



BROKER AND BROKER'S AGENT COMMISSION AGREEMENT

Universal Care

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This **BROKER AND BROKER'S AGENT COMMISSION AGREEMENT** (this "Agreement") is made and entered into this _____ day of _____ 20_____, by and between UNIVERSAL CARE, INC., a California corporation ("Universal Care"), with its principal office located at 1600 E. Hill Street, Signal Hill, California, and _____ (an Individual, a partnership or a corporation) ("Broker and Broker's Agent").

RECITALS:

A. Health Plan, is licensed by the Department of Managed Health Care ("DMHC") under Sections 1340 *et. seq.* of the California Health and Safety Code (the "Knox Keene Act") and the rules and regulations promulgated thereunder ("Regulations"). Health Plan is not an insurance company and is not regulated by the California Department of Insurance ("DOI").

B. Broker and Broker's Agent are duly and currently licensed insurance Broker and Agent with the DOI and are qualified to solicit enrollment of Individuals, employer and other Groups in health benefit plans offered, insured, administered and/or marketed by or through Health Plan.

C. Health Plan desires to engage Broker and Broker's Agent to solicit applications and enrollment of Individuals, employers and other Groups in health benefits plans offered, issued, administered and/or marketed by or through Health Plan, and Broker and Broker's Agent desires to provide these services to Health Plan; and

D. Broker and Broker's Agent has experience and expertise in soliciting, negotiating and procuring health benefit plans of the types which are and may be offered by Health Plan under the terms of this Agreement and Health Plan desires to use such experience and expertise of Broker and Broker's Agent on behalf of potential and future customers of Health Plan; and

E. The geographic area within which Broker and Broker's Agent and Health Plan shall perform their duties under this Agreement shall be the Service Area approved by the DMHC from time to time for Health Plan ("Market Area").

Now, therefore, in consideration of the mutual promises and covenants of the parties hereto, and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I Incorporation of Recitals

The recitals set for in Paragraphs A through E above are hereby incorporated into this Agreement. The parties enter into this Agreement as a full statement of their respective responsibilities hereunder.

ARTICLE II
Duties and Responsibilities of Broker and Broker's Agent

Section 2.1 Scope of Authority. Broker and Broker's Agent are authorized to solicit applications for Health Plan's Commercial Plan of prepaid health care benefits and for other products issued, administered or marketed by or through Health Plan in the Market Area from prospective Individuals, employers, other Groups and third party administrators which meet the requirements periodically established by the Health Plan. Broker and Broker's Agent agree to use their best efforts to solicit such applications and the subsequent enrollment of prospective Individuals and Groups under this Agreement.

Section 2.2 Limitation of Authority. Broker and Broker's Agent are authorized only to solicit enrollment of Individuals and Groups for Health Plan's Commercial Plan of prepaid health care benefits and for other products issued, administered or marketed through Health Plan in the Market Area. Broker and Broker's Agent cannot alter or waive the terms or rates of any contract between a Health Plan and an Individual or Group ("Subscriber Agreement") or bind Health Plan in any manner whatsoever, including but not limited to any promise or statement regarding Subscriber Agreement terms or prepayment fees and amounts. Broker and Broker's Agent shall not receive funds on behalf of Health Plan except as expressly allowed herein below with the express approval of Health Plan, Broker and Broker's Agent may collect the first premium or dues payment under a Subscriber Agreement from a newly enrolled Individual or Group or a delinquent payment under a Subscriber Agreement from an Individual or a Group. In the event that Broker and Broker's Agent has such express approval, Broker and Broker's Agent shall accept only funds in the form of checks payable to Health Plan or its designated representative and shall forward such checks to Health Plan or such representative by the close of the business day following receipt thereof. Therefore, Broker and Broker's Agent will not "handle funds" within the meaning of Section 1300.76.2 of the Regulations.

