

DEALERSHIP LEGAL NAME: \_\_\_\_\_ DOING BUSINESS AS (TRADE NAME): \_\_\_\_\_

DEALER GROUP (AS APPLICABLE) \_\_\_\_\_

DEALERSHIP ADDRESS: \_\_\_\_\_ ( ) ( )  
STREET CITY POSTAL PH: FAX:

**DEALERSHIP CONTACTS**

Dealer Principal: \_\_\_\_\_  
LAST FIRST PH EMAIL

Business Manager (1): \_\_\_\_\_  
LAST FIRST PH EMAIL

General Manager: \_\_\_\_\_  
LAST FIRST PH EMAIL

Business Manager (2): \_\_\_\_\_  
LAST FIRST PH EMAIL

Controller: \_\_\_\_\_  
LAST FIRST PH EMAIL

Business Manager (3): \_\_\_\_\_  
LAST FIRST PH EMAIL

ACCOUNTS RECEIVABLE: \_\_\_\_\_  
LAST FIRST PH EMAIL

ACCOUNTS PAYABLE: \_\_\_\_\_  
LAST FIRST PH EMAIL

**THIS AGREEMENT ("AGREEMENT") IS EFFECTIVE AS OF THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20 BETWEEN LGM FINANCIAL SERVICES INC. ("LGM") AND THE ABOVE REFERENCED AUTHORIZED DEALER (THE "DEALER").**

**WITNESSETH:**

**1. APPOINTMENT & DUTIES** – LGM hereby appoints the Dealer as its non-exclusive representative for the solicitation and sale of SecureDrive MBP Mechanical Breakdown Insurance (MBI) Policies / Vehicle Service Contracts (VSC) (the "Business").

- 2. ADMINISTRATOR** – LGM shall perform the following duties:
- a. Maintain and administer the Business for the Dealer including claims management, contract cancellations and transfers;
  - b. Secure and maintain a policy of insurance which shall insure the Dealer for any sums which the Dealer becomes legally obligated to pay as a result of its MBI Policy/VSC Contract obligations under an MBI Policy / VSC Contract covered under this Agreement;
  - c. Furnish the Dealer with online and pre-printed materials and other supplies necessary for the Dealer to promote and sell the Business, all of which shall remain the property of LGM and shall be returned to LGM in the event of the termination of this Agreement or upon demand by LGM;
  - d. Investigate, adjust and process claims covered by the Business in accordance with the then current claims adjusting procedures outlined within the Selling Dealer's Guide or otherwise communicated by LGM from time to time; and
  - e. Pay or reimburse claims in the manner, and at the rates, contemplated in the Selling Dealer's Guide or that are otherwise communicated by LGM from time to time, which claims are expressly approved by LGM.

**3. PROGRAM PRICING** – The Dealer agrees to offer to its customers the Business by way of sale of the MBI Policy / VSC Contract through LGM's online portal only or as otherwise directed by LGM. Each MBI Policy / VSC Contract shall be sold only on a qualifying vehicle in accordance with, subject to, and defined by LGM's programs, coverages, rules, and regulations for the base price owed to LGM (the "Dealer Cost") plus applicable dealer markup as contemplated by LGM's current suggested retail price in effect at the time each MBI Policy / VSC Contract is sold. LGM may at any time (with thirty (30) days' notice) revise its programs, coverages, rules, regulations and fees, and the Dealer shall promptly conform to any such revisions for the Business. LGM shall not be obligated to perform administrative services with respect to any MBI Policy / VSC Contract sold by the Dealer in violation of this Agreement. The Dealer shall have no authority to alter, modify, waive or discharge any terms or conditions of the MBI Policy / VSC Contract, or to incur any liability on behalf of LGM or to make representations about the Business coverage not contained in the MBI Policy / VSC Contract or Selling Dealer's Guide.

**4. CANCELLATION REQUIREMENTS** – In the event of the cancellation of a Business product by a MBI Policy / VSC Contract holder, the Dealer shall be obliged to follow the then current procedures outlined within the Selling Dealers Guide for the Business, as may be amended or restated by LGM from time to time, in accordance with the MBI Policy / VSC Contract affected by such cancellation and by all Applicable Law that governs such MBI Policy / VSC Contract.

