





# Signature Sheet

Individual and Small Group Services  
P.O. Box 9074  
Oxnard, CA 93031-9074

THIS AGREEMENT is entered into by and between \_\_\_\_\_ ,  
a licensed California disability agent or insurance broker (herein "Agent"), and Anthem Blue Cross,  
a California corporation and/or its affiliate(s) (herein jointly and severally "Anthem Blue Cross"),  
and consists of:

1. This SIGNATURE SHEET, and
2. The attached Agreement (BCAFR3908C), and
3. The attached Commission Schedule (BCASH3990C).

Tax Identification No. \_\_\_\_\_  
(To be completed by Anthem Blue Cross)

### BENEFICIARY (For the purpose of paragraph 3.4): (Not applicable for corporations or Group Plan Programs)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Relationship to Agent

\_\_\_\_\_  
Social Security Number

### CONTINGENT BENEFICIARY (If Primary Beneficiary predeceases the Agent)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Relationship to Agent

\_\_\_\_\_  
Social Security Number

### CORPORATE INFORMATION

\_\_\_\_\_  
Corporate Name (For corporate license)

\_\_\_\_\_  
Corporate Officer and Title (if applicable)

### AGENT INFORMATION

\_\_\_\_\_  
Agent Name (Please print)

**X** \_\_\_\_\_  
Agent Signature

\_\_\_\_\_  
License(s) - Type and Number(s)

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/State/ZIP Code

### ANTHEM BLUE CROSS

By \_\_\_\_\_  
Mary Floyd  
Vice President, Senior & Individual Sales

\_\_\_\_\_  
Date

\_\_\_\_\_  
Effective Date (To be completed by Anthem Blue Cross)

Anthem Blue Cross is the trade name of Blue Cross of California. Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company are independent licensees of the Blue Cross Association. © ANTHEM is a registered trademark. The Blue Cross name and symbol are registered service marks of the Blue Cross Association.



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Agent Name (Please print)

**X** \_\_\_\_\_  
Agent Signature

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License(s) - Type and Number(s)

\_\_\_\_\_  
Address

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By \_\_\_\_\_  
Mary Floyd  
Vice President, Senior & Individual Sales

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# Medicare Advantage and Part D Broker Contract Addendum

## Attachment 1

### Medicare Advantage and Medicare Part D Regulatory Exhibit

The following Medicare Advantage and Medicare Part D terms and conditions shall be incorporated into the Business Entity Insurance Producer Agreement between Anthem Blue Cross and applicable affiliates or clients requiring the services described herein (herein referred to as “Anthem”) and Entity Producer. These provisions shall only apply to services provided by Entity Producer to or for Anthem’s Medicare Advantage and/or Medicare Part D plans in accordance with and pursuant to the Medicare Modernization Act of 2003 (MMA) (Social Security Act Section 1860D-1 through 1860D-41), any subsequent amendments to the MMA and applicable regulations. In the event that there is a conflict between the attached Agreement and these Medicare Advantage and Medicare Part D terms and conditions, the Medicare Advantage and Medicare Part D terms and conditions shall control, but only as they relate to services provided to Covered Individuals enrolled in Anthem’s Medicare Advantage and/or Medicare Part D plans.

- 1. Federal Funds.** Consistent with, but not limited to, 42 C.F.R. 423.100, Entity Producer acknowledges that payments Entity Producer receives from Anthem to provide services to Medicare Advantage or Part D enrollees, are, in whole or part, from Federal funds. Therefore, Entity Producer and any of its subcontractors may be subject to certain laws that are applicable to individuals and entities receiving Federal funds.
- 2. Confidential Information.** Entity Producer recognizes that in the performance of its obligations under this Agreement it may be party to Anthem’s proprietary, confidential, or privileged information, including, but not limited to, information concerning Anthem’s members. Entity Producer agrees that, among other items of information, the identify of, and all other information regarding or relating to any of Anthem’s customers is confidential. Entity Producer agrees to treat such information as confidential and proprietary information of Anthem, and all such information shall be used by Entity Producer only as authorized and directed by Anthem pursuant to this Agreement, and shall not be released to any other person or entity under any circumstances without express written approval of Anthem. During and after the term of this Agreement, Entity Producer shall not disclose or use any of the information described in this Section for a purpose unrelated to the terms and obligations of this Agreement. Further, Entity Producer agrees to abide by all Federal and State laws regarding confidentiality and disclosure of Medicare Part D enrollee information. In addition, Entity Producer agrees to abide by the confidentiality requirements established by Anthem and CMS for the Medicare Advantage and/or Medicare Part D program.
- 3. Inspection of Books and Records.** In accordance with, but not limited to, 42 C.F.R. 423.505(i) and/or 422.504(i), Entity Producer acknowledges that the

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## Medicare Advantage / Part D Regulatory Exhibit (Continued)

Department of Health and Human Services (HHS), the Comptroller General, or their designees have the right to inspect, evaluate and audit any pertinent contracts, books, documents, papers, and records of Entity Producer, or its subcontractors or transferees involving transactions related to Anthem's Medicare Advantage and/or Medicare Part D contract through ten (10) years from the final date of the contract period or from the date of the completion of any audit, or for such longer period provided for in other applicable law, whichever is later. For the purposes specified in this provision, Entity Producer agrees to make available Entity Producer's premises, physical facilities and equipment, records relating to Anthem's Medicare Advantage and/or Medicare Part D enrollees, and any additional relevant information that CMS may require.

- 4. Independent Status.** Entity Producer is an independent contractor and nothing contained in this Agreement shall be construed or implied to create an agency, partnership, joint venture, or employer and employee relationship between Entity Producer and Anthem. At no time shall either party make commitments or incur any charges or expenses for or in the name of the other party except as otherwise permitted by this Agreement.
- 5. Subcontractors.** In accordance with, but not limited to, 42 C.F.R. 423.505(i)(3) and/or 422.504(i)(3)(ii), Entity Producer agrees that if Entity Producer enters into subcontracts to perform services under the terms of the Agreement, Entity Producer's subcontractors shall include an agreement by the subcontractor to comply with all of the Entity Producer's obligations in this Medicare Advantage and Part D Regulatory Exhibit and applicable terms in the Agreement.
- 6. Federal and State Laws.** Consistent with, but not limited to, 42 C.F.R. 423.505(i)(4) & 423.505(i)(3)(iii), and/or 422.504(i)(4) & 422.504(i)(3)(iii), Entity Producer agrees to comply, and to require any of its subcontractors to comply, with all applicable Federal and State laws, regulations, CMS instructions, and policies relevant to the activities to be performed under the Agreement, including but not limited to, CMS Medicare Advantage and/or Medicare Part D marketing guidelines, and any requirements for CMS prior approval of materials. Further, Entity Producer agrees that any services provided by the Entity Producer or its subcontractors to Anthem's Medicare Advantage and Medicare Part D enrollees will be consistent with and will comply with Anthem's Medicare Advantage and/or Part D contractual obligations.
- 7. Compliance Program.** Anthem maintains an effective Compliance Program and Standards of Business Conduct, and requires its employees to act in accordance therewith. Anthem will provide a copy of its then current Standards of Business Conduct to Entity Producer upon request.
- 8. Ineligible Persons.** Entity Producer warrants and represents that at the time of entering into this Agreement and/or when providing services to or for the benefit

