



HUB Financial Broker Agreement

Between
HUB FINANCIAL INC.
("Company")
And

National Best Inc.
("AGA")
And

("Broker")

RECITALS

WHEREAS:

- A. Company has entered into contracts with several life insurance companies (hereinafter called "Insurers") to act on their behalf as managing general agent;
- B. Broker has entered into a contract with one or more of the Insurers;
- C. Company administers Health and Welfare Trusts and Private Health Services Plans ("HWT/PHSP") and desires to appoint Broker to sell HWT/PHSP on Company's behalf;
- D. the parties desire that this Agreement apply to all policies placed on applications for life insurance, investment products and group insurance submitted to the Insurers through Company and AGA by Broker, and to HWT/PHSP submitted to Company by Broker,
- E. with respect to each Insurer, Broker is limited in authority as stipulated in Broker's contract with such Insurer and this Agreement is in no way a modification of such contract,

1. EFFECTIVE DATE

This agreement is effective from _____ (the "Effective Date") and applies to (i) all policies placed on applications for life insurance; (ii) all investment products sold or provided on applications for same; (iii) all policies placed on applications for group insurance and (iv) all HWT/PHSP submitted to and/or administered by Company and AGA as a result of such submission, on or after the effective date.

2. RELATIONSHIP WITH THE COMPANY & AGA

Company, AGA and Broker are independent contractors for all purposes and in all situations and nothing in this Agreement shall be understood to create an employer/employee relationship between Company, AGA and Agency or Company, AGA and employees of Broker. Company, AGA and Broker are not partners or joint venturers with each other, shall not hold themselves out as such to any person, firm or corporation and shall not be deemed to be partners or joint venturers with each other and nothing herein shall be construed so as to make them partners or joint venturers or imposes any liability as such on either of them. Neither Company, AGA nor Broker shall have the authority or be entitled to bind the other to any third party.

3. AUTHORITY AND LIMITATIONS

Broker shall:

- a) secure applications for life insurance, group insurance and investment products on behalf of Insurers and accurately provide all necessary information to Company and AGA to expedite underwriting, to settle all

policies and investments in a timely fashion, and to provide the level of service to the applicants and policyholders necessary to maintain such policies and investments in force;

- b) secure applications for HWT/PHSP on behalf of Company and accurately provide all necessary information to Company to expedite set up and administration of HWT/PHSP; and
- c) promptly remit all applications and premiums collected in respect of life insurance, group insurance, investment products and HWT/PHSP;

and, without prior written authority from Company and AGA, Broker shall not:

- d) present Broker to the public as a representative of Company or AGA;
- e) incur debts or commence litigation on behalf of Company and AGA or otherwise bind Company or AGA in any way to any third party;
- f) waive, alter or modify the terms, conditions or requirements of any application, form or other product documentation issued or made by Company or an Insurer;
- g) waive, alter or rebate any premium or fee; or
- h) publish or distribute any advertising or promotional material of any kind with respect to the business of Company, or use Company and/or AGA logos, trademarks, trade names or other proprietary marks of Company or AGA.

4. LICENSING AND STANDARDS

During the term of this Agreement, Broker shall:

- a) maintain valid licenses issued through the appropriate regulatory authorities in the provinces and territories in which Broker transacts business;
- b) maintain professional liability insurance coverage (errors and omissions) at levels generally acceptable for the industry, and provide proof of such insurance to Company and AGA upon request;
- c) maintain effective policies in respect of compliance with money-laundering laws, including, without limitation, the identification and verification of clients;
- d) undertake reasonable training and continuing education in order to maintain standards and practices in the industry as a prudent Broker would;
- e) comply with all applicable laws and regulatory requirements, privacy obligations, disclosure obligations, Company and AGA rules, Insurer rules, and any Company, AGA, Insurer and/or industry codes of conduct, all as in effect from time to time;
- f) maintain proper books and records in respect of all transactions relating to insurance policies, investment products and/or HWT/PHSP; and
- g) at Company's or AGA's request and not more than twice yearly, submit to a review and audit of Broker's books, records, books of account, reports, files and all other records, whether in printed or electronic form, relating to the conduct and obligations of Broker in connection with this Agreement, for purposes of ensuring compliance with Broker's obligations under this Agreement.
- h) maintain electronic access to systems and websites confidential. Broker shall not share passwords or access with parties not authorized to view content. Broker maintains responsibility of ensuring their own confidentiality by maintaining control of their electronic access.

