



**BlueCross BlueShield
of Vermont**

Independent Licensees of the Blue Cross and Blue Shield Association.

www.bcbsvt.com



Standard Producer Commission Agreement

Last Revised: November, 2008

Standard Producer Commission Agreement

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Agreement Purpose The Standard Producer Commission Agreement is established for the sole purpose of allowing the Producer to solicit applications from Employer Groups for access to Blue Cross Blue Shield (BCBS) and the Vermont Health Plan (TVHP) insurance products as set forth in the “Producer Commission Schedule”, which is attached and incorporated herein.

Required Documents The BCBSVT Broker Relations Consultant must receive completed documents as follow prior to payment of commissions:

- Vermont Accident, Health and HMO Producer License
- Producer Agreement Acknowledgement and Information Form
- SADBUS Survey Form
- Direct Deposit Form
- W-9

I. Definitions

Producer An independent agent or agency who consults with Employer Groups on health care purchasing decisions.

Broker of Record (BOR) The licensed, individual Producer who is appointed by the Employer Group.

BCBSVT The term “BCBSVT” shall include both Blue Cross and Blue Shield of Vermont and The Vermont Health Plan (TVHP).

Employer Group The term “Employer Group” shall apply to employer groups that have at least one covered life.

Premium The term “Premium” shall mean the monthly amount paid to BCBSVT by the Employer group for health care benefit plan coverage.

Live(s) The term “Live(s)” shall mean an Employer Group employee eligible for health insurance coverage under BCBSVT’s Underwriting Guidelines.

II. Terms and Conditions

Introduction This agreement is established for the sole purpose of allowing the Producer to solicit applications from Employer Groups for access to BCBSVT insurance products as set forth in the “Producer Commission Schedule”, which is attached and incorporated herein. The parties agree to the following Terms and Conditions:

- A. Independent Contractor
- B. Solicitation
- C. Rules and Regulations
- D. Limits of Authority
- E. Appointments
- F. Indemnity
- G. Compliance
- H. Collection of Premiums
- I. Termination
- J. Reservations of Rights

A. Independent Contractor The Producer is an independent contractor and nothing in this Agreement will be construed to create any partnership, agency or employment relationship of any kind between the Producer and BCBSVT. The Producer acts on behalf of its Employer Group clients and has not been appointed as a Producer by BCBSVT.

B. Solicitation The Producer shall make no solicitation for health care benefit plans unless the Vermont Accident Health and HMO license required by law has been obtained. Producer must maintain a valid license with the State of Vermont at all times. Commissions will terminate if Producer fails to provide BCBSVT with a copy of producer’s valid license or to otherwise comply with the requisite State statutes and/or regulations.

C. Rules and Regulations The Producer agrees to abide by all BCBSVT rules and regulations. In doing so, the Producer agrees NOT to:

- Make any untrue statements or misrepresentations or omit any material fact concerning the insurance involved;
- Rebate or offer to rebate all or any part of the premium on a policy or health care benefit plan issued or to be issued by BCBSVT;
- Withhold any money or property of BCBSVT;
- Induce or endeavor to induce any policyholder to discontinue the payment of Premiums or relinquish any policy.

The Producer shall use only sales literature, letters or advertising material

furnished by BCBSVT or approved in writing by BCBSVT to promote BCBSVT products.

The Producer shall make no modification to any sales literature or advertising materials furnished by BCBSVT, including electronic media. Prohibited changes include, but are not limited to, changes in content and format.

The Producer shall not use any BCBSVT sales literature, letters or marketing material prior to the date Producer is authorized to do so by BCBSVT. This includes electronic media.

Furthermore, when posting materials electronically on a website, the Producer is solely responsible for the accuracy of the information and documents presented on that website. BCBSVT reserves the right to audit Producer's website solely at its discretion.

D. Limits of Authority

The Producer has no authority to do or perform, and expressly agrees not to perform the following acts on behalf of BCBSVT or its employees:

- incur any indebtedness or liability;
- waive, alter, modify or extend the amount or time of any premium payment due to BCBSVT;
- make, alter or discharge contracts;
- quote rates other than quoted by BCBSVT.

E. Appointments

BCBSVT does not appoint Producers to act as agent for the Plan.

F. Indemnify

The Producer shall indemnify and hold harmless BCBSVT from any expenses, lawsuits, damages and attorney fees resulting from Producer's negligence, willful acts or omissions. Furthermore, the Producer will indemnify and hold harmless BCBSVT and any BCBSVT affiliate, officer, director, or employee from and against any claim, cause of action, liability, damage, cost or expense, including attorney's fees and court or proceeding costs, arising out of or in connection with any unauthorized use or disclosure of Protected Health Information or any other material breach of the terms of this Agreement by the Producer or any person or entity under the Producer's control. The Producer's obligation to indemnify BCBSVT will survive the expiration or termination of this Agreement. BCBSVT may, at its option, conduct the defense or settlement of any such action arising as described herein, and the Producer shall fully cooperate with such defense.