Additionally, notwithstanding any other provisions of this Section 2.2, so long as Broker and Broker's Agent acts as a third party administrator for any Group and handles funds for Health Plan paid by any such Group, Broker and Broker's Agent shall at all times:

- a) segregate from the assets of the Broker and Broker's Agent all funds received by the Broker and Broker's Agent for the account of the Health Plan and shall promptly deposit these funds into a trust account in a state or federal insuring agency. "Promptly deposited" means deposited no later than the business day following receipt by the Broker and Broker's Agent;
- b) transmit all funds received by the Broker and Broker's Agent for the account of the Health Plan to the Plan, net of actual commissions earned under the particular contract within five (5) business days after such funds are received by the Broker and Broker's Agent;
- c) comply and shall cause Broker and Broker's Agent's principal persons and employees to comply with all applicable provisions of the "Knox-Keene Act" and the rules thereunder;
- d) shall promptly notify the Health Plan of the institution of any disciplinary proceedings against Broker and/or Broker's Agent or against any of its principal persons or employees relating to any license issued to any such person by the California Insurance Commissioner;
- e) maintain a tangible net worth at least equal to twenty percent (20%) of Broker and Broker's Agent's aggregate indebtedness or ten thousand dollars (\$10,000), whichever amount is greater, and shall maintain liquid net assets of at least five thousand dollars (\$5,000) in excess of Broker and Broker's Agent's current liabilities.

Section 2.3 Application for Enrollment. Broker and Broker's Agent will assist Individuals and Groups in completing and submitting applications for enrollment in accordance with Health Plan's then current policies and procedures.

Section 2.4 Acceptance for Enrollment. Health Plan will have the right to accept or reject any prospective Individual or Group submitted for enrollment by Broker and Broker's Agent based on the then current policies and procedures of the Health Plan. In no event shall any prospective Individual or Group be eligible to receive health benefits under a Subscriber Agreement unless and until accepted for enrollment by Health Plan with such effective date as determined by Health Plan.

Section 2.5 Servicing of Enrolled Individuals and Groups. Broker and Broker's Agent will perform all reasonable duties and services required by Health Plan to service Individuals and Groups solicited by Broker/Agent and enrolled by Health Plan. If requested by Health Plan, such duties and services may include delivery and explanation of initial administrative forms and subsequent renewal forms. Health Plan may make direct contact with Individuals, Groups, Groups' employee benefits personnel, Group's third party administrators, and Group employees who are Health Plan members or prospective members to provide enrollment information, distribute literature, and discuss Health Plan rates, benefits and method of operations. Upon Health Plan's request, Broker/Agent will assist Health Plan in making arrangements for such presentations.

Section 2.6 Marketing Materials. Broker and Broker's Agent will only use advertising and marketing materials approved by Health Plan when providing services under this Agreement. Broker and Broker's Agent will comply with all then current Health Plan policies and procedures regarding the use of all such materials as required by Health Plan. All records, literature, enrollment cards, marketing aids, and similar materials furnished to Broker and Broker's Agent by Health Plan are, and will remain, the property of Health Plan regardless of whether such have been completed by an Individual, Group or prospective members. Broker and Broker's Agent will return to Health Plan all such materials upon Health Plan's request.

ARTICLE III

Representations and Warranties of Broker and Broker's Agent

Section 3.1 Qualifications. Broker and Broker's Agent warrants that they are duly and currently licensed insurance Broker and Broker's Agent with the DOI and are qualified to solicit enrollment of Individuals and/or Groups in health benefit plans offered by Health Plan or by insurers or other health care service plans associated with products issued, administered or marketed by or through Health Plan in the Market Area. Broker and Broker's Agent's shall provide a copy of their applicable licenses to Health Plan upon request. Broker and Broker's Agent shall promptly notify Health Plan of the institution of any disciplinary proceedings against Broker and Broker's Agent or any of Broker and Broker's Agent's principal persons, employees, or independent contractors relating to any regulatory body, which governs their licensure or activities.

