

WASHINGTON REGION

Producer Appointment and Commission Agreement

This Agreement among Kaiser Foundation Health Plan of Washington ("KFHPWA"), Kaiser Foundation Health Plan of Washington Options, Inc. ("KFHPWAO") and _____ ("Producer") is effective on the date Producer executes this agreement, as reflected on page 7 below, and will remain in effect until terminated as provided in Section 9. For convenience, KFHPWA and KFHPWAO are sometimes collectively referred to herein as "Kaiser Permanente."

1. Appointment by KFHPWA and KFHPWAO. KFHPWA, a health maintenance organization, and its wholly-owned subsidiary KFHPWAO, a health care service contractor, offer medical coverage agreements ("Coverage Agreements") to employer groups and individuals in the state of Washington. KFHPWAO also offers Coverage Agreements to employer groups in the state of Idaho. Subject to the terms and conditions of this Agreement, KFHPWA and KFHPWAO each appoint Producer as its nonexclusive representative to solicit applications for its Coverage Agreements.
2. Independent Contractor. Producer is an independent contractor and not employed by or a joint venturer or partner of Kaiser Permanente. The intent of this Agreement is to secure the personal services of Producer for the benefit of Kaiser Permanente. Therefore, Producer shall not assign any duties or rights (including the right to be paid commissions) hereunder.
3. Requirements and Limitations. Producer shall use his or her best efforts to promote and service Coverage Agreements. In doing so, Producer shall use only the most current materials provided by Kaiser Permanente. Producer shall comply with Kaiser Permanente rules, regulations, and policies regarding the business to be performed hereunder and with all applicable state and federal laws and regulations. Producer shall participate in Kaiser Permanente training programs as reasonably requested by Kaiser Permanente. Kaiser Permanente reserves the right to reject or conditionally accept applications submitted by Producer and to refuse to quote on employer groups, subscribers, or insured's solicited by Producer.
4. Authority of Producer. Producer is authorized to (i) solicit applications for Coverage Agreements, (ii) forward applications to Kaiser Permanente for approval or rejection, (iii) collect the first premium due on applications (all premiums must be made by check payable to the order of KFHPWA or KFHPWAO, as appropriate) and (iv) deliver policies and contracts as Kaiser Permanente directs.
5. Limitation of Authority. Producer is not authorized to (i) make any contract or incur any debt in the name of Kaiser Permanente, (ii) alter, modify, waive, amend, or change any application for insurance or coverage or any of terms, rates, or conditions of any of the Coverage Agreements, (iii) collect or receive premiums, other than the first premium, without Kaiser Permanente approval, (iv) endorse, cash or negotiate checks or drafts payable to Kaiser Permanente, (v) advertise or publish any matter or thing concerning Kaiser Permanente in any Producer advertisements, such as his/her website or telephone book Yellow Page insertion, without Kaiser Permanente's prior written approval, (vi) make any representations about benefits to be provided by Kaiser Permanente except through Kaiser Permanente furnished written materials, or (vii) represent acceptance of any coverage to employer groups or individuals without Kaiser Permanente's prior authorization.
6. Commissions. Kaiser Permanente agrees to pay Producer commissions on premiums for Coverage Agreements solicited by Producer, as follows and as set out in the schedules of commissions attached hereto and incorporated herein as Exhibit B.

