the exclusive use and control of any or all such expirations and to apply any proceeds thereof to the fulfillment of such obligations of Correspondent, provide that minor accounting discrepancies shall not be deemed to constitute a default for the purposes of this paragraph.

**5. LICENSE OF CORRESPONDENT**

Correspondent represents and warrants to AUI that Correspondent is licensed as a property and casualty insurance agent and Correspondent shall continue to be so licensed during the duration of this agreement with respect to all insurance business which Correspondent shall submit to AUI.

**6. PLACEMENT OF ORDERS**

Correspondent agrees that it shall not place an order with AUI for any excess or surplus lines insurance unless Correspondent shall have first complied with any applicable state laws requiring Correspondent to attempt to procure such insurance from insurers authorized to do business in the State of residence of the proposed insured. This paragraph applies only to orders for excess or surplus lines insurance. Premium and tax on each policy shall be due and payable within thirty (30) days from the effective date of the policy or as specifically agreed on an individual policy prior to binding, provided that, so long as Correspondent may withhold therefrom any commission payable to the Correspondent with respect thereto pursuant to paragraph 7 hereof. If any insured shall default in the payment of any premium and/or tax as and when due, AUI shall have the right, and is hereby authorized by the Correspondent, to take all necessary action, including legal action, to collect the premium and tax directly from the insured, but the taking of any such action by AUI shall not relieve Correspondent of its obligation to pay such premium and tax to AUI.

**7. COMMISSIONS**

AUI shall pay to Correspondent commissions upon premiums actually paid over to AUI with respect to policies of insurance ordered through AUI by Correspondent, at rates agreed to between AUI and Correspondent in each individual case. AUI shall deduct from each return premium (including any return premium arising from a cancellation ordered by AUI) a return commission calculated at the same rate as Correspondent's original commission thereon.

**8. CANCELLATION OF INSURANCE**

Nothing contained herein shall be construed to limit or restrict any right of cancellation contained in any binder, covernote, policy or contract of insurance. Correspondent shall not be entitled to any flat cancellation, and Correspondent shall be liable to AUI for any earned premium and taxes (if any) thereon, whether or not Correspondent has collected from the insured.

**9. CLAIMS**

Correspondent shall cooperate fully with AUI and the insurer to facilitate the investigation, adjustment, settlement, and payment of any claim.

10. INSPECTIONS AND ADJUSTMENTS

AUI or its duly authorized representatives shall have the right at any time or times, during normal business hours, to audit any insurance hereunder and to inspect Correspondent's books and records in connection therewith, to the extent such audit or inspection is deemed necessary by AUI to verify Correspondent's compliance with its obligations under this agreement. Correspondent shall promptly report and pay to AUI any additional or return premiums which may become due as a result of any adjustments.

11. INDEMNIFICATION

Correspondent shall indemnify and hold harmless AUI with respect to any and all claims, actions, liabilities, suits and expenses, including attorney's fees, in any manner arising or resulting from any breach by Correspondent or any provision of this agreement or from any warranty or representation by Correspondent contained herein being false in any material respect.

12. NO THIRD-PARTY BENEFICIARIES

This agreement is for the exclusive benefit of the parties hereto, and no third party, including, without limitation, any insured, is intended to be or shall be a beneficiary of any provision hereof.

13. ADDITIONAL PROVISIONS

Correspondent shall not assign any of its rights, or delegate any of its obligations, under this agreement without the prior written consent of AUI. No failure by either party to require performance by the other party or any provision hereof shall be waiver of such provision, and no waiver or amendment of any provisions hereof shall be effective unless in writing. This agreement constitutes the entire agreement of the parties and supersedes all prior agreements, whether written or oral. Subject to the prohibition against assignment or delegation by Correspondent, this agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

14. ADJUSTABLE POLICIES

AUI agrees that, if an audit of an adjustable insurance policy results in additional premium due from the insured and if (a) Correspondent notifies AUI in writing that Correspondent has been unable, after reasonable effort, to collect such additional premium from the insured and (b) the insurer waives AUI liability for the additional premium, then AUI will waive Correspondent's liability for such premium. In the event of such waiver by AUI, then, notwithstanding the provisions of paragraph 7 hereof, Correspondent shall not be entitled to any commission with respect to any part of such additional premium which may be collected from the insured.

IN WITNESS WHEREOF, the parties have executed this Correspondent Agreement as of the day and year first above written.

CORRESPONDENT \_\_\_\_\_  
(SIGNATURE OF PRINCIPAL)

BY \_\_\_\_\_  
(PRINT NAME)

POSITION \_\_\_\_\_

**AUI, INC.**

BY \_\_\_\_\_

POSITION                      PRESIDENT