

APPLICATION FOR INSURANCE & DEALER AGREEMENT

THE FOLLOWING IS AN APPLICATION FOR GROUP CREDITOR LIFE, CRITICAL ILLNESS, DISABILITY, AND LOSS OF EMPLOYMENT INSURANCE TO CO-OPERATORS LIFE INSURANCE COMPANY BY:

DEALERSHIP INFORMATION

LEGAL NAME		TRADING AS (DBA)			
ADDRESS	CITY	PROVINCE	POSTAL CODE		
MAILING ADDRESS	CITY	PROVINCE	POSTAL CODE		
PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS	GROUP POLICY #	INSURANCE LICENSE#	LICENSE EXPIRY DATE

DEALERSHIP PERSONNEL

DEALER PRINCIPAL	NAME	DIRECT TELEPHONE #	EMAIL ADDRESS
GENERAL MANAGER	NAME	DIRECT TELEPHONE #	EMAIL ADDRESS
BUSINESS MANAGER	NAME	DIRECT TELEPHONE #	EMAIL ADDRESS
CONTROLLER/PAYABLES	NAME	DIRECT TELEPHONE #	EMAIL ADDRESS
SERVICE MANAGER	NAME	DIRECT TELEPHONE #	EMAIL ADDRESS

DEALERSHIP COMPENSATION

DEALER COMPENSATION (COMMISSION) **Rate Table:** UPPER _____% AND/OR LOWER _____%

CHARGEBACK PERIOD <\$100,000 = 30 Days >\$100,000 = Lifetime In-house Financing/Leasing = Lifetime

SOFTWARE

SOFTWARE VENDOR FOR BUSINESS OFFICE

Upon approval of this application, Co-operators Life Insurance Company will issue a creditor's group insurance policy to the Dealer. The date of approval will be the effective date of the policy.

DEALER REPRESENTATIVE _____ DATED (MM/DD/YYYY) _____

NAME AND TITLE (PLEASE PRINT) _____

LGM FINANCIAL SERVICES INC. (MGA)



LGM Financial Services Inc.
1021 West Hastings Street Suite 400
Vancouver, BC V6E 0C3
Tel: 1-866-287-6200
www.lgm.ca

**TO INITIATE A CLAIM PLEASE CALL:
1-866-287-6200**

Important: You may begin promoting and selling Loan Protection insurance product only when you have received a fully executed dealership agreement. Your local Dealer Development Manager will advise you when all parties have signed this agreement and you are authorized to begin selling.

ACCOUNT NUMBER

DEALER AGREEMENT

This Agreement (“Agreement”) made between LGM Financial Services Inc., 1021 West Hastings Street, Suite 400, Vancouver, BC, V6E 0C3 (“MGA”), Co-operators Life Insurance Company, 1920 College Avenue, Regina, SK, S4P 1C4 (the “Company”) and

_____ (the “Dealer”).
Dealership Legal Name Address

Group Policy Number: 85275779

Requested Effective Date (if later than date of execution): _____
MM/DD/YY

ARTICLE 1: DEFINITIONS

In this Agreement, capitalized words and phrases have the meanings described below.

“Applicable Law” means with respect to a person, any and all laws (including any applicable principles of common law and equity), statutes, regulations, rules, guidelines, orders, injunctions, decrees, writs, or judgments, applicable to such person, including those issued by any non-governmental entity that has a right under any statute to bind a person, and shall include all guidelines and policies of federal and provincial supervisory authorities (whether or not having the force of law) and industry guidelines (whether or not having the force of law) that relate to insurance or to the marketing, advertising, sale, underwriting, claims or administration of insurance policies.

“Certificate” means a Product Guide and Certificate of Insurance issued to a Debtor by the MGA on behalf of the Company which, along with the Debtor’s completed insurance enrolment form (as approved by the Company), is proof of insurance coverage under the Group Policy.

“Company Standards” means such written rules, policies, procedures, methods, practices, standards and guidelines as may be enacted or adopted by Company and delivered to the Dealer from time to time by either the MGA or the Company.