Continued next page

- a. KFHPWA and KFHPWAO agree to pay Producer commissions on premiums for contracts solicited by Producer on behalf of KFHPWA and KFHPWAO, respectively, as set out in the schedule of commissions attached as Exhibit B.
 - b. Commissions are paid only on premium actually received by Kaiser Permanente. No commission will be paid on premium Kaiser Permanente receives before the effective date or after the termination date of this Agreement. Kaiser Permanente will not pay commissions to Producer on premium received for a policy or contract after any employer group, subscriber, insured policyholder, or contract holder has notified Kaiser Permanente in writing that the Producer is no longer servicing that employer group, subscriber, or insured.
 - c. Producer is not entitled to commission on any individual coverage issued as a result of conversion or portability of coverage under any group policy or contract covered by this Agreement.
 - d. If Kaiser Permanente returns premium to any employer group, subscriber, or insured, Producer will be required to repay commission paid on premium so returned. At Kaiser Permanente's sole discretion, Producer shall refund to Kaiser Permanente any commission paid to it on account of such premium or Kaiser Permanente will offset such commissions against commissions otherwise due Producer.
 - e. Commission shall be payable only so long as Producer is and remains properly licensed by the state, Producer is appointed by Kaiser Permanente, and this Agreement is in effect.
 - f. Producer shall pay all taxes, contributions, and other sums levied or assessed on Producer because of activities hereunder or because of commissions paid by Kaiser Permanente.
 - g. Producer shall send Kaiser Permanente notice ten (10) days in advance of any change in Producer's address. If Producer fails to notify Kaiser Permanente of a change in address, Kaiser Permanente may discontinue sending commission checks and terminate this Agreement in accordance with Section 9. Any commissions not claimed within one (1) year of termination of this Agreement will be forfeited and become the property of KFHPWA or KFHPWAO, as applicable.
 - h. In the event that Kaiser Permanente, through inadvertent error, fails to pay commissions to Producer, it is agreed that regarding any claim upon Kaiser Permanente by Producer for payment of such commissions, Kaiser Permanente shall be obligated to pay to Producer only those commissions due and payable to Producer during the one year period (365 days) prior to the date on which Kaiser Permanente receives the first notice of the claim. Producer waives any right to earned but unpaid commissions due and payable by Kaiser Permanente to Producer over one year (365 days) prior to the date on which Kaiser Permanente receives the first notice of Producer's claim for payment.
 - i. In the event that Kaiser Permanente, through inadvertent error, overpays commissions to Producer, it is agreed that regarding any claim upon Producer by Kaiser Permanente for payment of such commissions, Producer shall be obligated to pay to Kaiser Permanente only those commissions due and payable to Kaiser Permanente during the one year (365 days) period prior to the date on which Producer receives the first notice of the claim. Kaiser Permanente waives any right to unearned but paid commissions due and payable by Producer to Kaiser Permanente over one year (365 days) prior to the date on which Producer receives the first notice of Kaiser Permanente's claim for payment. Alternatively, Kaiser Permanente may debit Producer's Kaiser Permanente account for the amount of any such overpayments.
- 7. Licenses.** Producer shall, throughout the duration of this Agreement, maintain a valid license issued by the state of Washington and/or the state of Idaho, as appropriate, authorizing Producer to sell and service the Coverage Agreements and any other licenses legally required by Producer to provide the services set forth in this Agreement. Producer shall notify Kaiser Permanente immediately in the event of loss or suspension of such license.

- 8. Authorized Persons.** Producer warrants that the Producer Information Form, attached hereto and incorporated herein as Exhibit A, is true and complete and that Producer is duly licensed by the state of Washington and/or the state of Idaho to transact health insurance. Producer warrants that Exhibit A contains a complete and accurate list of persons who are authorized to represent Kaiser Permanente on account of appointment on behalf of Producer and that all such persons are currently licensed by the state of Washington and/or the state of Idaho to transact health insurance. Producer agrees to provide Kaiser Permanente with written notice of any and all status changes in the list of persons set forth in Exhibit A promptly, but in no event more than five (5) days after the occurrence of such change. Status changes shall include, but not be limited to, the institution of any disciplinary proceedings against Producer or any such persons relating to any license issued to any such person by the state of Washington and/or the state of Idaho.
- 9. Term and Termination.** This Agreement will be effective on the date Producer executes this agreement page 7 below. This Agreement will remain in effect until terminated pursuant to this section.
- a. Any party to this Agreement may terminate this Agreement for any reason by giving sixty (60) days advance written notice to the other party.
 - b. This Agreement shall terminate immediately and without notice upon the occurrence of any of the following: (i) Producer's death; (ii) Producer's insurance license being denied, restricted, revoked, or suspended by any public authority; (iii) Producer's loss of or failure to obtain the full required errors and omissions insurance coverage; (iv) Producer's business being sold, transferred, or merged without Kaiser Permanente's appointment of a successor Producer; (v) Producer's insolvency or failure to remit balances to Kaiser Permanente in accordance with this Agreement; (vi) Producer's commission of fraud or engagement in intentional misconduct; (vii) Producer's failure to adhere to the rules and procedures of Kaiser Permanente, the state of Washington, the state of Idaho or the Center for Medicare and Medicaid Services (formerly, the Health Care Financing Administration) which apply to Producer's obligations under this Agreement; or (viii) Producer's material breach of this Agreement.