## Medicare Advantage / Part D Regulatory Exhibit (Continued)

of Medicare Advantage and/or Medicare Part D members, neither he/she/it nor any of his/her/its employees, contractors, subcontractors or agents are ineligible persons identified on the General Services Administrations' List of Parties Excluded from Federal Programs (available through the internet at <http://www.arnet.gov/epls>) and the HHS/OIG List of Excluded Individuals/Entities (available through the internet at <http://www.dhhs.gov/progorg/oig>); or any subsequently provided or updated source that provides such information. In the event Entity Producer or any employees, subcontractors or agents thereof becomes an ineligible person after entering into this Agreement or otherwise fails to disclose his/her ineligible person status, Entity Producer shall have an obligation to (1) immediately notify Anthem of such ineligible person status and (2) within ten days of such notice, remove such individual from responsibility for, or involvement with, Anthem's business operations related to this Medicare Advantage and Medicare Part D attachment.

Anthem retains the right to provide notice of immediate termination of the Agreement to Entity Producer in the event it receives notice of Entity Producer's ineligible person status.

- 9. Illegal Remunerations.** Entity Producer specifically represents and warrants that activities to be performed under the Agreement are not considered illegal remunerations (including kickbacks, bribes or rebates) as defined in § 1128B(b) of the Social Security Act.
- 10. Termination-Regulatory Issues.** In accordance with, but not limited to, 42 C.F.R. 423.505(i)(5) and/or 422.504(i)(5), if during the term of the Agreement, Anthem concludes that it is necessary to cancel any of the activities to be performed under this Agreement in order to comply with Federal or State laws, regulations, or policies, Anthem may, at its discretion, cancel the activity and be relieved of any related obligations under the terms of the Agreement. If Anthem or Entity Producer concludes that it is necessary to reorganize or restructure any of the activities to be performed under this Agreement in order to comply with Federal or State laws, regulations, or policies, Anthem or Entity Producer may request to renegotiate such terms.
- 11. Oversight Responsibility.** Entity Producer acknowledges that Anthem shall oversee and monitor Entity Producer's performance of its responsibilities set forth in this Agreement on an ongoing basis and that Anthem is ultimately responsible to CMS for the performance of such services. Entity Producer further acknowledges that Anthem shall oversee and is accountable to CMS for the functions and responsibilities described in the Medicare Part D regulatory standards and ultimately responsible to CMS for the performance of all services.

## Medicare Advantage / Part D Regulatory Exhibit (Continued)

- 12. Revocation.** Entity Producer agrees that Anthem has the right to revoke this agreement if CMS or Anthem determines that Entity Producer has not performed the services satisfactorily and/or if requisite reporting and disclosure requirements are not otherwise fully met in a timely manner. Such revocation shall be consistent with the termination provisions of the Agreement.
- 13. Approval of Materials.** Any printed materials, including but not limited to letters to Anthem's members, brochures, advertisements, telemarketing scripts, packaging prepared or produced by Entity Producer or any of its subcontractors pursuant to this Agreement must be submitted to Anthem for review and approval at each planning stage (*i.e.*, creative, copy, mechanicals, blue lines, etc.) to assure compliance with Federal, state, and Blue Cross/Blue Shield Association guidelines. Anthem agrees its approval will not be unreasonably withheld or delayed.
- 14. Hold Harmless.** In accordance with, but not limited to, 42 C.F.R. 423.505(i) and 423.505(g), and/or 422.504(i)(3) and 422.504(g)(1) and (2), both parties agree that in no event, including but not limited to non-payment by Anthem, insolvency of Anthem or breach of the Agreement, shall Entity Producer bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against a Medicare Advantage and/or Medicare Part D Covered Individual or persons other than Anthem acting on their behalf for Covered Services provided pursuant to the Agreement. This provision does not prohibit the collection of supplemental charges or Copayments on Anthem's behalf made in accordance with the terms of the Medicare Advantage and/or Part D enrollee's benefits.
- 15. Prohibition of Payment/Gifts/Incentives to Beneficiaries.** Entity Producer shall not provide or offer gifts or payments to a Medicare Advantage and/or Part D enrollee as an inducement to enroll in an Anthem Medicare Advantage and/or Part D Product. Notwithstanding this section, Entity Producer may provide an individual eligible for Medicare Advantage and/or Part D a gift of nominal value, so long as the gift is provided whether or not the individual enrolls in the plan. For purposes of this Agreement, nominal value is defined as an item having little or no resale value and which cannot be readily converted into cash. Generally nominal value gifts are worth less than \$15.00. In addition, while Entity Producer may describe legitimate benefits the individual eligible for Medicare Advantage and/or Part D may receive, Entity Producer is prohibited from offering or giving rebates, dividends or any other incentives, especially those that in any way compensate for lowered utilization of health services by such eligible individual. This includes, but is not limited to the fact the Entity Producer may not tie lowered or reduced premium costs for the Medicare Advantage and/or Part D enrollee to their decreased utilization of health services.

## Medicare Advantage / Part D Regulatory Exhibit (Continued)

- 16. Unsolicited Contacts.** Entity Producer may not do any of the following:
- a. Place any outbound marketing calls to Members or to beneficiaries unless the beneficiary requested the call;
  - b. Place calls to former Members who have disenrolled or to current Members who are in the process of voluntarily disenrolling, to market plans or products;
  - c. Place calls to Members or beneficiaries to confirm receipt of mailed information, unless otherwise set forth herein;
  - d. Place calls to Members or beneficiaries to confirm acceptance of appointments made by third parties or independent agents;
  - e. Approach Members or beneficiaries in common areas (i.e. parking lots, hallways, lobbies, etc.)
  - f. Place calls or visit Members or beneficiaries who attended a sales event, unless the Member or beneficiary gave express permission at the event for a follow-up visit or call
- 16.1 Entity Producer may do the following:
- a. Place a call to a Member or beneficiary that they enrolled into an Anthem Medicare Advantage and/or Part D plan as long as the Member remains enrolled with the Anthem plan; or
  - b. Place a call to a beneficiary who has expressly given permission for Entity Producer to contact them, for example by filling out a business reply card or asking a Customer Service Representative of Anthem to have an Entity Producer contact them. This permission by the beneficiary applies only to Anthem Medicare Advantage and/or Part D plans for the duration of that transaction or as otherwise indicated by the beneficiary.
- 16.2 **Outbound Scripts.** Any and all outbound scripts utilized by Entity Producer to contact beneficiaries on behalf of Anthem must be submitted to Anthem and to ultimately to CMS for review and approval prior to use in the marketplace. In addition, when conducting outbound calls, Entity Producer must ensure the scripts include a privacy statement clarifying that the beneficiary is not required to provide any information to Anthem or Entity Producer and that the information provided will in no way affect the beneficiary's membership in the Medicare Advantage and/or Part D Plan.
- 17. Cross Selling is Prohibited.** Entity Producer understands and agrees that marketing non-health care related products (such as annuities and life insurance) to prospective enrollees during any Medicare Advantage and/or Part D sales activity or presentation is considered cross selling and is strictly prohibited.