5. COMPENSATION AND BROKER DEBT

- a) Commissions – Broker acknowledges that all commissions earned by Broker in connection with life insurance, group insurance and investment policies sold hereunder are payable directly by each Insurer to Broker in accordance with Broker's contract with said Insurer and payment of such commission is not the responsibility of Company or AGA. All commissions payable are subject to the appropriate commission

schedule in effect at the time of the application, and commission adjustments such as, but not limited to, replacements, conversions, and ratings are subject to said commission schedule or other notification made available by Insurer. Broker agrees that commissions can be paid on an as earned basis at the sole discretion of Company and/or AGA. In the event that Broker's contract with an Insurer stipulates that commissions and/or renewals vest with Company instead of Broker, Company hereby agrees that these commissions will vest with Broker upon receipt by Company of such commissions from an Insurer and will be paid to Broker, subject to Section 5(e).

- b) Renewal Commissions - In the event that Broker's contract with the Insurer provides that renewal commissions vest with Company instead of Broker, then provided Broker remains licensed by the appropriate regulatory authorities and provides a level of service to its clients that is acceptable to Company in respect of such fees, Company agrees that said renewal commissions will be paid to Broker on a timely basis following receipt by Company of such renewal commissions from an Insurer or Insurers, subject to Section 5(e).
- c) Integrated Bonus – Company and/or AGA shall pay a bonus to Broker with respect to first year commissions earned and received by Broker at the rate and upon the terms specified in Schedule A attached hereto. Company may, in its sole discretion, direct an Insurer to pay a bonus on its behalf directly to Broker. Company and AGA has the right to modify the rate and terms specified in Schedule A at any time which rate and terms shall take effect upon Company or AGA delivering notice of the change to Broker by electronic or other means.
- d) HWT/PHSP Compensation – Company shall pay Broker all fees, commissions and bonuses earned by Broker in connection with HWT/PHSP in accordance with Schedule B attached hereto, subject to Section 5(e).
- e) Indebtedness and Right of Set Off
 - i. If Broker becomes indebted to Company, AGA or any of the Insurers through Company, in connection with any policy or plan submitted by Broker through Company and AGA for which Broker received compensation hereunder or under Broker's contract with an Insurer, Broker hereby agrees to repay such Indebtedness on demand (the "Debt").
 - ii. If the Debt is not repaid by Broker within 60 days of the date on which notice is given to Broker by Company, AGA or the Insurer of the Debt, Company and/or AGA may offset against any claim for compensation hereunder or against any other money payable to Broker by Company, AGA or any Insurer, any Debt due or to become due from Broker to Company, whether arising under this Agreement or otherwise, which Debt will be a first charge against such compensation. In connection herewith, Broker hereby authorizes Company to (A) direct any Insurers with which both Company and Broker deal, to assign and make payable to Company all future compensation earned by Broker (including, without limitation, commission, override, bonus, renewal and service commission) from such Insurers, and (B) apply any proceeds received from Insurers under (A) hereof, to the reduction of the Debt, until such time as the Debt is reduced to nil. Any such assignment will cease upon repayment in full of the Debt owing to Company or AGA.
 - iii. If any Debt is not repaid within said 60 days, or if a mutually acceptable arrangement has not been made regarding repayment, Company may refer the Debt to a collection agent. The cost of such action, including, without limitation, collection agency, legal and accounting fees and interest, will be recoverable from Broker as part of the Debt.
 - iv. Unless otherwise notified, interest will be charged on any Debt outstanding after 60 days at the Bank of Canada's prime interest rate plus 3%, calculated semi-annually.
 - v. Company, in its sole discretion, may register this Agreement under the Personal Property Security Act (Ontario) or any other similar legislation in other jurisdictions in Canada. Broker agrees that Company shall not be required to deliver to Broker a copy of any financing statement or other security documentation filed by Company in any provincial registry in connection therewith.
 - vi. Termination of this Agreement for any reason whatsoever shall not affect the obligation of Broker to repay the Debt, and the provisions of this Section 5(e) shall survive any such termination in their entirety, including, without limitation, the direction to Insurers in Section 5(e)(ii).

6. PERSONAL GUARANTEES

This Section 6 applies only if Broker is a corporation. In consideration of Company and AGA doing business with Broker, each undersigned personal guarantor (a "Principal") hereby agrees to personally guarantee repayment of

any Debt owed by Broker to Company and/or AGA from time to time arising under this Agreement, inclusive of, but not limited to, advanced but unearned commissions and bonuses and Debts of any other nature whatsoever, including, without limitation, commission chargebacks, and agrees to repay the same, notwithstanding anything else in this Agreement, as though the Principal personally entered into this Agreement with Company and AGA as principal debtor, whether or not Company and AGA has exhausted its remedies against Broker.

