



2017 Broker/Agent Agreement For Group Market Products

This 2017 Broker/Agent Agreement for Group Market Products ("Agreement") is made this _____ day of _____, 20____, between Group Hospitalization & Medical Services, Inc. and CareFirst of Maryland, Inc. and their affiliates, hereinafter referred to as "Insurer" and _____ (hereinafter referred to as "Contractor" or, when applicable, "Broker/Agent" or "Agency").

Business

Address: _____

City: _____ County: _____ State: _____ Zip: _____

Contractor

Email: _____

Business Phone: _____ Business

Fax: _____

Also doing business

as: _____

THIS AGREEMENT SHALL BE EFFECTIVE THE 1st DAY OF _____, 2017.

Insurer and Contractor agree as follows:

I. DEFINITIONS.

The definitions for all terms used herein are found in the CareFirst Broker/Agent Administrative Manual as amended from time-to-time.

II. DUTIES AND LIMITATIONS OF AUTHORITY OF THE CONTRACTOR.

A. THIS SECTION IS LIMITED TO BUSINESS THAT IS NOT ON A STATE OR FEDERALLY FACILITATED EXCHANGE ("OFF-EXCHANGE BUSINESS").

1. Contractor is authorized by Insurer to solicit applications in the jurisdictions approved by Insurer for Group Contracts, to forward them to Insurer for acceptance or rejection, and to collect the initial Premium due on an application. The determination of whether an application is accepted; whether a Group Contract shall actually be issued; or the type of Group Contract to be issued shall be solely within the discretion of Insurer.

2. Insurer may prescribe rules as it may deem reasonable and necessary. Insurer may alter or amend such rules from time to time subject to the rules of the Exchange. Contractor agrees to observe, conform to and act in accordance with such rules. These rules are contained in Broker/Agent Administrative Manual.
 3. Contractor shall have no authority to bind the Insurer on any application for, or policy and/or contract of, insurance, or bind the Insurer by any agreement, contract, representation or promise made.
 4. Contractor agrees that Insurer will be held harmless for any liability that results from misrepresentation or any other error or omission by Contractor or Contractor's Producing Agents.
 5. Contractor shall be responsible to Insurer for the fidelity and honesty of its Producing Agents. Contractor shall be responsible for all premium collected by Producing Agent for Insurer business entrusted to its Producing Agents.
 6. Contractor shall have no authority to extend time of payment of premium, to waive or extend any obligation or condition of any Group Contract issued by Insurer or to incur any liability on behalf of Insurer.
 7. Contractor shall make no representations with respect to any product(s) or forms of health care coverage which may be applicable to any program(s) administered and marketed by or through Insurer except as may be contained in the written material prepared and furnished to Contractor by or through Insurer. Contractor shall make no oral or written representations, alterations, modifications or waiver of the terms or conditions applicable to that product or coverage without the express prior written consent of Insurer.
 8. Contractor agrees to fulfill the performance criteria as specified by Insurer including as specified by Insurer Rules. These criteria are subject to review and modification by Insurer and may be amended by Insurer by giving reasonable notice to Contractor. Contractor's failure to fulfill rules or performance criteria as set by Insurer may, at Insurer's discretion, constitute cause for termination of this Agreement.
- B. THIS SECTION APPLIES TO BUSINESS THAT IS SOLD ON A STATE OR FEDERALLY FACILITATED EXCHANGE ("ON-EXCHANGE BUSINESS").**
1. Contractor is authorized by Insurer to solicit applications for State or Federally Facilitated Exchanges.
 2. Subject to the requirements of the Exchange, the Insurer may prescribe rules as it may deem reasonable and necessary and may alter or amend such rules from time to time Contractor agrees to observe, conform to and act in accordance with such rules. These rules are contained in Broker/Agent Administrative Manual.
 3. Contractor shall have no authority to bind the Insurer on any application for, or policy and/or contract of, insurance, or bind the Insurer by any agreement,

contract, representation or promise made other than pursuant to the requirements of State and Federal law relating to the Exchange.

4. Contractor agrees that Insurer will be held harmless for any liability that results from misrepresentation or any other error or omission by Contractor or Contractor's Producing Agents.
5. Contractor shall have no authority to extend time of payment of premium, to waive or extend any obligation or condition of any Group Contract issued by Insurer or to incur any liability on behalf of Insurer.
6. Contractor agrees to fulfill the performance criteria as specified by Insurer and the Exchange. These criteria are subject to review and modification by Insurer and may be amended by Insurer by giving reasonable notice to Contractor. Contractor's failure to fulfill Insurer's Rules or the performance criteria may, at constitute cause for termination of this Agreement subject to the rules of the Exchange.
7. Contractor shall make no representations with respect to any product(s) or forms of health care coverage which may be applicable to any program(s) administered and marketed by or through Insurer except as may be contained in the written material prepared and furnished to Contractor by or through Insurer. Contractor shall make no oral or written representations, alterations, modifications or waiver of the terms or conditions applicable to that product or coverage without the express prior written consent of Insurer.

III. CONTRACTOR MUST COMPLY WITH ALL APPLICABLE STATE AND FEDERAL LAWS FOR ON AND OFF-EXCHANGE BUSINESS.

- A. ALL BUSINESS: Contractor warrants and represents that it is and shall remain in compliance with any and all Federal, State and local laws including but not limited to the Health Insurance Portability and Accountability Act (HIPAA), the U.S. Patriot Act, the Affordable Care Act (ACA) and the Employee Retirement Income Security Act (ERISA.) Further, Contractor agrees that it shall comply with any reasonable requests made by Insurer to assure continued compliance in the future with any such laws.
- B. FEDERALLY FACILITATED EXCHANGES: To the extent that this agreement delegates any duties or administrative services to the Contractor relating to Federally Facilitated Exchange business, the Contractor agrees to comply with the requirements and standards stated in the following provisions of Federal law to the extent that they apply to those duties as well as any other applicable laws or regulations related to the Federally Facilitated Exchange.