## Medicare Advantage / Part D Regulatory Exhibit (Continued)

- 18. Scope of Entity Producer Appointments with Beneficiaries.** Entity Producer must clearly identify the types of products that will be discussed before marketing to a potential enrollee beneficiary and the beneficiary must agree to the scope of the appointment and such agreement must be documented by Entity Producer. For example, if a beneficiary attends a sales presentation and schedules an appointment, the Entity Producer must obtain written documentation signed by the beneficiary agreeing to the products that will be discussed during the appointment. In addition, appointments that are made by Entity Producer over the phone must be recorded in order to provide adequate documentation. Entity Producer will maintain the required documentation providing the scope of the appointment and will provide such documentation to Anthem upon request. Entity Producer further agrees that additional products may not be discussed unless the beneficiary requests the information and any additional lines of business that are not identified prior to the in-home appointment will require a separate appointment. Separate appointments cannot be re-scheduled until forty-eight (48) hours after the initial appointment. Entity Producer may, however, leave Anthem materials during the initial appointment so long as enrollment applications are not left with potential enrollees.
- 19. Marketing in Health Care Settings.** Entity Producer is prohibited from conducting sales presentations and distributing and/or accepting enrollment applications in areas where patients primarily intend to receive health care services. These restricted areas generally include, but are not limited to, waiting rooms, exam rooms, hospital patient rooms, dialysis centers, and pharmacy counter areas (where patients wait for services or interact with pharmacy providers and obtain medication). Entity Producer may, however, conduct sales and marketing activities only in common areas of health care settings. Common areas include areas such as hospital or nursing home cafeterias, community or recreational rooms, conference rooms and space in a pharmacy outside of the area where patients wait for services or interact with pharmacy providers and obtain medication. For beneficiaries residing in long term care facilities, Entity Producer may only schedule an appointment if the beneficiary requested it.
- 20. Sales/Marketing Prohibited at Educational Events.** Entity Producer may not include sales activities, including but not limited to distribution of marketing materials or distribution or collection of Anthem Medicare Advantage and/or Part D enrollment applications at educational events. Moreover, Entity Producer must include the following disclaimer on all materials advertising an educational event: “educational only and information regarding the a Medicare Advantage and/or Part D plan will not be available.” An educational event is one that is sponsored by a health insurance plan or by outside entities and are promoted to be educational in nature and have multiple vendors, such as health

## Medicare Advantage / Part D Regulatory Exhibit (Continued)

information fairs, conference expositions, state- or community-sponsored events.

- 21. Prohibition on the Provision of Meals.** Entity Producer may not provide meals or subsidize meals for any prospective enrollee of a Medicare Advantage or Part D plan at any event or meeting at which plan benefits are being discussed and/or plan materials are being distributed. Entity Producer may provide refreshments and light snacks so long as the items provided could not be reasonably considered a meal and/or that multiple items are not being bundled and provided as if a meal. The following light snacks could generally be considered acceptable: fruit, raw vegetables, pastries, cookies or other small dessert items, crackers, muffins, cheese, chips, yogurt or nuts.
- 22.** Entity Producer must provide the following disclosure or a substantially similar disclosure, prior to enrollment or at the time of enrollment, in writing, to a potential enrollee:

“The person that is discussing plan options with you is either employed by or contracted with Anthem. The person may be compensated based on your enrollment in a plan.”
- 23.** Entity Producer warrants and represents that it is properly licensed, certified, and/or registered under applicable state laws to sell and/or market Medicare Advantage and/or Medicare Part D products.
- 24.** Entity Producer is prohibited from employing discriminatory practices that preferentially enroll healthier beneficiaries, mislead beneficiaries or churn beneficiaries between Medicare Advantage and/or Medicare Part D plans. Entity Producer agrees to implement policies, procedures and monitoring activities that are consistent with these concepts noted in this provision.
- 25.** Irrespective of any conflicting term or provision, Anthem shall not pay Entity Producer a Medicare Advantage and/or Medicare Part D commission rate that is based upon the value of the Medicare Advantage and/or Medicare Part D business generated for Anthem (i.e., profitability of the book of business). Entity Producer reimbursement for Medicare Advantage and/or Medicare Part D business shall not be tied or linked to a beneficiary’s health risk profile.
- 26.** Consistent with CMS guidance, Entity Producer agrees that Anthem may withhold or withdraw payment if a Medicare Advantage and/or Medicare Part D beneficiary dis-enrolls in an unreasonably short time frame (i.e., rapid dis-enrollment). An “unreasonably short time frame” is defined as less than 60 days after enrollment but may be a longer time period if Anthem reasonably determines it to be a longer period of time.

**Medicare Advantage / Part D Regulatory Exhibit (Continued)**

**27. Contracting Authority.** Each party to this Agreement warrants that it has full power and authority to enter into this Agreement and the person signing this Agreement on behalf of either party warrants that he/she has been duly authorized and empowered to enter into this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective for the term set forth herein.

\_\_\_\_\_  
By (Agent Signature) & Date

\_\_\_\_\_  
Title/Organization

\_\_\_\_\_  
Agent Name (Please print)

Anthem Blue Cross



Robert Smith, Staff VP  
Senior Sales & Service  
September 1, 2009

\_\_\_\_\_  
Agent Writing # (Tax ID#)

\_\_\_\_\_  
Agency tax ID# (if appl)

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Business Address (Street, City, State, Zip )

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Agent Phone #

\_\_\_\_\_  
Agent Fax #



## **Anthem Blue Cross Agent Agreement**

The agent cannot make changes on Individual or Senior business without the original writing agent's permission. However, there are some situations in which there may be a new contract and therefore a new agent.

### **POLICY FOR A SENIOR PRODUCT:**

When a subscriber has an Individual Anthem Blue Cross policy and a new agent writes a Senior policy when that subscriber turns 65, the new agent will receive full commission and credit for the sale. If the subscriber enrolls directly with Anthem Blue Cross, the original agent will continue to be reflected as agent of record and will receive a reduced commission level.

When a subscriber reaches age 65 and chooses to come off the Individual contract, the spouse or dependents may continue their coverage with a membership enrollment form. When this information is loaded into the system, we will also include the agent number of the original writing agent, who should continue to receive renewal commissions for the remaining dependents until their coverage terminates. A new agent or the same agent may write the Senior supplement policy and receive full commission.

### **LAPSE OF COVERAGE, INDIVIDUAL AND SENIOR POLICIES:**

The following is effective September 1, 1993:

There must be at least a three-month lapse of coverage for a new agent to get commission or credit for a contract. When there is less than a three-month lapse in coverage, no commission will be paid to a new agent. If the writing agent is the agent who wrote the original policy, only renewal commissions will be paid for Individual policies (Senior policies have a flat commission) unless there is at least a three-month lapse in coverage, which would cause the business to be considered a new contract.

