

**Important Notice Regarding Your Appointment for the Sale of Products
Offered by Capital BlueCross, Capital Advantage Insurance Company,
Capital Advantage Assurance Company, and Keystone Health Plan Central, Inc.**

Capital BlueCross, Capital Advantage Insurance Company, Capital Advantage Assurance Company, and Keystone Health Plan Central, Inc. are collectively referred to throughout this Appointment Disclosure Form as the “Appointing Entities.”

- Prior to appointing or reappointing a licensed insurance producer (“producer”), Pennsylvania law requires insurance companies that are authorized to transact business within Pennsylvania to make reasonable inquiry to: (i) determine whether the producer could be disqualified from obtaining a new or renewal producer’s license under applicable Insurance Department regulations; and (ii) verify other information relevant to the producer’s fitness to conduct the business of insurance.
- In addition, under federal law, any person who has been convicted of any criminal felony involving dishonesty or breach of trust is prohibited from engaging in the insurance business without the consent of the Pennsylvania Insurance Commissioner.
- The Appointing Entities require that each producer read and understand the Capital BlueCross Code of Conduct. The Code of Conduct is available at the Capital BlueCross website (capbluecross.com/AboutCBC/CodeofConduct) or upon request from Capital BlueCross Producer Relations. By accepting your appointment from the Appointing Entities, you agree to conduct business in accordance with the Code of Conduct and to report any actual or potential conflicts of interest to the Appointing Entities.
- The Appointing Entities require that each producer read, understand, and agree to abide by the terms and requirements of the applicable producer appointment agreement.
- The Appointing Entities may share your responses to the attached Appointment Disclosure Form with their vendors for certain ancillary products such as dental, vision, and stop-loss coverage. These vendors may, in turn, rely upon your responses in order to appoint you for the sale of their respective insurance products.

The Appointing Entities will rely upon your responses to the attached Appointment Disclosure Form when appointing you.

APPOINTMENT DISCLOSURE FORM CHECKLIST

- ✓ If you are applying as an individual producer, please complete Form C-7.
- ✓ If you are applying as the “designated licensee” of an insurance agency, please complete Form C-8 and instruct all your licensed producers to complete Form C-7.
- ✓ Have you read the Capital BlueCross Code of Conduct?
- ✓ Have you read the applicable producer appointment agreement?
- ✓ Have you legibly printed or typed your responses to the Appointment Disclosure Form?
- ✓ Have you attached a copy of your current producer’s license?
- ✓ Have you signed and dated your Appointment Disclosure Form?

*Please return completed Capital Blue Cross Appointment Paperwork to Katie at klengle@benecon.com for processing.

16. Please disclose your employment history for the past ten years (Attach separate sheet(s) if necessary):

Current Employer

Name:

Address:

Contact Person:

Title:

Telephone:

Employment Dates: From: To:

May we contact to verify your employment? Yes No

Prior Employer

Name:

Address:

Contact Person:

Title:

Telephone:

Employment Dates: From: To:

May we contact to verify your employment? Yes No

Prior Employer

Name:

Address:

Contact Person:

Title:

Telephone:

Employment Dates: From: To:

May we contact to verify your employment? Yes No

Prior Employer

Name:

Address:

Contact Person:

Title:

Telephone:

Employment Dates: From: To:

May we contact to verify your employment? Yes No

REPRESENTATIONS, WARRANTIES, AND ACKNOWLEDGMENTS

- I hereby certify that the foregoing answers and statements are true to the best of my knowledge and belief and that I am acting on my own behalf.
- I acknowledge and affirm that I have a continuing obligation to inform Capital BlueCross, Capital Advantage Insurance Company, Capital Advantage Assurance Company, and Keystone Health Plan Central, Inc. (the "Appointing Entities") if I plead guilty to, enter a no contest plea to, or am convicted of any crime.
- I acknowledge and affirm that I have a continuing obligation to report to the Appointing Entities any conduct, activity or event that occurs subsequent to the date on which I have signed this disclosure form, that would have required disclosure in response to questions 10, 11, and 12.
- I acknowledge and understand that each of the Appointing Entities may conduct a criminal background check and that my appointment may be affected by the information obtained in response to such inquiry, up to and including the termination of my appointment.
- I acknowledge and understand that my answers to the foregoing inquiries may prompt further inquiry by each of the Appointing Entities, to which I agree to provide truthful responses.
- I acknowledge and affirm that I have read the Capital BlueCross Code of Conduct, that I understand it, and that I agree to comply with it.
- I acknowledge and affirm that I have read the applicable producer appointment agreement, that I understand it, and that I agree to abide by the terms therein.
- I agree to comply with all the regulations of the Appointing Entities and the Pennsylvania Insurance Department. I certify that I am free to contract with the Appointing Entities. I authorize the individuals or companies identified as references or employers in this Appointment Disclosure Form to give to the Appointing Entities any business or personal information concerning me that they may have, and I release said individuals or companies from all liabilities for any damage whatsoever for issuing this information. I understand that my appointment must be processed with the Pennsylvania Insurance Department prior to receiving any commissions.
- I consent to the Appointing Entities sharing copies of this disclosure form with certain vendors of ancillary insurance products to facilitate my appointment for such vendors.

Applicant Signature: _____ Date: _____

Preferred Producer Approval: _____	_____
Signature	Date
Capital BlueCross Approval: _____	_____
Signature	Date

STANDARD PRODUCER ACKNOWLEDGMENT FORM

PLEASE READ THIS ACKNOWLEDGMENT FORM IN ITS ENTIRETY BEFORE YOU AGREE TO SERVE AS A STANDARD PRODUCER.

SECTION 1. STANDARD PRODUCER INFORMATION

- 1.1 If the Standard Producer is an individual, provide the information requested at Section 1.2.1.
 If the Standard Producer is an agency, provide the information requested at Section 1.2.2.