45 CFR 156 Subpart C.

45 CFR 155 Subparts H and K and 45 CFR 155.705 regarding Exchange processes, procedures and standards.

45 CFR 155.220 regarding enrollment.

45 CFR 156.705 and 45 CFR 715 regarding maintenance of records and compliance reviews.

Pursuant to 45 CFR 156.340, the Contractor agrees to permit access to the Secretary of the Department of Health and Human Services (HHS) or the Office of Inspector General of the HHS to evaluate through audit, inspection or other means, the Contractor's books, contracts, computers or other electronic systems, including medical records and documentation related to a health plan issued through a Federally Facilitated Exchange.

IV. BROKER/AGENT FEES & SERVICES.

- A. Insurer agrees to pay Broker/Agent Fees in accordance with the terms of the attached Schedules of Fees. Insurer may amend the Broker/Agent Fees provided for in the Schedule of Fees in Exhibit C and the bonus provisions provided for in the Group Market Bonus Program in Exhibit A by giving thirty (30) days' notice to Contractor. Insurer agrees not to make any bonus payments to Contractor with respect to any clients whom Contractor identifies as having opted out or limited the receipt of such payments. Contractor must notify the Insurer of the Groups for whom such opt outs or limitations shall apply on or before 30 days prior to the end of the applicable Agreement term.
- B. Insurer will report any limitations or opt outs discussed in Section II (A) accurately when providing information for any applicable Form 5500 filings.
- C. For Insurer's new, existing and/or renewing business, no portion of a Full Service or General Producer's compensation may be forwarded to or accepted by any Contractor as an additional fee or incentive if not expressly allowed under this Agreement. Any violation of this provision is grounds for termination for cause in accordance with the terms of the Agreement.
- D. No Broker/Agent Fee or Bonus shall be payable to a non-appointed Contractor or Producing Agent.
- E. The Contracted Agency/Brokerage and "Responsible Individual" (RI) (or "Principle" and Primary Decision maker of any Agency or Brokerage) must maintain the same health licenses in the same jurisdictions. For example: If the "RI" or an Agency is licensed in Maryland and the District of Columbia (DC), but their Agency/Brokerage is licensed in Maryland and Virginia, then the "RI" must become licensed in Virginia and the Agency/Brokerage must become licensed in the District of Columbia (DC). When both the Broker/Agent and the Agency/Brokerage do not both hold the same licenses, a noncompliance issue is created. Both Broker/Agent and Agency/Brokerage must be licensed in the location where a Group is sold in order to be eligible to receive commissions.
- F. Broker/Agent Fees shall be earned and payable monthly to Contractor for Group Contracts issued and for which the Premium has been paid and reconciled for each Group Subscriber to the account of the Group as long as this Agreement is in effect and Contractor is retained as Broker/Agent of Record by the Group and recognized as such by Insurer.

- G. Insurer reserves the right to determine which premiums and contracts paid by the Group or Subscriber are subject to payment of Broker/Agent Fees limited to business not utilizing a State or Federally Facilitated Exchange.
- H. If any premium should be refunded by Insurer for any reason or cause either before or after termination of this Agreement, Contractor shall repay to Insurer, on demand, all Broker/Agent Fees and Bonuses previously allowed and paid on the refunded premium or associated paid contracts. At Insurer's discretion, such repayment may take the form of credit or offset, but is not limited to a direct payment or an adjustment to future Broker/Agent Fee and Bonus payments.
- I. Any indebtedness of Contractor to Insurer arising from this Agreement, any prior Agreement or any transaction between Contractor and Insurer, shall be a First Lien on any compensation (including Broker/Agent Fees and/or potential incentive payments and Bonuses) due or to become due the Contractor under this Agreement and may be applied as a set-off against any moneys due or which become due by Insurer to Contractor limited to Off-Exchange Business.
- J. This Agreement shall not be construed to allow Broker/Agent Fees or Bonus eligibility for any premiums or paid contracts where Contractor's services were performed on a consultant basis and the Contractor agrees to accept compensation from the Group for such services.
- K. Broker/Agent has the right to opt out of any Bonus Program it deems fit by providing written notice to the Insurer on or before 30 days prior to the end of the applicable Agreement term.

V. SUPPORT SERVICES.

The Insurer shall have complete discretion to offer enhanced support services to Contractors based on the amount of annual commissions earned.

VI. ADVERTISING.

- A. Circulars, advertisements or other materials containing Insurer symbols, service marks, trademarks or trade names, shall not be published, printed, distributed or used in any way by Contractor until approval is obtained in writing from Insurer.
- B. The Insurer may or may not allow Contractor to participate in advertising campaigns on a joint basis where it is deemed appropriate by Insurer. The cost of such joint campaigns may be shared through a cooperative arrangement that is approved by Insurer.

VII. TERMINATION.

- A. Either Party may terminate this Agreement in whole or in part without cause at any time by giving thirty (30) days written notice to the other party of such termination. For On-Exchange Business such termination is subject to the rules of the applicable Exchange. Termination shall take effect immediately and automatically upon the date stated in the notice so given.