### **LAPSE OF COVERAGE, SMALL GROUP POLICIES:**

There must be at least a six-month lapse of coverage for a new agent to get commission or credit for a Small Group contract. When there is less than a six-month lapse in coverage, no commission will be paid to a new agent, unless the new agent takes the group from an agent with an agent of record letter. If the writing agent is the agent who wrote the original policy, only renewal commissions will be paid unless there is at least a six-month lapse in coverage, which would cause the business to be considered a new contract.

A new agent may write a policy that does not satisfy these criteria, but the agent will receive no commission.

When a policy lapses, there will be new waiting periods, new preexisting condition limitations, new underwriting and a period without coverage. This puts the subscriber, the agent and Anthem Blue Cross at great risk.

### **THE FOLLOWING SITUATIONS CONSTITUTE A NEW CONTRACT:**

1. **Overage Dependent** – When an overage dependent seeks a new agent and if the new agent submits a health statement application (proof of insurability), and if the application is approved, this would constitute a new contract even with continuous coverage. Either the current agent or a new agent would receive first-year

commission if a health statement application had been submitted and approved. If the coverage dependent is enrolled through the company's automatic process, the current agent will receive renewal commissions.

2. **Divorced Spouse** – If a new application, not a membership enrollment form conversion, is submitted by the new agent, this is a new contract even if there is continuous coverage. The new agent would receive first-year commission.

## **THE FOLLOWING SITUATIONS ARE CONSIDERED CHANGES OF COVERAGE AND DO NOT CONSTITUTE NEW CONTRACTS:**

1. **Switching ANTHEM BLUE CROSS Plans** – When a member changes from one ANTHEM BLUE CROSS plan to another, even if a new agent submits an application to underwriting, this is still the same subscriber with just a change of coverage. The original writing agent will continue to receive renewal commission.
2. **Switching Subscribers** – This occurs when a contract written under one name is rewritten under the spouse's name, using the spouse's social security number. This is still the same contract. The original writing agent will still receive renewal commission.
3. **Splitting Contracts** – This occurs when there is a family contract on a specific plan and one member of the family has some medical condition. A new agent submits an application for the remaining family members. The original writing agent will receive renewal commission on the new policy.

### **I. AGENT AGREEMENT Instructions**

Please read the Agent Agreement (Agreement) carefully. Your understanding of this document must be complete. Please note that under this Agreement you would be engaging to solicit coverage on behalf of Blue Cross of California doing business as Anthem Blue Cross, a health care service plan, and Anthem Blue Cross Life and Health Insurance Company, a life and disability insurer.

### **II. AGENT AGREEMENT SIGNATURE SHEETS**

Please complete the designated spaces on both signature sheets as follows:

1. Provide the name of your designated Beneficiary and his/her relationship to you. You may designate your estate as the Beneficiary (not applicable with corporate license).
2. Print your name as it appears on the California Department of Insurance license.
3. Sign your name as it appears on the California Department of Insurance license.
4. Provide the name of your corporation, if applicable.
5. Obtain the signature and title of an officer in your corporation, if applicable.
6. Return BOTH signature sheets to Anthem Blue Cross with your completed application.

### **III. APPROVAL BY COMPANY**

Your copy of the Agent Agreement signature sheet will be signed by an officer of the company and returned to you for your records, accompanied by a letter of acknowledgment notifying you that your Agreement has been approved. The effective date of your Agreement will be included. Please note that no agreements will be effective before the date specified in your letter of acknowledgment and until the

signature sheet is signed by an officer of Anthem Blue Cross.

Please **DO NOT RETURN THE TEXT PORTION OF THE AGREEMENT** as it is yours to keep. Please **DO RETURN:**

1. A copy of your current agent license and E & O Insurance Certificate. If it is a corporate license, include a copy of the endorsee list.
2. The completed agent application.
3. Both signature sheets, signed by Agent.
4. A check for **\$23.00** made payable to **Anthem Blue Cross**.
5. To initiate your contract, an enrollment application(s) must be included with these appointment papers.

**Please do not send this application separately.**

If you have any questions, please call Agent Sales Support. Our toll-free number is 800-678-4466. A Sales Support Representative will be ready to help you.

Please have your application reviewed by your Anthem Blue Cross Regional Sales Manager.

Mail to:

Anthem Blue Cross  
Agent Appointment Department  
P.O. Box 9074  
Oxnard, California 93031-9074

### *Anthem Blue Cross and Affiliates*

Under this Agreement, and subject to all terms thereof, Agent is authorized to solicit applications from members of the general public domiciled in California for only those products specified herein written by Blue Cross of California doing business as Anthem Blue Cross ("ANTHEM BLUE CROSS"), a health care service plan licensed under the Knox-Keene Act (Health and Safety Code Section 1340, et. seq.) and regulated by the California Department of Managed Care, and Anthem Blue Cross Life and Health Insurance Company, a life, health and disability insurance company operating under a Certificate of Authority issued by the California Department of Insurance.

To the extent any activities of Agent in any way relate to an affiliate of ANTHEM BLUE CROSS or a program of such affiliate:

Each and every duty or obligation owed by Agent to ANTHEM BLUE CROSS under the Agreement shall be owed to such affiliate.

Each and every right accruing to ANTHEM BLUE CROSS against the Agent under the Agreement shall accrue to, and be enforceable by, such affiliate.

Any obligation owed to Agent by ANTHEM BLUE CROSS under the Agreement shall be owed solely by such affiliate; and

Any right or claim accruing in favor of Agent under the Agreement shall be enforceable only against such affiliate.

"ANTHEM BLUE CROSS" as used in this Agreement refers jointly and severally to Anthem Blue Cross and its affiliates, as the context and circumstances may require.

## **ARTICLE I - TERM AND TERMINATION**

1.1 This Agreement shall become effective following execution by Agent on the date approved by a duly authorized representative of ANTHEM BLUE CROSS and as

indicated on the Signature Sheet and shall continue in effect until terminated as provided below.

- 1.2 Termination and Modification: This Agreement may be terminated at any time by Agent or ANTHEM BLUE CROSS by either party giving thirty (30) days prior written notice thereof to the other party. The effective date of termination shall be the first day of the month following the 30-day notice period unless said notice specifies a later date. ANTHEM BLUE CROSS may modify this Agreement upon thirty (30) days prior written notification, but any such modification shall not affect Agent's rights in connection with business written with effective dates prior to the effective date of modification of this Agreement.
- 1.3 Termination for Cause: ANTHEM BLUE CROSS may terminate this Agreement immediately upon written notice to Agent at any time for Agent's material failure to comply with any provision of this Agreement (including any amendments), commission of fraud, dishonesty or breach of any fiduciary duty. Agent's failure to comply with any provision of this Agreement shall, unless otherwise specifically provided, be material if ANTHEM BLUE CROSS determines that such failure affects Agent's ability to perform under this Agreement. Termination for cause shall not be ANTHEM BLUE CROSS's exclusive remedy, but shall be cumulative with all other remedies available by law or in equity. A failure to terminate this Agreement for cause shall not be a waiver of the right to do so with respect to any past, current or future default.