1.2.1 Individual Information

1.2.2 Agency Information

<p>Producer Name: _____</p> <p>Social Security No.: _____</p> <p>Producer License No.: _____</p> <p>Business Address: _____ _____ _____</p> <p>Business Phone: _____</p> <p>Business Fax: _____</p>	<p>Agency Name: _____</p> <p>Federal Tax ID No.: _____</p> <p>Business Entity License No.: _____</p> <p>Business Address: _____ _____ _____</p> <p>Business Phone: _____</p> <p>Business Fax: _____</p> <p>Business E-mail: _____</p> <p>Designated Licensee's Information:</p> <p>Name: _____</p> <p>Producer License No.: _____</p> <p>Social Security No.: _____</p> <p>Signature: _____ <div style="text-align: right;">Designated Licensee</div></p>
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Healthcare benefit programs issued or administered by Capital BlueCross and/or its subsidiaries, Capital Advantage Insurance Company®, Capital Advantage Assurance Company®, and Keystone Health Plan® Central. Independent licensees of the Blue Cross and Blue Shield Association. Communications issued by Capital BlueCross in its capacity as administrator of programs and provider relations for all companies.

- 1.2.3 If the Standard Producer is an agency, then the Principal Partner/Corporate Officer identified in Section 1.2.2 above, acknowledges receipt of these terms and conditions on behalf of all licensed producers who conduct producer business on behalf of the agency. The Principal Partner/Corporate Officer agrees to provide a copy of this Standard Producer Acknowledgment Form to each licensed producer who conducts producer business on behalf of the agency.

SECTION 2. DEFINITIONS

- 2.1 “Capital” means Capital BlueCross and its applicable subsidiaries, including without limitation, Capital Advantage Insurance Company, Capital Advantage Assurance Company, and Keystone Health Plan Central, and their respective directors, officers, and employees. Capital BlueCross, Capital Advantage Insurance Company, Capital Advantage Assurance Company, and Keystone Health Plan Central are independent licensees of the Blue Cross and Blue Shield Association.
- 2.2 “Change in Control” means a transaction that results in either (i) holding fifty percent (50%) or more of the outstanding voting securities of an entity; (ii) if an organized corporate entity, having the contractual power to designate a majority of the directors of the entity, or, if not an organized corporate entity, of individuals exercising similar functions; or (iii) in the case of an entity without outstanding voting securities, having the right to fifty percent (50%) or more of the entity’s assets, or the right, in the event of dissolution, to fifty percent (50%) or more of the entity’s assets.
- 2.3 “Contract Holder” means the individual or a group (two or more eligible members) entering into a contract with Capital for a Health Benefits Program. As used herein, “group” does not include an entity that purchased Capital health benefits coverage through an association.
- 2.4 “Health Benefits Programs” means any one or a combination of the individual health benefits plans insured or administered by Capital, including, but not limited to, Medicare Supplement plans, as well as any individual prescription drug, dental, and vision plans insured or administered Capital. “Health Benefits Programs” does not include Medicare Advantage products (e.g. Medicare Advantage HMO and Medicare Advantage PPO), or CHIP products.
- 2.5 “Preferred Producer” means the entity with which Capital has entered into a Preferred Producer Master Agreement.
- 2.6 “Producer of Record” means a Standard Producer or a Preferred Producer as designated by a Contract Holder, using the appropriate Producer of Record Letter or other forms as determined by Capital.
- 2.7 “Producer of Record Letter” means the appropriate form letter available from Preferred Producer which has been executed by a group and which designates the Producer of Record.
- 2.8 “Replacement Preferred Producer” means the entity (and its directors, officers, employees and agents) which enters into a Preferred Producer Master Agreement with Capital and which enters into a contract with You if (i) Your contract with Your Preferred Producer

terminates, or (ii) the contract between Capital and the Preferred Producer terminates as provided in the parties' Preferred Producer Master Agreement.

- 2.9 "Service Area" means the following twenty-one counties within the Commonwealth of Pennsylvania: Adams, Berks, Centre, Columbia, Cumberland, Dauphin, Franklin, Fulton, Juniata, Lancaster, Lebanon, Lehigh, Mifflin, Montour, Northampton, Northumberland, Perry, Schuylkill, Snyder, Union and York, .
- 2.10 "Standard Producer" means the licensed agent, agency, or broker who has executed this Standard Producer Acknowledgment Form and entered into a contractual relationship with the Preferred Producer, as well as the individual licensed producers who have completed the Appointment Disclosure Form as indicated in Section 5.3.2 below.
- 2.11 "You" and "Your" shall refer to the individual licensed producer, or to the agency identified as the Standard Producer in Section 1.

SECTION 3. INTRODUCTION

- 3.1 Capital administers a producer program as a service to its customers. Capital contracts with Preferred Producers. A Preferred Producer, in turn, contracts with Standard Producers. For purposes of your appointment with Capital, You may contract with one Preferred Producer applicable for both Capital group and individual business. You may contract with one Preferred Producer for Capital group business and a separate Preferred Producer for Capital individual business. However, You may not contract with more than one Preferred Producer for any one line of Capital business. For purposes of example, You may not contract with two Preferred Producers for Capital group business.
- 3.2 Capital will decide whether to appoint you to be a Standard Producer.
- 3.3 As a condition to your appointment as a Standard Producer, You must obtain and maintain an errors and omissions liability insurance policy. (See Section 5 for more details regarding this important condition.)
- 3.4 The Preferred Producer may attach this Standard Producer Acknowledgment Form to any document or contract that You might be requested to sign as a condition of your appointment as a Standard Producer.
- 3.5 Commissions and administrative fees, as applicable, will be paid according to the standard commission schedule in effect from time to time for the applicable Health Benefit Program, which is attached hereto as Schedule "A-1." Capital may modify the standard commission schedule upon written notice to Your Preferred Producer. Preferred Producer will notify You in writing of such standard commission modifications. The Preferred Producer Master Agreement(s) specifies all commission payment rules, including payment of commissions in the event Capital terminates Your appointment, terminates the producer program, terminates the Preferred Producer Master Agreement(s), or You terminate Your relationship with the Preferred Producer. It is Your responsibility to resolve all commission payment issues directly with the Preferred Producer.
- 3.6 Capital does not discriminate on the basis of race, color, national origin, disability, age, sex, gender identity, sexual orientation, or health status in the administration of Health Benefits Programs, including enrollment and benefit determinations.

