



PARAGON AGREEMENT



This Agreement is between Paragon Insurance Holdings, LLC ("Paragon") and Cargio. Cargio enters into this Agreement on its own behalf and on behalf of its parent, subsidiaries, affiliates, divisions and branch offices.

WHEREAS Paragon is a general agent in the business of representing certain insurance carriers in the offering of specialized insurance products and services to brokers; and

WHEREAS Cargio wishes to gain access to and offer Paragon's specialized insurance products and services to its clients; and

WHEREAS Cargio wishes to offer to write certain of its clients' insurance business through Paragon and Paragon wishes to consider accepting such insurance business ;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter expressed, the parties hereto, intending to be legally bound, agree as follows:

1. Relationship: Cargio is an independent contractor and not an agent or employee of Paragon and agrees not to imply or represent otherwise. Broker has no authority to issue binders, endorsements or insurance certificates or to otherwise bind coverage on behalf of Paragon, unless expressly agreed to in writing by Paragon.
2. Relationship to Insureds: This Agreement is entered into solely between Cargio and Paragon. Cargio acknowledges and agrees that Cargio, not Paragon, shall be responsible for providing its insureds with proper advice as to the adequacy, amount, and form of insurance coverage. Cargio also acknowledges that Cargio may receive coverage proposals from Paragon containing terms and conditions which are different than those requested by Cargio during the application process. It is Cargio's sole responsibility to review the terms and conditions of each coverage proposal and determine its suitability for Cargio's insured.
3. Compliance with Licensing Requirements: Cargio warrants and represents that all individuals soliciting insurance under this Agreement on behalf of Cargio are duly licensed in accordance with the laws and regulations of the state of its domicile and any other jurisdiction in which risks to be insured are located. Cargio shall supply a copy of any such licenses to Paragon upon its request.
4. Reliance on Cargio: Broker understands that Paragon is relying upon the special skills, expertise, and performance capabilities of the Cargio and that, accordingly, all business that Cargio submits to Paragon shall be directly from Cargio and not produced by others outside of Cargio's organization. Cargio shall cooperate in obtaining signatures of the insured and any authorized producer on any applications where

required by Paragon, and use its best efforts to ensure that all information on such applications is accurate and verified.

5. Cargio Payment Responsibilities: Unless premium financed or direct billed by the carrier, Cargio agrees to pay to Paragon, or its designee, all premiums, taxes, inspection and engineering fees accruing on insurance business written or bound under this Agreement, whether or not collected by the Cargio from the insured. All premiums, whether net or gross, shall be held by Cargio in a fiduciary capacity, and are due to Paragon within the time period required by Paragon. However, Paragon may require a deposit in order to bind coverage. In no event shall the payment by the Cargio of the premium due be contingent upon the issuance of a specific policy or endorsement. The Cargio acknowledges that coverages effected by Paragon at the request of Cargio are not subject to flat cancellation unless specifically agreed to in writing by Paragon. Policies/binders may be cancelled short rate or minimum and deposit, if applicable, unless otherwise specified. In no event shall cancellations become effective on a flat basis without prior written consent of Paragon. Cancellations at the request of Paragon will be on a pro rata basis. If any fees are charged in addition to premium, are the Cargio's obligation and are fully earned at inception

6. Audit Additional Premiums: Audit additional premiums are due and payable by Cargio to Paragon whether or not collected by the Cargio from the insured. Cargio may be relieved of this requirement only if Cargio has provided Paragon with prompt notice of its inability to collect such additional premium and only if Paragon is relieved of its payment obligation with respect to such premiums by the carrier. Cargio is not entitled to commissions on uncollected audit additional premiums.

7. Commissions: Paragon shall pay Cargio as a commission, a percentage rate of the premium, as agreed upon from time to time, on each policy and transaction written and paid for under this Agreement. Cargio agrees to pay Paragon a return commission at the same percentage rate on any return premium due to cancellation, endorsement, or other transaction.