G. Compliance The Producer shall comply in all respects with all applicable Federal and State laws and regulations.

H. Collection of Premium The Producer is only authorized to collect the initial Premium. Premium collection made payable to BCBSVT in the form of an applicant's check or money order is the only remittance allowed. Producer shall promptly report and remit to BCBSVT all Premium collections without commingling such Premiums.

I. Termination Either party may terminate this Agreement by serving written notice of the intent to terminate. Such notice shall be personally delivered or mailed to the last known address of the other party. Any notice of the termination will be deemed given on the day mailed or personally delivered.

- Termination without Cause: In the event this Agreement is terminated without cause, the terminating party shall provide notice at least 30 days prior to the termination date.
- Termination for Cause: In the event that either party breaches this Agreement, the non-breaching party shall have the right to terminate this Agreement on ten (10) days prior written notice of such termination; provided that, if the breaching party cures the breach within said ten-day period, then this Agreement will remain in effect.

J. Reservations of Rights BCBSVT reserves the right, at its sole discretion, to revise, discontinue, withdraw or change any rates, policies or forms.

III. Commission

Upon submission and acceptance of a completed and signed Benefit Program Application which results in a policy being issued, along with correct paid Premium, BCBSVT agrees to pay the Producer subject to the terms and conditions of this Agreement, the applicable commission as set forth in the "Producer Commission Schedule." The parties acknowledge that the commission paid hereunder will be paid by BCBSVT on behalf of Producer's clients who purchase health care benefit plans from BCBSVT. BCBSVT's charges to said clients will include the amount of commission payable to Producer hereunder. BCBSVT in no way guarantees payment or collection of such commission from Producer's clients.

BCBSVT reserves the right to unilaterally change the rate of commission paid on any product(s) under this Agreement at any time. This Agreement applies only to Premium received for those products specified in the Producer Commission Schedule and not any Premium received by or on behalf of any subsidiary or affiliate.

All commission shall be computed as described in the Producer Commission Schedule and shall be based on paid Premium received by BCBSVT for the coverage furnished. Commissions are paid one month in arrears based on Employer Group invoices paid in full. (i.e. Commissions paid in February are based on fully-paid invoices in January).

Commission is payable only as long as the Producer is the Producer of Record for the Employer Group, as recognized by both the Employer Group and BCBSVT. Requests for a Producer of Record change must be submitted in writing and will become effective on the first of the month following receipt of request.

If any Employer Group covered under this Agreement ceases coverage with BCBSVT, commissions will also terminate for the Producer. No commission will accrue for any employee under an individual conversion policy.

It is the Producer's responsibility to review the monthly commission statements to ensure payment for all business sold. Discrepancies must be brought to the attention of BCBSVT's Broker Relations Consultant or designee in writing within 60 days of the original effective date to receive retroactive payment.

Any indebtedness or other financial obligations incurred by Producer to BCBSVT, arising at any time, will be offset by BCBSVT, at its sole discretion, against any monies due or which will become due to Producer.

BCBSVT will disclose to any Employer Group, upon request, the amount of commission and fees being paid to Producer(s) related to its coverage. Producer agrees to cooperate with BCBSVT in the dissemination and accurate disclosure of this information.

Commissions owed on Association business, for which a licensed Producer or Agency has been chosen by the Association as their exclusive Producer or Agency, will be paid directly to the chosen Producer or Agency and, therefore, may vary from the Producer Commission Schedule.

IV. Broker of Record

Initial Broker of Record Designations

Initial Broker of Record designations or requests must be submitted as follows:

- On the Employer Group's letterhead and signed by the authorized official or owner.

Or

- As noted on the BCBSVT Enrollment Agreement or Renewal Election form and signed by the authorized official or owner.
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Broker of Record Changes

BCBSVT recognizes the right of an Employer Group to change Broker of Record at any time. A written request from the Employer Group and a new Broker of Record letter, signed by the authorized official or owner, is required in order to implement a change of Broker of Record.

Broker of Record changes will become effective on the first of the month following BCBSVT receipt of request.

BCBSVT does not recognize retroactive transfer of a Broker of Record.

Requirements for Broker of Record documentation

The BOR Requests/Designations must contain the following information:

- Date of Request
- Group Name and Account Number
- Broker Name
- Signature

Producer Agreement Acknowledgement & Information Form

I/We, _____, hereby certify that I/we have read and fully understand the terms and conditions set forth in the Standard Producer Commission Agreement and its attachments.

Name of Agency:

Producer Name:

Business Mailing Address:

Phone: _____

Email: _____

(Commission statements and electronic correspondence will be sent to this email address unless otherwise noted.)

Signature: _____

Date: _____

Return this completed form along with:

- Vermont Accident, Health and HMO Producer license
- Producer Agreement Acknowledgement and Information Form
- SADBUS Survey Form
- Direct Deposit Form
- W9

Mail to:
BCBSVT
Attn: Product Coordinator
PO Box 186
Montpelier, VT 05601

Or Email to: broker@bcbsvt.com