



THE ABEX GROUP

January 1, 2013 (Rev Nov 8, 2013)

BROKER AGREEMENT

Between

ABEX Brokerage Services Inc. ("ABEX")

- and -

("BROKER")

1. ENTIRE CONTRACT

- The Broker Agreement is to operate in conjunction with the agreements signed directly with the Insurance Companies and the Broker.
- ABEX hereby appoints the Broker as an Independent Contractor to solicit applications personally, and if a corporation, to accept applications solicited by other approved Brokers on behalf of the Insurance Companies.
- Any agency or employment contracts now in force between the Broker and ABEX are terminated unless otherwise agreed to in writing.

2. INDEPENDENT CONTRACTOR

- The Broker is an Independent Contractor and nothing in this agreement shall be construed as creating the relationship of employee/employer between the Broker and ABEX.
- The broker will complete Agent/Broker agreements with each Insurance Company they wish to represent and conduct business.

3. RESPONSIBILITIES

3.1. BROKER

- To secure and transmit promptly to the appropriate Insurance Company all applications and premiums for the applications received by the Broker and to promptly deliver to the applicant all policies and other documents forwarded to the Broker.
- Not to pay any premium or portion thereof on behalf of any applicant.
- Not to rebate any portion of the premium to a client, unless allowed by jurisdiction or the Insurance Company. Any agreement to pay a rebate to a client is an agreement between the Broker and the client and should be made in writing at time of sale.
- To obtain and maintain any license or certificate required by applicable law or any regulatory or government authority in each of the jurisdictions in which the Broker operates.
- To obtain and maintain E&O Insurance of at least one million dollars or as required by applicable provincial legislation. If the Broker is a corporation the Broker must maintain E&O coverage which extends coverage to the acts of those approved Brokers conducting business through the Broker.
- To meet or exceed minimum standards and to comply with all rules and regulations and other written directives established from time to time by ABEX, the Insurance Companies and all of the statutory and Superintendent's guidelines or regulations in each of the jurisdictions in which the Broker operates. You will, at all times, act in conformity with the Code(s) of Conduct as published from time to time by ABEX and the Insurance Companies.

_____ Initial

- You will hold all personal information collected from clients in accordance with the guidelines established under PIPEDA (Personal Information & Electronic Documents Act.).
- All monies, cheques or other securities received by the Broker on behalf of any of the Insurance Companies shall be property in trust for that respective Insurance Company. They are to be kept completely separate and segregated from the Broker's own funds, and must be forwarded immediately to the respective Insurance Company or its designated representative. When required to do so, the Broker must account to each of the Insurance Companies for all sums received.
- The broker will not in the name of ABEX or the Insurance Companies make, alter, amend or discharge any contract, accept risks of any kind, revive policies, incur debts or publish any advertising material respecting the business or products of ABEX or the Insurance Companies, without prior written authorization. The use of trademarks, logos or trade names in relation to the products or services of the Insurance companies must only be used in accordance with the published guidelines for use available from each Insurance Company.
- The Broker will provide notification within two days to the Life Insurance Company of any client complaints or potential client complaints so that the Life Insurance Company is aware of the circumstances and can prepare for any eventualities that might impact the Life Insurance Company and/or the client. Such notification must be in writing to the Life Insurance Company with a copy to ABEX.
- The Broker will provide notification within two days of any regulatory inquiries or investigations to the Life Insurance Company that is involved in the inquiry or investigation, and where applicable, notify the license sponsoring Life Insurance Company. This notification to be in writing with a copy to ABEX.
- The Broker will notify (within two days) its Errors & Omissions carriers of client complaints and/or any regulatory inquiries or investigations. Such notification must be in writing with a copy to ABEX.
- The Broker will advise ABEX when the Broker is indebted to a Life Insurance Company or another M.G.A in the amount of \$5,000 or more and such debt is outstanding for a period of more than ninety days.

3.2 **ABEX**

- To process the applications of the Broker in a timely and professional manner, managing the application process with each Insurance Carrier to which the Broker submits applications for consideration.
- To provide the Broker with timely updates on the status of the pending cases with each Carrier either by report or by providing access to our back office administrative system.
- To provide the Broker with marketing support and case assistance as required to enhance the productivity and professional stature of the Broker.
- To maintain the confidentiality of the Broker's client list and not solicit business from any of the Broker's clients without permission of the Broker.
- Should the Broker wish to transfer to another MGA we will assist the Broker in the move to the new office and transfer business in accordance with applicable Carrier guidelines.

