



BENEFIT DESIGN GROUP, L.L.C.
INSURANCE ADMINISTRATORS

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HOWARD S. WEITZMAN

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2011 Broker/Agent Agreement

Dear Broker:

Enclosed is the 2011 CareFirst BlueCross BlueShield Broker/Agent Agreement. In addition, forms for Election of Qualified Full Service Producer & General Producer from the 2011 Broker/Agent Manual are included. A W-9 form is also enclosed.

Please execute the following:

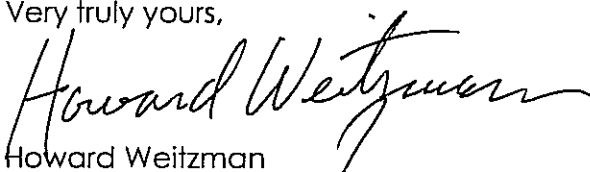
1. Broker/Agent Agreement - Complete Pages 1 and 5. Complete and sign page 7.
2. Broker/Agent Manual Election of Qualified Full Service Producer & General Producer - Complete and sign page 14.
3. Enclose copies of the **license certificates** that you have indicated on page 8 of *Broker/Agent Agreement*.
4. Enclose current **E&O certificate**. There is a minimum \$1,000,000 per occurrence and \$2,000,000 aggregate. Make sure that only the "contractor" named on page 1 of *Broker/Agent Agreement* appears on this E&O certificate.
5. Complete and sign **W-9** form.

Please return all of the above materials by email or fax to:

Howard Weitzman
Benefit Design Group
600 Washington Ave. Suite 104
Towson, Maryland 21204
hweitzman@bdgmd.com
410.494.0456 fax

Please don't hesitate to contact us if there are any questions.

Very truly yours,


Howard Weitzman



2011 Broker/Agent Agreement For Group Market Products

This agreement is made this _____ day of _____, 20____, between Group Hospitalization & Medical Services, Inc. and CareFirst of Maryland, Inc. Hereinafter referred to as "Insurer" and _____ hereinafter referred to as "Contractor" (name of the licensed Broker/Agent or Brokerage/Agency, hereinafter sometimes referred to as "Broker", "Agent", or "Broker/Agent".)

Business Address: _____
City: _____ County: _____ State: _____ Zip: _____
Contractor Email: _____
Business Phone: _____ Business Fax: _____
Also doing business as: _____

SHALL BE EFFECTIVE THE 1ST DAY OF _____, 2011.

Insurer and Contractor agree as follows:

I. DEFINITIONS

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

II. DUTIES AND LIMITATIONS OF AUTHORITY OF THE CONTRACTOR

A. Jurisdiction and Producers:

1. Group Market: Contractor is authorized by Insurer to solicit applications in the jurisdictions approved by Insurer for Group Contracts, to forward them to Insurer for acceptance or rejection, and to collect the initial Premium due on an application. The determination of whether an application is accepted; whether a Group Contract shall actually be issued; or the type of Group Contract to be issued shall be solely within the discretion of Insurer.
2. Insurer may prescribe rules as it may deem reasonable and necessary. Insurer may alter or amend such rules from time to time. Contractor agrees to observe, confirm to and act in accordance with such rules.
3. Contractor shall have no authority to bind the Insurer on any application for, or policy and/or contract of, insurance, or bind the Insurer by any agreement, contract, representation or promise made.
4. Contractor agrees that Insurer will be held harmless for any liability that results from misrepresentation or any other error or omission by Contractors or Contractor's Producing Agents.

5. Contractor shall be responsible to Insurer for the fidelity and honesty of its Producing Agents. Contractor shall be responsible for all Insurer premium collected by Producing Agent for Insurer business entrusted to Contractor's Producing Agents.
6. Contractor shall have no authority to extend time of payment of premium, to waive or extend any obligation or condition of any Group Contract issued by Insurer or to incur any liability on behalf of Insurer.
7. Neither this Agreement nor the authority conferred hereunder is transferable or assignable by Contractor unless Insurer has provided prior written consent thereto to Contractor. Transfer or assignment of Broker/Agent Fee, or Bonus, is prohibited unless Insurer has provided prior written consent thereto to Contractor. Insurer may assign this Agreement to any affiliate, subsidiary or successor in interest without the consent of Contractor.
8. Contractor shall make no representations with respect to any product(s) or forms of health care coverage which may be applicable to any program(s) administered and marketed by or through Insurer except as may be contained in the written material prepared and furnished to Contractor by or through Insurer. Contractor shall make no oral or written representations, alterations, modifications or waiver of the terms or conditions applicable to that product or coverage without the express prior written consent of Insurer.
9. Contractor agrees to fulfill the performance criteria as specified by Insurer including as specified by Insurer Rules. These criteria are subject to review and modification by Insurer and may be amended by Insurer by giving reasonable notice to Contractor. Contractor's failure to fulfill Rules or the performance criteria may, at Insurer's discretion, constitute cause for termination of this Agreement.
10. Contractor warrants and represents that it is and shall remain in compliance with any and all Federal, State and local laws including but not limited to the Health Insurance Portability and Accountability Act (HIPAA). The U.S. Patriot Act, and the Employee Retirement Income Security Act (ERISA.) Further, Contractor agrees that it shall comply with any reasonable requests made by Insurer to assure continued compliance in the future with any such laws.

III. BROKER/AGENT FEES

- A. Insurer agrees to pay Broker/Agent Fees in accordance with the terms of the attached Schedules of Fees. Insurer may amend the Broker/Agent Fees provided for in the Schedule of Fees by giving thirty (30) days notice to Contractor.
- B. No Broker/Agent Fee or Bonus shall be payable to a non-appointed Contractor or Producing Agent.
- C. The Contracted Agency/Brokerage and "Responsible Individual" (RI) (or "Principle" and Primary Decision maker of any Agency or Brokerage) must maintain the same health licenses in the same jurisdictions. For example: If the "RI" or an Agency is licensed in Maryland and the District of Columbia (DC), but their Agency/Brokerage is licensed in Maryland and Virginia, then the "RI" must become licensed in Virginia and the Agency/Brokerage must become licensed in the District of Columbia (DC). When both the Broker/Agent and the Agency/Brokerage do not both hold the same licenses, a noncompliance issue is created. Both Broker/Agent and Agency/Brokerage must be licensed in the location where the Group is sold in order to be eligible to receive commissions.
- D. Premium Payments
 1. Broker/Agent Fees shall be earned and payable monthly to Contractor for Group Contracts issued and for which the Premium has been paid and reconciled for each Group Subscriber to the account of the Group as long as this Agreement is in effect and Contractor is retained as Broker/Agent of Record by the Group and recognized as such by Insurer.
- E. Insurer reserves the right to determine which premiums and contracts paid by the Group or Subscriber are subject to payment of Broker/Agent Fees.
- F. If any premium should be refunded by Insurer for any reason or cause either before or after termination of this Agreement, Contractor shall repay to Insurer, on demand, all Broker/Agent Fees and Bonuses previously allowed and paid on the refunded premium or associated paid contracts. At Insurer's discretion, such repayment may

take the form of credit or offset, but is not limited to a direct payment or an adjustment to future Broker/Agent Fee and Bonus payments.

- G. Any indebtedness of Contractor to Insurer arising from this Agreement, any prior Agreement or any transaction between Contractor and Insurer, shall be a First Lien on any compensation (including Broker/Agent Fees and/or potential incentive payments and Bonuses) due or to become due the Contractor under this Agreement and may be applied as a set-off against any moneys due or which become due by Insurer to Contractor.
- H. This Agreement shall not be construed to allow Broker/Agent Fees or Bonus eligibility for any premiums or paid contracts where Contractor's services were performed on a consultant basis and the Contractor agrees to accept compensation from the Group for such services.

IV. ADVERTISING

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

V. TERMINATION

- A. Contractor or Insurer may terminate this Agreement without cause at any time by giving thirty (30) days written notice to the other party of such termination. Termination shall take effect immediately and automatically upon the date stated in the notice so given.
- B. After termination notice is given, Insurer will not recognize any new Insurer business or Broker of Record (BOR) transfer for Contractor. If termination is without cause, Broker/Agent Fee shall continue to be payable for a period of one (1) year from the date of the most recent prior renewal month so long as the terminating Broker/Agent remains the Broker of Record and maintains a health license in full force and effect, and so long as the accounts for which Broker/Agent are eligible remain with Insurer.
- C. Insurer may terminate this Agreement immediately for cause and no Broker/Agent Fee or Bonus shall accrue on or following the effective date of such termination. Contractor and any Producing Agent(s) will immediately cease to be recognized by Insurer as a Broker of Record on all accounts and Contracts. The following events/occurrences will constitute cause for termination:
 - 1. Commission of fraudulent acts or failure to comply with applicable law;
 - 2. Failure to maintain current Errors & Omissions coverage in an amount that is appropriate for the size and nature and business engaged in by Contractor and consistent with Exhibit B, Requirements for Errors & Omissions Insurance. When requested, proof of coverage must be immediately supplied by Contractor to Insurer according to Insurer procedures and instructions that may include a Third-party Administrator;
 - 3. Wrongful use, withholding or commingling of any funds belonging to an applicant, Subscriber, Group or Insurer.
 - 4. If the Contractor is a natural person, the death of the Contractor. This Agreement may be terminated immediately without notice upon the death of the Contractor if an individual, and no Broker/Agent Fees or Bonuses shall be payable to heirs, successors or assigns of the decedent;
 - 5. Termination, expiration or suspension of Contractor's or Producing Agent's health license as required by law;
 - 6. Commission of any knowing or intentional act that interferes with the business relationship between Insurer and any of its customers, accounts and/or employees, except where Contractor is acting in accordance with good business practices and in the interest of Contractor's client;
 - 7. Commission of any knowing or intentional act that interferes with the business relationship between Insurer and any of its Brokers and/or Agents.
 - 8. Refusal to participate in and/or conduct training as specified in Sections II and VII hereof and training as may be requested by Insurer;
 - 9. Failure to follow reasonable instructions of Insurer including, but not limited to, collection and/or payment of premium;
 - 10. Knowing and intentional violation of any provision or the intended purpose or essence of this Agreement.