Upon termination, Producer agrees to immediately provide Kaiser Permanente with the following:

- c. All policies, subscriber agreements, contracts, applications, marketing packets, proprietary records, documents, and Producer supplies of any kind furnished by Kaiser Permanente to Producer.
- d. A verified list of the Kaiser Permanente certificate holders for each master policy affected.
- e. All pertinent information regarding those certificate holders.
- f. Any other related information that Kaiser Permanente reasonably requests.

Indemnification. Producer agrees to indemnify and hold Kaiser Permanente harmless from any and all liability, loss, cost, damage, expense, or attorney fees arising out of Producer's violation of this Agreement or Producer's failure to conform to the provisions of this Agreement. Producer agrees to reimburse Kaiser Permanente for any legal fees or other expenses Kaiser Permanente incurs in enforcing Producer's obligation under this Agreement.

- 10. Insurance.** During the term of this Agreement, and, if the coverage is provided on a "claims-made" basis, for a period of four (4) years after termination of this Agreement, Producer shall procure and maintain, at Producer's sole cost and expense, the following insurance coverages:
- a. **Producer's Errors and Omissions Insurance.** Producer's Errors and Omissions (E & O) Insurance in an amount of not less than one million dollars (\$1,000,000) per occurrence and one million dollars (\$1,000,000) annual aggregate, the annual aggregate to apply separately for each producer who is insured under the policy (or policies) purchased by Producer. A combination of primary and excess/umbrella policies can be used to satisfy the liability limits requirement.
 - b. If Producer has a claims-made based policy (or policies) and such policy (or policies) are cancelled or not renewed, Producer agrees to exercise any option contained in said policy (or policies) to extend the reporting period to the maximum period permitted; provided, however, that Producer need not exercise such option if the suspending insurer will accept all prior claims. If Producer acquires a new E&O insurer

to replace an existing E&O insurer, and if Producer elects not to purchase extended reporting coverage or if extended reporting coverage is not available, Producer will assure that the new insurer's policy provides prior acts coverage.

- c. Producer shall also require that each of its subcontractors, if any, carry insurance with the same minimum limits as required herein for Producer. None of the foregoing requirements as to the type and limits of insurance to be maintained by Producer and its subcontractors are intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Producer under this Agreement. Producer's and its subcontractors' insurance policies shall:
- d. Be issued by companies that are admitted insurers in the jurisdiction in which the services or products are being provided;
- e. Be primary and noncontributory with any Kaiser Permanente insurance;
- f. Name Kaiser Permanente as an additional insured; and
- g. Provide Kaiser Permanente with thirty (30) days prior written notice of cancellation, non-renewal, or material change in the form or limits of coverage. Producer shall provide proof of insurance upon request. Notwithstanding any other provision of this Agreement, failure to provide the certificates of insurance shall be grounds for immediate termination of this Agreement.

11. Producer of Record. For purposes of this Agreement, a "Producer of Record" is a letter received on employer group letterhead designating the Producer to service its policy or contract with Kaiser Permanente. If a Producer presents Kaiser Permanente with a Producer of Record requesting a change of Producer by an employer group, Kaiser Permanente will give written notice of the request to the existing Producer at least ten (10) days before making a change in commission payments. The change in payments will become effective the first of the month that begins ten (10) or more days following the date Kaiser Permanente provides such notice. For all off-anniversary replacements of Producer, commission will be paid at the existing commission level to the replacing Producer. A Producer of Record for individual subscribers and insureds will not be accepted.

12. Confidentiality. Producer agrees that certain information supplied by Kaiser Permanente is proprietary and confidential, including, but not limited to, subscriber agreements, policies, contracts, and rating and underwriting guidelines, and that Producer will maintain the confidentiality of that information. Kaiser Permanente and Producer have entered into, or will enter into concurrent with entering into this Agreement, a Business Associate Agreement for purposes of complying with federal law protecting the privacy of health information.