**5. INVOICE PAYMENT** – No later than the tenth day of each month, the Dealer shall provide payment to LGM (on behalf of the underwriter) for all Business sold by the Dealer during the preceding month. LGM shall prescribe the method of payment, the forms for such remittances and any other reporting required. The monthly remittance shall be accompanied by payment of the retail sales price on the Business reported, less the amount LGM authorizes the Dealer to retain for its markup. The Dealer shall remit any applicable taxes with its monthly remittance. In the event that the Dealer does not remit payment as required hereunder, LGM shall be entitled in its sole and unfettered discretion to set off any amounts otherwise owing to the Dealer as it relates to the Business including, without limitation, any amounts owing to the Dealer (i) under any incentive programs offered from time to time to the Dealer, (ii) resulting from the processing of claims as outlined in Section 7 below, or (iii) that are otherwise outstanding from time to time.

**6. CONTRACT DECLINES** – In the event that LGM declines any Business sold by the Dealer, the Dealer must refund to the purchaser any money tendered with respect to the purchase of the Business, including the Dealer's profit. Should the Dealer be able to correct the error which caused the declination by LGM, the Dealer may resubmit the Business to LGM within 7 days from date of return by LGM, provided acceptance of any such Business remains at the sole discretion of LGM.

**7. CLAIMS PROCESSING** – The Dealer acknowledges and agrees that claims shall be processed as set out in Schedule A.

**8. REPRESENTATIONS, WARRANTIES & COVENANTS** – The Dealer makes the following representations, warranties and covenants to LGM:

- a. License: The Dealer shall procure and maintain in good standing and at its cost all licenses required under Applicable Law that are required to conduct the Business and shall carry out the sale of the Business in accordance with all of the terms of any such licenses.
- b. Laws and Regulations: The Dealer shall familiarize itself with all Applicable Law pertaining to the Business and shall conduct the Business in compliance therewith.
- c. Rules of LGM: The Dealer shall adhere to all rules, requirements and

- procedures of LGM relative to the Business in place from time to time.
- d. No Authority to Bind: Other than as expressly contemplated herein, the Dealer shall have no authority whatsoever to bind LGM or to otherwise modify the MBI Policy/VSC Contract.
  - e. Illegal and Unfair Practices: The Dealer shall not rebate prices 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 Business merchandise, brochures, guides, rates, and other property ("Confidential Information") received from LGM. Without limiting the foregoing, the Dealer shall maintain the confidentiality and shall not disclose to any other third party, the Confidential Information.
  - g. Modification of Forms: The Dealer shall not modify, waive, alter or change, whether orally or in writing, any of the terms of the Business.
  - h. Expenses: The Dealer shall not incur any expense on behalf of LGM without their prior written consent.
  - i. Negotiable Instruments: The Dealer shall not negotiate or endorse any cheque or other negotiable instrument made payable LGM.
  - j. Trust Funds: The Dealer shall hold in trust and consider as fiduciary funds any sales prices and monies received by the Dealer on behalf of LGM (and its underwriter) and shall promptly remit such funds to LGM and not convert same to its own use.
  - k. Advertising: The Dealer shall not publish, circulate or display any advertisements, circulars or other promotional materials related to LGM and the Business unless the content thereof has received the prior written approval of LGM.
  - l. Inducement to Lapse or Claim: While this Agreement is in force or at any time thereafter, the Dealer shall not induce the lapse, cancellation or termination of any MBI Policy/VSC Contract, or induce any claims or additional benefits, including claims free reward benefits, under the terms of any MBI Policy/VSC Contract relating to the Business.
  - m. Audit: The Dealer shall grant the LGM and its representatives the right of 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 Business, including copies off all signed MBI Policies/VSC Contracts.
  - n. Claims: The Dealer shall have no authority to settle or pay claims unless agreed to in writing by LGM.
  - o. Selling Dealer's Guide: The Dealer has read and understands the Selling Dealer's Guide produced and provided by LGM to the Dealer. The Dealer agrees to be bound by the requirements set forth in the Selling Dealer's Guide as if they were part of this Agreement. LGM may amend the Selling Dealer's Guide from time to time.
  - p. Sales Restriction: The Dealer shall only sell the Business products on the Dealer's own vehicle inventory and at the time of the vehicle sale to the customer, unless otherwise agreed to as set out from time to time in the Selling Dealer's Guide.
  - q. Other Competing Products: The Dealer may register any vehicle it has brought into its own inventory, including any vehicle etched with a competing product's registration number. The Dealer shall report the etch registration number to LGM within 48 hours to qualify for lot insurance deductible protection.
  - r. Reasonable Care: The Dealer agrees to ensure reasonable care and security of its own vehicle inventory.
  - s. MBI Policy/VSC Contract: The Dealer agrees to maintain in good order

and make available to LGM for inspection (and provide copies when requested) within two business days of request, copies of all duly signed MBI Policy/VSC Contract that have been sold relating to the Business. The Dealer shall retain such contracts for a period of two years following the end of the expiration of the MBI Policy/VSC Contract.