4. COMPENSATION

- First year commissions (FYC) and renewal commissions will be paid to the Broker according to the provisions and schedules contained in the respective Insurance Company, Agent or Broker Agreements.
- In addition ABEX will pay an override based on the net annualized first year commissions.
- First year commissions and overrides are annualized (except where otherwise indicated) and constitute an advance against unearned compensation as defined by each Insurance Company. These advances may be subject to chargeback in accordance with the lapse and surrender chargeback guidelines for each Insurance Company. The Broker agrees to pay back to the Insurance Company or ABEX as the case may be, all commission and/or override chargeback amounts on business transacted through ABEX. ABEX reserves the right to limit the amount of the advance on any case.
- The Broker agrees to appoint ABEX as it's lawful attorney in order to authorize and direct any Insurance Company or other company through which the Broker holds a contract, and from which company has compensation due and payable to redirect said compensation to ABEX in the event of a chargeback, which is not directly recoverable by ABEX from currently available sources.
- Renewal commissions are vested as per the terms of Insurance Company contracts.

5. PERSONAL GUARANTEE

- The Broker personally guarantees repayment of all debts and shall be liable for any advanced but unearned commissions, bonuses, overrides or charge backs. This guarantee shall apply to all policies written for the Life Insurance companies and placed through ABEX. The Broker unconditionally guarantees ABEX to pay any debts on demand. This guarantee is binding on the heirs and personal representatives of the Broker. This guarantee shall survive the termination of this agreement.

6. INDEMNITY

- The broker is responsible for all damages, losses or costs arising, suffered or incurred by ABEX resulting from any breach of contract with either ABEX or any of the Life Insurance Companies through which the broker is contracted, as a result of negligent, or illegal acts by the broker, or their employees or your representatives.

7. CONFIDENTIALITY

- The broker agrees to maintain the privacy & confidentiality of all policyholder and policy related information in accordance with industry guidelines and the laws of Canada. The broker further agrees that should they have access to knowledge of any confidential information belonging to ABEX including but not limited to any materials, products, designs, concepts, trade secrets, data, computer software, or compensation arrangements, they will maintain the confidentiality of such information or property and will not disclose the information or property to any person or entity without the prior written consent of ABEX.

8. RECORDS

- At all times, all books of account, letters, documents and other papers of the Broker relating to business placed through ABEX shall be subject to inspection by a duly authorized representative of ABEX, during normal business hours. On request the Broker shall provide copies of such documentation to ABEX.

9. AMENDMENTS

- The Broker agreement may be revised or amended at any time upon the mutual written consent of ABEX and the Broker except where such amendment is required by law.

10. ASSIGNMENT

- With the prior written consent of ABEX, which consent will not be unreasonably withheld, the broker may assign this agreement or transfer certain obligations or benefits. The broker agrees to notify ABEX in writing of any proposed sale or transfer of shares effecting a change in ownership control and to request the consent of ABEX to such transaction.

11. LAW

- This contract shall be governed and interpreted in accordance with the laws of the province in which ABEX is principally located.
- In the event that any section or article of this Agreement shall be deemed to be invalid by a court of law, such section or article shall be severable from the agreement and the agreement may be interpreted as though such invalid section or article was omitted.

12. NOTICE

- Except as otherwise provided in this agreement, any notification to the Broker or ABEX by either party may be delivered by letter or electronic mail. If by letter to the last known address of the Broker and the current business address of ABEX. If by electronic mail to the Broker's last known e-mail address and to ABEX at duaine@abexgroup.ca

13. TERMINATION

- This agreement may be terminated on 60 days written notice by either party.
- This agreement will terminate automatically:
 - o Upon the death of the broker
 - o Upon the revocation, termination or non-renewal of the Broker's license
 - o Upon the revocation, termination or non-renewal of the Broker's E&O coverage
 - o Upon the winding-up, dissolution, insolvency or bankruptcy of either party
 - o If the Broker commits any act of fraud or other unlawful act including breach of regulations or guidelines
- Any termination of this agreement will not affect the Broker's right to receive override on business submitted prior to termination. All other rights of the broker shall cease.
- Following termination of this agreement ABEX may withhold payment of compensation including commissions, overrides, renewals and trailer fees until the potential chargeback exposure on all business placed falls below the value of compensation owed to the Broker.
- Upon the death of a Broker ABEX will use its best efforts to facilitate a sale of the business, in concert with instructions to that effect from the Estate.

