

GUARDIAN EMPLOYMENT PRACTICES LIABILITY INSURANCE PROGRAM AGREEMENT

The Guardian Employment Practices Liability Insurance Program Agreement (“Agreement”), initiated as of the effective date shown below, is entered into by and between Rockwood Programs, Inc. (“Rockwood”) and the undersigned Insurance Agency Partner (“Partner”).

WHEREAS, Rockwood administers a proprietary Employment Practices Liability Insurance (EPLI) product specifically designed for entities with 15 or fewer employees; and

WHEREAS, the Partner wishes to offer EPLI coverage to all of their existing and prospective clients.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree as follows:

1. ROCKWOOD DUTIES

Rockwood agrees to perform the following:

- A. Provide Guardian EPLI applications, customized with the Partner’s logo and contact information, in an electronic format.
- B. Grant Partner with access to an on-line array of marketing materials designed to support the Partner’s efforts to promote and sell the Guardian EPLI product. These materials include:
 - i. Product Fact Sheets
 - ii. Responses to Frequently Asked Questions
 - iii. Overcoming Common Objections
 - iv. EPLI Claims Scenarios
 - v. Specimen Policy Forms
- C. Offer fast track processing of any Guardian EPLI application submitted by the Partner.
- D. Provide risk management tools for all of the Partner’s insureds that purchase the Guardian EPLI product.
- E. Handle all surplus lines filings and remittances resulting from Guardian EPLI placements.
- F. Pay the Partner a 10% commission on all Guardian EPLI premiums up to \$100,000. The compensation level will be increased to 12.5% retroactive to first dollar once the \$100,000 threshold is reached. NOTE: commission will not be paid on policy fees.
- G. Provide access to alternative markets for EPLI risks that do not qualify for placement under the Guardian Program.

If Rockwood fails to perform the activities listed above, the Partner may unilaterally terminate this Agreement.

2. PARTNER DUTIES

The Partner agrees to perform the following:

- A. Include a Guardian EPLI quote with every new business and renewal risk.
- B. Utilize Rockwood to place accounts falling outside of the Guardian EPLI eligibility parameters.

If the Partner fails to perform the activities listed above, Rockwood may unilaterally terminate this Agreement.

3. NON-DISCLOSURE AND LIMITATIONS ON USE OF PROPRIETARY INFORMATION

The Partner agrees not to use, copy or disclose, directly or indirectly, to any third party, any internal procedures, agency networks, or market contacts Rockwood may use in execution of this Agreement without the prior written consent of Rockwood. Rockwood agrees not to use, copy or disclose, directly or indirectly, to any third party, any insights gained into the Partner's marketing strategies, internal workflows/procedures, or customer databases without the prior written consent of the Partner.

The obligations of both Rockwood and the Partner under this Agreement with respect to confidentiality, non-disclosure and limitations on the use of proprietary information shall survive the termination of this Agreement.

4. TERMINATION

Either party shall have the right at any and all times to terminate this Agreement by providing 90 days advance written notice. Any such termination shall not affect the rights and obligations of either party prior to the effective date of the termination.

IN WITNESS WHEREOF: The parties hereto have signed this MARKETING SERVICES AGREEMENT commencing _____ by their duly authorized representatives on _____.

WITNESS:

By: _____

INSURANCE AGENCY PARTNER:

By: _____

WITNESS:

By: _____

ROCKWOOD PROGRAMS, INC.:

By: _____
Glenn W. Clark - President

The Rockwood Guardian EPLI Program is specifically tailored to address the employment-related liability exposures faced by smaller firms. The rate table shown below is only for those prospects with the following characteristics:

- 15 employees or less • No previous employee-related claims for minimum of 3 years • **Not** domiciled in California or Texas
- Does **not** require Prior Acts Coverage • Business is **not** a franchise restaurant, law firm, physician/medical group practice.

Risks not fitting the parameters shown above should contact Rockwood Programs for additional information.

All premiums shown below assume a \$5,000 deductible. Coverage is written on a surplus lines basis.

| SELECT (Check One) | COVERAGE DESCRIPTION | LIMIT OF LIABILITY | PREMIUM | RPG FEE REQUIRED | TOTAL DUE PREMIUMS+FEE |
|--------------------------|----------------------|---------------------|-----------|------------------|------------------------|
| <input type="checkbox"/> | Defense Only* | \$ 50,000/\$ 50,000 | \$ 400.00 | + \$100.00 | \$ 500.00 |
| <input type="checkbox"/> | Defense & Indemnity | \$100,000/\$100,000 | \$ 750.00 | + \$100.00 | \$ 850.00 |

**Not Available in New York.*

I GENERAL INFORMATION

A Name of Applicant _____

Address _____ City _____ State ____ Zip _____

B Contact Person _____ Title _____ Phone (____) _____

C Describe Nature of Business _____

D How Long Has The Company Been In Business _____ Years Under Current Management _____ Years