- D. In the event of suspension of the health license as required by law, this Agreement shall terminate for cause, and Insurer may consider reinstatement after the suspension period. Whether or not reinstatement of this Agreement shall occur will be solely at the discretion of Insurer after the submission and approval of a new Broker/Agent application and upon such terms and conditions as may be prescribed by Insurer.
- E. In the event of termination of this Agreement, Insurer's right to mail or deliver notices and statements to Groups and Individual Market Subscribers shall continue. Insurer further reserves the right to continue solicitation of Groups and Individual Market Subscribers for both new and renewal contracts.
- F. This Agreement may be assigned by Insurer to any affiliate of Insurer to which it transfers its sales and/or marketing functions or with which it contracts to provide sales and/or marketing functions. In the event of such assignment, this Agreement shall be amended appropriately by the parties.
- G. The term of this Agreement shall be for a period of one (1) year and shall be automatically renewed for successive one (1) year periods unless terminated earlier by either party upon prior written notice to the other party as provided herein.

VI. GENERAL

- A. It is mutually understood that solicitation of applications for Group and/or Individual Market Benefit Contracts for the benefit of Insurer is the essence of this Agreement, and failure of Contractor to provide such solicitation is detrimental to Insurer.
- B. Each party hereby expressly agrees to indemnify and save harmless the other from and against any and all claims, loss, damage, injury, expense and liability arising out of or resulting from, or in any way connected with matters arising under this Agreement or by any negligence or willful misconduct on the part of the indemnifying party or its Agents or employees. Damages may include, but are not limited to, compensatory, punitive, court costs and attorney fees.
- C. This Agreement does not, nor is it intended to, in any way create a relationship of joint venture, partnership, principal and agent or employee/employer between Contractor and Insurer.
- D. Contractor shall permit any duly authorized representative of Insurer, from time to time during normal business hours, to have access to and the right to examine and copy any and all books, documents, papers and other records of Contractor that relate to Group Contracts placed by Contractor with Insurer.
- E. Insurer shall retain an absolute right to contact the Group and/or Subscriber directly for any purpose at Insurer's discretion. Every effort will be made to keep Contractor informed of any such contacts.
- F. Insurer and Contractor agree to safeguard, maintain and preserve the confidentiality of this Agreement during the life of the Agreement and after termination. At no time may the provisions or terms of this Agreement be disclosed to a third party, nor may any proprietary information obtained by Contractor from Insurer or vice versa be disclosed to any other person by either party without the prior written consent of the other party. Such proprietary Insurer information includes, but is not limited to, information on any applications for Insurer health insurance coverage.
- G. The only payment due under this Agreement from Insurer to Contractor shall be for Broker/Agent Fees and applicable bonuses and not for any other expenses or costs incurred by Contractor.
- H. Contractor agrees, upon Insurer's request, to provide Insurer with any and all information reasonably requested by Insurer. Such information may include, but is not limited to, Contractor's structure, qualifications and right to do business.
- I. This Agreement shall be governed by and construed in accordance with the laws of the State of Contractor's health/life license.
- J. Contractor agrees not to assign, transfer or attempt to assign or transfer any of its obligations under this Agreement without the prior written approval of Insurer.

VII. MISCELLANEOUS

- A. This Agreement constitutes the full and entire understanding of the parties and supersedes any and all prior representations, statements, or agreements between them.
- B. This Agreement may be modified or amended only in writing by an authorized officer of Insurer. Requests and notices shall be sent to the Insurer representative identified in Section VII, G. hereunder.
- C. If any part, term or provision of this Agreement shall be held void, illegal, or unenforceable, the validity of the remaining portions or provision shall not be affected thereby.

- D. Failure of either party at any time to require performance of any of the provisions or obligations created under this Agreement shall in no way affect the right of either party thereafter to enforce the same. The waiver by either party of any violation or breach of the provisions or obligations under this Agreement shall not be taken or held to be a waiver of any succeeding violation or breach of a provision or obligation or as a waiver of the provision or obligation itself.
- E. Each signatory hereto certifies and warrants that all necessary authority and approval have been obtained and that this Agreement is validly executed by an authorized officer or agent and is binding upon such party and enforceable in accordance with its terms.
- F. If Contractor becomes liable to Insurer at any time, the Insurer shall have the right to withhold any and all sums from any payment as a withhold of sums that may be due or become due including any Broker/Agent Fees and Bonus amounts.
- G. All notices pertaining to this Agreement shall be in writing unless otherwise agreed to by both parties, shall be sent by first-class mail, postage paid, addressed to:

For Insurer:

Dana Hanavan, Director
 Sales Distribution Channel & Proposal Development
 CareFirst BlueCross BlueShield
 10455 Mill Run Circle
 Mail-Stop OM1-560
 Owings Mills, MD 21117-5559

For Contractor:

CODE OF CONDUCT

The Contractor (Agent) herein has received a copy of and understands the Model Code of Business Conduct and Compliance Program for Insurer and agrees to comply with its policies and principles in the performance of any duties for Insurer. The Contractor (Agent) also agrees not to disclose or use at any time, either during or after termination of the Agreement, any proprietary and confidential information acquired or developed during the course of the Agreement. The Contractor (Agent) further agrees to report to Insurer any criminal or unlawful acts that occur while conducting the business of Insurer and involving employees or contractors employed by Insurer or employed by the Contractor (Agent).

EQUAL EMPLOYMENT OPPORTUNITY

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

THE VIOLENT CRIME CONTROL ACT OF 1994

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

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

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

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

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

At time of application of this Agreement, prospective Contractor shall provide copies of all health/life licenses (e.g. Maryland, District of Columbia and Virginia) for itself and for all Producing Agents. On a continuous basis, Contractor is responsible to provide Insurer with copies of all active health/life licenses for itself and for Producing Agents (e.g. for newly hired Producing Agents; new licenses for existing Producing Agents, etc.) Contractor must furnish Insurer with immediate notice of all new or terminated, suspended or expired health licenses for all Producing Agents and Individual Market Sub-Broker/Agents of Contractor. Notice shall be furnished to Insurer’s Broker Contracting & Compliance Department.

FOR CONTRACTOR:

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

FOR INSURER:

Signature: _____	Date: _____
Printed Name: <u>Michael J. Felber</u>	Title: <u>Senior Vice President, Sales</u>
Witness: _____	Date: _____

EXHIBITS

Broker/Agent Agreement For GROUP MARKET Products

Group Market Schedule of Fees (Please refer to page 13 of the Broker Administrative Manual)

Exhibit A Group Market Bonus Programs

Exhibit B Requirements for Errors & Omissions Insurance

EXHIBIT A

Group Market Bonus Programs

I. PERSISTENCY BONUS

- A. Bonus will be paid to qualified Broker/Agent only and will be calculated using all Group lines of Insurer business.
- B. Medical contracts from all Group lines-of-business will be combined to meet minimum qualifying threshold for bonus calculations. No retroactivity will be applied to either the Broker/Agent Fee or Bonus based on the assignment of business during the year.
- C. Qualified contracts are contracts associated with Insurer paid premiums for qualified accounts. Qualified medical contracts will not include, nor will any bonus be calculated, on any premium or contracts from combined blocks of business originating from separate Brokers, Brokerages, Agents or Agencies.
- D. The Persistency Bonus is payable only on eligible Group contracts. Group contracts include medical as well as Group Medicare Supplemental and includes self-employed business as determined by Insurer. All Group contracts count towards Persistency Bonus calculation.
- E. Qualified medical contracts do not include contracts on an account that the Broker/Agent has chosen to waive fees/compensation from Insurer, unless approved in writing by Insurer's Senior Vice President of Sales. When fees/commissions from Insurer are waived, Broker/Agent is not eligible for bonus payments on these contracts, although they are still counted in the total block of business.
- F. Any 51+ Business: Broker/Agent must receive commissions from Insurer >1% but <3.5% to be Bonus eligible. Contracts are used in the contract count to calculate net contract Persistency Ratio. However, because the Broker/Agent has chosen to waive compensation, these contracts are not used in the calculation of the Bonus (i.e. PCPM Bonus Rate.)
- G. Contracts for an account related to a consultant arrangement do not qualify towards the calculation of the net contract Persistency Ratio.
- H. Broker/Agent must have at least five (5) Groups or two (2) Groups with five-hundred (500) lives to qualify for Persistency Bonus regardless of Group size.
- I. Exceptions and decisions regarding qualified contracts can only be approved by Insurer's Senior Vice President of Sales for Insurer. Any such agreements must be obtained and specified in a written approval directly from Insurer's Senior Vice President of Sales.
- J. Network lease and shared processing arrangements are excluded from Bonus calculations.
- K. For NCAS/CFA business, the following will apply:
 - 1. Applicable only to 51+ NCAS/CFA business;
 - 2. Insurer paid contracts associated with the following will qualify for and will be included in the Persistency Bonus calculation:
 - a. Paid administrative fees to Insurer/NCAS/CFA and
 - b. Paid premium associated with Insurer issued stop loss or stop loss issued by Insurer's preferred stop loss vendor.
 - 3. Loss of Groups and accompanying contracts are included in the Persistency Ratio calculations.

II. PERSISTENCY BONUS QUALIFIER

- A. Minimum of 251 enrolled medical contracts;
- B. Net overall growth in the number of Insurer contracts subject to this Agreement as measured by the difference between the contracts on the Beginning Date of business with Insurer subject to this

contract and those contracts in effect on December 31, 2011. New Business is included in Persistency Bonus calculation and ratio described above.

- C. Insurer shall have the authority to determine qualifications and final ratios for any qualifying Broker/Agent.
- D. When two blocks of business merge, the new basis for the Persistency Bonus becomes the start number from both blocks as of January 1st of the year of the merger. All terminations/additions from both blocks combine into the new block.

III. PERSISTENCY BONUS QUALIFYING LEVELS

- A. Provided a 95% or greater Persistency Ratio in qualified medical contracts written by Broker/Agent for Insurer Group Medical Business to be eligible for Medical or Dental Persistency. Paid as an annual per Contract amount based upon December 31st final contract count. Broker/Agent Fee, extended to all contracts for Bonus eligible accounts:
- B. Paid as a rate per Contract on an annual basis seventy-five (75) days after the close of the calendar year.
- C. Persistency Cap of 1,000 contracts per account for gains and losses.
- D. Persistency payment cap of \$1,100,000.00 for Medical business.

	ANNUALIZED MEDICAL PAYOUT SCALE			
Qualifying Contract Level	Persistency Goal 95-99.99%	Persistency Goal 100-104.99%	Persistency Goal 105-109.99%	Persistency Goal 110%+
251-575	\$17.00	\$18.00	\$19.00	\$21.00
576-1,100	\$40.00	\$42.00	\$44.00	\$48.00
1,101-1,650	\$48.00	\$51.00	\$53.00	\$59.00
1,651+	\$77.00	\$81.00	\$85.00	\$93.00

DENTAL PAYOUT SCALE			
Persistency Goal 95-99.99%	Persistency Goal 100-104.99%	Persistency Goal 105-109.99%	Persistency Goal 110%+
\$11.00	\$12.00	\$12.50	\$13.00

- All Risk and Non-Risk Dental contracts are eligible for payout.
- TDN business not eligible for Dental Bonus.
- Eligibility dependent upon Broker/Agent having either five (5) accounts or two (2) accounts with a minimum of five-hundred (500) lives.