SECTION 4. BONUS AND INCENTIVE PROGRAMS

- 4.1 Capital may, at its sole option, offer bonus and/or incentive programs from time to time applicable to Standard Producer. Capital's current bonus and/or incentive programs are attached to this Agreement on Schedule "A-2." Capital will determine the terms of any bonus and/or incentive program and will communicate the terms to Preferred Producer in writing. Preferred Producer will notify You in writing of such bonus and/or incentive programs, including any changes thereto. Capital reserves the right to amend, modify or supplement any term of a bonus or incentive program, including discontinuance of part of, or the entire bonus or incentive program, at any time upon advance written notice to Preferred Producer. Throughout Standard Producer's course of participation in a bonus or incentive program, this Standard Producer Acknowledgment Form will remain in full force and effect. Capital may terminate Standard Producer's participation in a bonus or incentive program at any time upon thirty (30) days' advance written notice. If Standard Producer's participation is terminated for any reason, the Agreement will remain in full force and effect.

SECTION 5. YOUR APPOINTMENT AS A PRODUCER FOR CAPITAL

- 5.1 Before Capital will consider the appointment application materials submitted by the Preferred Producer on Your behalf, You must: (1) obtain errors and omissions liability insurance coverage with an aggregate limit of liability of at least One Million (\$1,000,000) Dollars with an insurance company have an A.M. Best rating of "A" or higher, and (2) submit a copy of the "Declaration Sheet" of Your errors and omissions policy to Capital.
- 5.2 After Capital reviews the appointment application materials submitted by the Preferred Producer on Your behalf, Capital may elect to appoint you to be a Standard Producer. In the event of such an election, Capital will notify the Pennsylvania Insurance Department. Your appointment will be for the "0300 Accident and Health" power as defined by the Pennsylvania Insurance Department.
- 5.3 You will be permitted to submit applications for Health Benefits Programs only after:
- 5.3.1 Your appointment by Capital is complete; and
 - 5.3.2 You complete the necessary documentation as required by the Preferred Producer, which may include, but is not limited to the appropriate Appointment Disclosure Form, which may be amended or supplemented from time to time by Capital:
 - 5.3.2.1 Individual producers must complete and submit Form C-7, Appointment Disclosure Form (Individual), as amended or supplemented from time to time by Capital. A copy of Form C-7 is included in the attached Schedule "B")
 - 5.3.2.2 For agencies, the designated licensee must complete and submit Form C-8 Appointment Disclosure Form (Agency), as amended or supplemented from time to time by Capital. Each individual licensed producer must complete and submit Form C-7, Appointment Disclosure Form (Individual). Copies of Form C-7 and Form C-8 are attached as Schedule "B").
- 5.4 The Preferred Producer (and not Capital) shall be responsible for any and all commission for business produced or services performed by You.
- 5.5 As an insurance producer for Capital, You are only authorized to do the following:

- 5.5.1 To represent Capital to Contract Holders in the Service Area, provided that the appropriate group Producer of Record Letter or, in the case of an individual, the appropriate form as determined by Capital has been executed naming You as Producer of Record, which letter must appear in the form available from the Preferred Producer.
 - 5.5.1.1 If a group Contract Holder changes its Producer of Record, such change will take effect on the group's next billing date following thirty (30) days from the date on which Capital receives: (i) written notice of the change which shall occur via execution by the group of a Producer of Record Rescind Letter (the "Rescind Letter"), which must appear in the form available from the Preferred Producer, and (ii) a Producer of Record Letter designating the new Producer of Record. A Producer of Record Letter designating the Producer of Record must accompany the Rescind Letter.
 - 5.5.1.2 For individual Contract Holders, Your designation as the Producer of Record shall remain in effect throughout the term of the Contract Holder's then-current Health Benefit Programs contract with Capital, including any renewal thereof.
 - 5.5.2 To obtain from Capital and present full proposal documentation to Contract Holders for coverage under the Health Benefits Programs.
 - 5.5.3 To solicit applications, enrollment cards, and similar or related documents required by Capital prior to effectuating coverage under contracts for Health Benefits Programs.
 - 5.5.4 To collect, from groups, only the initial premium (initial premium does not include reserves, fees, retention payments, payment from bank Letters of Credit) and to remit to Capital all initial group premiums collected within a reasonable amount of time as determined by Capital.
- 5.6 As an insurance producer for Capital, You will be expected to comply with the following:
- 5.6.1 To (i) maintain errors and omissions liability insurance coverage with an aggregate limit of liability of at least One Million (\$1,000,000) Dollars with an insurance company have an A.M. Best rating of "A" or higher; (ii) provide Capital, at its request, with a copy of such errors and omissions insurance policy; and (iii) notify Capital within five (5) days of any receipt of notice that the errors and omissions insurance carrier intends to terminate, cancel, non-renew, or rescind the errors and omissions insurance coverage.
 - 5.6.2 To be governed strictly by all Capital underwriting and participation rules, regulations, and instructions contained in manuals, proposals or otherwise in effect from time to time. In the event of any dispute as to the interpretation of underwriting rules, regulations and instructions of Capital, Capital shall make the final determination of all such disputes.
 - 5.6.3 To adhere to all of Capital's underwriting, participation, and marketing guidelines applicable to the Health Benefits Programs.
 - 5.6.4 To observe and comply with all applicable insurance laws and Pennsylvania Insurance Department regulations, and any federal requirements, including those relating to employee benefit plans.

- 5.6.5 You must forward to Capital immediately upon receipt any and all governmental or other communications, complaints, and/or inquiries, written or oral, regarding or pertaining to the Health Benefits Programs.
- 5.6.6 To keep such records and forms as may be reasonably required by Capital and/or applicable laws and regulations. Such records together with all manuals and all supplies furnished by Capital shall remain the property of Capital and shall be subject to examination by and/or surrender to Capital at any time. You must maintain complete records of all transactions pertaining to Contract Holders, along with correspondence to and from Contract Holders for the longer of (i) the current year plus the six preceding calendar years or (ii) any period required by applicable law.
- 5.6.7 As a Delegated Entity, and in Capital's authority and responsibility to oversee and monitor all delegated activities, Producer agrees to the requirements set forth in Schedule H (the "Marketplace Required Provisions"), which are hereby incorporated into the Form. The Marketplace Required Provisions will apply only to services provided to Capital relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as any covered dependents, and will to the extent inconsistent with any other terms of the Form, supersede such inconsistent terms solely as they relate to services rendered to such Contract Holders. Standard Producer shall comply with the Marketplace Required Provisions, as applicable.