9. **NOTICES** – The Dealer shall notify LGM of its receipt of legal notices or service or process affecting LGM or relating to the Business and shall immediately forward same to LGM. Any notice, designation, communication, request, demand or other document, required or permitted to be given or sent or delivered under this Agreement to any party:

- a. Shall be in writing and shall be sufficiently given or sent or delivered if it is:
  - (i) *delivered personally to the party or, if the party is a body corporate, to an officer or director of such party; or*
  - (ii) *sent by facsimile transmission.*

- b. Notices shall be sent to the following addresses or facsimile numbers:
  - (i) *in the case of LGM:*

**LGM FINANCIAL SERVICES INC.**

1021 West Hastings Street, Suite 400

Vancouver, BC V6E 0C3

Facsimile: 604.806.5318

**Attention: General Counsel**

- (ii) *in the case of the Dealer, to the address and/or facsimile number outlined in this Agreement,*

*or to such other address or facsimile number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.*

- c. Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (i) *if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the next Business Day following date of delivery; and*

- (ii) *if sent by facsimile transmission, be deemed to have been given, sent, delivered and received on the next Business Day following the date the sender receives the facsimile answer back confirming receipt by the recipient.*

10. **INDEMNIFICATION** – Each party shall indemnify, defend and hold harmless the other party(ies) from and against any and all damages, claims, liabilities, judgments, awards, penalties, fines, costs and expenses, including but not limited to legal fees and punitive or exemplary damages resulting from or arising out of:

- a. any act, error, or omission committed by the party (or in the case of indemnification by the Dealer, committed by the Dealer) and causing loss to a third party, except to the extent the party(ies) seeking indemnification also caused, contributed to or compounded the loss;
- b. the failure by the party (or in the case of indemnification by the Dealer, the failure of the Dealer) to comply with any Applicable Law or applicable governmental directive; or

- c. any breach of this Agreement by a party (or in the case of indemnification by the Dealer, any breach of this Agreement by the Dealer).

The obligations of the parties to indemnify each other shall survive the termination of this Agreement.

**11. EFFECTIVE DATE & TERMINATION** – This Agreement shall be effective as of the date herein stated, and shall remain continuously in effect until terminated by either party on no less than ninety (90) days advance written notice.

Notwithstanding the foregoing, the LGM may terminate this Agreement immediately, if any of the following events occur:

- a. the failure of the Dealer to remit the monies due to LGM within the time required by this Agreement;
- b. a material breach of, or the failure or refusal by the Dealer to perform and discharge its duties, responsibilities and obligations under this Agreement;
- c. any act of fraud, embezzlement or dishonesty on the part of the Dealer including its employees or sub-contractors;
- d. negligence, misrepresentation or willful misconduct by the Dealer in the execution of its duties; or
- e. the filing of bankruptcy or announcement of receivership by the Dealer or if the Dealer commits an act of insolvency or makes an arrangement or proposal to its creditors.

Upon the effective date of termination, the Dealer shall cease all activities as a producer for the Business (including, but not limited to, the solicitation and sale of new Business) and shall promptly remit any and all monies held by the Dealer which are due to LGM. The Dealer shall return to LGM, or store in a secure and locked place for pick-up by LGM, all Business brochures, guides, rates, executed MBI Policy/VSC Contract and other property furnished by LGM to the Dealer. The Dealer shall continue to be liable to LGM for its portion of returned monies for any MBI Policy/VSC Contract refunds until all Business produced by the Dealer, prior to termination, has expired

**12. MISCELLANEOUS** – This Agreement shall be governed by the following additional provisions:

- a. No Waiver: The failure of LGM to insist on the performance of any provision of this Agreement or the Selling Dealer's Guide shall not constitute a waiver of LGM's right of redress with respect to such non-performance or to insist on future performance.
- b. Entire Agreement: This Agreement and the Selling Dealer's Guide constitutes the entire Agreement between the parties relating to the subject matter hereof and supersedes all prior agreements

between the parties related to the Business.