_____ Initial

CONSENT & AUTHORIZATION

To whom it may concern:

I have applied to ABEX Brokerage Services Inc. ("ABEX") for a contract to sell life insurance as a broker or I am currently under contract to sell life insurance as a broker for ABEX. Part of the contracting process and the ongoing review of my performance, or my agency's performance, is an investigation of my personal background. These investigations are conducted by ABEX and/or its authorized agent.

I have sold financial services including insurance as principal through the following business styles, trade names, corporation or partnerships ("Listed Entities") – (leave blank if none):

Name Date

Name Date

I make this authorization on behalf of myself and as authorized representative of the Listed Entities.

I hereby authorize and direct you to release to ABEX, information contained in your files concerning my agency, my employment, my business records, my education record, my credit record including records pertaining to the listed entities and/or any other information relevant to a contract to sell life insurance as a broker with ABEX.

Full Legal Name _____

Home Address _____

SIN _ _ _ _ _

On behalf of myself and the Listed Entities, I specifically authorize ABEX to:

- Obtain a criminal activity clearance report from any police agency or government; information concerning certificates, licenses and registrations; any information concerning complaints or disciplinary measures from regulators, industry and professional "Company's"
- Exchange information with any regulator, professional registry or database, insurance company, financial institution, personal information agents or detective and security agencies or ABEX whose functions are the prevention, detection or repression of crimes or offenses, market intermediaries, managing general agents, my employer or ex-employer, including all personal information which could be collected through verification of my application for employment or contract and ongoing performance.

I understand that ABEX will establish a file concerning my application or a contract and subsequent performance and that the personal information contained in this file will be consulted by ABEX employees and its authorized representatives in relation to my contract to sell life insurance as a broker. The file will be kept at the ABEX offices. I may consult the personal information contained in this file and, if applicable, to have it rectified. A photocopy of the present consent has the same value as the original.

Upon request to any professional registry or database established by the industry and holding information about me, I shall be informed of the existence, use and disclosure of personal information and I shall be given access to that information for purposes of accuracy and completeness.

I further authorize ABEX to use my social insurance number in its files pertaining to me.

These authorizations shall be valid until the earliest to occur, of when it is revoked in writing by the Applicant, or 12 months after the Applicant ceases to receive any commission earnings from or through ABEX.

Applicant Name _____

signed at _____ this _____ day of _____, 20____

Applicant's Signature

ABEX Brokerage Services Inc. Signature

ASSIGNMENT & DIRECTION TO PAY

TO: ABEX BROKERAGE SERVICES INC.

1. For the value received, I hereby assign to ABEX Brokerage Services Inc. ("ABEX") all amounts of any nature or kind whatsoever owing to accruing due to me resulting from business transacted through ABEX, hereinafter referred to as the funds, to be continuing security to ABEX, restriction of any other vesting or future contractual right or security, and without restricting the nature hereof in any way to operate as a general and specific security for all present and future indebtedness and other liabilities of me to ABEX.
2. I acknowledge that ABEX is the absolute owner of the funds and expressly authorize ABEX to collect, demand, sue for, enforce, recover and receive the funds, and to give valid and binding receipts and discharges.
3. ABEX shall have the power at my cost to collect or realize upon any such amount at such time and in such manner as it may deem advisable, without notice to me and without prejudice to any rights that ABEX may have against other parties or against me; nor shall ABEX be liable or responsible for any loss or damage which may accrue in consequence of the exercise of its rights hereunder or in consequences of the negligence of ABEX or any officer, servant, agent, solicitor or counsel or other attorneys or substitutes employed by it in the collection, disposition, realization or enforcement hereof.
4. All previous assignments or directions by the Broker in respect of any such amounts are hereby revoked or cancelled.
5. The amounts received by ABEX pursuant to this assignment, after the deduction of all costs, charges and expenses incurred by ABEX in connection therewith, shall be first applied upon in reduction of all indebtedness and other liability of me to ABEX.
6. I hereby authorize ABEX to deliver, and direct the companies through which business was transacted to comply with such written direction to pay amounts as received from time to time from ABEX whereby ABEX directs the payment of all or part of such amounts to ABEX or to me or a combination thereof and I hereby acknowledge that any and all monies received by me shall be received in trust for ABEX.
7. I covenant and declare that none of the funds have been assigned to or pledged or encumbered in favor of any other person firm or corporation and I covenant and agree with ABEX not to assign, pledge or encumber the funds or any of them, so long as this assignment remains in force, to or in favor of any other person, firm or corporation without the written consent of ABEX.
8. This assignment shall survive the termination of any agreement between ABEX and me or our successors and assigns unless ABEX and I otherwise agree in writing with joint notice to the effect to the companies through which business was transacted and this assignment shall continue in effect and extend to such time or times as there shall be any indebtedness or other liability of me to ABEX.