SECTION 6. LIMITATIONS ON YOUR AUTHORITY AS A STANDARD PRODUCER

- 6.1 Your authorization to perform under this Standard Producer Acknowledgment Form, including without limitation, representing Capital, obtaining and presenting premium rate quotations, and soliciting and submitting applications for Health Benefits Programs shall be limited to only those Health Benefits Programs for which the Preferred Producer You contract with is authorized to obtain and present premium rate quotations, and solicit and submit applications as part of Preferred Producer's appointment by Capital.
- 6.2 As an insurance producer for Capital, You are not permitted to perform any of the following acts:
- 6.2.1 To waive, modify, or change any terms, conditions, rates, proposals, or limitations of any contract issued for Health Benefits Programs.
 - 6.2.2 To bind or commit Capital in any manner.
 - 6.2.3 To receive any money for Capital, except the initial group premium as specified in Section 5.5.4.
 - 6.2.4 To extend the time for any premium payment.
 - 6.2.5 To reinstate any coverage terminated.
 - 6.2.6 To adjust, settle, or admit liability on any claim.
 - 6.2.7 To solicit applications or enrollment forms outside the Service Area.
 - 6.2.8 To effect any verbal contracts for Health Benefits Programs.

- 6.2.9 To effect any contracts for Health Benefits Programs except by means of authorized forms duly executed by authorized Capital representatives.
- 6.2.10 To publish or cause to be published, circulate or cause to be circulated any advertising material other than that approved in writing by or furnished by Capital. All questions regarding the appropriate use of advertising material must be directed to the Preferred Producer.
- 6.2.11 Unless authorized in writing by Capital, You may not use in any form any registered or unregistered trademark, trade name, or service mark owned by Capital, any Capital affiliate or by the Blue Cross and Blue Shield Association, nor may You place any advertisement pertaining to Capital in any medium, or issue or distribute any circular, letter or publication referring to Capital without Capital's prior written consent.
- 6.2.12 To extend credit or incur any indebtedness, liability, or obligation on behalf of Capital.
- 6.2.13 To sign an application on behalf of an applicant.
- 6.2.14 To pay, allow, or offer to pay or allow as an inducement to any person or Contract Holder, any rebate of premium or other form of consideration.
- 6.2.15 To enter into any legal proceeding pertaining to Capital as a representative of Capital, including the acceptance of legal process on Capital's behalf.
- 6.2.16 To act in a manner contrary to any laws, rules, or regulations of any governmental or other regulatory authority having jurisdiction over employee health and welfare benefit plans.
- 6.2.17 To engage in any conduct that may adversely affect the business, good standing and reputation of Capital.
- 6.2.18 To represent yourself as an employee of Capital.

SECTION 7. TRANSFER OF STANDARD PRODUCER

- 7.1 You must have a contractual relationship with a Preferred Producer for at least 180 days during Your appointment with Capital before You may seek to transfer to a Replacement Preferred Producer. This requirement shall not apply if the contract between You and Your Preferred Producer is terminated by Preferred Producer within such 180-day period. You must promptly notify Preferred Producer and Capital of Your intention to contract with a Replacement Preferred Producer at the conclusion of the 180-day period; provided, however, that in the event of extenuating circumstances (as determined by Capital), Capital may consent to a transfer before the 180-day period ends upon receipt of a written request by You.

SECTION 8. ELIGIBLE CONTRACT HOLDERS

- 8.1 In order to be eligible for the Health Benefits Programs offered by Capital, a Contract Holder must comply with Capital's current eligibility and underwriting standards/guidelines. These standards/guidelines are subject to change without notice.
- 8.2 All necessary enrollment materials and premium rate quotation requests must be received by Capital within any deadlines set by Capital before a Contract Holder will be considered for coverage.

- 8.3 A Contract Holder must execute the required documentation established by Capital from time to time and be formally accepted by Capital in order to be enrolled.

SECTION 9. RESERVATION OF RIGHTS

- 9.1 Capital reserves the right to reject any application for enrollment in a Health Benefits Program.
- 9.2 Capital reserves the right to discontinue or withdraw from sale any Health Benefits Program, amendment, or endorsement.
- 9.3 Capital reserves the right to amend or cancel any Health Benefits Program.
- 9.4 Capital reserves the right to determine all terms, conditions, and limitations on any Health Benefits Program contract.
- 9.5 Capital reserves the right to amend, delete, or add any Capital procedure.
- 9.6 Capital reserves the right, upon reasonable notice, to audit and make copies of all records in Your possession which relate to the Health Benefits Program or any proposal for a Health Benefits Program that You presented to a Contract Holder.
- 9.7 Capital reserves the right to audit Contract Holders in accordance with the terms and conditions of the Health Benefits Programs. Capital may conduct such audits to determine, for example, whether the Contract Holders are in compliance with the underwriting and enrollment guidelines and minimum participation requirements. Standard Producer shall assist and cooperate with Capital as necessary in order for Capital to conduct such audits, including production of all Contract Holder documentation in Standard Producer's possession.
- 9.8 If Capital does not extend coverage under a contract for Health Benefits Programs for one of the reasons listed above, no commission shall be paid.

SECTION 10. LICENSES AND COMPLIANCE WITH REGULATIONS

- 10.1 By signing this Acknowledgment Form, You represent and warrant that You are properly licensed to serve as an insurance producer for Capital.
- 10.2 Capital will pay the appointment fees and renewal fees for Standard Producers. Capital reserves the right to change this policy at any time. Capital shall not be liable for any fees or taxes required by any federal, state, local, or municipal law.
- 10.3 You agree to notify the Preferred Producer and Capital immediately of any termination, suspension, or expiration of Your license. You agree to notify the Preferred Producer and Capital immediately in the event You are charged with any wrongdoing for which the penalty of suspension or revocation is possible. The failure on the part of Capital to elect to terminate Your appointment as an insurance producer immediately shall not be construed as a waiver of the right to do so subsequently.