## **ARTICLE II - OBLIGATIONS OF AGENT**

- 2.1 Agent shall use best efforts to solicit from members of the general public domiciled in California applications for only ANTHEM BLUE CROSS Individual Enrollment Plan Programs, Group Plan programs and Medicare Supplement Plan Programs identified in the commission schedules attached to and made a part of this Agreement. Agent is not authorized to solicit on behalf of ANTHEM BLUE CROSS, nor will Agent earn commissions for conversion programs or any other programs that ANTHEM BLUE CROSS shall decline to offer through Agent. Agent shall generally perform under this Agreement as described in such administrative guidelines, bulletins, directives, manuals or the like as ANTHEM BLUE CROSS may publish for agents from time to time.
- 2.2 Agent will service ANTHEM BLUE CROSS members enrolled through applications submitted by Agent or assigned by ANTHEM BLUE CROSS. Such service will include but not be limited to, the following:
- a. acting as liaison between the member and ANTHEM BLUE CROSS if requested by ANTHEM BLUE CROSS or the member, and including but not limited to, the following:
    - i. assisting the member to take the proper action in connection with ANTHEM BLUE CROSS coverage when there is a change of address, change in marital status or change in dependent status.
    - ii. assisting a family member/dependent obtain coverage when he or she is no longer entitled to coverage as a family member – e.g., when a dependent child reaches the limiting age, or upon a divorce or dissolution of marriage.
  - b. maintaining a working and current knowledge of ANTHEM BLUE CROSS products and the ability to explain benefits and/or coverage.
- 2.3 Agent agrees to maintain such license as is necessary to transact business on behalf of ANTHEM BLUE CROSS. Agent further agrees to notify ANTHEM BLUE CROSS immediately of any expiration, termination, suspension or other action by the Department of Insurance, or any other governmental agency affecting said license(s). By entering into this Agreement, Agent represents that the license(s) of Agent has not

previously been subject to suspension, termination or other disciplinary action by any governmental authority. By entering into this Agreement, Agent represents that Agent has never been convicted of a felony or a misdemeanor involving fraud, dishonesty, breach of trust, theft, misappropriation of money, or breach of any fiduciary duty. Agent further agrees to notify ANTHEM BLUE CROSS in writing immediately upon receiving notice of any misdemeanor or felony charges or any actions including but not limited to convictions by any governmental agency for commission of any act involving fraud, dishonesty, breach of trust, theft, misappropriation of money, or breach of any fiduciary duty.

- 2.4 Agent agrees to comply with the rules of ANTHEM BLUE CROSS relating to the completion and submission of applications, and to make no representation with respect to the benefits of any Plan offered by ANTHEM BLUE CROSS not in conformity with the material prepared and furnished to Agent for that purpose by ANTHEM BLUE CROSS. Agent shall use best efforts to ensure that each application is fully and truthfully completed by the applicant and the completed application fully and accurately reflects and discloses the circumstances, including the health, of persons for whom coverage is sought in the application. Agent further agrees to inform every applicant that ANTHEM BLUE CROSS will rely upon said health representations in the underwriting process, and that the subsequent discovery of material facts known to applicant and either not disclosed or misrepresented on the health statement may result in the rescission of any contract entered into by ANTHEM BLUE CROSS, and that in no event will the applicant have any coverage unless and until it is reviewed and approved by ANTHEM BLUE CROSS and a contract is issued, or if ANTHEM BLUE CROSS requires a written waiver, until the applicant agrees to accept coverage subject to the terms of such waiver.
- 2.5 Agent is not authorized to, and agrees not to, enter into, alter, deliver or terminate any contract on behalf of ANTHEM BLUE CROSS, extend the time for payment of charges, or bind ANTHEM BLUE CROSS in any way without the prior written approval of ANTHEM BLUE CROSS. Agent further agrees that ANTHEM BLUE CROSS reserves the right to reject any and all applications submitted by Agent.
- 2.6 Monies received by Agent for or on behalf of ANTHEM BLUE CROSS shall be received and held by Agent in a fiduciary capacity, shall not be commingled by Agent with personal funds of Agent, and shall be remitted to ANTHEM BLUE CROSS by no later than five (5) calendar days from the day of receipt.

#### 2.7 Forms and Advertising:

a. Agent agrees to use only such material as provided by ANTHEM BLUE CROSS or approved in writing by ANTHEM BLUE CROSS before use (including billing forms, all advertising, promotional materials, reprints and enrollment forms). Agent shall not make use of any advertisement or any other material in which the name or logo of ANTHEM BLUE CROSS, or any service mark of ANTHEM BLUE CROSS, is used without ANTHEM BLUE CROSS's written consent.

b. **LIQUIDATED DAMAGES:** Agent agrees that any use of ANTHEM BLUE CROSS's name or logo, or any service mark of ANTHEM BLUE CROSS, will injure ANTHEM BLUE CROSS, although the amount of damage would be difficult to determine. Therefore, Agent agrees to pay ANTHEM BLUE CROSS, as liquidated damages and not as a penalty, \$5,000.00 for each use of ANTHEM BLUE CROSS's service mark(s), name or logo without ANTHEM BLUE CROSS's prior written consent plus \$10.00 for each day of each such unauthorized use. (For the purpose of assessing the \$10.00 per day per use damages, each individual unauthorized appearance of ANTHEM BLUE CROSS's

service mark(s), name or logo shall be a separate unauthorized use. For example, and not limiting the generality of the foregoing, each individual copy of a newspaper advertisement containing an unauthorized use published on any one day shall be a separate unauthorized use and each individual copy of any edition of a telephone directory containing an unauthorized use on each day between the initial distribution of that edition and its replacement with another edition shall be a separate unauthorized use.)

- 2.8 Agent agrees to maintain complete records (1) of all transactions pertaining to applications submitted to and accepted by ANTHEM BLUE CROSS, (2) as may be required by the California Department of Insurance, or California Department of Corporations or any other governmental entity, (3) in connection with Agent's relationship with ANTHEM BLUE CROSS. Any and all records described above or as may otherwise relate to Agent's activities in connection with ANTHEM BLUE CROSS business shall be accessible and available to representatives of ANTHEM BLUE CROSS who may audit them from time to time while this Agreement is in effect or within one (1) year after termination thereof.
- 2.9 Within thirty (30) days of a request by ANTHEM BLUE CROSS, Agent agrees to obtain and maintain Errors and Omissions Insurance in force in an amount satisfactory to ANTHEM BLUE CROSS and from a carrier satisfactory to ANTHEM BLUE CROSS, and proof of which will be supplied to ANTHEM BLUE CROSS upon request. ANTHEM BLUE CROSS reserves the right, in its sole discretion, to ask Agent to obtain and maintain such insurance. Once ANTHEM BLUE CROSS has requested that Agent obtain and maintain such insurance, the obtaining and maintenance of such insurance shall be a material requirement of this Agreement. Failure of the Agent to obtain and maintain such insurance satisfactory to ANTHEM BLUE CROSS, once requested by ANTHEM BLUE CROSS, shall be a material failure to comply with a provision of this Agreement.
- 2.10 Agent agrees that ANTHEM BLUE CROSS has the right to discontinue, to modify, or exercise all lawful rights in connection with any of its benefit contracts or programs without liability to Agent. Agent may sell only those products specifically authorized.
- 2.11 Agent shall seek compensation for performing under this Agreement only from ANTHEM BLUE CROSS. Agent is an independent contractor and shall have no claim to compensation except as provided in this Agreement and shall not be entitled to reimbursement from ANTHEM BLUE CROSS for any expenses incurred in performing this Agreement. Agent further agrees that to the extent of any indebtedness of Agent to ANTHEM BLUE CROSS, ANTHEM BLUE CROSS shall have a first lien against any commissions due Agent, and such indebtedness may be deducted at ANTHEM BLUE CROSS's option from commissions due to Agent.
- 2.12 Agent agrees to maintain the confidentiality of any trade secret or proprietary information of ANTHEM BLUE CROSS. Agent's obligations under this paragraph 2.12 shall survive termination of this Agreement.
- 2.13 Agent will attend, at Agent's sole expense, at least one (1) ANTHEM BLUE CROSS-sponsored training seminar each calendar year.
- 2.14 Gifts or Payments to Induce Enrollment
  - a. Agent will not use providers to offer anything of value to induce plan enrollees to select them as a provider;
  - b. Agent will not offer gifts or payment as an inducement to enroll in the organization;
  - c. Agent will not offer cash gifts, including charitable contributions made on behalf