E Number of Employees: Full Time _____ Part Time _____ Temporary/Seasonal _____

F Does the applicant anticipate any office closings, consolidations, or layoffs, affecting 20% or more of the employees within the next eighteen (18) months? Yes No *If "Yes", please provide details on a separate sheet.*

II LOSS HISTORY

A Have you had any EEOC or NLRB charges, state or local judgments, or demand letters from current or former employees or their attorneys received by the applicant over the past five years? Yes No *If "Yes" please provide details on a separate sheet.*

B Have you had any lawsuits, mediations, arbitrations, or negotiated settlements entered into with any current or former employee by the applicant for the past five years? Yes No *If "Yes" please provide details on a separate sheet.*

C Are you aware of any circumstances that might give rise to a claim under this policy? Yes No *If "Yes" please provide details on a separate sheet.*

This Applicant acknowledges that any claims or incidents reported in, or that should have been reported in, this Section II will be excluded from coverage.

PAYMENT OPTIONS

A Check for Full Amount Due, Payable to Rockwood Guardian EPLI RPG.

B Credit Card: VISA MasterCard AMEX _____
CREDIT CARD NUMBER EXP DATE

_____ Date _____ Applicant's Authorized Signature

Agent's Name _____ Agency _____

Tel (____) _____ Email _____

THE APPLICANT WARRANTS THAT THE STATEMENTS AND RESPONSES TO THE QUESTIONS ON THIS APPLICATION ARE TRUE AND COMPLETE. THIS APPLICATION DOES NOT BIND THE APPLICANT OR THE COMPANY, NOR DOES IT OBLIGATE THE COMPANY TO ISSUE A POLICY. SUCH POLICY MAY BE CANCELLED BY THE COMPANY FROM INCEPTION UPON DISCOVERY THAT THE POLICY WAS OBTAINED THROUGH A FRAUDULENT STATEMENT, OMISSION, OR CONCEALMENT OF THE FACTS MATERIAL TO THE ACCEPTANCE OF THE RISK OR HAZARD ASSUMED.

FREQUENTLY ASKED QUESTIONS REGARDING THE ROCKWOOD GUARDIAN EPLI PROGRAM

1 *What is Employment Practices Liability Insurance?*

Employment Practices Liability Insurance (EPLI) provides defense and indemnity protection against claims arising from the employer/employee relationship. The policy shields employers - plus all current, former, and prospective employees, directors and officers, even the corporate entity - against a broad spectrum of employment-related claims.

2 *What is Employment Practices Legal Expense Insurance?*

Employment Practices Legal Expense Insurance (EP LEX/R) provides defense protection against claims arising from the employer/employee relationship. The policy shields employers - plus all current, former, and prospective employees, directors and officers, even the corporate entity - against a broad spectrum of employment-related claims.

Employment practices claims are excluded from most Business Owners Policies (BOP), General Liability, and Errors & Omissions forms. You must purchase EPLI or EP LEX/R to have coverage.

3 *What events are covered?*

This coverage is designed to protect the insured against allegations of the following wrongful employment act:

- **Discrimination** (failure or refusal to hire or any other wrongful treatment of persons based on their race, sex, color, religion, sexual orientation, age, disability or other status that is protected by federal, state, or local statute or ordinance);
- **Harassment** (of either a sexual or non-sexual nature); and
- **Wrongful Termination** (any actual or alleged wrongful dismissal, discharge or termination of employment, including breach of contract).

4 *What is the difference between the “Defense Only” and “Defense & Indemnity” coverage options?*

Both options are designed to provide legal counsel to represent the insured against allegations of any covered wrongful employment act. This protection is provided even if the claim is groundless or fraudulent. Covered costs include attorney’s fees, investigation, and research expenses. Under the “Defense & Indemnity” option, judgments and awards resulting from actions brought against the insured will also be included, up to the applicable limits of liability.

5 *What is a Risk Purchasing Group?*

A purchasing group is comprised of insurance buyers who band together, typically on a national basis, to purchase their liability insurance coverage from an insurance company. Purchasing groups (PGs) provide advantages both for members and the insurance carrier. Applicants enrolling in the Rockwood Guardian benefit from having access to a program with tailor-made coverages, broader coverage terms, and a competitive rate structure.

As part of the Rockwood Guardian EPLI RPG, policyholders are also given access to a broad array of risk management tools that are second to none. The Rockwood Guardian Helpline services provide on-line content including forms, checklists, Federal and state regulation updates, articles, and human resources reference materials. This package is designed to help companies identify and resolve employment-related issues **before** they become claims.

6 *What do you mean by “Coverage written on a surplus lines basis”?*

The Rockwood Guardian EPLI program is underwritten by surplus lines (non-admitted) insurers. This means that the carriers’ rates and policy language are not subject to Insurance Department review or most state insurance statutes. This gives the companies maximum flexibility to provide a market for unique, specialized, or hard-to-place risks. Insurance policies written on a surplus lines basis are also not covered under individual state guaranty funds. We should note here that the carriers underwriting the Guardian program are rated “A” or better by A.M. Best for its stability and claims-paying ability.