“Debtor” has the meaning ascribed to it in the Group Policy and its schedule(s).

“Distributor” means a broker, agent, sub-broker, sub-agent, or other person who distributes, represents, markets and/or installs the creditor’s group insurance policies on behalf of the MGA.

“Effective Date” means the “Requested Effective Date” set out above or the date this agreement is signed, whichever is later.

“Group Policy” means the creditor’s group insurance policy issued by the Company to the Dealer as identified on page 1 of this Agreement.

“HUB” MGA’s online electronic sales system.

“Insurance Program” means the insurance program whereby there is creditor’s group insurance coverage under a policy of insurance that is underwritten by the Company and available to customers of the Dealer and other dealers.

“Premium” means the amount of insurance premium, plus applicable taxes, required to be paid by Debtors for coverage under the Group Policy.

ARTICLE 2: APPLICATION FOR GROUP POLICY

The Dealer hereby applies to the Company for coverage under the Group Policy. The Company is authorized to implement a plan of creditor’s group life, critical illness, disability insurance and loss of employment insurance for the Dealer to cover Debtors of the Dealer (subject to any applicable limitations the Dealer’s franchised credit company may place on financing Premiums).

ARTICLE 3: ADMINISTRATION

The Dealer agrees to:

(a) Inform its customers of the existence of the insurance coverage available under the Group Policy;

(b) If presenting the opportunity to enrol under the Group Policy to an eligible Debtor:

(i) clearly present and explain to the Debtor that there are terms and conditions which may significantly exclude, restrict or limit the insurance coverage available under the Group Policy including, but not limited to, exclusions for pre-existing health conditions and the consequences of misrepresenting answers to required health and other questions; and

(ii) obtain a completed enrolment checklist and insurance enrolment form (and such other forms as the MGA or the Company may require from time to time) or, if coverage is declined by the Debtor, ask for and use commercially reasonable efforts to obtain a waiver of enrolment in order to effect delivery of the Certificates;

(ii) obtain a completed enrolment checklist and insurance enrolment form (and such other forms as the MGA or the Company may require from time to time) or, if coverage is declined by the Debtor, ask for and use commercially reasonable efforts to obtain a waiver of enrolment in order to effect delivery of the Certificates;

(c) Accurately collect and enter the customer’s loan and insurance information into the HUB to calculate the Premium applicable to each enrolment taken in accordance with the formula stipulated from time to time by the Company. The Dealer will be responsible for any error in Premium calculation and remittance that may be less than the actual Premium due;

(d) Collect all applicable Premium and applicable taxes in connection with Certificates;

(e) At all times, conduct itself under this Agreement and in connection with the Group Policy in accordance with Applicable Law, Company Standards, the training provided by the MGA to the Dealer, and recommended best practices, as may be amended from time to time.

ARTICLE 4: ROLE OF AND INSTRUCTIONS FROM THE MGA

The MGA is the Company’s managing general agent of the Insurance Program. Accordingly, in the absence of a written notice to the contrary from the Company, the Dealer shall comply with the written instructions and notices of the MGA with respect to the Insurance Program and the matters described in this Agreement and shall treat such instructions and notices as if they are those of the Company.

ARTICLE 5: PROGRAM CHANGES

Upon sixty (60) days advance written notice, the Company, may revise the fees provided for herein and the Dealer shall promptly conform to any such revisions. The Dealer shall have no authority to alter, modify, waive or discharge any terms or conditions of the Group Policy or the Certificates, or to incur any liability on behalf of the Company or the MGA, or to make representations about the insurance coverage not contained in the Certificates.

ARTICLE 6: COMPENSATION

For performing the administration services described above the Dealer will be entitled to deduct from the Premium collected (net of applicable taxes) a percentage of such Premium (net of applicable taxes) as is set out in the “Application for Insurance and Dealer Agreement” (completed by the Dealer and approved

by the MGA as part of the process leading to execution of this Agreement), as may be amended from time to time.