- B. After termination notice is given, Insurer will not recognize any new Insurer business or Broker of Record (BOR) transfer for Contractor. If termination is without cause, Broker/Agent Fees shall continue to be payable for a period of one (1) year from the date of the most recent prior renewal month so long as the terminating Broker/Agent remains the Broker of Record and maintains a health license in full force and effect, and so long as the accounts for which Broker/Agent are eligible remain with Insurer.
- C. For Off-Exchange Business, the Insurer may terminate this Agreement immediately for cause and no Broker/Agent Fee or Bonus shall accrue on or following the effective date of such termination. Contractor and any Producing Agent(s) will immediately cease to be recognized by Insurer as a Broker of Record on all accounts and contracts. The following events/occurrences will constitute cause for termination:
1. Commission of fraudulent acts or failure to comply with applicable law;
 2. Failure to maintain current Errors & Omissions coverage in an amount that is appropriate for the size and nature and business engaged in by Contractor and consistent with Exhibit B, Requirements for Errors & Omissions Insurance. When requested, proof of coverage must be immediately supplied by Contractor to Insurer according to Insurer procedures and instructions that may include a Third-party Administrator;
 3. Wrongful use, withholding or commingling of any funds belonging to an applicant, Subscriber, Group or Insurer;
 4. If the Contractor is a natural person, the death of the Contractor. This Agreement will be terminated immediately without notice upon the death of the Contractor if an individual, and no Broker/Agent Fees or Bonuses shall be payable to heirs, successors or assigns of the decedent;
 5. Termination, expiration or suspension of Contractor's or Producing Agent's health license as required by law;
 6. Commission of any knowing or intentional act that interferes with the business relationship between Insurer and any of its customers, accounts and/or employees, except where Contractor is acting in accordance with good business practices and in the interest of Contractor's client;
 7. Commission of any knowing or intentional act that interferes with the business relationship between Insurer and any of its Brokers and/or Agents;
 8. Refusal to participate in and/or conduct training as specified in Sections II and VII hereof and training as may be requested by Insurer;
 9. Failure to follow reasonable instructions of Insurer including, but not limited to, collection and/or payment of premium;
 10. Knowing and intentional violation of any provision or the intended purpose or essence of this Agreement.

- D. Insurer may terminate this Agreement for On-Exchange Business pursuant to the rules issued by the Exchange for cause and no Broker/Agent Fee or Bonus shall accrue on or following the effective date of such termination subject to the rules of the Exchange. Contractor and any Producing Agent(s) will immediately cease to be recognized by Insurer as a Broker of Record for all Groups and Contracts. The events/occurrences In Section VI C may constitute cause for termination.
- E. In the event of suspension of the health license as required by law, this Agreement shall terminate for cause, and Insurer may consider reinstatement after the suspension period. Whether or not reinstatement of this Agreement shall occur will be solely at the discretion of Insurer after the submission and approval of a new Broker/Agent application and upon such terms and conditions as may be prescribed by Insurer.
- F. In the event of termination of this Agreement, Insurer's right to mail or deliver notices and statements to Groups shall continue. Insurer further reserves the right to continue solicitation of Group Subscribers for both new and renewal contracts.
- G. Neither this Agreement nor the authority conferred hereunder is transferable or assignable by Contractor unless Insurer has provided prior written consent thereto to Contractor. Transfer or assignment of Broker/Agent Fee, or Bonus, is prohibited unless Insurer has provided prior written consent thereto to Contractor. Insurer may assign this Agreement to any affiliate, subsidiary or successor in interest without the consent of Contractor.
- H. The term of this Agreement shall be for a period of one (1) year and shall be automatically renewed subject to annual revisions made by the Insurer for successive one (1) year periods unless terminated earlier by either party upon 30 days prior written notice to the other party as provided herein.
- I. For Exchange business, any actions taken by the Insurer under this Section shall be taken subject to the rules and procedures applicable to the Exchange.

VIII. GENERAL.

- A. It is mutually understood that solicitation of applications for Group Benefit Contracts for the benefit of Insurer is the essence of this Agreement, and failure of Contractor to provide such solicitation is detrimental to Insurer.
- B. Each party hereby expressly agrees to indemnify and save harmless the other from and against any and all claims, loss, damage, injury, expense and liability arising out of or resulting from, or in any way connected with matters arising under this Agreement or by any negligence or willful misconduct on the part of the indemnifying party or its Agents or employees. Damages subject to indemnification under this Section may include, but are not limited to, compensatory, punitive, court costs and attorney fees.
- C. This Agreement does not, nor is it intended to, in any way create a relationship of joint venture, partnership, principal and agent or employee/employer between Contractor and Insurer.
- D. Upon reasonable notice Contractor shall permit any duly authorized representative of Insurer, from time to time during normal business hours, to have access to and the

right to examine and copy any and all books, documents, papers and other records of Contractor that relate to Group Contracts placed by Contractor with Insurer.

- E. Insurer shall retain an absolute right to contact the Group and/or Subscriber directly for any purpose at Insurer's discretion. Every effort will be made to keep Contractor informed of any such contacts.
- F. Insurer and Contractor agree to safeguard, maintain and preserve the confidentiality of this Agreement during the life of the Agreement and after termination. At no time may the provisions or terms of this Agreement be disclosed to a third party, nor may any proprietary information obtained by Contractor from Insurer or vice versa be disclosed to any other person by either party without the prior written consent of the other party. Such proprietary Insurer information includes, but is not limited to, information on any applications for Insurer health insurance coverage.
- G. The only payment due under this Agreement from Insurer to Contractor shall be for Broker/Agent Fees and applicable bonuses and not for any other expenses or costs incurred by Contractor.
- H. Contractor agrees, upon Insurer's request, to provide Insurer with any and all information reasonably requested by Insurer relating to the terms of this Agreement. Such information may include, but is not limited to, Contractor's structure, qualifications and right to do business.
- I. This Agreement shall be governed by and construed in accordance with the laws of the State of Contractor's health/life license where the Insurer has been issued a certificate of authority to provide fully insured health coverage.
- J. Contractor agrees not to assign, transfer or attempt to assign or transfer any of its obligations under this Agreement without the prior written approval of Insurer.