13. Producer Website.

- a. General. Subject to the terms of this Section 14, Kaiser Permanente grants Producer a nonexclusive license to use and access information via the Kaiser Permanente producer website as necessary to Producer's performance of services under the Appointment and Commission Agreement. No ownership of intellectual or other property rights in data accessed on or used from the Kaiser Permanente producer website is transferred from Kaiser Permanente to Producer.
- b. Authorized Users. Producer shall permit only current employees or Producers of Producer to use or access any information via the Kaiser Permanente producer website. Use or access to the Kaiser Permanente producer website shall be as necessary to implement the Appointment and Commission Agreement only. Such employees or Producers shall be required to "accept" the Kaiser Permanente producer website User Agreement prior to accessing the Kaiser Permanente producer website. Upon acceptance, such employees or Producers will be Authorized Users. Producer shall enforce compliance with User Agreements and Producer and respective Authorized Users shall be jointly and severally liable for any breach perpetrated by an Authorized User.

- c. User Accounts. In coordination with the Kaiser Permanente Producer Operations Department, Producer shall create and deactivate user accounts as necessary. Producer shall deactivate user accounts as soon as possible after access is no longer necessary for performance under the Appointment and Commission Agreement, or the Producer’s employee or Producer relationship with the Authorized User is terminated. Notwithstanding this, Kaiser Permanente may deactivate any user account at any time, for any reason, with or without notice to Producer or the Authorized User involved.
- d. Disclaimer and Warranties. Access to the Kaiser Permanente producer website is provided to Producer as a convenience to Producer in the performance of Producer’s duties under the Appointment and Commission Agreement. Kaiser Permanente will make reasonable efforts to ensure information available on the Kaiser Permanente producer website is accurate; however, Kaiser Permanente provides no assurances or representations as to the accuracy of data accessible on the Kaiser Permanente producer website. KAISER PERMANENTE MAKES AND PRODUCER RECEIVES NO WARRANTY, EXPRESS OR IMPLIED, UNDER THIS AGREEMENT, AND ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED.

14. General Provisions.

- a. Enforceability. If any part of this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of this Agreement.
- b. Notice. Any notice called for hereunder will be deemed properly given if (i) sent by certified mail, return receipt requested, (ii) personally delivered, (iii) dispatched by any form of private or governmental express mail or delivery service providing receipted delivery, to the following addresses or to such other address as either Party may designate by notice in accordance with this Section:

If to KFHPWA:

Kaiser Foundation Health Plan of Washington
 320 Westlake Ave N Suite 100
 Seattle, WA 98109
 Attn: Producer Operations

If to KFHPWAO:

Kaiser Foundation Health Plan of Washington Options, Inc.
 320 Westlake Ave. N. Suite 100
 Seattle, WA 98109
 Attn: Producer Operations

If to Producer:

Contact name _____

Business entity name _____

Address _____

City _____ State ____ ZIP _____

Notice will be deemed given on the earlier of (i) actual receipt by the receiving party, (ii) the date shown on a facsimile transmission confirmation, (iii) the date reflected on a signed delivery receipt, or (iii) two (2) business days following tender of delivery or dispatch by express mail or delivery service.