In the event the Debtor has financed any Premium with its franchised credit company if such credit company restricts the Dealer compensation, the Dealer shall comply with such compensation restriction and shall remit to the MGA the correct compensation based upon any restrictions imposed by the Dealer's credit company.

The MGA is solely responsible for setting and paying compensation to Dealers. Dealers have no recourse to the Company for any compensation under this Agreement or in connection with the Group Policy.

ARTICLE 7: REIMBURSEMENT

If:

(a) an enrolled Debtor requests termination of his or her coverage under the Group Policy within thirty (30) day of the effective date of such Certificate;

(b) a Debtor does not meet eligibility or underwriting requirements; or

(c) a Certificate is otherwise terminated within 30 days of the effective date of such Certificate;

the MGA shall refund 100% of the Premium to the Debtor and the Dealer shall refund 100% of the Dealer's compensation to the MGA.

If any Certificate is cancelled or terminated after 30 (thirty) days from the effective date of such Certificate, for reasons not referred to in Article 7 (a) to (c), the Dealer shall not be required to refund unearned compensation to the MGA.

Notwithstanding the above:

(a) if a Certificate is cancelled or terminated at any time after thirty (30) days from the effective date of such Certificate, and the Certificate is replaced with a new Certificate due to a Lease renewal or a Loan re-financing for the same Debtor and vehicle, the Dealer shall refund unearned compensation to the MGA for the cancelled Certificate in proportion to the Premium refund due to the Debtor as calculated by the MGA; and

(b) if a Certificate is cancelled or terminated at any time after thirty (30) days from the effective date of such Certificate and the Certificate is for insurance coverage in excess of \$100,000, refunds of unearned Premium and refunds of the Dealer's unearned compensation using the rule of 78 or linear refund methodology (or other premium refund method contained in the applicable certificates) or such other method as is required by Applicable Law in calculating unearned premium refunds.

ARTICLE 8: TERM, TERMINATION AND CLOSURE

8.1 This Agreement may be terminated by the Company or the MGA at any time, on at least ninety (90) days advance written notice to the Dealer, or it may be terminated immediately by the Company or the MGA upon written notice to the Dealer If the Dealer:

(a) fails to comply with this Agreement or any requirement of the Group Policy;

(b) fails to remit Premium and other monies when due under the requirements of the Group Policy;

(c) materially breaches or fails to perform and discharge its duties, responsibilities or obligations under this Agreement or the Group Policy; and does not remedy the failure within fifteen (15) days of such remedy having been requested in writing by the Company or the MGA.

8.2 This Agreement may also be terminated immediately by the Company or the MGA at any time, upon written notice if:

- (a) the Dealer perpetrates an act of fraud, embezzlement or dishonesty;
- (b) the Dealer files for bankruptcy or announces that it is in receivership;
- (c) the Dealer, at any point in time, has overall cancellations which exceed 10% of the gross Premium pertaining to all Certificates ever issued through the Dealer; or
- (d) regulatory action, which may limit or prohibit the performance of this Agreement, is taken or threatened against the Company, the MGA or the Dealer.

8.3 This Agreement may be terminated by the Dealer on any anniversary of the effective date of the Group Policy, on at least sixty (60) days advance written notice provided to the MGA.

8.4 Termination of this Agreement results in an automatic and simultaneous closure of the Group Policy to new enrolments. Closure means that no new enrolments, applications or waivers from Debtors shall be accepted, but all enrolled eligible Debtors shall remain insured in accordance with the provisions of their Certificates.

8.5 Upon the effective date of termination of this Agreement, the Dealer shall cease all activities as a distributor under the Insurance Program (including, but not limited to, accepting new enrolments and issuing new Certificates) and shall promptly remit to the MGA any and all Premiums held by the Dealer which are due to the Company. The Dealer shall return to the MGA, or store in a secure and locked place for pick-up by the MGA, all Company Certificates, enrolment checklists, enrolment forms, brochures, product guides, distribution guides, rates and other material and property furnished by the MGA to the Dealer. The Dealer shall continue to be liable to the MGA for all refunds of Dealer's compensation which are required to be made under Article 7 of this Agreement until all Certificates produced by the Dealer have expired.