IX. MISCELLANEOUS.

- A. This Agreement constitutes the full and entire understanding of the parties and supersedes any and all prior representations, statements, or agreements between them.
- B. This Agreement may be modified or amended only in writing by an authorized officer of Insurer. Requests and notices shall be sent to the Insurer representative identified in Section VII, G hereunder.
- C. If any part, term or provision of this Agreement shall be held void, illegal, or unenforceable, the validity of the remaining portions or provision shall not be affected thereby.
- D. Failure of either party at any time to require performance of any of the provisions or obligations created under this Agreement shall in no way affect the right of either party thereafter to enforce the same. The waiver by either party of any violation or breach of the provisions or obligations under this Agreement shall not be taken or held to be a waiver of any succeeding violation or breach of a provision or obligation or as a waiver of the provision or obligation itself.

- E. Each signatory hereto certifies and warrants that all necessary authority and approval have been obtained and that this Agreement is validly executed by an authorized officer or agent and is binding upon such party and enforceable in accordance with its terms.
- F. If Contractor becomes liable to Insurer at any time, the Insurer shall have the right to withhold any and all sums from any payment as a withhold of sums that may be due or become due including any Broker/Agent Fees and Bonus amounts.
- G. All notices pertaining to this Agreement shall be in writing unless otherwise agreed to by both parties, shall be sent by first-class mail, postage paid, addressed to:

For Insurer:

Chris Culotta

Director

Broker Administration

CareFirst BlueCross BlueShield

Mail-Stop: OM2-415

10455 Mill Run Circle

Owings Mills, MD 21117-5559

For Contractor:

CODE OF CONDUCT

The Contractor (Agent) herein has read a copy of and understands the Model Code of Business Conduct and Compliance Program for Insurer which can be found on Broker Portal at www.carefirst.com and agrees to comply with its policies and principles in the performance of any duties for Insurer. The Contractor (Agent) also agrees not to disclose or use at any time, either during or after termination of the Agreement, any proprietary and confidential information acquired or developed during the course of the Agreement. The Contractor (Agent) further agrees to report to Insurer any criminal or unlawful acts that occur while conducting the business of Insurer and involving employees or contractors employed by Insurer or employed by the Contractor (Agent). At the Broker request Insurer will provide paper copy.

EQUAL EMPLOYMENT OPPORTUNITY

Insurer is an Equal Opportunity and Executive Order #11246 Affirmative Action Employer and hereby incorporates by reference, the Equal Opportunity clause set forth in 41 CFR-60-1.4, 60-250.4, and 60-741.4 as amended or revised. Insurer supports a policy which prohibits discrimination against any employee or applicant for employment, on the basis of age, race, sex, color, national origin, religion, physical or mental disability, veteran status or any other classification protected by law or ordinance. Contractor/Vendor agrees that it is in full compliance with this Equal Opportunity statement as expressed herein.

THE VIOLENT CRIME CONTROL ACT OF 1994

Contractor (Agent) shall adhere to and comply with the Federal Insurance Fraud Provisions of the Violent Crime Control Act (18 USC Sec. 1033 et. seq.) in the performance of this Agreement.

IN WITNESS WHEREOF, the parties, by their duly authorized representative, have signed this Agreement in acknowledgment thereof.

CONTRACTOR Printed Name: _____			
CONTRACTOR Social Security Number or Tax ID if Agency/Brokerage: _____			
National Producer Number: _____			
Maryland License Number:	_____	Expiration Date:	_____
District of Columbia License Number:	_____	Expiration Date:	_____
Virginia License Number:	_____	Expiration Date:	Perpetual

If Contractor is an Agency or Brokerage, list below the "Responsible Individual" (or "Principle and Primary Decision Maker".) Note: *In Maryland and in the District of Columbia, the person we request be identified below is the same person that the Contractor designated as their "Responsible Individual" on their state licensing forms. In Virginia and in Delaware, the person is commonly referred to as the "Principal and Primary Decision Maker" for Agencies and Brokerages.*

"Responsible Individual" Printed Name: _____			
"Responsible Individual" Social Security Number: _____			
National Producer Number: _____			
Maryland License Number:	_____	Expiration Date:	_____
District of Columbia License Number:	_____	Expiration Date:	_____
Virginia License Number:	_____	Expiration Date:	Perpetual

At time of application of this Agreement, prospective Contractor shall provide copies of all health/life licenses (e.g. Maryland, District of Columbia and Virginia) for itself and for all Producing Agents. On a continuous basis, Contractor is responsible to provide Insurer with copies of all active health/life

licenses for itself and for Producing Agents (e.g. for newly hired Producing Agents; new licenses for existing Producing Agents, etc.) Contractor must furnish Insurer with immediate notice of all new or terminated, suspended or expired health licenses for all Producing Agents and Consumer Direct Market Sub-Broker/Agents of Contractor. Notice shall be furnished to Insurer's Broker Contracting & Compliance Department.