7. SALE, ASSIGNMENT, OR TRANSFER OF BUSINESS

- a) Broker may not sell, transfer or merge Broker's business to or with another broker or licensed entity, or assign any compensation payable under this Agreement, without the prior written consent of Company, which consent will not be unreasonably withheld or delayed, but which consent may be conditional on (i) settlement of any Debt, whether payable to Company, AGA or an Insurer, (ii) exclusion of HWT/PHSP from such sale, transfer, merger or assignment and/or (iii) any other reasonable term Company may impose. In the event that Broker is a corporation or partnership, Broker shall not allow the transfer or issuance of shares in the capital stock, or of partnership interests, as applicable, of Broker, or the transfer of all or substantially all of the assets of Broker, where such transfer or issuance, or series of transfers or issuances will have the effect of changing control of Broker or its assets, without the prior written consent of Company, which consent will not be unreasonably withheld or delayed, but which consent may be conditional on (i) settlement of any Debt, whether payable to Company, AGA or an Insurer, (ii) exclusion of HWT/PHSP from such sale, transfer, merger or assignment and/or (iii) any other reasonable term Company may impose.
- b) Company and/or AGA may sell, transfer, reorganize, merge or effect a change of control of Company or AGA and/or its assets, and/or assign its rights under this Agreement, without the consent of Broker.

8. RIGHT TO CLIENTS

- a) Company and AGA agrees not to solicit clients of Broker without Broker's consent.
- b) If any client of Broker gives written notice to Company or AGA of a wish to transfer such client's account to another broker with Company or AGA, then Broker waives any rights to such client. Upon receipt of such notice from a client, Company or AGA will notify Broker and provide two (2) weeks grace before changing Broker of Record, unless otherwise directed by such client.

9. TERM AND TERMINATION

- a) This Agreement shall continue for an indefinite term, subject to termination as provided in Sections 9(b), (c) and (d).
- b) This Agreement shall terminate automatically on the occurrence of any of the following events:
 - i. if Broker is an individual, upon the death of Broker;
 - ii. if Broker is a partnership or corporation, upon its dissolution or restructuring if same is unsatisfactory to Company or AGA;
 - iii. upon the revocation, termination or non-renewal of Broker's license, which revocation, termination or non-renewal is not cured within ten (10) days of such revocation, termination or non-renewal;
 - iv. in the event of fraud or willful misconduct by a party hereto, or
 - v. upon Broker's bankruptcy, receivership, insolvency or upon the execution of a general assignment for the benefit of Broker's creditors.
- c) At its sole option and discretion, Company and AGA may terminate this Agreement on five (5) days written notice in the event that an Insurer terminates its contract with Broker.
- d) Subject to the provisions of Sections 9(b) and (c), either Broker, Company or AGA may terminate this Agreement at any time, with or without cause, by giving at least ten (10) days written notice of termination to the other party hereto. Notice to Broker shall be delivered to Broker's last address recorded with Company and/or AGA and notice to Company and AGA shall be delivered to the AGA office or regional office of Company closest to Broker's location or to Company head office to:

HUB Financial Inc.
 Attention: Contracting Department
 3700 Steeles Avenue West
 10th Floor
 Woodbridge, Ontario
 L4L 8M9

10. BREACH OF AGREEMENT

- a) Broker agrees to indemnify and hold harmless Company and AGA from any losses, expenses or damages that result from any action by Broker, which breaches the terms of this Agreement or otherwise causes damage to Company and AGA.
- b) The failure of either party hereto to insist upon the strict performance of any condition of this Agreement shall not be considered a waiver of such condition.

11. RELEASE AND INDEMNIFICATION

- a) If the Insurer to which an application is forwarded refuses to issue a policy of insurance or delays in doing so and Broker's client or other third party suffers loss or damage as a result, Company and/or AGA shall not be liable therefor and Broker shall indemnify and save harmless Company and AGA against any claim for such loss and the cost of defending any such claim, including, without limitation, reasonable legal and accounting fees.
- b) If Broker is a corporation or is acting as an associate general agent on behalf of other brokers, each Principal hereby agrees to indemnify and save harmless Company and AGA for any and all indebtedness to Company and AGA of Broker and any of its brokers, and each Principal guarantees the due payment to Company and AGA of all liabilities of Broker to Company and AGA as though the Principal personally entered into this Agreement with Company and AGA, whether or not the remedies of Company and/or AGA against Broker have been exhausted.