Section 3.2 Compliance with Plan Policies and Procedures. Broker and Broker's Agent agree to familiarize themselves and to fully comply with Health Plan's organization, procedures, health benefit plans and products, Subscriber Agreements and other related contracts. Broker and Broker's Agent shall develop a thorough understanding of the benefits, procedures for implementation, coverage limitations and underwriting requirements.

Section 3.3 Regulatory Compliance. Broker and Broker's Agent shall familiarize themselves and comply with all federal, state, and local laws and regulations as they relate to Broker and Broker's Agent's responsibilities under this Agreement, including, without limitation, the provisions of the Knox-Keene Act, the Regulations and the regulations and rules of the DOI.

Section 3.4. Department of Managed Health Care Access. Broker and Broker's Agent shall make all of its books and records relating to this Agreement available to Health Plan and to the DMHC for inspection, examination and copying: (a) at all reasonable times at Health Plan's place of business, or at such other place in California as the DMHC shall designate or otherwise agree to; (b) in a form maintained in accordance with the general standards applicable to such bookkeeping or recordkeeping; and (c) for a term of at least five (5) years after termination of this Agreement, regardless of what type of termination occurs.

Section 3.5. Jointly Marketed and Administered Products. If Health Plan authorizes Broker and Broker's Agent to solicit applications from Individuals or Groups for products marketed and administrated through the joint efforts of Health Plan and an insurer, then Broker and Broker's Agent warrants that it has been or will have been appointed as an agent for that particular insurer prior to making any solicitations for any such products.

ARTICLE IV Compensation

Section 4.1. Payment of Commissions. Subject to the terms and conditions of this Agreement, Health Plan agrees to pay Broker a commission as set forth on the commission schedule described in Section 4.2 herein based on the total amount of monthly prepayment fees received by Health Plan for Individuals and/or Groups which have been solicited by Broker and accepted by Health Plan for enrollment under Subscriber Agreements, provided such individuals and Groups (i) have notified Health Plan in writing that Broker is the designated Broker representing them in connection with obtaining and maintaining health care benefits and (ii) have executed a Group or Individual subscriber agreement, as the case may be, with Health Plan primarily as a result of the promotion and solicitation efforts of Broker or persons employed or retained by Broker to act on behalf of Broker and (iii) such Group or individual subscriber agreements have been actually delivered to Health Plan. If Broker status as designated Broker for any Individual or Group is disputed or contested, Health Plan, after a reasonable investigation of the facts and circumstances, shall have the right in its sole and absolute discretion to make the final determination concerning Broker status as designated for any Individual or Group and such determination shall be binding on the Broker. Broker shall look solely to Health Plan for payment of commissions and shall not seek to obtain any commissions or reimbursement from any Groups or Individuals.

Section 4.2 Calculation of Commission. Health Plan will pay a commission to Broker based on the then current commission schedule ("Commission Schedule"). The current commission schedule is attached hereto as Schedule A and is incorporated herein by this reference. Health Plan will have the right to change the Commission Schedule on thirty (30) days' prior written notice.

Section 4.3 Timing of Payments. Commissions payable to Broker under Section 4.1 will be paid to Broker monthly based on prepayment fees received by Health Plan for Individuals and Groups received by Health Plan for Individuals and Groups solicited by Broker. Such amounts, if any, will be paid to Broker and Broker's Agent no later than thirty (30) days after the end of the month in which the prepayment fees are received by Health Plan.

Section 4.4 Limitations Upon Obligation to Pay Commissions. Broker acknowledges and agrees that Health Plan shall not be obligated to pay Broker any commissions for services performed hereunder or otherwise if: (i) the payment of such commissions would violate applicable statutory provisions, regulations, or rulings which prohibit the payment of commissions under certain circumstances, (ii) Broker is not continuously named as the Broker of Record for each Group or Individual for which it is receiving commissions or (iii) this Agreement has been terminated in accordance with Section 6.2 hereof.