SECTION 11. CONFIDENTIALITY

- 11.1 During the term of Your appointment as an insurance producer for Capital or at any time after termination of Your appointment, You may not divulge or use any confidential and/or proprietary information about Capital's business, except as authorized by Capital in writing.

Confidential and proprietary information about the business of Capital includes, but is not limited to, policies, procedures, underwriting guidelines, and/or group specific proposals of Capital, in any form whatsoever.

- 11.2 You agree to be liable for and to reimburse Capital for any and all damages to Capital that arise from Your acts or omissions which result in the unauthorized disclosure or use of such confidential or proprietary information.

SECTION 12. TERMINATION

- 12.1 Capital may terminate Your appointment as an insurance producer for Capital immediately upon the occurrence of any of the following:

- 12.1.1 Such termination is required by state or federal law or regulation, or by an order of any state or federal agency or court with authority to issue such an order;
- 12.1.2 Enforcement of any disciplinary regulatory action against, or suspension or termination of Your license;
- 12.1.3 Your withholding, converting for Your own use, or otherwise misappropriating funds of Capital or a Contract Holder;
- 12.1.4 You commit any illegal act or fraud in the performance of Your duties as an insurance producer for Capital;
- 12.1.5 You fail to maintain errors and omissions coverage as set forth in Section 5.6.1.
- 12.1.6 Upon Your death, or dissolution, bankruptcy or insolvency.
- 12.1.7 Upon Your breach of any of the terms of this Acknowledgment Form or of Capital's underwriting rules, regulations and instructions.
- 12.1.8 Upon Your conviction, entry of a plea of nolo contendere, or the imposition of probation without verdict for any felony, or a misdemeanor related to the business of insurance, including but not limited to fraud, theft, embezzlement, or any other offense related to the misuse or taking of funds.
- 12.1.9 Upon Your breach of any provision of the HIPAA Business Associate Addendum to which Section 13 refers.

- 12.2 Capital may terminate Your appointment as an insurance producer without cause by giving thirty (30) days written notice to You and to the Preferred Producer.

- 12.3 In the event of the termination of the Preferred Producer Master Agreement(s) between Capital and the Preferred Producer, Your contract with the Preferred Producer will terminate simultaneously, and Capital may:

- 12.3.1 Assist You in establishing a relationship with a Replacement Preferred Producer; or
- 12.3.2 Enter into a Preferred Producer Master Agreement(s) directly with You, so long as You qualify to participate in such an agreement; or
- 12.3.3 Contract directly with You so long as You qualify for a direct agreement with Capital.

SECTION 13. HIPAA COMPLIANCE

13.1 You agree to comply with the terms of the HIPAA Business Associate Addendum attached hereto, marked as Schedule "C," and incorporated herein by reference.

SECTION 14. JOINT AND SEVERAL LIABILITY

14.1 In the event of a transfer of ownership of the Standard Producer's business, the Standard Producer shall remain jointly and severally liable with the purchaser/transferee for all premium remittances received and all debts and obligations incurred, unless otherwise agreed to in writing by Capital.

SECTION 15. ASSIGNMENT

15.1 Your appointment as a Standard Producer for Capital cannot be sold, pledged or assigned.

15.2 Your assignment of any Producer of Record Letter(s) or commissions payable will only be valid with prior notice to the Preferred Producer and with Capital's prior written consent. Capital reserves the right to require new Producer of Record Letters in connection with any such assignment. Your right to commission in the event of such assignment will remain subject to the terms of the Preferred Producer Master Agreement(s).

SECTION 16. NOTICES

16.1 Notices required or permitted to be given hereunder shall be in writing and shall be delivered (i) by prepaid certified or registered mail or a nationally recognized overnight courier or (ii) by any electronic method for which receipt is documented, at the address set forth below, or to such other address (including electronic) as may from time to time be specified by one party to the other. All notices shall be effective upon the earlier of (i) receipt, or (ii) with respect to notices that are sent by certified or registered mail, three (3) business days after mailing, and with respect to notices sent by overnight courier one (1) business day after sending.

TO: CAPITAL

TO: STANDARD PRODUCER

Senior Director, Producer Relations
Capital BlueCross
2500 Elmerton Avenue
Harrisburg, PA 17110

SECTION 17. AMENDMENTS

17.1 The terms of this Standard Producer Acknowledgment Form, including but not limited to Schedule "A-1" and Schedule "A-2", may be waived, amended, modified or supplemented in writing as agreed by the parties; provided, however that the Standard Producer Acknowledgment Form may be amended automatically, without the consent of Producer, in order to meet applicable local, state or federal statutory or regulatory requirements. Capital shall provide Producer with written notice of such amendments for statutory or regulatory compliance. In addition, Capital may modify, amend or supplement any provision of the Standard Producer Acknowledgment Form upon thirty (30) days' prior written notice.

SECTION 18. WAIVER

- 18.1 No forbearance or neglect on the part of Capital to insist upon compliance with the terms of this Standard Producer Acknowledgment Form shall be construed as or constitute a waiver of any provision of this Standard Producer Acknowledgment Form or a grant of authority under this Standard Producer Acknowledgment Form.

SECTION 19. SEVERABILITY

- 19.1 The invalidity of any one or more of the words, phrases, sentences, clauses, sections, or subsections contained in this Standard Producer Acknowledgment Form shall not affect the enforceability of the remaining portions of this Standard Producer Acknowledgment Form.

SECTION 20. SECTION HEADINGS

- 20.1 The section headings contained in this Standard Producer Acknowledgment Form are for reference purposes only and shall not affect the meaning or interpretation of any provisions of this Standard Producer Acknowledgment Form.

SECTION 21. NO THIRD PARTY BENEFICIARIES

- 21.1 Except as expressly set forth in this Agreement, there are no third party beneficiaries of this Agreement.