FOR CONTRACTOR:

Signature:	_____	Date:	_____
Printed Name:	_____	Title:	_____
Witness:	_____	Date:	_____

FOR INSURER:

Signature:	_____	Date:	_____
Printed Name:	<u>Brian D. Pieninck</u>	Title:	<u>Chief Operating Officer</u>
Witness:	_____	Date:	_____

EXHIBITS

Broker/Agent Agreement for Group Market Products

Exhibit A Group Market Bonus Programs.

Exhibit B Requirements for Errors & Omissions Insurance.

Exhibit C Group Market Schedule of Fees.

EXHIBIT A

Group Market Bonus Programs

I. **PERSISTENCY BONUS.**

A. **How The Persistency Bonus Is Calculated:**

The Persistency Bonus is a bonus payment available to a qualifying Agency that recognizes business retention and growth in an Agency's book of business. For each Agency, a Persistency Level will be determined on the basis of the Agency's retention and growth as of January 31, 2018, as provided in Subsection (C). If the Agency has a sufficient Persistency Level to merit a Persistency Bonus, and meets other eligibility criteria in Subsection (D), then the Persistency Bonus will be calculated by determining a Per Contract Persistency Bonus Rate under Subsection (E), and applying that rate to each market segment as set forth in Subsection (F), subject to the bonus caps set forth in Subsection (G).

In general terms, subject to the specific rules in this Exhibit, the Persistency Bonus will be based on the level of the Agency's contract retention and growth from January 1, 2017 through January 31, 2018, the "Persistency Bonus Period," as adjusted. The bonus attributable to each market segment of the Agency's book of business will be based on the following, subject to the adjustments listed in this Exhibit at the beginning and end of the Persistency Bonus Period:

1. The number of 200+ fully insured contracts;
2. The number of 200+ self-funded contracts, counted as .6 of a fully insured contract plus additional adjustments for each ancillary product sold;
3. The number of 51–199 fully insured contracts, as adjusted for concessions at renewal; and
4. The number of Under 50 fully insured contracts.

B. **Definitions:**

The following Definitions shall apply in determining eligibility for and calculating the amount of the Persistency Bonus.

1. **Concession:** For a renewing Group, the difference between the renewal rate initially offered by CareFirst and the final renewal rate for the same benefits agreed upon between CareFirst and the renewing Group, expressed as a percentage of total premium.
2. **Persistency Level:** A percentage reflecting the Agency's growth or shrinkage in the number of Contracts, which is used to determine eligibility for a Persistency Bonus and the Per Contract Persistency Bonus Rate used to calculate the Persistency Bonus.

3. **Per Contract Persistency Bonus Rate:** A per contract dollar figure used to calculate the Persistency Bonus and determined on the basis of the Persistency Level and the number of Qualifying Contracts at the end of the Persistency Bonus Period.
4. **Qualifying Contracts:** The Contracts attributed to the Agency that are used to determine the Persistency Level. Except to the extent adjusted below, Qualifying Contracts include all insured and self-insured group medical Contracts for which premium payments are current. 2. Qualifying Contracts are determined as follows:
 - a. Qualifying Contracts do not include:
 - i. Medicare Supplemental Contracts; or
 - ii. Contracts for which premium payments are not current; or
 - iii. Any Contract arising from the leasing of the Insurer's network and/or leasing arrangements involving access to out of area networks through various BlueCross BlueShield inter-plan programs.
 - b. If two (2) Agencies merge their business at any point during the Persistency Bonus Period, then the contracts of both Agencies will be combined to determine the number of Qualifying Contracts as of the beginning and end of the Persistency Bonus Period.
 - c. If an Agency loses a Group with more than 100 full-time employees during the Persistency Bonus Period but the Insurer retains the Group, the Agency may request, in writing, that the Insurer calculate the Persistency Level without including the lost Group in its block of business as of December 31, 2016. The Insurer has the sole and complete discretion to approve or not approve the request.
 - d. When an Agency gains a Group with more than 100 full time employees through the issuance of a Broker of Record letter during the Persistency Bonus Period, and the Group was already covered by the Insurer, then the Group's Qualifying Contracts shall be included with the Agency's block of business in effect at the beginning of the Persistency Bonus Period.
 - e. Separate legal entities may not combine books of business when counting the amount of Qualifying Contracts.
 - f. Any reduction in the number of Qualifying Contracts arising from a loss of Group business shall be capped at 2,000 contracts per Group.
 - g. For CFA, LLC business, only 51-plus group medical business shall be included in Qualifying Contracts.
5. **Adjusted Qualifying Contracts:** The Contracts attributed to the Agency that are used to calculate the Persistency Bonus. Qualifying Contracts are subject to the following Adjustments:

- a. A cap of Two Thousand (2,000) Contracts shall be applied to every Group. To the extent that a Group has more than Two Thousand (2,000) Contracts, the Contracts in excess of Two Thousand (2,000) shall not be included.
- a. Adjusted Qualifying Contracts shall not include:
 - i. Any Contract in the 51 plus Risk Group market for which the Agency has (a) waived a commission or (b) accepted a commission that is less than One Percent (1%) or more than Five Percent (5%); or
 - ii. Any Contract in the Non Risk Group market for which the Agency has waived a fee or accepted a fee from Insurer that is less than One Dollar (\$1.00) per Contract per Month.
- c. For CFA, LLC business:
 - i. If a Group purchases stop loss coverage that is not issued by Insurer or by one of Insurer's preferred vendors, Contracts for that Group shall not be included in Adjusted Qualifying Contracts.
 - ii. If a Group purchases stop loss coverage from the Insurer or a preferred vendor, or does not purchase stop loss coverage from any entity, then the Contracts for that Group are included in Adjusted Qualifying Contracts.