12. SEVERABILITY

If any of the terms or provisions of this Agreement are invalid by operation of law, all other terms and provisions of this Agreement shall remain in full force and effect.

13. PERSONAL INFORMATION

In connection with all information of clients which relates to a natural person and allows such person to be identified ("Personal Information") obtained by Broker or any of the Broker's employees in performing Broker's duties hereunder, Broker agrees:

- a) to collect only the Personal Information that is necessary for (i) preparing applications for life insurance, group insurance or investment products for a client to be submitted to an Insurer through Company and AGA, (ii) preparing applications to Company for HWT/PHSP, (iii) providing ongoing service to such clients in respect of life insurance, investment products and/or HWT/PHSP, and to use, disclose and retain Personal Information only for such purposes or as otherwise permitted or required by law
- b) to inform the client of the purposes for which the Personal Information is being collected at the time that it is being collected;
- c) to collect Personal Information only from the relevant client, unless the client consents to collection of such information from third parties;
- d) to indicate on the client's file the source of any Personal Information collected from a third party;
- e) to obtain the consent of the client to communicate all Personal Information to Company, AGA and any Insurer as may be necessary to allow Company and AGA to perform its obligations hereunder;

- f) to inform the client that Personal Information may be stored electronically by Company and AGA;
- g) to communicate all Personal Information to Company and AGA as necessary;
- h) not to provide any Personal Information to any other person, other than the Insurer, without Company's written consent, except as permitted or required by law;
- i) not to communicate a list of names and addresses or phone numbers of clients and prospects to a third party, without Company's written consent;
- j) to ensure that Personal Information is current and accurate from time to time;
- k) to protect Personal Information by safeguards appropriate to the sensitivity of the information; and
- l) to inform Company and AGA promptly of a client's request to have access or make changes to his or her Personal Information in Broker's file.

14. CONSENT AND AUTHORIZATION

- a) Broker hereby authorizes and directs any third party to release to Company and/or AGA information contained in its files concerning Broker, its brokers, if any, its business, employment, education, and credit records, and/or any other information relevant to a contract to sell life, group and/or accident & sickness insurance, any investment products, or HWT/PHSP through or on behalf of Company and/or AGA.
- b) Broker hereby specifically authorizes Company and AGA to obtain (i) a criminal activity clearance report from any police agency or government; (ii) information concerning certificates, licenses and registrations; (iii) any information concerning complaints or disciplinary measures from regulators, industry and professional organizations and associations; and (iv) exchange information with any regulator, professional registry or database, insurance company, financial institution, personal information, detective and security agencies or other organizations whose functions are the prevention, detection or repression of crimes or offences, market intermediaries, any current or former employer, including any and all personal information which could be collected through verification of an application for employment or contract and ongoing performance.
- c) Broker acknowledges that Company and/or AGA will establish a file concerning Broker and subsequent performance and that the Personal Information contained in this file will be consulted by Company and AGA's employees and its authorized agents in relation to this Agreement. The file will be kept at Company and AGA's offices. Broker may consult the Personal Information contained in this file, and, if applicable, request that any errors or misinformation be rectified. A photocopy of this consent shall have the same force and effect as the original.
- d) If an individual, Broker authorizes Company to use his or her Social Insurance Number in its files pertaining to Broker.

15. GENERAL

- a) Survival. The provisions of Sections 2, 3, 5, 6, 8, 10, 11 and 14 shall survive termination of this Agreement for any reason whatsoever.
- b) Entire Agreement. This Agreement supersedes all previous agreements between Company and Broker but this Agreement does not release the parties hereto from any liability under such previous agreements.
- c) Amendment. This Agreement may only be amended by agreement in writing signed by the parties hereto.
- d) Governing Law. This Agreement shall be governed by the laws of Ontario and the parties hereto hereby attorn to the jurisdiction of the Courts of such Province.
- e) Effect. This Agreement enures to the benefit of and binds the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, and, as permitted hereunder, successors and assigns.

Broker hereby acknowledges having had an opportunity to review and having reviewed the provisions of this Agreement and Schedules A and B attached hereto, having sought clarification where necessary, has obtained independent legal advice in connection herewith and hereby confirms that Broker is familiar with and agrees to all terms and conditions of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

HUB FINANCIAL INC.



By: _____

Name: Terri DiFlorio

Title: President

I have authority to bind the corporation.

AGA: National Best Inc.

Witness:

Name:

Title:

Individual Broker:

Witness:

Name:

Corporate Broker Name:

By: _____

Name:

Title:

I have authority to bind the corporation.