- c. Modification: This Agreement may not be revised, modified or altered except by written addendum executed by all parties.
- d. Independent Contractor: The Dealer shall at all times be considered an independent contractor.
- e. Governing Law: Except where the laws of the jurisdiction in which the Dealer conducts the Business specifically provides otherwise, this Agreement shall be construed in accordance with: (a) the laws of the Province of Québec and any Federal laws applicable therein, if the Dealer conducts the Business in the Province of Québec; or (b) the laws of the Province of British Columbia and any Federal laws applicable therein, if the Dealer conducts the Business in any Province or Territory of Canada other than in the Province of Québec (respectively, "Applicable Law").
- f. Conformity with Law: If any provision of this Agreement is ruled invalid under Applicable Law, this Agreement shall be deemed reformed to the extent necessary to comply with the minimum requirements of such law, but in all other respects this Agreement shall remain valid and enforceable and shall not affect or impair the validity of any other covenant or provision thereof.
- g. Consent to Suit and Jurisdiction: In the event LGM initiates legal action against The Dealer to obtain legal or equitable remedy against the Dealer for the breach of this Agreement, the Dealer hereby: (a) consents to the jurisdiction of any court within the Province of Québec, if such Dealer conducts the Business in the Province of Québec; (b) consents to the jurisdiction of any court within the Province of British Columbia, if such Dealer conducts the Business in any Province or Territory of Canada other than in the Province of Québec; and (c) hereby waives any and all defenses or objections to such legal action based on lack of personal jurisdiction or improper venue.
- h. Privacy of Information: The parties to this Agreement shall conduct the Business in a manner that conforms to the privacy requirements of Applicable Law as such requirements may apply at any given time during the term of this Agreement, and subsequent to the termination of this Agreement.
- i. Assignment: The Dealer shall not transfer or assign this Agreement without the prior written consent of LGM. LGM 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 LGM by way of amalgamation, merger, consolidation, transfer or sale of all or substantially all of the assets or shares of LGM ("Successor Transaction"). On completion of any Successor Transaction or other transfer or assignment, LGM will provide notice to the Dealer in writing or by other electronic means.

In Witness Whereof, the parties have caused this Agreement to be executed effective as of the date first written above.

**The Dealer:**

\_\_\_\_\_ Signature

\_\_\_\_\_ Name (*Print*)

\_\_\_\_\_ Title

\_\_\_\_\_ Date

**LGM:**

\_\_\_\_\_ Signature

\_\_\_\_\_ Name (*Print*)

\_\_\_\_\_ Title

\_\_\_\_\_ Date

**SCHEDULE A**

**Claims Processing for Mechanical Breakdown Protection**

The Dealer agrees that all claims are to be authorized by LGM prior to commencement of repairs. LGM reserves the right to have an independent inspector review a breakdown prior to any repairs being initiated or the authorization provided by LGM. The Dealer agrees to submit to LGM all invoices for claim reimbursement within ten (10) days after completion of repairs. The Dealer agrees not to submit to LGM for claim reimbursement any invoices for:

- a. Replacement or repairs of components or parts not authorized by LGM;
- b. Repairs or expenses expressly excluded or not covered by the terms and conditions of the Business product;
- c. Repairs or expenses resulting from the failure of the Dealer to perform repairs in a good and workmanlike manner;
- d. Repairs or replacements of parts or components to correct conditions existing, or which may reasonably be assumed to have existed at the time the Business was sold;
- e. Repairs or expenses which are covered by the manufacturer's original or certified warranty period, a dealer's or repairer's guarantee, or another mechanical breakdown insurance policy/vehicle service contract or similar agreement not administered by LGM; and
- f. For any expenses incurred which are covered by the 24 Hour Roadside Assistance program.

The Dealer further agrees that all repair work (labour) that is performed under the Business shall be guaranteed against defects in workmanship and materials for a minimum period of ninety (90) days or 5000 kilometers after the date of service. Both the Dealer and LGM agree that the above requirements apply only to claims submitted by the Dealer for repairs that have been completed by the Dealer and approved by LGM. Any increase in the hourly labour rate must be submitted to, and approved by LGM, which will be reviewed on an annual basis. All parties to this Agreement acknowledge that under the terms of the Business, a contract holder may choose to have repair work done at a facility other than the Dealer, in which case the Dealer will not be held responsible for the manner in which the work was completed.

LGM reserves the right in its sole discretion to require the Dealer to provide the following discounts on retail parts and labour prior to LGM granting approval to make the necessary repairs:

- a. in the event the Dealer's overall loss ratio (inception to date) exceeds 100% (of earned reserves), the Dealer will provide a 20% discount; and
- b. in the event the Dealer's overall loss ratio (inception to date) exceeds 120% (of earned reserves), the Dealer will provide a 30% discount.

Such discounts will remain in effect until such time as the loss ratio for the Dealer is less than 100% (of earned reserves).