C. Calculation of the Persistency Level:

- 1. The Persistency Level is determined by dividing the number of Qualifying Contracts attributed to the Agency as of January 31, 2018 by the number of Qualifying Contracts attributed to the Agency as of December 31, 2016. The Persistency Level is expressed as a percentage, and will be rounded to the nearest whole percentage (for example, 95.5% will be rounded to 96%, and 95.4% will be rounded to 95%).

D. Eligibility Requirements for a Persistency Bonus:

- 1. In order to earn a Persistency Bonus from the Insurer, an Agency must:
 - a. As of January 31, 2018, retain a book of the Insurer's business that includes at least five (5) Groups totaling Two Hundred Fifty-One (251) Qualifying Contracts in the aggregate or at least one (1) Group totaling Five Hundred (500) Qualifying Contracts; and
 - b. Achieve a Persistency Level of at least 93%.

E. Calculation of the Per Contract Persistency Bonus Rate:

- 1. The Per Contract Persistency Bonus Rate is the dollar figure per Contract set forth on the Chart below for the number of Qualifying Contracts and the applicable Persistency Level:

2017 Per Contract Persistency Bonus Rate Chart

Qualifying Contract Level	Persistency Level Below 93 %	Persistency Level equal to or above 93%-and less than 95%	Persistency Level equal to or above 95% and less than 100%	Persistency Level equal to or above 100% and less than 105 %	Persistency Level equal to or above 105% and less than 110%	Persistency Level equal to or above 110%
1,651+	\$0	\$45	\$68	\$95	\$110	\$120
1,101-1,650	\$0	\$25	\$39	\$63	\$70	\$75
576-1,100	\$0	\$22	\$33	\$51	\$56	\$60
251-575	\$0	\$10	\$13	\$22	\$24	\$26

F. Calculation of the Persistency Bonus by Market Segment:

1. The Persistency Bonus for a qualifying Agency will be the sum of the separate Persistency Bonus calculations for each Market Segment, as described below.
2. For Risk Business in the 1 to 50 and 200 Plus Market Segments, the Per Contract Persistency Bonus Rate shall be multiplied by the Number of Adjusted Qualifying Contracts in the 1 to 50 and 200 Plus Risk Market Segments.
3. For Risk Business in the 51-199 Market Segment:
 - a. A Concession Adjustment will be applied to determine the number of Adjusted Qualifying Contracts that will be used to calculate the Persistency Bonus in the 51-199 Risk Market Segment.
 - b. The Persistency Bonus for the 51-199 Risk Market Segment will be calculated by multiplying the Per Contract Persistency Bonus Rate by the number of Adjusted Qualifying Contracts in that Segment, as modified by the Concession Adjustment.
 - c. Calculation of the Concession Adjustment for the 51-199 Risk Market Segment:
 - i. Purpose: The Concession Adjustment supports the Insurer's efforts to obtain an adequate premium to cover necessary medical and administrative expenses in an effort to provide cost efficient services for the Insurer's members.
 - ii. The Concession Adjustment applies to all Groups in the 51-199 Risk Market Segment, except that the following Groups are excluded:
 - (a) Any Group that has received a premium increase of 35% or more covering the applicable term of this Agreement;
 - (b) Any Group that is issued renewal rates with no premium increase; and

- (c) Any Group that is 100% experience rated.
- iii. Calculation: A weighting factor shall be applied to modify the number of Adjusted Qualifying Contracts in the 51-199 Risk market as of January 31, 2018. For each Group to whom the Concession Adjustment applies, a factor will be applied to the number of Contracts attributable to that Group based on the level of Concessions provided by Insurer for that Group at renewal. The number of Contracts for each Group will be modified by multiplying the factor for that Group by the number of Contracts in the Group. The Adjusted Qualifying Contracts for the 51-199 Risk Market Segment will then be modified to reflect the Concession Adjustment for all Groups in the segment. The following chart and examples illustrate this weighting factor:

* Concession	None	1%	2%	3%	4%	5%	6%	7%	8%
Weighting Factor	1.10	1.05	1.03	1.02	1.01	1.00	0.95	0.90	0.85

Note: The Concession Adjustment does not affect the Qualifying Contract or Persistency Level used to determine the Per Contract Persistency Bonus Rate. The Concession Adjustment only affects the number of contracts used in the calculation of the Persistency Bonus payment for the 51-199 Risk Market Segment.

4. For Non-Risk business in the 200 Plus Market Segment, the Persistency Bonus shall be determined by applying an adjustment factor for each Group in that market segment, based on the products purchased by the Group from Insurer.
- a. For each Group, the Per Contract Persistency Bonus Rate will be multiplied by the number of Adjusted Qualifying Contracts attributable to the Group, and then multiplied by the sum of the Per Contract Persistency Bonus Rate Adjustment Factors applicable to that Group, as set forth in the following table:

Non-Risk (200 Plus):	Per Contract Persistency Bonus Rate Adjustment Factors
Medical	60%
Pharmacy	20%
Stop-Loss from Preferred Vendors*	15%
Vision	5%
Dental	5%

* Including CareFirst

- b. The total Persistency Bonus for the 200 Plus Non-Risk Market Segment is the sum of the calculations above for each Group within the Adjusted Qualifying Contracts in the Segment.

G. Maximum Payout Amount:

1. A Persistency Bonus payment cap of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) shall apply to all Agencies who attain a Persistency Percentage in excess of Ninety-Eight Percent (98%).
 2. A Persistency Bonus payment cap of One Million Five Hundred Thousand Dollars (\$1,500,000.00) shall apply to all Agencies who earn a Persistency Bonus and whose Persistency Percentage is less than Ninety-Eight Percent (98%).
- H. **Time of Payment:** The Insurer shall issue the Persistency Bonus payment on or before forty-five (45) days after January 31, 2018.