IV. PERSISTENCY BONUS PAYOUT SCALE

NET CONTRACT	BASE PAYOUT ELIGIBILITY
1651+	\$20,000.00
1101-1650	\$10,000.00
576-1,100	\$8,000.00
251-575	\$6,000.00
>100%	Onetime Bonus to be paid

V. GROUP NEW BUSINESS BONUS FOR 51+ ACCOUNTS for Risk Business ONLY

A. QUALIFIER

1. 51+ Group New Business Bonus is effective with Group New Business sales between January 1 and December 1, 2011. A bonus of thirty dollars (\$30.00) per contract will be paid to Broker/Agent for up to a maximum of 300 contracts per New Business medical account.
2. For the purposes of calculating this bonus only, New Business is defined as all Subscribers (contracts) within a new Insurer Risk Business Medical Group Contract, and excludes Subscribers and members of an existing Insurer Group or Individual Contract regardless of Product (including growth within any Group or Association,) any Group and/or Subscribers and Members transferring from any current existing Group or Individual Market Medical Group, regardless of Insurer Product.
3. The New Business Bonus will be administered as an annual program, calculated cumulatively throughout the year, but will be paid out on a monthly basis.
4. NOTE: New Business Bonus shall only be calculated on paid premium associated with risk business. No bonus shall be calculated upon revenue related to administrative services performed for self-insured business or premium related to stop-loss coverage. Risk business consists of contracts written on a fully insured basis pursuant to contracts regulated by a State insurance regulator and for which Insurer is fully at risk for losses.

VI. GROUP MARKET, NEW BUSINESS BONUS FOR 1-50 ACCOUNTS

A. QUALIFIER

1. 1-50 Group New Business Bonus: Effective with Group New Business sales between January 1 and December 15, 2011.
2. Once a minimum qualification requirement of one-hundred (100) New Business Medical Contracts are sold between January and December 2011, a bonus of thirty dollars (\$30.00) per Medical contracts will be paid to Broker/Agent for Group New Business contracts for eligible medical accounts, beginning with the first eligible contract. This applies to all products except HealthyBlue while HealthyBlue has its own incentive program.
3. For the purposes of calculating this bonus only, New Business is defined as all Subscribers (contracts) within a new Insurer Risk Business Medical Group Contract, and excludes Subscribers and members of an existing Insurer Group or Individual Contract regardless of Product (including growth within any Group or Association,) any Group and/or Subscribers and Members transferring from any current existing Group or Individual Market Medical Group, regardless of Insurer Product.
4. New Business Bonus for 1-50 accounts will be administered, calculated and paid out on a monthly basis.
5. Risk Business consists of contracts written on a fully insured basis pursuant to contracts regulated by a State Insurance regulator and for which Insurer is fully at risk for losses.

VII. "GROUP NEW BUSINESS" DEFINITION

- A. For purposes of Bonus administration for the 51+ and/or 1-50 New Business Bonus, "Group New Business" is either:
1. Risk business only; and
 2. Group Medical contracts associated with such Medical Group contracts, written for Groups which had no prior Group Medical coverage with Insurer, or
 3. Group Contracts written for former Groups whose contract with Insurer has lapsed, been cancelled or expired for a period of six (6) months (180 calendar days) or more; and
 4. Does not include NCAS business
 5. Does not include self-funded or ASO business
 6. Does not include P.O.P. (Premium Only Plans)
 7. HealthyBlue Bonus Program through July 1, 2011.

EXHIBIT B

Errors & Omissions Insurance For Group Market and Individual Market Contractors

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

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

Broker/Agent shall submit a Certificate of Insurance (COI) evidencing current Errors & Omissions insurance with a carrier having an A.M. Best rating of not less than A-. The COI shall contain a Cancellation Provision of not less than thirty (30) days.



2011 Broker/Agent Administrative Manual

Introduction

The 2011 **Broker/Agent** Administrative Manual has been created for our **Broker/Agents** to communicate the CareFirst BlueCross BlueShield (CareFirst) policies and rules related to the **Broker/Agent's** performance, contractual requirements, compensation, and overall responsibility. This manual supports the current **Broker/Agent** Agreement and applies to all lines of CareFirst of Maryland, Inc., Group Hospitalization & Medical Services, Inc., and CareFirst BlueChoice, Inc. business as well as NCAS business. Terms used in this Manual are defined in Section I: Definitions and are **bolded** throughout the Manual.

This Manual does not provide specific eligibility guidelines and product specific business rules. These are available in the Maryland Eligibility Manual, located on the broker section of www.carefirst.com for all CareFirst/Insurer products currently offered in Maryland. Guidelines for the DC/VA markets can be obtained from the Broker/Agent's assigned CareFirst Broker Representative.

The Manual is divided into four sections:

- I. Definitions
- II. Group and Individual Markets
- III. Group Market
- IV. Individual Market

I. DEFINITIONS

AGENCY: Refer to the definition for “**Brokerage.**”

BLOCK TRANSFER: Is a **CareFirst** approved request from a Contracted **Broker/Agent** that allows for the movement of Broker/Agent’s **CareFirst** entire or partial book of business from either a direct Broker status to a qualified **Full-Service Producer** or qualified **General Producer** status, or vice versa, or to a different qualified **Full-Service** or **General Producer**. A block transfer can also include the movement of a Contracted Agent’s or Producing Agent’s book of business to another Contracted Brokerage/Agent following the formation or dissolution of a partnership or corporation. Appropriate documentation may be requested at the discretion of the **Insurer**.

BROKER/AGENT: means a person that, for compensation, solicits, procures, negotiates, or makes insurance contracts, including contracts for nonprofit health service plans, dental plan organizations, and health maintenance organizations, or the renewal or continuance of these insurance contracts for persons issuing the insurance contracts, who has been contracted by **Insurer** under the terms of a **CareFirst** of Maryland, Inc. and Group Hospitalization & Medical Services, Inc. Broker/Agent Agreement, and who has been appointed by **Insurer** in accordance with the Annotated Code of Maryland or equivalent statute in the appropriate state or legal jurisdiction *in which agent* holds a license to sell health insurance and related products.

BROKERAGE (Agency): is a partnership or corporation operating in accordance with the Annotated Code of Maryland or equivalent statute in the appropriate state or legal jurisdiction in which it holds a license to sell health insurance and related products and solicits through other Brokers and/or Agents who function as Producing Agents of the Brokerage/Agency and handles applications for and renewals of insurance contracts, and for compensation, solicits, procures, negotiates, or makes insurance contracts, including contracts for nonprofit health service plans, dental plan organizations, and health maintenance organizations, or the renewal or continuance of these insurance contract for persons issuing the insurance contracts, and who has been appointed by **Insurer** in accordance with the Annotated Code of Maryland or equivalent statute in the appropriate state or legal jurisdiction in which it holds a license to sell health insurance and related products.

BROKER/AGENT FEE: is the compensation paid by **Insurer** to **Contractor** in accordance with Exhibit A.1, “Group Market Schedule of Fees,” and/or Exhibit A.2, “Individual Market Schedule of Fees and Bonuses and Request for Statutory Appointment.”

BROKER OF RECORD: is a Broker, Agent, or Brokerage/Agency that (1) has filed with, and has received approval for, by **Insurer**, a Broker of Record document as approved and required by **Insurer**, and (2) is in possession of a fully executed, current **Broker/Agent** Agreement with CareFirst of Maryland, Inc. and Group Hospitalization & Medical Services, Inc. and is appointed by **Insurer** in accordance with the Annotated Code of Maryland or equivalent statute in the appropriate state or legal jurisdiction in which it holds a current license to sell health insurance and related products.

CONTRACTED BROKER OR BROKER/AGENT: is a person or entity that has entered into a formal written **Broker/Agent** Agreement with **Insurer**.

CONTRACTOR: is any entity referred to herein as either a Contracted Broker/Agent, qualified **Insurer General Producer** (GP) or **Full-Service Producer** (FSP), who has an in-force sales Broker Contractor Distribution Channel Agreement with **Insurer** to perform sales/marketing duties and functions for health care insurance and related products.

DC-BASED BUSINESS: is any individual or group policy issued by CareFirst BlueChoice, Inc. or Group Hospitalization & Medical Services, Inc. (e.g. products including but not limited to Blue Preferred and Comprehensive Major Medical.)

DIRECT BUSINESS: is business written directly by CareFirst and for which compensation is not payable to any other person or entity.

FULL-SERVICE PRODUCER (FSP): is a legal entity licensed and qualified to do business in the state or legal jurisdiction in which it sells health insurance and related products as a Third-Party Administrator and who has contracted with **Insurer** to provide certain administrative and delegated billing functions, including group installation, reconciliation, billing and enrollment in connection with **Group Contracts** procured by the Full-Service Producer’s **Producing Agents** or a Contracted **Broker/Agent**.

GENERAL PRODUCER (GP): is an entity contracted with **Insurer** to perform certain specific marketing functions for **Group Business** including the marketing distribution of products of any other entity that would sell insurance products that would include health maintenance organizations and other insurance products as may be in the future become affiliated with, owned by, or merged with **Insurer** and for which **Insurer** agrees to utilize contracted **General Producers**.

GROUP: is the employer, account, or association applying to **Insurer** and in whose name the **Group Contract** is issued.

GROUP CONTRACT: is the Agreement or other arrangement between **Insurer** and the **Group** under the terms and conditions of which health services are reimbursed for, or provided to, employees or members of the **Group**.

GROUP NEW BUSINESS: is either:

- I. Risk business only; and
- II. Group Medical contracts associated with such Medical contracts, written for **Groups** which had no prior Group Medical coverage with **Insurer**; or
- III. Group Contracts written for former Groups whose contract with CareFirst has lapsed, been cancelled, or expired for a period of six months (180 calendar days or more;) and
- IV. Does not include NCAS business; and
- V. Does not include self-funded or ASO business.
- VI. Does not include P.O.P. (Premium Only Plans.)

INDIVIDUAL MARKET: is non-**Group** business.

INDIVIDUAL MARKET BENEFIT CONTRACT: is the Agreement or other arrangement between **Insurer** and an **Individual Market Subscriber** or member under the terms and conditions of which health services are reimbursed for, or provided to, the **Subscriber** or members.