Signed this _____ day of _____, 20 _____

Broker Name: _____

Broker Signature: _____

Witness Signature: _____

APPENDIX “A” – SEGREGATED FUNDS

Between

ABEX Brokerage Services Inc. (“ABEX”)

- and -

(“BROKER”)

1 BROKER APPOINTMENT

- The Broker hereby contracts with ABEX Brokerage Services Inc. to act as a Broker in the sale of segregated funds of such companies as ABEX has entered into agency contracts with.

2 RESPONSIBILITIES

- ABEX agrees to process transactions for segregated funds in a timely manner and to provide the Broker with data in electronic form. This data will be based on information supplied to ABEX by various financial institutions. Although ABEX will use its best efforts to ensure that the data is accurate, ABEX accepts no responsibility for the accuracy of the data.
- ABEX will remedy within a period of 60 days any serious deficiency of service provided to the Broker, provided that ABEX has been notified of this deficiency in writing by the Broker.
- ABEX agrees to maintain the confidentiality of the Broker’s client list.

BROKER

- The Broker will be responsible for maintaining a client file containing copies of all documents relating to segregated funds including segregated funds transaction orders.
- The Broker will immediately notify the Agency/MGA of all written and/or verbal client complaints.
- ABEX will be provided access to the Broker’s offices, files and records to carry out any obligations as required by ABEX, the segregated funds issuers, the Insurance Council, or any other regulatory body.
- The Broker will be responsible for adhering to all compliance obligations of an Insurance Broker as required by regulations and policies of the applicable insurance regulator(s), the segregated fund issuers contracted with ABEX and the policies, procedures and directives of ABEX as amended from time to time. The Broker will only trade in segregated funds for which he/she is contracted and when approved in advance by ABEX.
- All segregated funds transactions placed under ABEX Dealer Number will be processed through ABEX. When the Broker has contracted with ABEX to transact a specified company’s segregated funds business through ABEX, all segregated funds transactions with the specified company must be completed through ABEX, although other non contractual companies segregated funds may be conducted through other agencies.
- The Broker will process all business relating to ABEX through an Agency and/or processing centre assigned by ABEX.
- The Broker will advise his/her clients that: i) segregated funds are subject to fluctuations in market value; ii) past performance is not necessarily indicative of future performance.
- Where required by law, the Broker will inform the client of commissions earned and the commission structure applicable to all segregated funds purchased through ABEX.

_____ Initial

- The Broker is personally responsible and liable for his/her actions undertaken in the distribution of segregated funds, regardless of whether or not business is conducted under a separate corporate entity.
- The Broker is responsible for carrying and maintaining Errors and Omissions Insurance and (if available) Fraudulent Acts Insurance that covers segregated funds trading. A copy of the Broker's insurance must be provided to ABEX upon execution of this contract.
- The Broker will at all times, remain an independent contractor and shall not represent himself/herself to be an agent, joint venture, partner or employee of ABEX or its contracted segregated funds issuers.