- c. Records. Producer agrees to maintain and make available for inspection run records and complete books of all activities of Producer under or in connection with this Agreement which may be required by Kaiser Permanente, the state of Washington, the state of Idaho, the Centers for Medicare and Medicaid Services and any other governmental entity or regulatory agency with authority over Kaiser Permanente or Producer for a period of ten (10) years following the termination of each policy and contract. Such books and records shall be available to Kaiser Permanente and the above entities and agencies within five (5) calendar days after their request.
- d. Amendment. No additions, amendments, modifications, or waivers of any of the provisions of this Agreement shall be valid unless in writing and signed by Kaiser Permanente.
- e. Assignment. No assignment of this Agreement by Producer shall be considered valid unless Kaiser Permanente accepts such assignment in writing. Such consent shall not be unreasonably withheld or denied. This Agreement shall be binding upon the administrators, executors, successors, and assignees of the parties hereto.
- f. Interpretation. Notwithstanding any other provision of this Agreement, each party hereto shall be solely responsible for its own duties and obligations hereunder. Accordingly, neither KFHPWA nor KFHPWAO shall be held responsible for the actions of the other under this Agreement, even though the Agreement refers to them collectively as "Kaiser Permanente."
- g. Governing Law. This Agreement shall be governed by and continued in accordance with the laws of the state of Washington and United States of America. Any state or federal provisions required to be in this Agreement by these laws shall bind Kaiser Permanente and Producer whether or not expressly provided in this Agreement. In the event any suit or action is brought by either party under the provisions of this Agreement, venue shall lie in King County, Washington.
- h. Entire Agreement. This Agreement, along with the Business Associate Agreement referenced above, constitutes the entire understanding between Producer and Kaiser Permanente. This Agreement hereby terminates and supersedes all other appointments or agreements between Producer and Kaiser Permanente.
- i. Confidentiality. Producer shall ensure Authorized Users comply with the privacy, security, password protection, and confidentiality terms of their User Agreements and Producer's Appointment and Commission Agreement and Business Associate Agreement.
- j. Limitation of Liability. IN NO EVENT WILL KAISER PERMANENTE BE LIABLE FOR ANY LOSS OF OR DAMAGE TO REVENUES, PROFITS OR GOODWILL OR OTHER SPECIAL, INCIDENTAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGE OF ANY KIND RESULTING FROM THE LICENSE GRANTED HEREUNDER, INCLUDING WITHOUT LIMITATION ANY INTERRUPTION OF BUSINESS, EVEN IF KAISER PERMANENTE WAS ADVISED, KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES. KAISER PERMANENTE SHALL NOT BE LIABLE TO LICENSEE FOR ANY LOSS OR DAMAGE WHATSOEVER OR HOWSOEVER CAUSED ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH ACCESS TO OR USE OF THE KAISER PERMANENTE PRODUCER WEBSITE, EXCEPT TO THE EXTENT SUCH LIABILITY MAY NOT BE LAWFULLY EXCLUDED.

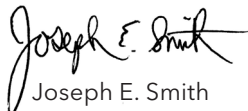
We're looking forward to having you represent us. Please sign below and complete the one-page form titled EXHIBIT A. Mail the entire document back to us, making sure to keep a copy for yourself.

In witness of the foregoing, the parties have executed this Agreement below.

Kaiser Foundation Health Plan of Washington and
Kaiser Foundation Health Plan of Washington Options, Inc.

By:

Date _____



Joseph E. Smith
Vice President
Marketing, Sales and Business Development

Producer _____ (Business entity name)

By _____ Date _____
Signature required

Exhibit A
Kaiser Foundation Health Plan of Washington and
Kaiser Foundation Health Plan of Washington Options, Inc.
Producer Information Form

Business Profile

Legal name of Producer: _____

Corporation Partnership Sole Proprietor Other (e.g. LLC, LLP, etc.)

What types of licenses does the Producer hold in:

Washington _____ Idaho _____

Producer(s) name: (List all Producers who are affiliated)

Street address: _____

Mailing address: _____

Phone number: _____ Fax number: _____

Social Security Number or Federal Tax ID Number: _____

Attachments to the Producer Information Form

Please attach all applicable licenses and insurance coverages for which you/your company are licensed and qualified to offer:

- State of Washington and/or state of Idaho Producer license
- Proof of Insurance coverages

General Background

Errors and Omissions coverage level is _____ Carrier/Policy number is _____

(Please attach a copy of Producer's Errors and Omissions policy cover sheet)

Comments:

This information is strictly confidential and will be used only by Kaiser Permanente management to evaluate your qualifications as an appointed Producer. Kaiser Permanente reserves the right to decline your application.

Producer representative _____ Date _____

Signature required

Exhibit B Commission Schedule

Kaiser Permanente issues a commission schedule for each group sold by Producer. For sales prior to the execution of this Agreement, the commission schedule has been documented in a Group Commission Agreement or Third Party Administrative Service Contract Agreement. Commission schedules for sales made after the execution of this Agreement will be documented in a Commission Schedule Supplement to this Agreement. All such schedules are incorporated by this reference into this Exhibit B and are subject to all the terms and conditions of this Agreement.