INDIVIDUAL MARKET NEW BUSINESS:

- I. Individual Market Medical Benefit Contracts for **Subscribers** which had no prior coverage with **CareFirst**, and such Contracts have been in effect with **Insurer** for a minimum of three (3) consecutive months with paid premiums; or
- II. Individual Market Medical Benefit Contracts written for former **Individual Market Subscribers** whose contract with **Insurer** has lapsed, been cancelled, or expired for a period of one (1) year or more, and such Contracts have been in effect with **Insurer** for a minimum of three (3) consecutive months.

INDIVIDUAL MARKET SUB-BROKER/AGENT: is a person appointed by **Insurer** meeting the definitions hereunder of a **Broker/Agent**, but who has elected to write business under a **Broker/Agent** who is contracted with **Insurer**, and who is not eligible for direct compensation.

INSURER: as used herein-refers to each of the following entities jointly and separately; CareFirst of Maryland, Inc., Group Hospitalization & Medical Services, Inc., CareFirst BlueChoice, Inc. and any of their subsidiaries or affiliates which agree to be bound by the terms hereof, as indicated by an Acknowledgment of Willingness to be Bound by Terms and Conditions of Broker/Agent Agreement. Such subsidiaries include but are not limited to NCAS. "Insurer" as used herein also refers to any other entities that would sell insurance products that would include health maintenance organizations and other insurance products as may be in the future become affiliated with, owned by, or merged with **CareFirst**.

MD-BASED BUSINESS: is any Individual or **Group** policy issued by CareFirst of Maryland, Inc. (e.g. products include but are not limited to PPN, and MPOS.) MD-Based Business does not include CareFirst BlueChoice, Inc. or any entity merging or affiliating with CareFirst BlueChoice, Inc.

PREMIUM: is the periodic payment required to keep the **Group Contract** or **Individual Market Benefit Contract** in force.

PROBATION or **PROBATIONARY PERIOD:**

- I. For a new **Broker, Brokerage, Agent** or **Agency**, shall be a period of nine months from the date on which the Agreement becomes effective, during which the **Broker/Agent** or **Brokerage** will be under ongoing review and during which this Agreement may be immediately terminated without cause by **Insurer**; or
- II. For an existing **Broker, Brokerage, Agent** or **Agency**, may be a period of time, as specified by **Insurer**, during which the **Broker, Brokerage, Agent** or **Agency** will be under ongoing review and during which this Agreement may be immediately terminated without cause by **Insurer**.

PRODUCING AGENT: is a licensed **Broker/Agent** who is employed by **Contractor** and who is a person that, for compensation, solicits, procures, negotiates, or makes insurance contracts, including contracts for nonprofit health services plans, dental plan organizations, and health maintenance organizations, or the renewal or continuance of these insurance contracts for persons issuing the insurance contracts in the **Contractor's** name, and who has been appointed by **Insurer** in accordance with the Annotated...

...Code of Maryland or equivalent statute in the appropriate state or legal jurisdiction in which **Agent** holds a license to sell health insurance and related products.

PRODUCER: is a contracted, licensed and appointed **Broker/Agent** who has made an election of a qualified **Insurer General Producer** and/or **Full-Service Producer**.

PRODUCT: is a specific benefit plan or combination of benefits provided by or offered through **Insurer**.

PURCHASING INSURED: is the entity, either **Group** or **Individual**, purchasing insurance **products** from **Insurer**.

RENEWAL BUSINESS: is all **Group** business not included under the definition of “**Group New Business**” and “**Individual Market New Business**.”

RULE: is all business procedures, processes, directives and guidelines including but not limited to requirements for eligibility of applicants; the method and manner by which business shall be transacted between **Insurer** and **Contractor**; the day-to-day operations of **Contractor** as they affect **Group** and **Individual Market Benefit Contracts** placed with **Insurer**; and, such other business terms, provisions, procedures, processes, etc. as may be added, removed, changed, altered or amended from time to time by **Insurer**.

SUBSCRIBER: is:

- I. For **Group** Business, an eligible employee of a **Group** who has enrolled for coverage through his/her **Group** with **Insurer** for whom subscription charges are paid for by **Group** under a **Group** health benefits program; or
- II. For **Individual Market** business, a person who has enrolled for coverage, is the primary member in an **Individual Market Benefit Contract** with **Insurer** and in whose name an **Individual Market Benefit Contract** is issued, and who pays **premium** charges under an **Individual Market Benefit Contract**.

SUSPENSION: is any temporary period of time in which **Contractor** or **Producing Agent** is prohibited by **Insurer** or by law from selling, procuring, or soliciting contracts for the sale of health insurance, health maintenance organization products, and/or related products.

END OF SECTION I: “DEFINITIONS”

II. GROUP AND INDIVIDUAL MARKETS

The following applies to both the Group and Individual Markets:

- I. If a **Contractor** quotes, or verifies the existence of a benefit, without the verification from **Insurer** and a Member or account as a result is financially damaged, then **Contractor** will be liable to **Insurer** and/or Member and/or account for any and all of said damages. Damages may include, but are not limited to, compensatory, punitive, court costs, and attorney fees.
- II. **Contractor** will be responsible to provide **Producing Agents** and **Individual Market Sub-Broker/Agent** with current **Insurer product** literature as required to support the solicitation and sale of **CareFirst products**. **Contractor** will be responsible to provide training sessions at least quarterly for **Producing Agents** and **Individual Market Sub-Broker/Agents**. This **Insurer sales training** will be related to current **Insurer products**, service sales initiatives, etc. and **Contractor** will include a **Insurer Sales Representative** to assist, as CareFirst deems appropriate and necessary.
- III. **Contractor** will handle all questions/inquires from **Producing Agents** and **Individual Market Sub-Broker/Agents** regarding the status of applications and inquiries on behalf of the client. **Contractor** will research these with the appropriate department of **Insurer**, and communicate back to the **Producing Agents** and **Individual Market Sub-Broker/Agents**. **Contractor** shall act as intermediary between **Insurer** and **Producing Agents** and **Individual Market Sub-Broker/Agents** on behalf of and in support of **Insurer** policies and procedures.
- IV. **Contractor** will be responsible for monitoring and assuring that all business submitted to **Insurer** is written by **Producing Agents** and **Individual Market Sub-Broker/Agents**.
- V. **Contractor** is required to provide **Insurer** a list of all **Producing Agents** and **Individual Market Sub-Broker/Agents** of **Contractor** along with a copy of their **Broker** or **Producer** Health Licenses. **Contractor** shall provide **Insurer** with any additional information as may be requested. **Contractor** agrees to keep all Licenses in full force and effect during the term, and thereafter as required.
- VI. In accordance with State laws and **Insurer** procedures, **Contractor** agrees that prior to the account's renewal date, the **Contractor** will provide the **Broker/Agent** and to the account: the account/group renewal information including items such as renewal letter, renewal proposal and core benefits. Additionally, **Contractor** shall, at the request of **Broker/Agent**, use **Insurer's** Rate Quote/Broker Express system to create alternative rate proposals when such proposals are a result of a benefit for census change for the account/group.
- VII. **Brokers/Agents** wishing to become **Contractors** must provide copies of all health/life licenses (e.g. Maryland, District of Columbia, and Virginia) for itself and for all its **Producing Agents** and **Individual Market Sub-Broker/Agents**. On a continuous basis, **Contractor** is responsible for providing **Insurer** with copies of all active health/life licenses for itself as well as **Producing Agents** (e.g. for newly hired **Producing Agents**; new licenses for existing **Producing Agents** and **Individual Market Sub-Broker/Agents**, etc.) **Contractor** must furnish **Insurer** with immediate notice of all new or terminated, suspended or expired health licenses for all **Producing Agents** and **Individual Market Sub-Broker/Agents** of **Contractor**. Notice shall be given to the **CareFirst** Director, Sales Distribution Channel.
- VIII. Responsible Individual (RI) or "Principle and primary decision maker of an **Agency** or **Brokerage**", must obtain and maintain the same health licenses in the same jurisdictions as their **Agency** or **Brokerage**. For example: If the RI of an **Agency** is licensed in Maryland and the District of Columbia, but their **Agency/Brokerage** is licensed in Maryland and Virginia, the RI must become licensed in Virginia, and the **Agency/Brokerage** must become licensed in the District of Columbia. When both the **Agent/Broker** and **Agency/Brokerage** do not both hold the same licenses, a non-compliance issue is created. Both the **Agent/Broker**, and **Agency/Brokerage** must be licensed in the location where the **Group** is sold in order to be eligible to receive commissions.
- IX. Prior to **Contractor**, **Contractor's** **Producing Agents**, or **Individual Market Sub-Broker/Agents** handling **Insurer** business, each must secure and maintain an appropriate jurisdictional (e.g. State of Maryland Insurance License, Commonwealth of Virginia License for Health Insurance, etc.) license to act as a **Producer** for health insurance and meet any other **Insurer** requirements specified herein. The license shall be from the jurisdiction in which the purchasing insured is located. Prior to **Contractor**, **Contractor's** **Producing Agents**, or **Individual Market Sub-Broker/Agents** handling **Insurer's** business, each must apply to **CareFirst** for Appointment (to solicit on behalf of **Insurer**) and must receive confirmation of Appointment from **Insurer**. **Contractor**, **Producing Agents** or **Individual Market Sub-Broker/Agents** will be required to pay all costs for licenses, fees or taxes required by law to obtain and maintain the licenses. **Contractor** agrees to pay the costs associated with an appointment or appointment termination as requested by **Insurer**.
- X. **Contractor** may not solicit applications in any location where **Contractor** is not duly licensed and appointed by **Insurer** or where **Insurer** is not duly licensed.
- XI. **Contractor** shall obtain for itself and its **Producing Agents** and **Individual Market Sub-Broker/Agents** an Error & Omissions Insurance policy in an amount appropriate for the size and nature of **Contractor's** business and consistent with the following requirements for Errors and Omissions Insurance: Minimum \$1,000,000 per occurrence, \$2,000,000 aggregate. **Contractor** must provide a Certificate of Insurance to **Insurer** as evidence of coverage. Carrier providing coverage must have an A.M. Best rating of not less than "A-". Certificate of Insurance must contain a Cancellation Provision of not less than 30

days. At any time upon **Insurer's** request, **Contractor** shall supply **Insurer** with evidence of the continued existence of such policy in the form of a current Certificate of Insurance.