of people attending a marketing presentation, and including gift certificates and gift cards that can be readily converted to cash

### **ARTICLE III - OBLIGATIONS OF ANTHEM BLUE CROSS**

3.1 ANTHEM BLUE CROSS will pay Agent first year and renewal commissions on the policies issued by ANTHEM BLUE CROSS and produced by Agent and in the case of group business for which Agent has been designated "Agent of Record" in writing by the employer of the group on group business the Agent has produced and issued by ANTHEM BLUE CROSS that Agent is authorized to market. Furthermore, ANTHEM BLUE CROSS reserves the right, in its sole and absolute discretion, to refuse to recognize any change in "Agent of Record" designation by a group having coverage with ANTHEM BLUE CROSS through an association having an arrangement with ANTHEM BLUE CROSS. If Agent submits an application for a person, or group, with prior ANTHEM BLUE CROSS coverage, no commission shall be payable unless prior coverage has been lapsed for a period of at least three (3) months in the case of individual and Medicare supplement contracts, or at least six (6) months in case of group coverage; and in such event renewal commissions only shall be payable. If Agent produces a policy for individual coverage for an individual as a subscriber, which subscriber was previously covered as a dependent on an ANTHEM BLUE CROSS policy and is now an overage dependent of the previous policy, such Agent shall receive renewal commissions if the individual was required to complete a change of coverage application and not a new application for coverage by ANTHEM BLUE CROSS, with or without any lapse in coverage. In the event Agent is the Agent of Record on the ANTHEM BLUE CROSS policy which previously covered such individual as a dependent and ANTHEM BLUE CROSS did not require such individual to complete a new application for coverage or a change of coverage application. Agent will be considered to have produced the policy which covers such individual as a subscriber and Agent will receive renewal commissions. In the event ANTHEM BLUE CROSS required such individual complete a new application for coverage, Agent shall receive first year and renewal commissions. Such commissions shall be based on the commission schedules attached hereto and shall be paid on net premium charges actually received by ANTHEM BLUE CROSS on applications issued by ANTHEM BLUE CROSS that are produced by the Agent. ANTHEM BLUE CROSS may modify or replace its commission schedule on thirty (30) days prior written notice to Agent, and such modified or replacement schedule shall apply to all other policies effective following the effective date of such modification or replacement.

#### 3.2 Renewal Commissions

Renewal commissions shall be payable to Agent by ANTHEM BLUE CROSS as long as all the following conditions are satisfied:

- a. ANTHEM BLUE CROSS retains policy in force produced by Agent (such retention being at ANTHEM BLUE CROSS's option), and
- b. Agreement remains in effect, and
- c. At least six (6) individual and/or Medicare supplement policies or in the case of group at least one (1) small group under ANTHEM BLUE CROSS group contracts written by the Agent, remain in effect, and
- d. In the case of small group business, no other Agent is designated in writing as "Agent of Record," by the employer of the group.

### 3.3 Assignment Rights

Assignment rights apply only to Individual Enrollment Plan Programs and Medicare Supplement Plan Programs, and commissions on no other programs shall be assignable.

- a. If all the following conditions are satisfied, Agent may assign any or all business written under this Agreement to another licensed agent:
  - i. The assignment must be in writing, permanent and irrevocable, notarized and in a form acceptable to ANTHEM BLUE CROSS, and
  - ii. The terms of the assignment must be determined by ANTHEM BLUE CROSS not to prejudice the interests of ANTHEM BLUE CROSS, and
  - iii. Under the terms of the assignment, the agent to whom the business is assigned must expressly agree to assume all Agent's obligations and responsibilities to ANTHEM BLUE CROSS with respect to the business assigned, and
  - iv. The loss ratio of Agent's business in the aggregate, and, in the case of an assignment of only a portion of Agent's business, the loss ratio of both the portion retained and the portion assigned, must be no worse than ANTHEM BLUE CROSS's average loss ratio for individual plan business, and
  - v. The Agent to whom the business would be assigned either has a standard ANTHEM BLUE CROSS Individual Plans Agent Agreement in force and good standing, or is acceptable to ANTHEM BLUE CROSS and qualifies for and enters into a standard Individual Plans Agent Agreement with ANTHEM BLUE CROSS, and
  - vi. At the time of assignment, at least six (6) individual ANTHEM BLUE CROSS benefit agreements written by Agent are in force in Agent's book of ANTHEM BLUE CROSS business, and
  - vii. Except as provided in paragraph 3.4b below, this Agreement is in force and good standing at the time of assignment. Since any agent to whom Agent's business may be assigned would represent the interests of ANTHEM BLUE CROSS with respect to said business, ANTHEM BLUE CROSS reserves the right to decline to approve, in its sole and absolute discretion, any assignment.
- b. Since any agent to whom Agent's business may be assigned would represent the interests of ANTHEM BLUE CROSS with respect to said business, ANTHEM BLUE CROSS reserves the right to decline to approve, in its sole and absolute discretion, any assignment.
- c. Any purported assignment of, or transfer of any interest in, any or all of Agent's business other than in strict compliance with subparagraph a. of this paragraph shall be void as to ANTHEM BLUE CROSS and shall be a material failure to comply with provisions of this Agreement.

### 3.4 Termination Rights

- a. Unless ANTHEM BLUE CROSS terminates this Agreement for cause under paragraph 1.3, if this Agreement otherwise terminates, except in the event of the

death of the Agent, and if at the time of termination at least six (6) individual ANTHEM BLUE CROSS benefit agreements written by Agent remain in effect, subject to paragraph 3.5b, ANTHEM BLUE CROSS shall continue to pay commissions at the normal renewal rate for ten (10) years following termination of this Agreement and at fifty (50) percent of the normal renewal rate thereafter as long as Agent lives and at least six (6) individual and/or Medicare supplement or in the case of group business at least one (1) group ANTHEM BLUE CROSS benefit agreements written by Agent remain in effect and in the case of group business, no other Agent is designated in writing as Agent of Record by the group.

b. If this Agreement terminates because of the death of Agent, the Beneficiary designated in this Agreement may elect to either:

i. Receive renewal commissions for as long as said Beneficiary shall live and at least six (6) individual and/or Medicare supplement or in the case of group business at least one (1) group ANTHEM BLUE CROSS benefit Agreements written by Agent remain in force, but in no event for more than ten (10) years following the death of the Agent; or

ii. Within the one hundred-eighty (180) day period following the death of Agent, the Beneficiary exercises the Assignment Rights set out in Paragraph 3.3, above.

c. Agent understands that the Beneficiary benefit under this paragraph Agreement applies only to Individual Enrollment Plan Programs and Medicare Supplement Plan Programs written by Agent, and that commissions on no other programs are transferable upon Agent's death.

d. Agent understands that he has no Termination Rights under this paragraph 3.4 as to any Business assigned to another agent.