8. Right To Decline/Accept Insurance Business: Nothing in this Agreement shall be construed as limiting or restricting the right of Paragon to decline to accept any insurance application or to cancel any binder, policy, or other transaction issued under this Agreement in accordance with its cancellation provisions. Cargio remains liable for any earned premium resulting therefrom, whether or not collected. Cargio shall not be entitled to credit for any cancellation until Paragon has received proof of such cancellation satisfactory to Paragon. Flat cancellations are not permitted unless expressly agreed to in writing by Paragon. Inspection, engineering, and policy fees, if any, are fully earned at inception.

9. Claims: Cargio shall immediately notify Paragon or other party (as specified) in writing of any claim, suit, or notice of loss as respects any insured, and cooperate fully with Paragon and/or its designated carrier or third party administrator, to facilitate the investigation, adjustment, settlement, and payment of any such claim. Cargio will assist in the collection of any deductible due from the insured.

10. Renewals: Paragon has no obligation to provide Cargio with notice of any policy's expiration. It shall be Cargio's responsibility to request renewal instructions from Paragon and understands that policies do not automatically renew. If an insured's policy

placed by Cargio with Paragon should lapse without renewal instructions from Cargio , nothing in this Agreement shall prevent Paragon from quoting that policy to another company.

11. Termination: This Agreement may be terminated at any time by either party by giving thirty (30) days written notice to the other, such termination to be effective on the expiration of the thirty (30) day notice period. Even if this Agreement is terminated, Cargio agrees to complete the collection of any outstanding premiums and other transactions unaccounted for on the effective date of termination or arising thereafter based on insurance business submitted prior to termination, and to remit same in the manner prescribed above.

12. Ownership of Insurance Business: Paragon recognizes Cargio's independent ownership of the insurance business Cargio submits pursuant to this Agreement. However, if this Agreement is terminated because of Cargio's failure to remit premiums or other fees due to Paragon hereunder, Cargio shall be deemed to have relinquished all rights to such business and any claims to any commissions thereon (including on any renewals thereof) to the extent necessary to satisfy any unpaid balance due Paragon. In such an event, Paragon shall have the right to take the appropriate steps to ensure such premiums and/or fees are collected including, but not limited to, applying any commissions previously due to Cargio to any unpaid balance due to Paragon and/or collecting such unpaid premiums and/or fees directly from the insured and applying them to the unpaid balance.

13. Costs: In the event Paragon finds it necessary to perform any duty otherwise imposed on the Cargio under this Agreement, Cargio shall be liable to Paragon for all costs incident thereto.

14. Transfer Payments: Cargio acknowledges that Paragon has entered into special relationships with the carriers on whose behalf it is acting as agent, and on whose behalf it is offering insurance products and/or services to Cargio. Cargio further acknowledges that by placing insurance business through Paragon under this Agreement, it may be gaining access to, and knowledge of, special proprietary products, pricing and/or programs, which might otherwise be unavailable to Cargio. Accordingly, once Cargio places insurance business through Paragon under this Agreement, Cargio agrees that it will not thereafter transfer such insurance business and place it directly (or indirectly through another agent) with any of the carriers listed on Exhibit A hereto, as same may be amended from time to time. In the event Cargio transfers such business in breach of this section, Broker shall pay Paragon the annual commissions Paragon would have earned on such business had it not been transferred, for each of the three policy years following such transfer ("Transfer Payments"), such payments to be made by Cargio upon Broker's receipt of its commissions on the business transferred. The Transfer Payments shall be in addition to any other remedy available to Paragon under this Agreement.

15. Errors and Omissions Coverage: Cargio warrants that it will maintain Errors and Omissions coverage, continuously and without interruption throughout the term of this Agreement, that is satisfactory to Paragon with an admitted insurer.