- XII. **Contractor** agrees to maintain accurate and complete records of all transactions with and on behalf of **Insurer** business for a period of seven (7) years at **Contractor's** expense. **Contractor** agrees to provide **Insurer** a copy of such records as **Insurer** may request from time to time. The records shall include copies of all information submitted to **Insurer**. The **Contractor** shall permit **Insurer** or its duly authorized representative(s) access to such records during normal business hours upon reasonable notice from **Insurer** for the purpose of examination, inspection and/or audit.
- XIII. As **Insurer** elects to implement and/or utilize E-Commerce technologies and business processes, **Broker/Agent** agrees to modify its systems and processes to assure compliance and compatibility with any **Insurer** specifications including but not limited to enrollment, billing and sales or marketing functions. Systems may give you the ability to delegate other personnel within your organization, however, the licensed **Broker/Agent** is held responsible for the individuals they delegate. Upon the availability of such E-Commerce technologies and business processes, or other electronic enrollment tools for individual based business, the licensed **Broker/Agent** will have 180 days to begin submission of new business through such technologies, business processes or electronic enrollment tools.
- XIV. **Insurer** may restrict access to information available through E-Commerce technologies to **Contractors** and their Sub-Productors, based on contracting information in our systems, as long as **Insurer** has been provide appropriate documentation of current State license(s), renewals and E&O Insurance.
- XV. **Broker/Agent** shall not establish electronic sales and/or enrollment capabilities for any **Insurer products** without first obtaining prior written approval from **Insurer**.
- XVI. **Broker/Agent** shall, within 48 hours of receipt, send all notices regarding bankruptcy filings directly to **Insurer's** Legal Department, to the attention of the Deputy General Counsel for **Insurer**.
- XVII. No portion of the **Contractor's** compensation (includes all fees and Individual Market bonuses payable by **Insurer** to **Contractor**) may be forwarded by **Contractor** to any third party or accepted by any **Broker/Agent** as additional fee or incentive. Any violation of this provision will result in termination for cause.
- XVIII. Payment of all **Broker/Agent Fees** for **Group** contracts or **Individual Benefit Contracts** secured by **Contractor** or its **Producing Agents** or **Individual Market Sub-Broker/Agents** shall be made directly to **Contractor** (Individual Market business payments shall be to **Contractor** only), or **Contractor's Full-Service Producer** or **General Producer**, if applicable.
- XIX. **Insurer** will furnish **Contractor** with a Statement of Accounts, or similar **Insurer** record, and payment for the **Broker/Agent Fee** on a monthly basis. The Statement of Accounts, or similar **Insurer** record, will be mailed following the end of the reporting period to the **Contractor's** address on file with **Insurer**.
- XX. The Statement of Account, or similar **Insurer** record, and **Broker/Agent Fee** payment shall be conclusively presumed correct unless **Contractor** or **Insurer** shall, within twelve (12) months after the date of such statement notify the other, in writing, of any objection or correction, and the details thereof. Should either party detect any inaccuracy, both parties agree to cooperate fully in resolving such inaccuracy. Such resolution may include, but is not limited to, adjustment to future **Broker/Agent Fee** payments. Neither party shall be subject to penalties of interest.
- XXI. **Insurer** shall have the absolute right to participate, at its discretion, in any and all sales activities for **Insurer products** conducted by **Contractor**. **Contractor** further agrees to keep **Insurer** informed of such sales activities.
- XXII. The decisions of **Insurer** shall prevail relative to marketing of its products and the working relationship with **Contractor**. Complaints that arise should be directed, in writing, to **Insurer's** Senior Vice President of Sales, for review. **Contractor** will be notified in writing of **Insurer's** final position.
- XXIII. **Insurer** may provide Product-specific training, as deemed appropriate by **Insurer**. **Contractor** agrees to attend and participate in such training. **Contractor** accepts responsibility for providing appropriate training to its **Producing Agents** in accordance with the training provided to **Contractor** by **Insurer**. It is the responsibility of **Contractor** to attend, or have an authorized representative attend, such training and to share any training materials with **Contractor's Producing Agents** or **Individual Sub-Broker/Agents**. Refusal to attend training may be considered cause for termination at the sole discretion of **Insurer**.



2011 PRODUCER INFORMATION FORM

To: Send with your completed Agreement to your General Producer or Full-Service Producer.

From: _____ **Telephone:** _____
Print Name

RE: Agents Affiliated with: _____
Print Agency Name as it appears on the License

- Complete the information below for the Agency and each affiliated Agent.
- Attach a legible copy of the current State License(s) for the Agency and each Agent.
- Attach a copy of a current Errors & Omissions Certificate of Insurance in the Agency name or each Agent.
- Make copies of this page as necessary if additional Agents are part of this agreement.

Agency Name:		FEIN:	
Jurisdiction	Agency License Number:	Expiration Date:	
District of Columbia			
Maryland			
Virginia		Send Letter of Certification less than 90 days old.	
E&O Carrier			
Email Address:		NPN:	

Responsible Individual Name:		SSN:	
Jurisdiction	Agent License Number:	Expiration Date:	
District of Columbia			
Maryland			
Virginia		Send Letter of Certification less than 90 days old.	
Phone & Fax Numbers:			
Email Address:		NPN:	

Agent Name:		SSN:	
Jurisdiction	Agent License Number:	Expiration Date:	
District of Columbia			
Maryland			
Virginia		Send Letter of Certification less than 90 days old.	
Phone & Fax Numbers:			
Email Address:		NPN:	

If you need to obtain a duplicate copy of license(s) or a Virginia Letter of Certification contact the State at the following websites:

- DC: www.disr.washingtondc.gov
- MD: www.mdinsurance.state.md.us
- VA: www.scc.virginia.gov

The contracted Agency/Brokerage and the "Responsible Individual" (or "principle and primary decision maker of an Agency or Brokerage) must obtain and maintain the same health licenses in the jurisdictions.

III. GROUP MARKET

The following applies to the Group Market only:

- I. **Insurer** encourages **Contractor** to establish a written agreement with any **Producing Agents** specifically stating the rights of both parties with regard to ownership of business placed with it by the **Producing Agent** and on termination of their agreement. Any agreement shall include a provision wherein the **Producing Agent** agrees all **Broker/Agent Fees** for **Group** contracts and Individual Contracts secured by **Contractor** or its **Producing Agent** shall be paid by **Insurer**, or **Insurer's** designee, directly to **Contractor** or **Contractor's** designated **Full-Service Producer/General Producer** where applicable. **Producing Agent** shall have no claim whatsoever against **Insurer** for **Broker/Agent Fees** or any other direct payment from **Insurer** whether the agreement between **Producing Agent** and **Contractor** is either written or oral. A copy of any agreement will be made available to **Insurer** upon request.
- II. **Insurer** reserves the right, at any time, and for any reason, to place a **Producing Agent** on probation.
- III. A **Broker/Agent-of-Record (BOR)** letter/confirmation is required on all takeovers of existing **Groups** and on all new business cases.
- IV. For 51+ accounts, **Broker/Agent** is accountable to obtain signed **Group CareFirst** contracts, including fully executed Administrative Payout (AP) Sheets for alternative funded accounts to confirm **Broker/Agent** compensation arrangements. Within 48 hours of the **Broker/Agent's** receipt of **Insurer** AP Sheet, **Broker/Agent** must deliver an executed **Insurer** AP Sheet to the authorized **Insurer** representative of the account. **Broker/Agent** must return fully executed **Group CareFirst** contract to **Insurer** representative within sixty (60) days of **Broker/Agent's** receipt of such contract documentation from **Insurer**. In the event such documentation is not provided by **Broker/Agent** in the specified time period, **Insurer** may withhold any commissions or fees that may have otherwise been payable on account of that **Group's** business.
- V. **Insurer** will disclose to any **Group** account the amount of commission and fees being paid to **Broker/Agent** related to that **Group** coverage. **Broker/Agent** agrees to cooperate with **Insurer** in the dissemination and accurate disclosure of this information.
- VI. In accordance with the attached **Group Market Schedule of Fees**, amounts will not be calculated on combined blocks of business of separate **Broker/Agent/Brokerages (Agencies)**, or **Contractors**.
- VII. **Group Market BOR** and **Block Transfers** shall be processed in one of two ways as follows:

1. Approved **BOR** or **Block Transfer** requests received by **Insurer** will be made effective according to the schedule below:

BOR/Block Transfer Received by CareFirst Date:	BOR/Block Transfer Effective Date:
11/01/2010 – 11/30/2010	01/01/2011
12/01/2010 – 12/31/2010	02/01/2011
01/01/2011 – 01/31/2011	03/01/2011
02/01/2011 – 02/28/2011	04/01/2011
03/01/2011 – 03/31/2011	05/01/2011
04/01/2011 – 04/30/2011	06/01/2011
05/01/2011 – 05/31/2011	07/01/2011
06/01/2011 – 06/30/2011	08/01/2011
07/01/2011 – 07/31/2011	09/01/2011
08/01/2011 – 08/31/2011	10/01/2011
09/01/2011 – 09/30/2011	11/01/2011
10/01/2011 – 10/31/2011	12/01/2011
11/01/2011 – 11/30/2011	01/01/2012
12/01/2011 – 12/31/2011	02/01/2012
01/01/2012 – 01/31/2012	03/01/2012

- The new **Broker/Agent of Record** shall receive **Broker/Agent Fees** on the first day of the month the **BOR/Block Transfer** request is effective.

-OR-

2. For **BOR Transfer** requests that are received by **Insurer** just prior to an Account's renewal date or for a change in benefits, the Transfer will be made effective on the Account's renewal date or benefit change effective date.
 - The "Renewal" process, the new **Broker/Agent of Record** shall receive **Broker/Agent Fees** effective on the Account's renewal date. Off-cycle benefit changes to the Medical product may change the "renewal month." The account must indicate their intention to change their Medical product to complete processing the **BOR Transfer** using the renewal month effective date.

VIII. The New **Broker/Agent of Record** shall begin receiving **Broker/Agent Fees** on the effective date described above. The old, or departing **Broker/Agent** shall receive no **Broker/Agent Fees** on that case after the effective date.