### 3.5 Loss of Renewal Commissions:

a. No further commissions shall be payable to Agent should ANTHEM BLUE CROSS terminate this Agreement for cause under paragraph 1.3.

b. If Agent is receiving commissions pursuant to Termination Rights under 3.4, above, no further commissions shall be payable if:

i. Agent fails to immediately remit to ANTHEM BLUE CROSS any funds received on behalf of ANTHEM BLUE CROSS, or

ii. Agent shall be indebted to ANTHEM BLUE CROSS for more than sixty (60) days, or

iii. Agent induces or attempts to induce any ANTHEM BLUE CROSS member to give up ANTHEM BLUE CROSS coverage or replace an ANTHEM BLUE CROSS benefit agreement with coverage by any other company unless such change is clearly in the best interest of the ANTHEM BLUE CROSS member and does not adversely affect ANTHEM BLUE CROSS's loss ratio, or

iv. Agent purports to act, or represents that he is entitled to act, in any way on behalf of ANTHEM BLUE CROSS, or

v. Agent commits any act of fraud or dishonesty or breaches any

fiduciary duty or does anything which would have been a material breach of this Agreement had this Agreement remained in effect, or

vi. Agent fails to notify ANTHEM BLUE CROSS of any change of Agent's address within one (1) year.

c. The provisions of paragraph 3.5b, above, shall survive termination of this Agreement.

3.6 ANTHEM BLUE CROSS will pay to Agent compensation due within thirty (30) days following the end of each calendar month based on subscription charges actually received and reconciled by ANTHEM BLUE CROSS, and either due or received and reconciled by ANTHEM BLUE CROSS, whichever is later, during the calendar month on Agent-generated business, except that ANTHEM BLUE CROSS reserves the right to accumulate commissions until commissions due equal at least \$25.00. If a return subscription charge is due on Agent-generated business, ANTHEM BLUE CROSS will charge back to Agent the amount of commission previously paid to Agent on the amount of returned subscription charge.

3.7 Except to the extent responsibility is expressly and explicitly delegated under this Agreement, ANTHEM BLUE CROSS shall be responsible for, and may exercise its discretion in connection with, all aspects of the underwriting and administration of any ANTHEM BLUE CROSS products including, but not limited to, the following:

- a. the design, benefit configuration and rates of such products; and
- b. the establishment of underwriting procedures and criteria to be used in the acceptance or rejection of risks; and
- c. the establishment and holding of reserves; and
- d. the payment or denial of claims; and
- e. the preparation and issuance of Benefit Agreements and Benefit Certificates.

#### **ARTICLE IV - DISPUTE RESOLUTION**

4.1 ANTHEM BLUE CROSS and Agent agree to meet and confer in good faith on all matters affecting this Agreement. The parties agree that any unresolved dispute will be resolved by binding arbitration in accordance with the Commercial Rules of the American Arbitration Association.

#### **ARTICLE V - INDEMNITY**

5.1 Neither ANTHEM BLUE CROSS nor Agent shall be liable to any third party for an act or failure to act of the other party to this Agreement.

5.2 Agent agrees to indemnify and save ANTHEM BLUE CROSS, including directors, officers and employees of ANTHEM BLUE CROSS, harmless from any and all liability, losses, damages, costs or expenses arising out of any and every claim, demand, lawsuit or cause of action asserted against ANTHEM BLUE CROSS by a third party, which claim, demand, lawsuit or cause of action results from or arises in connection with any negligent or otherwise wrongful act or omission of Agent, including any breach of this Agreement, or of any partner, director, officer, shareholder or employee of Agent. Such indemnity shall include reasonable attorney fees.

5.3 ANTHEM BLUE CROSS agrees to indemnify and save Agent, including partners, directors, officers and employees of Agent, harmless from any and all liability, losses, damages, costs or expenses arising out of any and every claim, demand, lawsuit or cause of action asserted against Agent by a third party, which claim, demand, lawsuit or

cause of action results from or arises in connection with any negligent or otherwise wrongful act or omission of ANTHEM BLUE CROSS, including any breach of this Agreement, or of any director, officer or employee of ANTHEM BLUE CROSS. Such indemnity shall include reasonable attorney fees.

5.4 Should ANTHEM BLUE CROSS and Agent each claim indemnity from the other under paragraphs 5.2 and 5.3 of this ARTICLE V hereof and should it be determined that each is entitled to some indemnity from the other under the terms of said paragraphs, then the amount of indemnity due from each to the other shall be determined according to comparative fault principles.

5.5 The obligations of this ARTICLE V will survive termination of this Agreement as to acts or omissions committed during the term of this Agreement.

## ARTICLE VI - GENERAL PROVISIONS

6.1 ANTHEM BLUE CROSS and Agent shall comply with all laws and regulations applicable to their businesses, their licenses and the transactions into which they enter.

**Confidentiality and Disclosure of Patient Information:** Agent, its sub-agents and employees (collectively, "Business Associate") acknowledge that as a result of its relationship with ANTHEM BLUE CROSS it may create, have access to or receive confidential protected health and non-public personal financial information ("PHI"), including, but not limited to, social security numbers, medical records and other individual member identifying information. Business Associate agrees that it (a) will not use or further disclose PHI other than as permitted by this Agreement or required by law; (b) will protect and safeguard from any oral and written disclosure all confidential information, both medical and financial, regardless of the type of media on which it is stored (e.g., paper, fiche, etc.) with which it may come into contact; (c) use appropriate safeguards to prevent use or disclosure of PHI other than as permitted by this Agreement or required by law; (d) will ensure that all of its subcontractors and sub-agents to which it provides PHI pursuant to the terms of this Agreement shall agree to all of the same restrictions and conditions to which Business Associate is bound; (e) will report to ANTHEM BLUE CROSS any unauthorized use or disclosure immediately upon becoming aware of it; (f) will indemnify and hold ANTHEM BLUE CROSS harmless from all liabilities, costs and damages arising out of or in any manner connected with the disclosure by Business Associate or its agents of any PHI; (g) make available PHI in accordance with 45 CFR § 164.254; (h) make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 CFR § 164.526; (i) make available the information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528; (j) make its internal practices, books and records relating to the use and disclosure of PHI received from or created for ANTHEM BLUE CROSS available to the Secretary of Health and Human Services, governmental officers and agencies and ANTHEM BLUE CROSS as required for purposes of determining compliance with 45 CFR §§ 164.500534; (k) upon termination of this Agreement for whatever reason, Business Associate will return or destroy all PHI, if feasible, received from or created for ANTHEM BLUE CROSS which Business Associate maintains in any form, and will retain no copies of such information, or if such return or destruction is not feasible, to extend the precautions of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; (l) will comply with all applicable laws and regulations, specifically including the privacy and security standards of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") (45 C.F.R Parts 160-164), Title V of the Gramm-Leach-Bliley Act (15 U.S.C. § 6801 et. seq.) and applicable state legislation and regulations, as amended from time to time, and (m) Business Associate will not