Section 4.5 Adequate Compensation; No Rebates. Broker acknowledges and agrees that the commissions payable as set forth herein in Schedule A are adequate and appropriate for the services rendered under this Agreement and is accepted by Broker in full and complete satisfaction and discharge of any and all monetary and nonmonetary obligations owed Broker by the Health Plan or any officer, director, shareholder, or affiliate of Health Plan. Broker further acknowledges and agrees that it will not rebate all or any portion of the commissions it receives from Health Plan to any Groups or Individuals. Failure to abide by this section is grounds for immediate termination of this Agreement.

Section 4.6 Duration of Payments. During the term of this Agreement, commissions will continue to be paid on Subscriber Agreements made with Individuals and Groups solicited by Broker provided that: (a) Broker complies with its obligations under this Agreement; (b) the Subscriber Agreement originally solicited by Broker and accepted by Health Plan remains in full force and effect; (c) Broker continues to be recognized as the Broker of record by the Individual or Group, and (d) Broker actively assists in servicing the Individual and Group and properly administering the Subscriber Agreement to the satisfaction of the Health Plan. If this Agreement is terminated for cause pursuant to Section 6.2, payment of all commissions will cease upon termination of this Agreement. If the Agreement is terminated without cause pursuant to Section 6.1 and the requirements set forth in Section 4.6 continue to be satisfied, Health Plan will continue to pay commissions to Broker pursuant to the terms of this Agreement for the remainder of the relevant Subscriber Agreement years for those Individuals and Groups solicited by Broker.

Section 4.7 Treatment of Moneys Due. Any indebtedness owing by Broker to Health Plan which arises at any time shall constitute a first lien upon any commissions due to become due to Broker hereunder and Health Plan, at its sole discretion, shall have the right to offset from any commissions due Broker those sums which are owing by Broker to Health Plan. Health Plan may collect any payments owed by Broker to Health Plan by offsetting such amounts against commissions owed by Health Plan to Broker. Broker will reimburse Health Plan for any commissions erroneously paid to Broker for any reason, including but not limited to, payment resulting from clerical error or payment resulting from prepaid fees returned to an Individual or Group by Health Plan.

Section 4.8 Cancellation of Enrolled Group. Health Plan reserves the right to cancel the Subscriber Agreement of any enrolled Group solicited by Broker or Broker's Agent.

Section 4.9 Expenses. Broker and Broker's Agent shall be required to pay all expenses incurred by Broker and Broker's Agent arising out of or in connection with the performance of its duties under this Agreement.

ARTICLE V
Term

The term of this Agreement shall commence on the Effective Date, and will continue in effect until such time as this Agreement is terminated pursuant to Article VI below.

ARTICLE VI
Termination

Section 6.1 Termination Without Cause. This Agreement may be terminated by either party at any time, without cause, upon no less than thirty (30) days' prior written notice to the other party.

Section 6.2 Termination With Cause. Health Plan may terminate this Agreement immediately upon written notice to Broker in the event that (a) Broker's insurance Broker's license in the State of California has been either suspended or terminated, (b) Broker or Broker's Agent is disciplined or sanctioned by any state or federal regulatory authority, or (c) Broker or Broker's Agent commits any act of fraud, misfeasance or malfeasance, as determined by Health Plan in its sole discretion; (d) Broker dies; or (e) Broker fails to remedy, after fifteen (15) days prior written notice from Health Plan, its failure to perform duties under this Agreement to the satisfaction of the Health Plan.

Section 6.3 Broker and Broker's Agent's Obligation After Termination. After the complete or partial termination of this Agreement with respect to commissions payable on Subscriber Agreements, Health Plan at its sole discretion, shall have the right to make agreements with any subsequently named Broker and Broker's Agent as to commissions, to the partial or complete exclusion of Broker and Broker's Agent, with respect to any Subscriber Agreement serviced hereunder.