ARTICLE 9: COVENANTS

The Dealer hereby covenants to the Company and to the MGA as follows:

- (a) **License:** The Dealer shall procure and maintain in good standing all licenses required under Applicable Law to perform its obligations under this Agreement and in connection with the Group Policy.
- (b) **Laws and Regulations:** The Dealer shall familiarize itself with Applicable Law and shall conduct itself as to matters to which this Agreement pertains, in compliance therewith.
- (c) **Rules of Company:** The Dealer shall adhere to all Company Standards.
- (d) **No Authority to Bind:** The Dealer shall have no authority to bind the Company.
- (e) **Illegal and Unfair Practices:** The Dealer shall not rebate Premiums or engage in discrimination, misrepresentation or any unfair practice or other practice prohibited by Applicable Law.
- (f) **Property and Supplies:** The Dealer shall maintain in a secure and safe place and, upon request, shall account for, all Certificates, brochures, guides, rates, and other material or property received from the Company and/or the MGA.
- (g) **Modification of Forms:** The Dealer shall not modify, waive, alter or change, whether orally or in writing any terms of the Group Policy, any enrolment, or any Certificate.
- (h) **Expenses:** The Dealer shall not incur any expense on behalf of the Company and/or the MGA.
- (i) **Negotiable Instruments:** The Dealer has no authority to and shall not negotiate or endorse any cheque or other negotiable instrument made payable to the Company and/or the MGA.
- (j) **Trust Funds:** The Dealer shall hold in trust any and all Premiums and monies received by the Dealer on behalf of and for the benefit of the Company and shall promptly remit such funds to the MGA and not convert same to its own use.

(k) **Legal Notices:** The Dealer shall notify the MGA of its receipt of legal notices or service of process affecting the Company or in any way relating to the Group Policy or any Certificate thereunder and shall immediately forward same to the MGA.

(l) **Advertising:** The Dealer shall not publish, circulate, utilize or display any advertisements, circulars or other promotional materials related to the Company or the Group Policy unless the content thereof has received the prior written approval through the MGA. Under no circumstances shall the Dealer use the logo or trademarks of the Company or the MGA.

(m) **Inducement to Lapse or Claim:** The Dealer shall not induce the lapse, cancellation or termination of any Certificates.

(n) **Audit:** The Dealer shall grant the Company or on its behalf the MGA and either of their auditors or its independent representatives, including the Office of the Superintendent of Financial Institutions Canada and/or any other regulatory authority with jurisdiction over the Company or the MGA, free access during normal business hours at the Dealer's business office for the purpose of inspecting the books and records maintained by the Dealer with respect to the Group Policy, any Certificates and the business written under the Group Policy. The Dealer shall at all times co-operate with such person conducting such audit or inspection and the person conducting such audit or inspection shall be entitled to make and take away copies of any such books and records.

ARTICLE 10: INDEMNIFICATION

THE DEALER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS THE COMPANY AND THE MGA FROM AND AGAINST ANY AND ALL DAMAGES, CLAIMS, LIABILITIES, JUDGMENTS, AWARDS, PENALTIES, FINES AND EXPENSES, INCLUDING BUT NOT LIMITED TO INVESTIGATIONS COSTS, LEGAL FEES AND PUNITIVE OR EXEMPLARY DAMAGES RESULTING FROM OR ARISING OUT OF:

(A) THE DEALER'S BREACH OF THE TERMS AND CONDITIONS OF THIS AGREEMENT;

(B) ANY ACT, ERROR, OR OMISSION COMMITTED BY THE DEALER CAUSING LOSS TO A THIRD PARTY;
AND

(C) THE DEALER'S FAILURE TO COMPLY WITH APPLICABLE LAW.