IX. The following policies shall apply to all **Broker/Agent of Record** or **Block Transfer** notices:

- a. **Broker/Agent** must be contracted with **Insurer** either directly or through a **Full-Service/General Producer** before **BOR** change or **Block Transfer** request can be processed by **Insurer**.
- b. **Broker/Agent of Record** letters or requests must be submitted on the **Group's** letterhead and signed by an authorized **Group** official.
- c. **Insurer** requires that all **Block Transfer** requests must use the standard **Block Transfer** cover memo and letter included herein (pg.) Any **BOR** letters and **Block Transfer** notices/requests that do not have the **BOR** Transfer Cover Memo attached, or is not directed to the appropriate person, see below, will not be considered received by **Insurer**. Please note: All documentation must be accurately supplied to the appropriate person at **Insurer** with four (4) months of the dated letter or a new letter must be sent. Also, all **Contractors** using the services of a **Full-Service Producer** or **General Producer** must submit **BOR** Letters and **Block Transfer** notices/requests directly to their Producer(s). All **Direct Brokers**, **Full-Service Producers** and **General Producers** must complete the **BOR** Transfer Cover Memo and submit it with the **BOR** Letter or **Block Transfer** notice/request, one memo is required for each **BOR** Letter/**Block Transfer** notice/request. Complete and send to the attention of their assigned contact, see below. For your convenience, you may choose to submit your **BOR** Letters and **Block Transfer** notices/requests via either electronic mail or USPS (postage paid) to:

CareFirst Contact	Mailing Address	Email Address	Contact For:
Mr. Deven Jackson	CareFirst BlueCross BlueShield Broker Relations Dept. 840 First Street, NE Mail Stop: DC10-35 Washington, DC 20065	Deven.Jackson@carefirst.com	<ul style="list-style-type: none"> • BenefitMall (BM) • Crawford Advisors, LLC. (CA) • Insurance Marketing Center, Inc. (IMC) • Hamilton Insurance Agency (HIA)
Ms. Debbie Taylor	CareFirst BlueCross BlueShield Broker Relations Dept. 840 First Street, NE Mail Stop: DC10-35 Washington, DC 20065	Debbie.Taylor@carefirst.com	<ul style="list-style-type: none"> • Direct Brokers • Employee Benefits Corp. of America (EBCA) • Group Benefit Services, Inc. (GBS) • M.T. Donahoe & Associates (d.b.a. CBIZ)
Ms. Tracy Fouse	CareFirst BlueCross BlueShield Broker Relations Dept. 10455 Mill Run Circle Mail Stop: OM1-570 Owings Mills, MD 21117	Tracy.Fouse@carefirst.com	<ul style="list-style-type: none"> • Benefit Design, LLC. (BDG) • Kelly & Associates Insurance Group, Inc. (KAIG) • Potomac Basin Group Associates, LLC (PBGA) • Willse & Associates, Inc. (t/a NCAS)

- d. If current **Broker/Agent** is not on a **Direct Broker/Agent** contract basis with **Insurer**, **Insurer** will notify the current **Broker/Agent's Full-Service Producer** or **General Producer** that a new **Broker/Agent of Record** letter has been received and advise of the transfer date. Notice to the **Full-Service Producer** or **General Producer** shall be deemed effective notice of **Broker/Agent** transfer to the current (outgoing) **Broker/Agent**.
- e. If **Insurer** receives a **Broker/Agent** Reinstatement letter after a **Broker/Agent of Record** Transfer is received, said reinstatement shall be treated by **Insurer** in accordance with same provisions applicable to **Broker/Agent of Record** Transfers.
- f. **Insurer** will not recognize retroactive transfers or appointments of a **Broker/Agent of Record**.
- g. **Insurer** shall not recognize or honor "right to quote" letters or instructions on non-small **group** reform business unless submitted by the then **Broker/Agent of Record**.

X. For **Group** Market Transfers associated with **Insurer NEW** Business:

- a. **Groups** sized 50 and under (Small **Group** Accounts): The Rate Sheet, Rate Proposal or Closing Document (documents that confirm the premiums rates, benefits, etc.) shall be signed by an authorized representative of the **Group/Account** and shall identify the **Broker of Record** by name.
- b. **Groups** sized 51 and above: For New Business cases, fees are payable on the effective date of the new **Group** provided that sufficient evidence has been furnished to **Insurer** Sales Representatives, **Full-Service Producer** or **General Producer** of **Broker/Agent's Broker of Record** status, including but not limited to:
 1. **Group's** written letter of **Broker/Agent of Record** assignment
 2. Valid Health License(s)
 3. In-force Errors & Omissions Insurance coverage, and
 4. Completed **CareFirst** of Maryland, Inc. and Group Hospitalization & Medical Services, Inc. **Broker/Agent** Agreement.

- c. **Broker/Agent of Record (BOR)** letters or change requests must be submitted on the **Group's** letterhead and signed in either blue or red ink by an authorized **Group** official. Letterhead must include the **Group's** company logo and/or legal entity name, business/corporate address, telephone and fax numbers, and website. Please note: "Digital Signatures" cannot be accepted. **Insurer** will not recognize **BOR** notices that do not meet these criteria as valid for new or existing business. **Contractor** shall determine that each **Group** adheres to the participation requirements contained in the **Group** Contracts and verify eligibility of applicants requesting insurance.
- XI. **Contractor** will maintain the minimum number of 200 enrolled, paid Medical contracts to be eligible as a Direct **Broker/Agent** with **CareFirst**. A **Broker/Agent** who does not satisfy **Insurer** production criteria with stated minimum annualized contract count volumes shall represent **Insurer** through **Insurer's** qualified **Full-Service Producers**, or qualified **General Producers**. All **Broker/Agents** shall maintain a current health license for the appropriate jurisdiction(s), maintain active Appointment(s) by **Insurer**, and maintain in-force Errors & Omissions Insurance.
- XII. **Contractor** must select a qualified **Full-Service Producer** or qualified **General Producer** on the attached Election Form and return along with a fully completed **Broker/Agent** Agreement and will provide updated Election Form(s) whenever a change to these relationship(s) is requested.
- XIII. **Contractor** will evidence a completed and signed, current **Insurer Broker/Agent** Agreement on file with **Insurer** which includes attachments hereto for the appropriate evidence of a current Health Insurance License for the appropriate jurisdiction(s), Appointment(s) verification and Errors & Omissions Certificate of Insurance.
- XIV. **Contractor** will evidence a marketing capability to attract new, as well as maintain, **Insurer** business.
- XV. **Contractor** will provide clients with current **Insurer** product literature and informational packets as required to support the sale of **Insurer** products.
- XVI. **Contractor** will field rate potential clients following approved **Insurer** underwriting guidelines, current rating capabilities and approved forms.
- XVII. **Contractor** will provide and/or attend training sessions on **Insurer** products.
- XVIII. **Contractor** will act as an intermediary on behalf of **Insurer** and clients in support of **Insurer** policies and procedures. In order for **Contractor** to act as an intermediary with **Insurer** on behalf of any **Group Market** member, or in order to obtain or to discuss Personally Identifiable Health Information (PHI) for any member, **Contractor (Broker/Agent)** must have on file with **Insurer** a valid and current "Authorization for Release of Records or Information" form for *each* member.
- XIX. **Contractor** will screen new **Groups**, to include Risk Assessment prior to communicating rates.
- XX. **Contractor** will handle calls regarding status of application and refer service calls to **Insurer's** Claims and Service staff any call concerning benefits, claims, referrals, authorizations and quality-of-care.
- XXI. **Contractor** will when appropriate, conduct **Group** enrollment meetings in accordance with **Insurer** enrollment guidelines and provide all information as required in order to process applications in a timely manner.
- XXII. **Contractor** will re-rate Small Group Reform New Business based on actual applications prior to submitting the case to **Insurer**.
- XXIII. **Contractor** will, when rating existing **Insurer** Small Group Reform business, assure that the business be rated based on **Insurer's** current Small **Group** underwriting guidelines.
- XXIV. **Contractor** will be responsible for monitoring and assuring that all business submitted to **Insurer** is written by a licensed, **Insurer** -contracted and appointed **Broker/Agent**.
- XXV. **Contractor** will submit all new and renewing complete and accurate documentation to **Insurer** on a timely basis and no later than outlined in the attached Account Installation Calendar.
- XXVI. Effective January 1, 2010, **Broker/Agents** that lose accounts sized 100+ from their **block of business** that **Insurer** retains, can request in writing that **Insurer** remove these accounts from their annual beginning **block of business** total for bonus calculation purposes. Please note: This bonus calculation adjustment only applies to accounts sized 100+ that **Insurer** retains at the end of the calendar year. For consideration of this exception, a letter for each **Group** must be mailed to address below requesting that the **Group** be eliminated from your **Block of Business** bonus calculation. All letters for all exceptions must be received and approved by Shekar Subramaniam before December 31st of the applicable bonus calculation year. **Insurer** will review and approve all exceptions on a **Group-by-Group** basis.

Mail Exception Letters To:
 CareFirst BlueCross BlueShield
 Attn: Shekar Subramaniam, Associate Vice President, 2-199 Sales
 10455 Mill Run Circle
 Mail-Stop: OM1-515
 Owings Mills, MD 21117



STANDARD BOR / BLOCK TRANSFER COVER MEMO

Date: _____

To: _____

Cc: BCC@carefirst.com Debbie Taylor Tracy Fouse Deven Jackson
Debbie.taylor@carefirst.com Tracy.fouse@carefirst.com Deven.jackson@carefirst.com
 202.680.7035 (phone) 410.998.7742 (phone) 202.680.7025 (phone)
 301.470.5729 (fax) 410.505.2309 (fax) 301.470.8019 (fax)

From: _____ Email: _____
 Phone: _____ Fax: _____

Broker of Record Change: _____ Block Transfer: _____ Internal Broker Change: _____
 BOR Effective Date: _____ Subgroup: _____ Full Service Producer: _____ General Producer: _____
 CareFirst Group Number: _____ Renewal Date: _____ Off-Cycle Benefit Change: _____
 CARE Group Number: _____ Renewal Date: _____ Off-Cycle Benefit Change: _____

GROUP NAME: _____					
Group Location:	(circle one)	DC	MD	VA	MHCC

Gaining Broker Name: _____ SSN: _____
 Gaining Commission Payee: _____ TAX ID: _____
 Losing Broker Name: _____ SSN: _____
 Losing Commission Payee: _____ TAX ID: _____

Broker Contracting Confirmation		
Is the Gaining Broker Contracted:	Yes	No
Is the Gaining Broker Licensed:	Yes	No
Is the Gaining Commission Payee Contracted:	Yes	No
Is the Gaining Commission Payee Licensed:	Yes	No

Gaining FSP/GP: _____ TAX ID: _____ CODE: _____
 Losing FSP/GP: _____ TAX ID: _____ CODE: _____

Gaining Account Manager: _____ Rep Code: _____
 Losing Account Manager: _____ Rep Code: _____

FOR INTERNAL USE ONLY:
 **Add Benefit Focus/TPE to all General Producer Groups: [571090050](#)
 **** Term for all Full-Service Producer Groups

_____ Update MCSR (if applicable)
 _____ Update Billing Information (if applicable)
 _____ Add BOR Letter to S: Drive/Complete Confirmation Letters/Update Tracking Log



STANDARD BLOCK TRANSFER / ACCOUNT TRANSFER LETTER

Transfer Requests must be on your Company letterhead, please transmit the body of this letter to company letterhead and supply all requested information.