3 TERMINATION

- This Agreement may be terminated by either of the parties without cause with 30 days prior written notice to the other party.
- ABEX may terminate this Agreement without notice at any time if the Broker has failed to remedy within 45 days any requirement of ABEX, any breach of his/her responsibilities under this Agreement or under applicable Insurance Regulations that ABEX has notified the Broker of in writing.
- ABEX may terminate this Agreement without notice at any time if the Broker is in breach of insurance regulations, charged with a criminal offence, becomes insolvent or bankrupt, loses his insurance license, loses his Errors and Omissions Insurance, commits any act of fraud or dishonesty against ABEX or a policyholder, or if requested by the Insurance Council.
- In the case of a dispute with a client, ABEX will have access to the Broker's offices, files and records for any and all business conducted through ABEX for a period of five years after the termination of this Agreement

4 COMPENSATION

- The Broker agrees to accept as full compensation for his/her services the amounts released according to the percentage of gross commissions agreed to in the life insurance company/carrier Agent Contract and commission schedule. This is subject to change on 30 days written notice by ABEX.
- ABEX will pay commissions to the Broker according to the percentage agreed in the paragraph above. Commissions will be paid on any and all gross commissions for which ABEX has received the commissions file and cheque from the financial institutions.
- On termination of this Agreement, any commissions for purchases earned by the Broker and not yet paid, remain an obligation of ABEX. ABEX will pay to the Broker this portion of any commissions received by ABEX following the termination of this Agreement that relate to the period prior to the termination of this Agreement. The final commission payment may include adjustments for monies owing or owed and may be subject to a change in commission schedule.
- ABEX may deduct from any commissions owing to the Broker any expenses or chargeback's incurred on behalf of the Broker. This includes charges for errors incurred by the Broker.
- The Broker agrees that ABEX may deduct from commissions payable to the Broker any monies owed by the Broker to ABEX and/or its affiliate companies.
- All commissions paid will be based on the percentages in effect at the time that the payments from the segregated fund issuers are received by ABEX.
- The Broker agrees to refund to ABEX any amounts paid in error or charged to the Broker within 30 days of notification by ABEX. ABEX reserves the right to deduct any such amounts from the next commission payment.

5 REGULATORY CHANGES

- Any regulatory changes or new practice codes issued by a governing body such as the Provincial Insurance Council that take effect after the signing of this Agreement will supersede any respective sections or parts of this Agreement that may relate to and said new regulations will take effect immediately.

_____ Initial

INDEMNITY**Indemnification by the Broker**

The Broker hereby irrevocably and unconditionally covenants and agrees, at all times, to indemnify and save harmless ABEX and its successors and assigns and such other persons being hereinafter sometimes referred to as ABEX Indemnities, and each of them, from and against all claims, demands, causes of action, suits, damages, losses, costs, expenses, obligations and liabilities of every kind and nature whatsoever, which may be made or brought against any of the ABEX Indemnities or of which any of the ABEX Indemnities may suffer or incur, based upon, arising out of, attributable to, related to, or in any way connected with:

- Any breach or non-performance of any covenant or obligation to be performed by the Broker under this Agreement.
- Any negligence or misconduct by the Broker.
- Any misrepresentation made by the Broker to any policyholder, life insured, beneficiary or to any prospective policyholder, life insured or beneficiary or to any other person.
- Any claim made by any other party for commission or other compensation from ABEX or the segregated fund issuers, or any claim by a third party against ABEX or against ABEX and the Broker jointly, whether or not related to compensation.

Indemnification by ABEX

ABEX hereby irrevocably and unconditionally covenants and agrees, at all times, to indemnify and save harmless the Broker and its successors and assigns the Broker and such other persons being hereinafter sometimes referred to as the Broker Indemnities, and each of them, from and against all claims, demands, causes of action, suits, damages, losses, costs, expenses, obligations and liabilities of every kind and nature whatsoever, which may be made or brought against any of the Broker Indemnities or of which any of the Broker Indemnities may suffer or incur, based upon, arising out of, attributable to, related to, or in any way connected with:

- Any breach or non-performance of any covenant or obligation to be performed by ABEX under this Agreement.
- Any negligence or misconduct by ABEX

ASSIGNMENT, SUCCESSORS AND HEIRS

- This Agreement may not be assigned or transferred to any third party without the prior written consent of all parties.
- This Agreement shall be binding on and insure to the benefit of the parties hereto and

_____ Initial

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

Signed in the City of _____ in the Province of _____

on this _____ day of _____ 20 _____

BROKER

Print Name

Broker Signature

Print Name

Witness Signature

ABEX

Print Name

President Signature

Print Name

Witness Signature