THE OBLIGATIONS OF THE DEALER TO INDEMNIFY THE COMPANY AND/OR THE MGA SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

ARTICLE 11: PRIVACY

For so long as there are Certificates in effect, each of the Company, the Dealer and the MGA agree that they shall conduct themselves in connection with the Insurance Program in a manner that conforms to the requirements of applicable private sector privacy legislation. Without limiting the foregoing, Dealer also agrees that it shall protect and safeguard any information identifiable to a natural person which is in its possession, or which comes under its control, as a consequence of Dealer performing the services required of it hereunder and Dealer hereby undertakes to immediately notify the Company through the MGA, if there is reason to believe that there has been unauthorized access to or disclosure of personal information in any way connected with the Insurance Program or if there is reason to believe that there has been a contravention, or there is likely to be a contravention, of any provision of this Agreement or Applicable information in any way connected to the Insurance Program. Under no circumstances shall Dealer discuss such incident with any person, other than the MGA or representatives of the Company except in the case of an incident involving a Dealer that has entered into a franchise agreement with an original equipment manufacturer ("OEM"), in which case each of the Dealer, MGA and Company may discuss the incident with the OEM of the Dealer in accordance with Applicable Law.

ARTICLE 12: GENERAL PROVISIONS

The Dealer, and not the Company, shall be responsible and liable for the cost of any insurance claims made under any Certificate resulting from an enrolment taken on a form or in a manner that has not been approved or the use of which has been discontinued or which has otherwise been processed by the Dealer in violation of Company Standards or this Agreement.

The Dealer shall not transfer or assign this Agreement without the prior written consent of the MGA and the Company. The MGA or the Company may transfer or otherwise assign its rights and obligations under this Agreement, in whole or in part, to a successor company, partnership or other entity which is the successor to the MGA or the Company, as the case may be, by way of amalgamation, merger, consolidation, transfer or sale of all or substantially all of the assets or shares of the MGA or Company ("Successor Transaction"). The Company may also transfer or assign this Agreement to a subsidiary or affiliate of The Co-operators Group Limited. On completion of any Successor Transaction or other transfer or assignment, the MGA or Company, as the case may be, will provide notice to the Dealer in writing or by other electronic means.

The relationship between the parties to this Agreement is that of independent contractors and nothing contained in this Agreement shall create or be deemed to create between the parties a joint venture, partnership or employment relationship.

All terms and provisions of this Agreement are severable and if any term, provision, covenant or condition of this Agreement is held by a court or regulatory authority to be invalid, illegal, void or unenforceable, such provision shall be of no force or effect and shall be severed from the remainder of the provisions of this Agreement which shall remain in full force and effect.

The failure of a party to insist on the performance of any provision of this Agreement shall not constitute a waiver of party's right of redress with respect to such non-performance or to insist on future performance. This Agreement may not be revised, modified or altered except by written addendum executed by both parties.

To the extent they are unperformed at the termination of this Agreement, the obligations of the parties shall survive such termination until all Group Policy certificates issued by the Dealer have either cancelled or fully expired. Without limiting the generality of the foregoing, the following provisions shall survive the termination of this Agreement: Articles 3(e), 3(f), 6, 7, 8.4, 8.5, 9(j), 9(k), 9(n), 10, 11 and 12.

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

This Agreement may be executed and delivered in any number of original, facsimile, or electronically scanned or imaged counterparts, each when so executed and delivered shall be deemed an original and when taken together shall constitute one and the same document.

ARTICLE 13: LANGUAGE OF THE CONTRACT

The parties to this Agreement have agreed that this Agreement shall be drawn up in the English language.
Les parties ont accepté que cette convention soit rédigée en anglais.

Executing by way of original signatures:

In Witness Whereof, the parties have caused this Agreement to be executed on the date shown below.

The Dealer: _____ Signature

Name (Print)

Title

Date

The Witness: _____ Signature
(MGA Representative)

Name (Print)

Title

Date

The MGA: _____ Signature

Name (Print)

Title

Date

Signed on behalf of _____ Signature
Co-operators Life
Insurance Company: _____ Name (Print)

Title

Date