NOTE: See “Addendum #1 to Exhibit A” on Pages 21-22 which contains an illustration of how the Persistency Bonus is calculated for a sample group.

II. **DENTAL PERSISTENCY BONUS.**

- A. Purpose: The purpose of the Dental Persistency Bonus is to reward Agencies for the maintenance and growth of the Insurer’s Dental business.
- B. The Dental Persistency Bonus shall apply as follows:
1. It shall be available to Agencies who have received a Persistency Bonus under this Exhibit A.
 2. It shall not apply to sales of Total Dental Network (TDN) products.
 3. It shall apply to Risk business only.
- C. The Dental Persistency Bonus chart below shows the payout per contract amounts based on the retention of Dental Contracts.

Persistency Level Below 93%	Persistency Level equal to or above 93% and less than 95%	Persistency Level equal to or above 95% and less than 100%	Persistency Level equal to or above 100% and less than 105%	Persistency Level equal to or above 105% and less than 110%	Persistency Level equal to or above 110%
\$0.00	\$10.50	\$11.00	\$12.00	\$12.50	\$13.00

III. SMALL GROUP RECAPTURE BONUS PLAN.

- A. A Forty-Five Dollar (\$45.00) per contract bonus shall apply to any small group (group size 1-50) that terminated its contract with the Insurer and moved to Consumer Direct or another carrier from January 1, 2014 through 2016 but which returns to the Insurer as a small group in 2017.

IV. GROUP NEW BUSINESS BONUS FOR RISK BUSINESS ONLY.

- A. The New Business Bonus applies to all group sizes and is effective with Group New Business sales between January 1 and December 1, 2017. A bonus of One Hundred Dollars (\$100.00) per contract will be paid to Broker/Agent for any Group New Business risk medical accounts.
 - 1. For the purposes of calculating this bonus only, New Business is defined as any medical risk contracts covered in a group that is new to the Insurer and excludes Subscribers of an existing Insurer Group or Consumer Direct Contract regardless of Product (including growth within any Group or Association,) any Group and/or Subscribers and Members transferring from any current existing Group or Consumer Direct Market Medical Group, regardless of Insurer Product.
 - 2. The New Business Bonus will be administered as an annual program, calculated cumulatively throughout the year, but will be paid out on a monthly basis.
 - 3. NOTE: New Business Bonus shall only be calculated on paid premium associated with risk business. No bonus shall be calculated upon revenue related to administrative services performed for self-insured business or premium related to stop-loss coverage. Risk business consists of contracts written on a fully insured basis pursuant to contracts regulated by a State insurance regulator and for which Insurer is fully at risk for losses.

V. GROUP MARKET, NEW BUSINESS BONUS FOR 200+ ACCOUNTS FOR NON-RISK ONLY.

- A. A 200+ Group New Business Bonus is effective with Group New Business sales between January 1, 2017 and January 31, 2018. A bonus of Twenty Dollars (\$20.00) per contract will be paid to Agency for New Business non-risk business medical accounts. An additional Four Dollars (\$4.00) per contract will be paid if CareFirst CVS Rx is included. An additional One Dollar (\$1.00) per contract will be added for each of the following lines of business sold: Dental, Vision and Preferred Stop Loss. No bonus is paid on standalone non-risk dental. The new business bonus is capped at Twenty-Five Dollars (\$25.00) per contract. The bonus is also capped at Two Thousand (2,000) contracts per group.
- B. 200+ Group New Business placed on the CareFirst Private Exchange will get a Fifteen Dollar (\$15.00) per contract bonus capped at Two Thousand (2,000) contracts per group. This is effective for new sales between January 1, 2017 and January 31, 2018.

VI. "GROUP NEW BUSINESS" DEFINITION.

- A. "Group New Business" is:
 - 1. All Risk Business and Non-Risk Business in the 200 Plus Market:

- a. Written for Groups which had no prior Group Medical coverage with Insurer, or
 - b. Written for former Groups whose contract with Insurer has lapsed, been cancelled or expired for a period of six (6) months (180 calendar days) or more
2. Group New Business does not include P.O.P. (Premium Only Plans).

<p style="text-align: center;">Addendum #1 to Exhibit A Example of Persistency Bonus Calculation</p>
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The following example shows how the Persistency Bonus is calculated pursuant to Exhibit A, Section I:

Agency A had 1,000 Qualifying Contracts on December 31, 2016.

Agency A has 1,000 Qualifying Contracts on January 31, 2018.

Agency A's Persistency Level is 100%.

With 1,000 Qualifying Contracts and a Persistency Level of 100%, the Per Contract Persistency Bonus Rate is \$51.00, as shown on the 2017 Persistency Bonus Payout Chart in Exhibit A.

Contracts by Segment as of January 31, 2018

ASO Contracts:

200+ ASO Contracts

250 (1 group with 250 contracts with CareFirst Medical, Rx, Stop-Loss, Vision and Dental)

CFA Contracts:

100 (1 group with 100 contracts with Medical and Preferred Stop-Loss)

Risk Contracts:

200+ Risk Contracts: 250 Contracts (1 group with 250 Contracts)

51-199 Contracts: 200 (2 groups with 100 Contracts groups qualifying for Concession Adjustment)

2-50 Contracts: 200 (40 groups with 5 contracts)

Total Qualifying Risk Contracts: 650

Step 1: Calculate Persistency Bonus based on Adjusted Qualifying Contracts for 2-50 segment:

200 Adjusted Qualifying Contracts x \$51 Per Contract Persistency Bonus Rate = \$10,200

Step 2: Calculate Persistency Bonus based on Adjusted Qualifying Contracts for 51-199 segment.
(Includes Concession Adjustment for Qualifying 51-199 groups.)