SECTION 22. GOVERNING LAW

- 22.1 This Standard Producer Acknowledgment Form shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

SECTION 23. DISPUTE RESOLUTION

- 23.1 If the parties are unable to informally resolve any controversy or claim arising out of or relating to this Agreement, or the breach thereof as alleged by Standard Producer, such claim or breach shall be settled by binding arbitration administered by the American Arbitration Association (“AAA”) and conducted by a panel of three (3) Arbitrators, one selected by Capital, one selected by the Standard Producer, and the third selected by the other two (2) Arbitrators (“Arbitrators”) in accordance with the AAA’s Commercial Arbitration Rules (“Rules”). The Arbitrators’ decision shall be in satisfaction of all claims by all parties. Arbitrators’ fees and expenses shall be borne equally by the parties unless otherwise awarded by the Arbitrators. Each party shall bear all other fees and expenses it incurs, including all filing, witness, expert witness, transcript, and attorneys’ fees.
- 23.1 Notwithstanding the provisions of Section 23.1 above, nothing shall preclude Capital from seeking relief against Standard Producer in a Court of Law or in Equity under appropriate circumstances, including but not limited to, a request for injunctive relief. Standard Producer acknowledges that its obligations under this Standard Producer Acknowledgment Form are unique and that monetary redress may be inadequate to compensate Capital for the breach thereof. The parties hereby agree that the venue for any such equity proceedings shall be the Court of Common Pleas of Dauphin County. Standard Producer, wherever it may be located, hereby consents to personal jurisdiction and venue before the Court of Common Pleas of Dauphin County.

SECTION 24. EXHIBITS INCORPORATED

24.1 All exhibits, attachments, tables or schedules referenced herein, attached or incorporated by reference are incorporated herein to the same extent as if set forth in full herein.

SECTION 25. ENTIRE AGREEMENT

25.1 This Standard Producer Acknowledgment Form, together with the Schedules attached hereto, constitutes the entire agreement between the parties with respect to the matters contained herein. This Standard Producer Acknowledgment Form supersedes all prior agreements, understandings, negotiations, and discussions among the parties pertaining to Standard Producer’s appointment with Capital.

SECTION 26. ACKNOWLEDGMENT

26.1 If the Standard Producer is an individual, read the information at Section 26.2.1 and sign this form at the space provided. If the Standard Producer is an agency, read the information at Section 26.2.2 and sign this form at the space provided.

[Acknowledgement follows on next page]

26.2.1 Individual Acknowledgment

Your signature on the line below signifies your acknowledgement and acceptance of these terms. You also acknowledge that Capital will rely upon your agreement with these terms as the basis for your appointment as an insurance producer for Capital.

Producer Signature: _____

Producer Name: _____

Date: _____

26.2.2 Agency Acknowledgment

Your signature on the line below signifies your acknowledgement and acceptance of these terms on your own behalf and on behalf of all individual licensed insurance producers that are employed by or affiliated with your agency and conduct insurance producer activity on behalf of the agency. You also acknowledge that Capital will rely upon your Agency’s Agreement with these terms as the basis for your agency’s appointment as an insurance producer for Capital.

Principal Partner/Corporate Officer

Signature: _____

Principal Partner/Corporate Officer

Name: _____

Date: _____

COMMISSION SCHEDULE

In consideration of and as full compensation for services performed as a Capital-appointed producer, Capital will remit payment of monthly commissions and administrative fees, as applicable, according to its then-current standard commission schedule as follows:

1. **Producer of Record – Group Health Benefit Programs**

1.1 **Small Groups (as defined by Capital)**. Standard Producer will earn \$24 per contract per month on all Small Groups for which the Standard Producer serves as Producer of Record. Commissions are incorporated into the rates in effect for all Small Groups.

1.2 **Large Groups (as defined by Capital)**. Standard Producer will negotiate the applicable commission rate with each Group.

Groups with ASO financial arrangements may pay Capital on either a Cost Per Contract method or a Percentage method. Under the Cost Per Contract method, Standard Producer's commission will be expressed as a dollar figure per contract per month not. Under the Percentage method, Standard Producer's commission will be expressed as a percentage of total monthly reimbursement to Capital (claims plus administrative fees).

1.3 **BlueCross Vision**.

1.3.1 For Small Groups, Standard Producer will earn 4.0% of monthly premium on BlueCross Vision products.

1.3.2 For Large Groups, Standard Producer will negotiate the applicable commission rate with each Group.

1.4 **BlueCross Dental**.

1.4.1 For Small Groups, Standard Producer will earn 10.0% of monthly premium on BlueCross Dental products.

1.4.2 For Large Groups, Standard Producer will negotiate the applicable commission rate with each Group.

2. **Producer of Record – Individual Health Benefit Programs**

2.1 **Individual Short-Term Comprehensive**. Commissions for Capital's Individual Short-Term Comprehensive Health Benefit Program will be paid on a per-contract, per month basis for each category as follows:

Contract Type	Producer of Record (POR)
Single	\$12.00
Husband & Wife	\$20.00

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Parent & Child	\$16.00
Parent & Children	\$20.00
Family	\$28.00

2.2 Personal BluePPO

2.2.1 Non-Qualified Health Plan. Commissions for Capital's PersonalBlue PPO (Non-Qualified Health Plan) will be paid on a per contract, per month basis for each category as follows:

Producer of Record:

	Single	Parent & Child	Parent & Children	Husband & Wife	Family
Year 1	\$48.00	\$78.00	\$108.00	\$96.00	\$156.00
Year 2	\$16.00	\$26.00	\$36.00	\$32.00	\$52.00
Years 3-15	\$5.34	\$8.66	\$12.00	\$10.66	\$17.34

2.2.2 Qualified High Deductible Health Plan. Commissions for Capital's PersonalBlue PPO (Qualified High Deductible Health Plan) will be paid on the applicable per month percentage based upon the monthly premium for all contract types as follows:

Producer of Record:

	Monthly Commission
Year 1	20%
Year 2	5%
Years 3-15	3%

2.2.3 PersonalBlue PPO Saver Health Plan. Commissions for Capital's PersonalBlue PPO Saver Health Plan will be paid on the applicable per month percentage based upon the monthly premium for all contract types as follows:

Producer of Record:

	Monthly Commission
Year 1	20%
Year 2	5%

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Years 3-15	3%
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2.3 Healthy Dental.

- 2.3.1 Standard Producer will earn 6.0% of monthly premium on Healthy Dental PPO products.
- 2.3.2 Standard Producer will earn 8.0% of monthly premium on Select Dental HMO products.