<Current Date>

To: Select appropriate CareFirst Contact from list below:

CareFirst Contact	Mailing Address	Email Address	Contact For:
Mr. Deven Jackson	CareFirst BlueCross BlueShield Broker Relations Dept. 840 First Street, NE Mail Stop: DC10-35 Washington, DC 20065	Deven.Jackson@carefirst.com	<ul style="list-style-type: none"> BenefitMall (BM) Crawford Advisors, LLC. (CA) Insurance Marketing Center, Inc. (IMC) Hamilton Insurance Agency (HIA)
Ms. Debbie Taylor	CareFirst BlueCross BlueShield Broker Relations Dept. 840 First Street, NE Mail Stop: DC10-35 Washington, DC 20065	Debbie.Taylor@carefirst.com	<ul style="list-style-type: none"> Direct Brokers Employee Benefits Corp. of America (EBCA) Group Benefit Services, Inc. (GBS) M.T. Donahoe & Associates (d.b.a. CBIZ)
Ms. Tracy Fouse	CareFirst BlueCross BlueShield Broker Relations Dept. 10455 Mill Run Circle Mail Stop: OM1-570 Owings Mills, MD 21117	Tracy.Fouse@carefirst.com	<ul style="list-style-type: none"> Benefit Design, LLC. (BDG) Kelly & Associates Insurance Group, Inc. (KAIG) Potomac Basin Group Associates, LLC (PBGA) Willse & Associates, Inc. (t/a NCAS)

Re: Request for Block Transfer/Account Transfer of <number> Group(s)

This letter is to notify CareFirst BlueCross BlueShield of our intent to transfer our block/account name of business from <Company> to <Company> as the Full-Service Producer/General Producer. All accounts have been notified and agree to have enrollment and billing conducted by <date>.

Attached is the list of the Group(s) to transfer:

The Broker/Agent of Record is <name> and Broker ID is <xxx-xx-xxx>

By signing this Block Transfer, transferor and transferee mutually acknowledge and attest that no financial consideration for said transfer has been offered or paid either directly or indirectly in consideration for or as an incentive to induce this transfer. Transferor and transferee further acknowledge that misrepresentation in this regard or receipt of any financial consideration as incentive for transfer is grounds for immediate termination of both transferor's and transferee's agreements with CareFirst.

Transferee Signature: _____ Printed Name _____

Transferor Signature: _____ Printed Name _____

GROUP MARKET SCHEDULE OF FEES

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

GROUP MARKET SCHEDULE OF BROKER/AGENT FEES

Medical & RX	1-50 Fee
MD Indemnity	\$13.00
BluePreferred PPO	\$25.00
HMO	\$23.00
HealthyBlue	\$27.00
CDH	\$21.00
NON-Medical	
Vision	\$2.00
Dental	\$6.00
51+ = Add on Fee	

Notes:

1. Broker/Agent Fees shall not be payable for any Insurer discounted dental or discounted vision plans and products.
2. For 51+ business: Any Broker/Agent Fee paid by **Insurer** for Risk Business Only, not ASO, cannot exceed 3.5%. Any Broker/Agent Fee paid by **Insurer** equal to or less than 1% must be approved in writing, in advance, by the Insurer's Senior Vice President of Sales.
3. Any Direct Business with Insurer will not be eligible for any Broker/Agent Fee unless Broker/Agent Fee has been included in the rates or administrative fees quoted to and accepted by Group.
4. PCPM rate for all CDH Groups (new and existing) that elect to use our integrated administrative services, the rate is at the BlueChoice or BluePreferred level, respectively.
5. Parity Groups are paid under the 1-50 schedule.
6. Medicare Advantage commission paid at 51+ rates. Must be trained and certified to sell this product.

CareFirst of Maryland, Inc. and Group Hospitalization & Medical Services, Inc.

**FORM FOR ELECTION OF QUALIFIED
FULL-SERVICE PRODUCERS & GENERAL PRODUCERS**

For Group Market Contractors

Election of a qualified Full-Service (FSP) and General Producer (GP) for Group MD or DC-Based business: I, Broker/Agent (Contractor), acknowledge the following qualified Full-Service Producer/General Producer for my Block of Business (check one, maximum of 2 Producers):

	Full-Service Producer	General Producer
Benefit Design Group, LLC (BDG) Phone: 410.494.0010	<input type="checkbox"/>	<input type="checkbox"/>
BenefitMall (BM) Phone: 800.825.6650	<input type="checkbox"/>	<input type="checkbox"/>
Crawford Advisors, LLC (CA) Phone: 410.771.5500	<input type="checkbox"/>	<input type="checkbox"/>
Employee Benefits Corp. of America (EBCA) Phone: 703.760.0707		<input type="checkbox"/>
Group Benefit Services, Inc. (GBS) Phone: 410.832.1300	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton Insurance Agency (HIA) Phone: 703.359.8100		<input type="checkbox"/>
Insurance Marketing Center, Inc. (IMC) Phone: 301.468.8891		<input type="checkbox"/>
Kelly & Associates Insurance Group, Inc. (KAIG) Phone: 410.527.3400	<input type="checkbox"/>	<input type="checkbox"/>
Potomac Basin Group Associates, LLC (PBGA) Phone: 301.937.0422		<input type="checkbox"/>
M.T. Donahoe & Associates, Inc / CBIZ Phone: 800.231.1559		<input type="checkbox"/>
National Claims Administrative Services (NCAS) Phone: 443.471.4628	<input type="checkbox"/>	<input type="checkbox"/>

If your Block of Business contains at least a minimum of 200 medical enrollees, you may also choose to place your business directly with CareFirst as a Direct Broker by checking here:

Must be completed and signed by Contractor:

Contractor Printed Name

CareFirst "Direct Broker" code, if active

Contractor Signature

Date

At time of application, prospective Contractor shall provide copies of all health/life licenses (e.g., Maryland, District of Columbia, and Virginia) for itself and for all its Producing Agents. On a continuous basis, Contractor is responsible to provide CareFirst with copies of all active health/life licenses for itself and for Producing Agents (e.g., for newly hired Producing Agents; new licenses for existing Producing Agents, etc.) Contractor must furnish CareFirst with immediate notice of all new or terminated, suspended or expired health licenses for all Producing Agents and Individual Market Sub-Broker/Agents of Contractor. Notice shall be furnished to CareFirst's Broker Contracting and Compliance department. Please note: all Direct Brokers must complete and submit a separate CareFirst Broker/Agent Agreement for Group and/or Individual Market Products. All Contractors (Broker/Agents) are compensated under the same fee schedule for Group market business regardless of using a Full-Service/General Producer or placing business directly with CareFirst.

2011 ACCOUNT INSTALLATION CALENDAR

For Standard Benefits ONLY

Group Effective Date	New Groups Broker/Admin. Due Date	Renewing Groups Broker/Admin. Due Date
January 1, 2011	Wednesday, December 15, 2010	Monday, December 13, 2010
February 1, 2011	Tuesday, January 18, 2011	Friday, January 14, 2011
March 1, 2011	Wednesday, February 16, 2011	Tuesday, February 15, 2011
April 1, 2011	Wednesday, March 16, 2011	Tuesday, March 15, 2011
May 1, 2011	Friday, April 15, 2011	Thursday, April 14, 2011
June 1, 2011	Tuesday, May 17, 2011	Monday, May 16, 2011
July 1, 2011	Wednesday, June 15, 2011	Tuesday, June 14, 2011
August 1, 2011	Friday, July 15, 2011	Thursday, July 14, 2011
September 1, 2011	Tuesday, August 16, 2011	Monday, August 15, 2011
October 1, 2011	Wednesday, September 15, 2011	Wednesday, September 14, 2011
November 1, 2011	Monday, October 17, 2011	Friday, October 14, 2011
December 1, 2011	Wednesday, November 16, 2011	Tuesday, November 15, 2011
January 1, 2012	Wednesday, December 14, 2011	Tuesday, December 13, 2011

The 50 to 100 Group size account with standard benefits must adhere to the schedule above, for new and renewing accounts. The 101+ size account must submit paperwork, on or before the 15th of the month prior to effective date to Sales at CareFirst, for new and renewing accounts. Sales will forward to AI the 18th of the month prior to the effective date for FACETS. If the effective date of the account is the 15th of the month, the paperwork is due from the Broker on or before the 5th of the month and pre-screened work is due on or before the 8th of the month. CDH products must be in by the above cut off dates. NO EXCEPTIONS. No extensions, all should plan to submit before and/or on the submission schedule. NASCO based accounts must follow the established process whether 90, 60 or 30 day leads. Initial paperwork for Senate Bill 6 subsidy must be sent to Sales by the 8th of the month with the final signed proposal and binder check due by the contractual cut-off date for the month.

END OF SECTION III: "GROUP MARKET"

IV. INDIVIDUAL MARKET

The following applies to the Individual Market only:

- I. **Contractor** may recruit **Brokers** and **Agents**, and will submit information regarding such **Broker/Agents** to **Insurer** so that **Insurer** may consider such **Broker/Agents** for status as **Individual Market Sub-Broker/Agent**. **Contractor** will provide certain services for such **Broker/Agents** as may be necessary to effectuate **Insurer's** terms and conditions.
- II. **Contractor** is encouraged to establish a written agreement with any **Individual Market Sub-Broker/Agent** specifically stating the rights of both parties with regard to ownership of business placed with it by **Individual Market Sub-Broker/Agent** on termination of their agreement. The **Individual Market Sub-Broker/Agent** agrees that all **Broker/Agent Fees** for **Individual Market Benefit Contracts** shall be paid by **Insurer**, or **Insurer's** designee, directly to **Contractor**, and the **Individual Market Sub-Broker/Agent** shall have no claim whatsoever against **Insurer** for **Broker/Agent Fees** or otherwise. A copy of the agreement will be made available to **Insurer** upon request.
- III. A notification of **Broker/Agent of Record** is required on all new **Individual Market** business.
- IV. **Broker/Agent** shall record new business by placing **Insurer** -assigned **Broker** number/Broker identification information on applicable space provided on each **Individual Market** application at time application is submitted to **Insurer**.
- V. Application received without **Broker/Agent** identifying information shall be deemed as **direct business**, and **Insurer** shall pay no **Broker/Agent Fees** or Bonuses.
- VI. If a **Contracted Broker** wishes to transfer business to another **contracted Broker/Agent**, or, if a **contracted Broker/Agent** wishes to transfer cases to another **contracted Broker/Agent**, **Insurer** must receive written notification from current **contracted Broker/Agent**, including detail sufficient to satisfactorily identify each policy to be transferred.
- VII. **Individual Market Business** may only be assigned to **Direct Broker/Agents**, (excluding MHIP.)
 - a. Cases eligible for change of **Broker**:
 1. **Broker of Record** letters or requests must be submitted on the letterhead of the current **Broker**.
 2. It must indicate their intent to release the said identified accounts to the newly named **Contracted Broker/Agent**. Only those cases identified on the letter or on the attachment will be considered for transfer. It should also note the requested transfer date for those cases. All **BOR** requests will be worked in the order of receipt and every attempt will be made to honor the requested transfer date.
 3. Changes to a current brokered IMD account requiring medical underwriting, are eligible for change to the new **Broker**.
 4. Any new policies written or changed to a different product line are eligible for a change to the new **Broker**.
 5. Any re-written policy subsequent to a terminated policy is eligible for a change to the new **Broker**.
 - b. Cases NOT eligible for change of **Broker**:
 1. Any **Individual Market** accounts sold direct by **Insurer** are not eligible for transfer to **Brokers**.
 2. Any downgrade of coverage is not eligible for a change from the current **Broker**.
- VIII. **Contractor** must meet the production requirements in order to place business directly with **Insurer**. If **Contractor** fails to meet the production requirement established by **Insurer**, **Contractor** will be required to become a **Individual Market Sub-Broker/Agent** with a qualified **Individual Market contracted Broker/Agent**. **Contractor** will be responsible for contracting with such **Individual Market Sub-Broker/Agent**, regarding incentives and reimbursement for such conversion. Upon the conversion, all payments for existing and New Business which would otherwise be payable to **Contractor** will be paid by **Insurer** to such newly designated **contracted Broker/Agent**, and **Contractor** will have no direct contact with **Insurer** except through newly chosen/elected **contracted Broker/Agent**.
- IX. Commissions and bonuses will be paid as stated in the attached **Individual Market** Schedule of Fees and Bonuses and Request for Statutory Appointment.
- X. As calculated over any consecutive four-month period, **Contractor** must present a combined average of thirty (30) or more finalized, paid Benefit Contracts per month for the products authorized for distribution.
- XI. In the event that the **Broker/Agent Fees** for any period of twelve (12) consecutive months is less than one thousand dollars (\$1,000), any subsequent **Broker/Agent Fees** will be continued or discontinued at the option of **Insurer**.
- XII. For **Contractor**, a signed, current **Insurer Broker/Agent** Agreement must be on file with **Insurer**, which includes attachments hereto for the appropriate evidence of a current Health/Life Insurance License for the appropriate jurisdiction(s), Appointment(s) verification, and Errors & Omissions Certificate of Insurance.
- XIII. **Contractor** must exhibit marketing capabilities to attract new as well as maintain **Insurer** business.
- XIV. **Contractor** must provide clients with current **Insurer product** literature and informational packets as required to support the sale of **Insurer products**.
- XV. **Contractor** must provide/attend training sessions on **Insurer products** and ecommerce tools.

- XVI. **Contractor** must act as an intermediary on behalf of **Insurer** and clients in support of **Insurer** policies and procedures. In order for **Contractor** to act as an intermediary with **Insurer** on behalf of any **Individual Market** client (member), or in order to obtain or to discuss Personally Identifiable Health Information (PHI) for any member, **Contractor (Broker/Agent)** must have on file with **CareFirst** a valid and current Authorization for Release of Records Information form for each member.
- XVII. **Contractor** must calculate and distribute **Broker/Agent Fees** and bonus payments to **Individual Market Sub-Broker/Agents** where appropriate.
- XVIII. **Contractor** must provide **Individual Market Sub-Broker/Agents** with all current marketing materials and ecommerce tools.
- XIX. **Contractor** must submit all New Business paperwork to **Insurer** in a complete and timely manner.
- XX. **Contractor** with **Producing Agents** are responsible for monitoring and assuring that all business submitted to **Insurer** is written by a licensed **Broker/Agent, Agency/Agent Firm** or **Brokerage/Broker Firm**.

-Continue to Schedule of Fees, next page-

**INDIVIDUAL MARKET
SCHEDULE OF FEES & BONUSES &
REQUEST FOR STATUTORY APPOINTMENT**

For Individual Market Benefit Contracts

Any premiums generated under this schedule shall not be counted or credited towards any existing commission or bonus schedule the Contractor may have under any other applicable agreement with Insurer or any of its divisions, affiliates or subsidiaries.

Contractor must indicate desired lines of business by checking the applicable box(es) below. The Contractor will be authorized to solicit applications on behalf of Insurer for the Products below after the appropriate Appointment(s) has/have been made by Insurer and only after Insurer has confirmed to Contractor such in-force Appointments.

- CareFirst of Maryland, Inc.**
Personal Comp™
MediGap - 65
- Group Hospitalization & Medical Services, Inc. (GHMSI)**
BluePreferred
BluePreferred HIPAA
BluePreferred Open Enrollment
Comp Major Med
Supplement - 65
- CareFirst BlueChoice, Inc.**
CareFirst BlueChoice
CareFirst BlueChoice HIPAA

The availability of Individual Market products is subject to change by Insurer. Please contact Insurer’s Individual Sales department with any questions regarding the solicitation of Individual Market business.

Broker/Agent Fees will be paid on new benefit contracts (as authorized above) sold by Contractor, to individuals who have not been an Individual Market Benefit Contract holder with Insurer for a one (1) year period immediately preceding the contracts for which the Contractor seeks Broker/Agent Fees under this schedule.

Broker/Agent Fees will be paid at a per Contract, per Month (PCPM) amount for contracts associated with premium that Insurer has received and determined as paid. Broker/Agent may earn Broker/Agent Fees as long as the Subscriber’s Benefit Contract remains in force, on all Benefit Contracts entered into pursuant to this schedule, except in the case of termination due to cause as set forth by this Agreement.

Broker/Agent Fees will be earned by qualified Broker/Agent for Insurer Individual Market business for Medical accounts as follows. Fees are based on paid enrolled Individual Market contracts; amounts are per Contract, per Month (PCPM).

Product Type:	PCPM Rate** Medical accounts ONLY
CareFirst of Maryland, Inc. (CFMI)	
Over 65	\$13.00
Under 65	\$17.00
Group Hospitalization & Medical Services, Inc. (GHMSI)	
Over 65	\$15.00
Under 65	\$20.00
BlueChoice (HealthyBlue)	
Under 65	\$20.00

Note: Any Direct Insurer business (Indemnity and HMO) is not eligible for any bonus programs and will not be eligible for any Broker/Agent Fees.

* Broker/Agent Fees payable as Individual Market business shall not be payable as Group Market business and will not be eligible for fees other than Insurer Individual Market fees or bonuses. For Group Market self employed business, Group Market Broker/Agent Fees are payable (as defined by Maryland Insurance Code 15-1203c); refer to Group Market Schedule of Fees (pg. 13 of this agreement).

† No fee or bonus shall be payable for any Delmarva Health Plan Risk business in the state of Delaware.

INDIVIDUAL MARKET BONUS PROGRAM

- I. A bonus of thirty dollars (\$30.00) per contract will be paid to a contracted Broker/Agent for all Individual Market New Business, as defined by Insurer, for the lines of business authorized and approved by Insurer. A bonus of forty dollars (\$40) per contract will be paid for HealthyBlue until July 1, 2011. In order to be considered as “new business”, Insurer must approve such contracts for any Bonus eligibility. New business contracts are Insurer paid contracts and such contracts must have been in effect with Insurer for a minimum of three (3) consecutive months. The New Business Bonus will be administered and paid on a monthly basis.
- II. Contracted Broker/Agents may qualify for a bonus commission. Qualification is based on Insurer paid premium amounts for Individual Market Business represented by a contracted Broker/Agent. Payment is based on a per Contract, per Month (PCPM) rate. Eligibility for the bonus commission will be determined using the previous year’s total Insurer paid premium for Insurer Individual Market products only.
 - a. A contracted Broker/Agent’s override, payable according to a per Contract, per Month (PCPM) rate, may increase during the contract year if the contracted Broker/Agent’s paid premium for a rolling twelve (12) months surpasses the amount required for the next qualification level for the bonus override. Such increases will be assessed and applied to the bonus the quarter in which the paid premium surpasses the amount required for the next qualification level of override.
 - b. Commissions will be paid on a quarterly basis, forty five (45) days after the close of the quarter according to the following schedule:

Annual Paid Premium of Individual Market Products [‡] :	Bonus Commission (PCPM):
Qualification Levels:	
• \$0 - \$1,499,999	\$0.00
• \$1,500,000 - \$3,499,999	\$4.00
• \$3,500,000 - \$6,499,999	\$7.00
• \$6,500,000 - \$10,999,999	\$9.00
• \$11,000,000 and above	\$10.00

- c. Contractor agrees that Insurer retains the right and sole discretion to design, extend, terminate or modify any incentive programs. Contractor further agrees that any incentive program in place at the time the contract for insurance/membership becomes effective is not guaranteed to continue for the term of the insurance contract.
- d. No fee or bonus shall be payable for any Delmarva Health Plan Risk business in the state of Delaware.

-Continue to “Individual Market Schedule of Fee & Commission...”, next page-

[‡] Broker/Agent Fees payable as Individual Market business shall not be payable as Group Market business and will not be eligible for fees other than Insurer Individual Market Fees or Bonuses.

**INDIVIDUAL MARKET
SCHEDULE OF FEE & COMMISSION
FOR MEDI-CAREFIRST RX**

For Individual Market Benefit Contracts

- I. Effective October 2008, sales of this product have been discontinued through the Broker Channel.
- II. Prior sales will continue to receive commission according to the schedule in effect at the time of the sale.
- III. Broker/Agent Fees payable as Individual Market business shall not be payable as Group Market business and will not be eligible for fees other than Insurer Individual Market Fees or Bonuses.
- IV. No fee or bonus shall be payable for any Delmarva Health Plan Risk business in the state of Delaware for business with Individual, Group or Account effective dates after March 1, 2001.

-END OF DOCUMENT-

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
	List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name” line.

Limited liability company (LLC). Check the “Limited liability company” box only and enter the appropriate code for the tax classification (“D” for disregarded entity, “C” for corporation, “P” for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner’s name on the “Name” line. Enter the LLC’s name on the “Business name” line.

For an LLC classified as a partnership or a corporation, enter the LLC’s name on the “Name” line and any business, trade, or DBA name on the “Business name” line.

Other entities. Enter your business name as shown on required federal tax documents on the “Name” line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the “Business name” line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the “Exempt payee” box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 7

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and payments for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.