Personal Guarantor:

Witness:

Name:



**REQUEST FOR DIRECT DEPOSIT (EFT)
HUB Financial Inc. / HUB Capital Inc.**

IDENTIFICATION

BROKER'S NAME: _____

HUB CODE(S): _____ DEALER/REP CODE(S): _____ (Investment Products)

BANKING INFORMATION



<u>004</u>	<u>06089</u>	<u>0608 - 5251255</u>
Bank #	Transit # (5 digits)	Account #

SIGNATURE

It is understood that:

- This banking information will be used to deposit compensation earned from the broker's HUB commission account(s). Under no circumstances will HUB Financial Inc. withdraw money from the account.
- This information will be held on the confidential broker record and can be accessed and verified by the broker through HUBLINK.
- The broker acknowledges that the VOID cheque / banking details will be shared, wherever possible, with those carriers whose contracts the broker holds through HUB Financial Inc. to facilitate the payment of compensation earned by the broker into this bank account.
- HUB Financial Inc. reserves the right to pay the broker's compensation by cheque at any time.
- It is the sole responsibility of the broker to ensure the accuracy of the banking information attached above and transmitted by this form.
- HUB Financial Inc. may terminate payment by direct deposit without prior notice or authorization from the broker.

Signature of Broker

Date



Schedule A

TO BROKER AGREEMENT
between

HUB FINANCIAL INC.
("Company")
And

National Best Inc.
("AGA")
And

("Broker")

Dated _____

Integrated Bonus Scheduleⁱ

Company and/or AGA will pay Broker the following fees and bonuses, in accordance with Company's standard pay schedules:

Carrier	Level 1	Level 2	Level 3	Level 4	Level 5
Calendar year FYC ⁱⁱ	\$0 - \$9,999	\$10,000-\$24,999	\$25,000-\$49,999	\$50,000-\$74,999	\$75,000+
Assumption Life ⁱⁱⁱ	100%	120%	130%	140%	150%
AXA Life	100%	120%	130%	140%	150%
AXA DI	0%	10%	15%	20%	25%
BMO	100%	120%	130%	140%	150%
Canada Life	100%	120%	130%	140%	150%
DesJardins Financial ⁱⁱⁱ	100%	120%	130%	140%	150%
DesJardins-Riders & Solo ⁱⁱⁱ	0%	0%	0%	5%	10%
Empire Life	100%	120%	130%	140%	150%
Equitable	100%	120%	130%	140%	150%
IAG - IA / IAP ⁱⁱⁱ	80%	90%	100%	110%	120%
Manulife Financial	100%	120%	130%	140%	150%
RBC Insurance	100%	120%	130%	140%	150%
Standard Life	100%	120%	130%	140%	150%
Sun Life	100%	120%	130%	140%	150%
Transamerica	100%	120%	130%	140%	150%
Unity Life / Foresters ⁱⁱⁱ	100%	120%	130%	140%	150%
Wawanesa Life	100%	120%	130%	140%	150%

ⁱ Bonus is expressed as a percentage of first year commission

Bonus and commission rates are subject to change

For first year commission rates, see Carrier Commission Schedules

ⁱⁱ Bonus level is based on net settled first year commission production per calendar year

ⁱⁱⁱ Bonuses are paid by HUB Financial



Schedule B

TO BROKER AGREEMENT
between
HUB FINANCIAL INC.
("Company")
And

("Broker")

Dated _____

Fee Schedule for HWT/PHSP

Company will pay Broker the following fees and bonuses, in accordance with Company's standard pay schedules:

1. Set-up Fee

Company charges clients a set up fee, determined by Company from time to time (the "Set-up Fee"). Company will pay to Broker the amount of \$100 of the Set-up Fee in respect of a new HWT/PHSP for Broker's client.

2. Administrative Fee

Company charges an administrative fee of ten percent (10%) of processed claims under client's HWT/PHSP (the "Administrative Fee"). Company will pay to Broker an amount equal to forty percent (40%) of the Administrative Fee.

3. Bonus

- a) When aggregate claims for Broker's total book of HWT/PHSP business exceed \$200,000 at the end of any calendar year and Broker has added at least 10 new HWT/PHSP in that year, a bonus of one percent (1%) of such aggregate claims will be paid to Broker within sixty (60) days of the end of such calendar year.
- b) If Broker activates five or more new HWT/PHSP in a calendar year, an additional \$20 per HWT/PHSP activated will be paid to Broker within sixty (60) days of the end of such calendar year.

Company will annually review and may revise this Schedule as Company may, in its sole discretion, determine.