Group 1: 100 contracts with concession of 3%
100 contracts x 1.02 (Concession Weighting Factor) = 102 contracts

Group 2: 100 contracts with concession of 6%
100 contracts x .95 (Concession Weighting Factor) = 95 contracts

Total Adjusted Qualifying Contracts for 51-199:

102 contracts for Group A + 95 contracts for Group B = 197 Adjusted Qualifying Contracts

197 Adjusted Qualifying Contracts x \$51 Per Contract Persistency Bonus Rate = \$10,047.

Step 3: Calculate Persistency Bonus for 200+ Risk Contracts

250 Adjusted Qualifying Contracts x \$51 Per Contract Persistency Bonus Rate = \$12,750

Step 4: Calculate Persistency Bonus for 200+ ASO contracts

250 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Medical Payout of 60% = \$7,650

250 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Rx Payout of 20% = \$2,550

250 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Stop-Loss Payout of 15% = \$1,913

250 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Vision Payout of 5% = \$ 638

250 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Dental Payout of 5% = \$ 638

Total: \$13,389

Step 5: Calculate Persistency Bonus for CFA Group:

100 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Medical Payout of 60% = \$3,060

100 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Rx Payout of 20% = \$1,020

100 contracts x \$51 Per Contract Persistency Bonus Rate x ASO Stop-Loss Payout of 15% = \$ 765

Total: \$ 4,845

Total Persistency Bonus for ASO contracts including CFA is: \$13,389 + \$4,845 = \$18,234

Step 6: Calculate Total Persistency Bonus

Persistency Bonus for 2-50 Segment = \$10,200

Persistency Bonus for 51-199 Segments = \$10,047

Persistency Bonus for 200+ Risk Segment = \$12,750

Persistency Bonus for ASO Segment = \$18,234

Total Persistency Bonus: \$51,231

The total Persistency Bonus for Agency A would amount to: \$51,231.00.

<p style="text-align: center;">EXHIBIT B ERRORS and OMISSIONS</p>

Contractor shall submit to Insurer evidence of Errors & Omissions coverage with a minimum \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. Errors & Omissions policy shall provide for coverage for duties and responsibilities set forth in this Broker/Agent Agreement. If the aforementioned policy is written on a claims-made basis, the retroactive date of the policy, if any, shall precede or be concurrent with any prior periods in which Broker/Agent had an in-force Broker/Agent Agreement with Insurer.

A Certificate of Insurance (COI), or other evidence acceptable to Insurer shall be submitted and attached to this Agreement and furnished to Insurer as evidence of coverage. At time of Broker/Agent Agreement application to Insurer, and upon request by Insurer, proof of coverage must immediately be supplied to Insurer according to Insurer procedures and instructions that may include a third party.

Broker/Agent shall submit a Certificate of Insurance (COI) evidencing current Errors & Omissions insurance with a carrier having an A.M. Best rating of not less than A- or captive approved by Insurer. Broker/Agent shall provide ten (10) days' notice prior to any lapse in Errors and Omissions coverage.

EXHIBIT C

GROUP MARKET SCHEDULE OF FEES

Broker/Agent Fees will be earned by qualified **Broker/Agents** for **Insurer Group** business as follows: Fees are based on paid enrolled **Group** Market Contracts; amounts are per Contract, per Month (PCPM).

GROUP MARKET SCHEDULE OF BROKER/AGENT FEES

Medical & RX	1-50 Fee
MD Indemnity-Grandfather Group over 65	\$12.00
BlueChoice HMO, HMO Referral, Plus, Advantage Compatible	\$25.00
BluePreferred PPO HSA/HRA/HDHP Compatible	\$20.00
BlueChoice HMO, HMO Referral, Plus, Advantage with BlueFund	\$26.00
BluePreferred PPO HSA/HRA/HDHP with Blue Fund	\$21.00
Any HealthyBlue HMO, HB Plus, HB Advantage, HB PPO) written without BlueFund	\$28.00
Any HealthyBlue HMO, HB Plus, HB Advantage, HB PPO) written with BlueFund	\$29.00
HealthyBlue 2.0 & HRA/HSA(Compatible) CDH	\$29.00
NON-Medical	
Vision	\$2.00
Dental	\$6.00
51+ = Add on Fee	

Notes:

11. Broker/Agent Fees shall not be payable for any Insurer discounted dental or discounted vision plans and products.
12. For 51+ business: Any Broker/Agent Fee paid by Insurer for Risk Business or ASO cannot exceed 5.0% of premium. For ASO Business, the fee is negotiated between Broker and Group (Account) and approved by Sales & Underwriting and must be documented with a signed Administrative Services Agreement (ASA). Any Broker/Agent Fee paid by Insurer equal to or less than 1% must be approved in writing, in advance, by the Insurer's Vice President of Small/Medium or Large Group Sales. Dental Fee cannot exceed 8.0%.
13. Any Direct Business with Insurer will not be eligible for any Broker/Agent Fee unless Broker/Agent Fee has been included in the rates or administrative fees quoted to and accepted by Group.
14. PCPM rate for all CDH Groups (new and existing) that elect to use our integrated administrative services, the rate is at the BlueChoice or BluePreferred level, respectively.
15. Medicare Advantage commission paid at 51+ rates. Must be trained and certified to sell this product.