16. Cargio Indemnity:

(i) Cargio agrees to indemnify and hold harmless Paragon, its subsidiaries, successors and assigns, and the directors, officers, and employees of any of them (collectively the "Paragon Indemnitees"), against and in respect of any and all claims, demands, actions, proceedings, liability, losses, damages, judgments, costs and expenses, including, without limitation, attorneys' fees, disbursements, and court costs, and any loss in excess of policy limits, as well as extra-contractual obligations, including but not limited to punitive, exemplary, or compensatory damages, suffered, made or instituted against or incurred by the Paragon Indemnitees, or any of them, and which directly or indirectly arise out of or relate to any negligent act, error, omission, intentional misconduct or unauthorized transaction of the Cargio or its employees or representatives, in discharging its obligations to Paragon under this Agreement, including, but not limited to, knowingly providing invalid information to Paragon.

(ii) Cargio further agrees to indemnify the Paragon Indemnitees against any fines levied against, or expenses incurred by, Paragon or any carrier, as a result of: (a) business submitted by an unlicensed producer; (b) the failure of the Cargio to comply with any applicable duties and obligations under the Gramm-Leach-Bliley Act or any state law implementing the same; (c) the failure of the Cargio to comply with privacy policies and practices of any carrier once it has been notified of such policies and practices; or (d) the failure of the Cargio to comply with all other applicable privacy, confidentiality, and security related laws, anti-terrorism and money laundering laws, abandoned/ unclaimed property laws and all laws applicable to or which otherwise affect binders, policies and other documents issued pursuant to this Agreement.

(iii) Paragon agrees to indemnify and hold harmless the Cargio, its subsidiaries, successors and assigns, and the directors, officers, and employees of any of them (collectively "Broker Indemnitees"), against and in respect of any and all claims (not including claims made under any policy issued in accordance with this Agreement), demands, actions, proceedings, liability, losses, damages (except consequential damages), judgments, costs and expenses, including, without limitation, attorneys' fees, disbursements, and court costs, and any loss in excess of policy limits, as well as extra-contractual obligations, including but not limited to punitive, exemplary, or compensatory damages, suffered, made or instituted against or incurred by the Broker Indemnitees, or any of them, and which directly or indirectly arise out of or relate to negligence of Paragon or its employees or representatives, in discharging its obligations to the Cargio under this Agreement.

17. No Assignment: This Agreement may not be assigned or transferred by Cargio without the express written consent of Paragon.

18. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Connecticut, as applied to contracts made and performed within the State of Connecticut, without regard to conflicts of law principles. The parties hereto submit to the exclusive jurisdiction of the courts of the State of Connecticut, Hartford County or, if federal jurisdiction is sought, to the United States District Court, District of Connecticut, Hartford Branch.

19. No Waiver: Any waiver, failure or delay on the part of either party to insist upon strict compliance with any one or more provisions of this Agreement shall not constitute a waiver or otherwise preclude such party from thereafter obtaining strict performance of such provision(s) or any other provision(s) of this Agreement. No waiver shall be binding unless in writing and signed by the parties.

20. Severability: The invalidity or unenforceability of any provision or term of this Agreement, whether in whole or part, shall not in any way affect the validity or enforceability of any other provision hereof.

21. Notices: Any notice given hereunder shall be in writing, and delivered personally, or sent by certified or registered mail, return receipt requested, postage prepaid or by overnight courier to the parties' respective addresses set forth above. Notices shall be deemed to be given when received, which, in the case of notice given by mail or overnight mail, shall be the time indicated on the signed receipt.

22. No Modification: This Agreement may only be modified in writing signed by both of the parties hereto.

23. Survival of Terms: Sections 9, 11-14, 16, 19, 21 and 22 shall survive termination of this Agreement.

24. Entire Agreement: This Agreement contains the entire agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous negotiations and agreements between them, written or oral, relating to the subject matter hereof. Headings are for reference only and shall not be construed to give meaning to the specific terms and conditions of this Agreement.