2.4 Catastrophic, Bronze, Silver and Gold Plans on and off the Federally Facilitated Marketplace.

- 2.4.1 Standard Producer shall earn \$12 per month in commission for renewals of individual Catastrophic, Bronze, Silver, and Gold plans sold on and off the Federally Facilitated Marketplace. To qualify for the renewal commission, the Contract Holder must be enrolled in the plan on December 31, 2017 and remain a Contract Holder on January 1, 2018 regardless of the plan. Commission will only be paid on the first five individuals on a family plan.
- 2.4.2 Standard Producer shall earn \$8 per month in commission for new individual Catastrophic, Bronze, Silver, and Gold plans sold on and off the Federally Facilitated Marketplace with an effective date of January 1, 2018. Commission will only be paid on the first five individuals on a family plan.
- 2.4.3 Standard Producer shall earn no commission, including renewal commission, on individual Catastrophic, Bronze, Silver, Gold plans sold on and off the Federally Facilitated Marketplace during a Special Enrollment Period.

2.5 Healthy Vision Plan 1.

- 2.5.1 Standard Producer will earn 6% of monthly premium on Healthy Vision Plan 1 products.

2.6 SecureBlue.

- 2.6.1 Standard Producer will earn at the Planned Std Level in the following SecureBlue Commission Chart:

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December 2015 SecureBlue Commission Chart

Plan: A, B, G & N(65+)		Year 1 - 6		Year 7 - 10		Year 11+	
Level	Annual Amount	Annual	Monthly Accrued	Annual	Monthly Accrued	Annual	Monthly Accrued
Total	\$232.50	\$232.50	\$19.38	\$97.50	\$8.13	\$52.50	\$4.38
Preferred	\$46.50	\$46.50	\$3.88	\$19.50	\$1.63	\$10.50	\$0.88
Planned Std	\$186.00	\$186.00	\$15.50	\$78.00	\$6.50	\$42.00	\$3.50

Plan: A, B, G & N (Under 65)		Year 1 - 6		Year 7 - 10		Year 11+	
Level	Annual Amount	Annual	Monthly Accrued	Annual	Monthly Accrued	Annual	Monthly Accrued
Total	\$46.50	\$46.50	\$3.88	\$19.50	\$1.63	\$10.50	\$0.88
Preferred	\$9.30	\$9.30	\$0.78	\$3.90	\$0.33	\$2.10	\$0.18
Planned Std	\$37.20	\$37.20	\$3.10	\$15.60	\$1.30	\$8.40	\$0.70

Plan: C & F (65+)		Year 1 - 6		Year 7 - 10		Year 11+	
Level	Annual Amount	Annual	Monthly Accrued	Annual	Monthly Accrued	Annual	Monthly Accrued
Total	\$465.00	\$465.00	\$38.75	\$195.00	\$16.25	\$105.00	\$8.75
Preferred	\$93.00	\$93.00	\$7.75	\$39.00	\$3.25	\$21.00	\$1.75
Planned Std	\$372.00	\$372.00	\$31.00	\$156.00	\$13.00	\$84.00	\$7.00

Plan: C & F (Under 65)		Year 1 - 6		Year 7 - 10		Year 11+	
Level	Annual Amount	Annual	Monthly Accrued	Annual	Monthly Accrued	Annual	Monthly Accrued
Total	\$93.00	\$93.00	\$7.75	\$39.00	\$3.25	\$21.00	\$1.75
Preferred	\$18.60	\$18.60	\$1.55	\$7.80	\$0.65	\$4.20	\$0.35
Planned Std	\$74.40	\$74.40	\$6.20	\$31.20	\$2.60	\$16.80	\$1.40

BONUS AND INCENTIVE PROGRAMS

High Performing Standard Producer Program (Group Health Benefits Programs Only):

1. High Performing Standard Producer Program Description.

The goal of the High Performing Standard Producer (HPSP) Program is to reward Standard Producers who place and retain significant business with Capital BlueCross. Standard Producers who qualify to participate in the HPSP Program have the ability to earn higher commissions. The HPSP Program will apply to (i) all insured and ASO commission-based small group contracts, including groups enrolled in the CIT and Greater Lehigh Valley Chamber of Commerce, except for all small group contracts where commissions are paid directly by the group; and (ii) all insured and ASO commission-based large group contracts, except for large group contracts where commissions are paid directly by the group. In order to qualify to participate in the HPSP Program, a Standard Producer must meet the HPSP Program requirements discussed in this Schedule "A-2", which Capital BlueCross will evaluate annually.

2. HPSP Program Requirements.

In order to qualify for the HPSP Program, a Standard Producer must have a minimum of 1,000 small group contracts (the "Small Group Criteria") or minimum of 1,000 large group contracts (the "Large Group Criteria"), for which the Standard Producer serves as the Producer of Record in effect as of the end of a qualification period, which begins on October 1 and ends on September 30 (the "Qualification Period"). A Standard Producer can qualify for the HPSP Program by meeting the Small Group Criteria or the Large Group Criteria. A Standard Producer is permitted to meet both the Small Group Criteria and Large Group Criteria, but as discussed below, the Standard Producer will only receive additional compensation based on the higher number of total contracts for a specific book of business. For purposes of example, a Standard Producer would qualify for the HPSP Program if it maintained at least 1,000 small group contracts and 500 large group enrolled contracts as of the end of a Qualification Period. In such a case, the Standard Producer would qualify under the Small Group Criteria. A Standard Producer would not qualify for the HPSP Program if it maintained 500 small group contracts and 500 large group enrolled contracts as of the end of a Qualification Period. A Standard Producer is permitted to maintain at least 1,000 small group contracts and 1,000 large group enrolled contracts as of the end of a Qualification Period, however, the Standard Producer will only receive additional compensation applicable to the higher qualifying book of business.

Included as part of the minimum 1,000 required contracts, a Standard Producer must have a minimum of 250 new contracts as of the conclusion of the Qualification Period (i.e., September 30), which can be met with 250 new small group enrolled group contracts, 250 new large group enrolled contracts, or a combination of both; provided however, that if a Standard Producer has a combination of new small group enrolled group contracts and large group enrolled contracts towards meeting the 250 new contract threshold, the number of small group enrolled group contracts will apply towards meeting the Small Group Criteria only, and the number of large group enrolled contracts will apply towards meeting the Large Group Criteria only. Only groups that are new to Capital BlueCross with effective dates during the Qualification Period will apply towards meeting the new business requirement.