ARTICLE VII
Errors and Omissions Insurance

Broker will maintain errors and omissions insurance coverage in amounts of at least One Million (\$1,000,000) per occurrence and One Million Dollars (\$1,000,000) annual aggregate with an insurer with either a Standard and Poor's rating of AA or a Best's rating of AA. Broker will notify Health Plan in writing ten (10) Days prior to any proposed cancellation, cancellation or as soon thereafter broker is notified, or material change in the insurance coverage of Broker's errors and omissions in effect at the time of the execution of this Agreement. Upon request, Broker will provide Health Plan with reasonable evidence of Broker's compliance with the above-stated insurance requirement.

ARTICLE VIII
Indemnification

Section 8.1 Mutual Indemnify Health Plan. Broker and Broker's Agent Health Plan shall indemnify and hold harmless (and at Health Plan's request, defend) Health Plan and all other persons or organizations cooperating in the conduct of the health care program known as "Universal Care", and each of their officers, employees, and agents (all of which persons or organizations are referred to collectively herein as "Indemnitees" or individually as "Indemnatee") from and against any and all

demands, debts liens, claims, losses, damages, liability, costs, expenses (including the payment of attorneys' fees and costs actually incurred, whether or not litigation be commenced), judgments, or obligations, actions or cause of action whatsoever, for or in connection with injury or damage (including, but not limited to, death) to any person or property to the extent that such injury or damage results from or is connected with any acts, failure to act or the performance or failure to perform obligations hereunder by Broker, its solicitors, employees, or agents.

Section 8.2 Survival of Indemnification Duties. The foregoing indemnity and hold harmless obligations include and apply without limitation to injury or damage to Broker, Indemnitees, third parties, or any or all of them and their respective property, officers, partners, employees, or agents. Neither termination of this Agreement nor completion of the acts to be performed under this Agreement shall release any party from its obligations to indemnify as to any claim or cause of action asserted so long as the event upon which a claim or cause of action is predicated shall have occurred prior to the effective date of any such termination or completion.

ARTICLE IX Independent Contractor

Broker is an independent contractor and engages in the operation of its own business, and neither Broker nor Health Plan shall be considered to be the agent of the other for any purpose. Neither party has authorization to enter into any contracts, assume any obligations or make any warranties or representations on behalf of the other party, except as expressly stated in this Agreement. Nothing in this Agreement shall be construed to establish a relationship of servant, employee, partnership, association or joint venture between the parties. Health Plan shall not be responsible to Broker, Broker's employees, solicitors, agents or independent contractors or to any governing body for any payroll-related taxes or any other employment related liability in connection with the performance of services by Broker and Broker's employees, solicitors, agents or independent contractors under this Agreement. It is expressly understood that Broker will be responsible for all legally required tax withholding for itself and its employees, solicitors and agents. Broker warrants that it will comply with all federal, state and local laws, including but not limited to, wage and hour laws and employment discrimination laws. It is expressly understood that none of Broker's, solicitors, agents, or employees who are providing services hereunder are employees of Health Plan for any purpose, including, but not limited to, employee welfare and pension benefits, fringe benefits of employment, workers' compensation, disability insurance or compensation for services.

ARTICLE X Confidentiality and Proprietary Information

Section 10.1 Maintaining Confidentiality. Broker, its solicitors, agents, employees and independent contractors shall keep in strictest confidence information relating to this Agreement and all other information which may be acquired in connection with or as a result of this Agreement. During the term of this Agreement and at any time thereafter, without the prior written consent of Health Plan, Broker, its solicitors, agents, employees, and independent contractors shall not publish, communicate, divulge, disclose or use any of such information which has been provided by Health Plan or has been acquired in connection with or as a result of this Agreement or which from the surrounding circumstances or in good conscience ought to be treated by Broker as confidential.

Section 10.2 Scope of Agreement. Notwithstanding anything to the contrary stated in Section 10.1 above, Broker expressly agrees that Broker, its employees, independent contractors and agents shall not use any information provided to Broker by Health Plan except as necessary and reasonably appropriate for Broker's performance of its duties under this Agreement.