develop any list, description or other grouping of individuals using financial information received from or on behalf of ANTHEM BLUE CROSS, except as permitted by this agreement or in writing by ANTHEM BLUE CROSS. Business Associate recognizes that any breach of confidentiality or misuse of information found in and/or obtained from records may result in the termination of this Agreement and/or legal action. Unauthorized disclosure may give rise to irreparable injury to the member or to the owner of such information and accordingly the member or owner of such information may seek legal remedies against Business Associate.

If Business Associate and ANTHEM BLUE CROSS exchange data electronically, Business Associate will comply, and will require any subcontractor or sub-agent involved in the electronic exchange of data, to comply with the following:

- a. Business Associate shall provide, and shall require its sub-agents and subcontractors to provide, security for all data that is electronically exchanged between ANTHEM BLUE CROSS and Business Associate.
- b. Business Associate shall implement and maintain, and shall require its sub-agents and subcontractors to implement and maintain, appropriate and effective administrative, technical and physical safeguards to protect the security, integrity and confidentiality of data electronically exchanged between ANTHEM BLUE CROSS and Business Associate, including access to data as provided herein.
- c. Business Associate and any sub-agents and subcontractors shall keep all security measures current and shall document its security measures implemented pursuant to this section 6.1 in written policies, procedures or guidelines.

6.2 Agent agrees that in performing under this Agreement, Agent is acting in a fiduciary capacity to ANTHEM BLUE CROSS. Agent shall act in the best interests of ANTHEM BLUE CROSS. Agent shall not permit other interests, activities or responsibilities to interfere with faithful performance under this Agreement. Agent will not induce, or attempt to induce, the replacement of ANTHEM BLUE CROSS coverage with the coverage of another carrier, if it is not in the best interests of the ANTHEM BLUE CROSS Member and/or if it adversely affects ANTHEM BLUE CROSS's loss ratio.

6.3 Neither this Agreement nor the right to receive money hereunder may be assigned without the prior written consent of ANTHEM BLUE CROSS, and any assignment made contrary to this provision shall be void as to ANTHEM BLUE CROSS. This Agreement is personal to Agent, and duties hereunder shall not be delegated or subcontracted by Agent. Agent shall not use sub-agents except in strict accordance with paragraph 6.4 below.

6.4 Subject to the following, Agent may use sub-agents in Agent's performance under this Agreement:

- a. Agent must inform ANTHEM BLUE CROSS of the identity of those persons whom Agent intends to use as sub-agents, and Agent will not use, or will cease to use, any person as a sub-agent upon request of ANTHEM BLUE CROSS, and
- b. Agent will ensure that any person used by Agent as a sub-agent in performance under this Agreement is properly licensed and fully qualified as necessary to act in such capacity. Agent shall, at Agent's sole cost and expense, file whatever documents with the California Department of Insurance as are necessary for any sub-agent to lawfully act in that capacity. Furthermore, should ANTHEM BLUE CROSS instruct Agent to discontinue the use of any sub-agent,

Agent shall be responsible, at Agent's sole cost and expense, for filing any documents with the California Department of Insurance as may be required to properly terminate a sub-agent's authority to so act.

c. Agent shall submit to ANTHEM BLUE CROSS a Sub-Agent Application for Appointment which form shall be supplied by ANTHEM BLUE CROSS; no other form of application for appointment will be accepted by ANTHEM BLUE CROSS. Agent shall be responsible for the accuracy and completeness of such application submitted and shall ensure that each person for whom such application is submitted shall have read, understood and personally signed such application.

d. Agent shall be responsible for the payment of any and all compensation, of whatever kind, including, but not limited to, commissions, service fees or expense allowances due to or claimed by any sub-agent. Agent agrees to indemnify, defend and save ANTHEM BLUE CROSS harmless from and against any claim for reimbursement, compensation or other payment made by a sub-agent.

e. Agent shall be responsible for the appropriate training and guidance of sub-agents to the extent that sub-agents are used in the marketing of ANTHEM BLUE CROSS products. Agent shall be responsible to ANTHEM BLUE CROSS for the acts or omissions of sub-agents.

f. Agent agrees that if he is required under this Agreement to procure and maintain a certain level of Errors and Omissions Insurance in a form satisfactory to ANTHEM BLUE CROSS, such requirement shall apply to sub-agents. Agent shall ensure that each sub-agent used in the marketing of ANTHEM BLUE CROSS products procures and maintains any required Errors and Omissions Insurance, or Agent shall include each sub-agent as an additional named insured under Agent's coverage or otherwise ensure that this requirement is satisfied by each sub-agent used in the marketing of ANTHEM BLUE CROSS products.

6.5 Any notice required from ANTHEM BLUE CROSS under this Agreement shall be deemed given on the day such notice is deposited in the United States mail first-class postage pre-paid and addressed to Agent at the address of producer appearing on the records of ANTHEM BLUE CROSS. Any notice required from Agent shall be deemed given on the day after such notice is deposited in the United States mail with first-class postage pre-paid and addressed to ANTHEM BLUE CROSS, RSM Support, P.O. Box 9074, Oxnard, California 93031-9074.

6.6 This Agreement is the entire contract between the parties on this subject matter and supersedes any and all prior understandings or agreements between the parties, whether oral or in writing, on this subject matter. Subject to ANTHEM BLUE CROSS's right of modification set out in paragraph 1.2, no modification or amendment to this Agreement shall be effective unless it is in writing, attached to and made a part of this Agreement, and is executed by a duly authorized representative of Agent and by an officer of ANTHEM BLUE CROSS.

6.7 Agent expressly agrees that this Agreement supersedes any prior agreement(s) between Agent and ANTHEM BLUE CROSS including business placed by Agent in ANTHEM BLUE CROSS prior to the effective date of this Agreement. Agent agrees that Agent's rights to commissions in connection with business placed in ANTHEM BLUE CROSS by Agent prior to the effective date of this Agreement will be determined in accordance with the terms of this Agreement.

6.8 In this Agreement, the words "shall" and "will" are used in the mandatory sense. Unless the context otherwise clearly requires, any one gender includes all others, the singular includes the plural, and the plural includes the singular.

6.9 The fact that ANTHEM BLUE CROSS may not have insisted upon strict compliance

with this Agreement with respect to an act or transaction of Agent shall not relieve Agent from the obligation to perform strictly in accordance with the terms of this Agreement with regard to any other act or transaction. ANTHEM BLUE CROSS shall at all times be entitled to expect Agent to perform strictly in accordance with terms of this Agreement.

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