Capital BlueCross will review Standard Producers for qualification at the conclusion of the Qualification Period. On or before November 1 following the Qualification Period, Capital

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BlueCross will notify all Standard Producers who qualified for the HPSP Program and the resulting increased commission payments, which will be payable on small group billings with coverage dates beginning the next February 1 as described below.

3. HPSP Program Payment Structure.

The current HPSP Program commission schedule is as follows:

Large Group Contracts	High Performing Standard Producers Commission (Per Contract Per Month) on Small Group* business
2000+	\$33
1500 – 1999	\$31
1000 – 1499	\$28
Less Than 1000	\$24

Small Group Contracts	High Performing Standard Producers Commission (Per Contract Per Month) on Small Group* business
2000+	\$33
1500 – 1999	\$31
1000 – 1499	\$28
Less Than 1000	\$24

If a Standard Producer meets the HPSP Program requirement under either the Small Group Criteria or Large Group Criteria, the Standard Producer will be compensated based on the appropriate level in the table above applicable to the book of business for which it qualified. If a Standard Producer meets the HPSP Program requirement under the Small Group Criteria or Large Group Criteria, the Standard Producer will be compensated at the higher level in the table above between both qualifying books of business. Any payments earned under the HPSP Program will be made in conjunction with commissions paid by Capital BlueCross under its then-current small group commission schedule that are associated with small group billings with coverage dates beginning the next February 1 and ending with small group billings ending with January 31 coverage dates.

While Standard Producers who qualify to participate in the HPSP Program may earn higher commissions, the HPSP Program does not modify Capital BlueCross' standard commission schedule.

BUSINESS ASSOCIATE AGREEMENT

Schedule D, Schedule E, Schedule F, and Schedule G are RESERVED.

MARKETPLACE REQUIRED PROVISIONS

Definitions

For purposes of these Marketplace Required Provisions and Section 5.6.7, the following capitalized terms will have the meanings set forth below. All other capitalized terms will have the meaning set forth in the Form.

“Delegated Entity” has the meaning set forth in 45 C.F.R. §156.20.

“Downstream Entity” has the meaning set forth in 45 C.F.R. §156.20.

“Enrollee” has the meaning set forth in 45 C.F.R. §155.20

“Federally-facilitated Exchange” means an Exchange (or Marketplace) established by HHS and operated by the Centers for Medicare and Medicaid Services under §1321(c)(1) of PPACA for individual or small group market coverage, including the Federally-facilitated Small Business Health Options Program (FF-SHOP)

“Qualified Employee” has the meaning set forth in 45 C.F.R. §155.20

“Qualified Health Plan” has the meaning set forth in 45 C.F.R. §155.20

“Qualified Health Plan Issuer” has the meaning set forth in 45 C.F.R. §155.20

“Qualified Individual” has the meaning set forth in 45 CFR 155.20

Provisions

1.1 In the course of performing its duties and obligations set forth in the Form, Standard Producer may constitute a Delegated Entity, and may contract with other individuals or entities that constitute Downstream Entities to assist in performing such duties and obligations. Standard Producer is obligated to make all necessary reports to Capital that (i) are specified in the Form; or (ii) required under applicable federal or state law.

1.2 If HHS or Capital determines that Standard Producer, or any Downstream Entity that Standard Producer contracts with as described herein, has not performed satisfactorily the duties and obligations set forth in the Form relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as their dependents, Capital may terminate the Form in accordance with the procedures for termination within the Form.

1.3 Standard Producer must comply with all of the laws and regulations relating to the following standards, if applicable to Standard Producer, in performing its duties and obligations set forth in the Form relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as any covered dependents: (i) 45 C.F.R. Part 156, Subpart C with respect to each Qualified Health Plan on an ongoing basis; (ii) Marketplace processes, procedures and standards pertaining to Qualified Health Plan certification under 45

C.F.R. Part 155, Subparts H and K; (iii) 45 C.F.R. §155.220 with respect to assisting with enrollment in Qualified Health Plans; and (iv) 45 C.F.R. §156.705 and §156.715 for maintenance of records and compliance reviews for Capital operating in a Federally-facilitated Exchange or FF-SHOP.

1.4 Standard Producer must permit access by HHS and the Office of the Inspector General (“OIG”), or their designees, through audit, inspection, or other means as determined by HHS or the OIG, or their designees, to Standard Producer’s books, contracts, computers, or other electronic systems, including medical records and documentation, in connection with its duties and obligations set forth in the Form relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as any covered dependents for the duration of the period in which the Form is effective, and until ten (10) years from the effective date that the Form expires or is terminated.

1.5 Standard Producer shall include in its contract(s) with any Downstream Entities, and require such Downstream Entities to include in their contract(s) with any Downstream Entities, language that is the same or substantially similar to that contained in these Marketplace Required Provisions, which expressly requires each Downstream Entity to: (i) comply with all applicable laws and regulations, including but not limited to the provisions in Section 1.3 above, to the extent relevant, in performing or assisting in the performance of the duties and obligations set forth in the contract(s) relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as any covered dependents, and (ii) grant access to its books, contracts, computers, or other electronic systems (including medical records and documentation), relating to such Downstream Entity’s compliance with applicable provisions Section 1.3 above in connection with the duties and obligations set forth in the contract(s) relating to Contract Holders or prospective Contract Holders who are or who may be Enrollees, as well as any covered dependents, to HHS and or the OIG, or their designees, for the duration of the period in which the contract(s) is effective, and for a minimum of ten (10) years from the date the contract(s) expires or is terminated.

1.6 No later than ten (10) days following any written request by Capital, Standard Producer shall provide Capital with a copy of the pertinent contract language (including any amendments thereto) between Standard Producer and any Downstream Entities, and among two or more Downstream Entities, as applicable, to demonstrate compliance with Section 1.5.

1.7 The provisions of these Marketplace Required Provisions shall in no way be interpreted as an assumption by Capital of legal liability for the actions of Standard Producer or any Downstream Entities, including but not limited to malpractice liability.