Section 10.3 Termination or Expiration. Upon termination or expiration of this Agreement, Broker, its employees, solicitors, agents and independent contractors shall deliver to Health Plan all records, data, and other information and other documents provided by Health Plan and all copies thereof in whatever form whatsoever to Health Plan, or at Health Plan's option, provide satisfactory evidence that all such records, data, other information and other documents have been destroyed. All materials provided by Health Plan under this Agreement shall be the sole property of Health Plan.

ARTICLE XI
Miscellaneous

Section 11.1 Notices. Any notice, requests, demands, or payment permitted or required by this Agreement will be considered made on the date and received (i) when delivered, if sent by United States registered or certified mail (return receipt requested), (ii) when delivered, if delivered personally by commercial courier or (iii) on the second following business day, if sent by United States Express Mail or overnight courier, in each case to the parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid:

If To Universal Care:

Universal Care, Inc.
1600 E. Hill Street
Signal Hill, CA 90755
Attn.: Broker Manager

If To Broker:

Telephone #: _____

Section 11.2 Integrated Agreement. This Agreement constitutes the final written integrated expression of all of the agreements between Health Plan and Broker and Broker's Agent with respect to Broker and Broker's Agent's appointment as a solicitor firm by Health Plan and is a complete and exclusive statement of those terms. This Agreement supersedes all prior or contemporaneous, written or oral, memoranda, arrangements, agreements, contracts, communications or understandings between the parties hereto relating to the subject matter hereof. Any representations, promises, warranties or statements made by either party, which differ in any way from the terms of this Agreement, shall be given no force or effect.

Section 11.3 Amendments; Waiver. This Agreement shall be amended, modified, revised or supplemented only by a dated written instrument executed by Health Plan and Broker and Broker's Agent. No waiver of any provision of this Agreement shall be effective unless evidenced by a dated, written instrument executed by the party against whom enforcement is sought. No waiver of any provision hereof shall be construed as a further or continuing waiver of such provision or of any other provision hereof.

Section 11.4 Severability. In the event that any provision in this Agreement shall be found by a court or governmental authority of competent jurisdiction to be invalid, illegal or unenforceable, such provision shall be construed and enforced as if it had been narrowly drawn so as not to be invalid, illegal or unenforceable, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

Section 11.5 Assignment. Neither this Agreement nor any of the rights, interests, or benefits arising hereunder shall be assigned, transferred, or delegated either in whole or in part by Broker and Broker's Agent without the prior written consent of Health Plan, which consent may not be unreasonably withheld.

Section 11.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and of the United States, including, without limitation, the Knox-Keene Act. Any provision required to be included in this Agreement by such laws shall bind Health Plan and Broker and Broker's Agent whether or not expressly provided herein.

IN WITNESS WHEREOF, Universal Care and Broker have executed this Agreement on the date and year first written above.

"Health Plan"

"Broker"

Universal Care, Inc.

Signed: _____

Signed: _____

Printed Name: Jim English

Printed Name: _____

Title: Vice President of Sales

Title: _____

Tax ID #: _____

Schedule A

1. Large Groups (over 50 employees)

The monthly commission for Large Groups is calculated on a graduated scale as set forth below in the following commission schedule or as negotiated by case.

AMOUNT OF MONTHLY PREMIUM	% OF GRADED PREMIUM SCHEDULE
0 - 2,500	10%
2,501 - 5,000	07%
5,001 - 8,333	05%
8,334 - 16,666	03%
16,667 - 33,333	02%
33,334 +	01%

Case Specific

Group Number:	
Group Name:	
Commission Percentage	

2. Commission Schedule for Groups of 2-50 Employees (Effective August 1, 2003)

% of Premium Received
7%

3. Commission Schedule for Individuals

The monthly commission for Individuals is calculated as follows:

Contract Year	% of Premium Received
1st year	15%
Renewal years	10%