

SCHEDULE "E"

PRODUCING AGENT AGREEMENT

THIS PRODUCING AGENT AGREEMENT (the "Agreement") is effective as of the ___ day of _____, (the "Effective Date") by and between the Carriers set forth in Schedule A; and _____ with an address at _____ (the "Producing Agent").

WHEREAS, the Producing Agent desires to place business with the Carriers through an Agent or Broker ("Primary Agent or Broker") who has entered into a Primary Agent Agreement (which is incorporated herein by reference) and the Carriers desire to arrange acceptable offerings;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein the parties, do hereby agree as follows:

Section 1. Authorization of the Producing Agent. The Producing Agent will serve as an agent for the Carriers in the service areas set forth in Schedule A. Schedule A may be revised from time to time by the Carriers. The Producing Agent may solicit applications for enrollment in certain managed care and traditional group health plans (the "Health Plans") offered by the Carriers. This Agreement, and the conduct of the Producing Agent under this Agreement, are subject to such rules and regulations as the Carriers have established or may hereafter establish, including the terms of the Primary Agent Agreement which is incorporated herein by reference. The Producing Agent acknowledges and agrees that the Producing Agent's conduct and this Agreement are subject to all applicable state and federal insurance laws, statutes and regulations.

Section 2. Limitation on Authority. The Producing Agent is not authorized to and agrees not to:

- extend credit or incur any indebtedness, liability, or obligation on behalf of the Carriers;
- alter, waive, or modify any of the terms, conditions, rates, or limitations of any Health Plan issued by the Carriers;
- effect any verbal Health Plan agreement or contract of insurance;
- effect any Health Plan agreement or contract of insurance except by means of authorized policy forms duly executed by an authorized representative of the Carriers; distribute any advertising or communication pieces which use the Carriers name or logo or describe the Carriers' Health Plans without the prior written consent of an officer of the Carriers; or
- solicit applications in any area or state in which either the Carriers or the Producing Agent is not authorized to do business.

Section 3. Independent Contractor. Nothing contained in this Agreement shall create the relationship of employer and employee, or principal and agent between the Carriers. Nothing contained in this Agreement shall be construed to create the relationship of employer and employee between the Carriers and the Producing Agent. The Producing Agent is a limited agent of the Carriers, and the relationship is that of principal and agent. The scope of the agency is defined and limited by applicable law and the terms of this Agreement. The Carriers are responsible for their own expenses, obligations, and/or liabilities. The Producing Agent is responsible for his/her own expenses, obligations, or liabilities.

Section 4. Premium Remittance. Any premium payment collected or received must be:

- remitted immediately in full to either the Carriers or the Primary Agent or Broker;
- payable to the Carrier from whom a Health Plan is purchased.

No premium payment may be made payable to the Producing Agent. All such payments are the property of the Carriers and shall be held by the Producing Agent as trust funds.

Demand is hereby made on the Producing Agent for the payment of all premium payments received and such demand is hereby accepted by the Producing Agent in lieu of any further demand.

Section 5. Eligible Groups. To be eligible for the Health Plans provided by the Carriers, a group must comply with all current eligibility and underwriting standards/guidelines (including those with respect to minimum participation and location of headquarters and workforce).

Section 6. Rejection of Applications. Subject to applicable state and federal laws, the Carriers reserve the right to reject any application for a Health Plan. If an application is so rejected, no fee or commission shall be paid.

Section 7. Representation. The Producing Agent shall make no representations with respect to the Carriers' Health Plans except as may be contained in the written material prepared and furnished by the Carriers. The Producing Agent shall only quote those premium rates of the Carriers which have been provided by the Carriers.

Section 8. Advertising; Trademarks. The Producing Agent may not use in any form or medium any registered or unregistered trademark, logos, symbols, trade name, or service mark owned by the Carriers or the Blue Cross and Blue Shield Association or issue or distribute any circular letter or publication referring to the Carriers or their products without the prior written approval of the Carriers.

Section 9. Commissions. The Carriers shall pay commissions to the Primary Agent or Broker who has entered into the Primary Agent Agreement. Commissions shall be paid to the Producing Agent by the Primary Agent or Broker in accordance with an agreement the Producing Agent enters into with the Primary Agent or Broker. The Carriers are not a party to any agreement between the Producing Agent and the Primary Agent or Broker. The Carriers shall not be liable for any errors, omissions, or breaches under the agreement between the Producing Agent and the Primary Agent or Broker. If the Producing Agent is not licensed in Pennsylvania, is not appointed by the Carriers, or loses either their license or appointment, commission payments to the Primary Agent will cease.

Section 10. Transfer of Producing Agents Producing Agents may transfer, or move between Primary Agents. The Producing Agent understands that, absent a change in the Agent of Record, commissions paid on Accounts may be transferred between Primary Agents only if the Primary Agent now receiving the commission consents to the transfer or the Agreement between the Primary Agent and the Carriers is terminated. The Producing Agent may transfer a block of business to a new Primary Agent contracted with the Carriers by providing the Carriers and the current Primary Agent with ninety (90) days prior written notice. Provided however, that the Producing Agent may transfer a block of business to a new Primary Agent only once during a twelve-month period.

Section 11. Licenses. The Producing Agent certifies they are properly licensed to conduct insurance business and that they will comply with all applicable federal, state, and local laws. The Producing Agent hereby acknowledges that only properly licensed and appointed individuals may solicit insurance on behalf of the Carriers.

Section 12. Confidentiality. During the term of this Agreement, any extension thereof, or at any time after termination of the Agreement, the Producing Agent shall not divulge or use any confidential information about the business of the Carriers except as is authorized by the Carriers. Confidential information about the business of the Carriers includes, but is not limited to, the

policies, procedures, or group specific proposals of the Carriers, in any form whatsoever, which the Producing Agent obtained by reason of this Agreement.

Section 13. Term of Agreement. This Agreement shall begin on the Effective Date and shall continue in full force and effect for one (1) year. The Agreement shall be automatically renewed on a year-to-year basis unless terminated. This Agreement may be terminated at any time by any party upon written notice to the other parties.

Section 14. Governing Law. This Agreement shall be governed by, construed and enforced according to the laws of Pennsylvania.

Section 15. Execution. If the Producing Agent is doing business as an individual, the Producing Agent must personally sign this Agreement in his/her own name as an agent. If the Producing Agent is doing business as a corporation or partnership, an authorized officer or partner of such corporation or partnership whose name appears on the Producing Agent's license must sign this Agreement.

Section 16. Amendments. The Agreement may be amended or modified by the Carriers. Such amendments or modifications shall become effective immediately upon the mailing of the amendment or modification, unless the Carriers indicate otherwise in the amendment or modification.

Section 17. Assignment of the Agreement. This Agreement shall not be sold, pledged or assigned by the Producing Agent without the Carriers' prior written approval.

Section 18. Waiver. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, whether or not similar, nor shall any such waiver constitute a continuing waiver unless otherwise expressly so provided.

Section 19. Entire Agreement. This Agreement and the attached schedules constitute the entire agreement and understanding between the parties. This Agreement supersedes all prior agreements, understandings, negotiations and discussions both written and oral, among the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto, each acting under due and proper authority and intending to be legally bound, have executed this Agreement as of the day, month, and year first above written.

PRODUCING AGENT

By: _____

Name: _____

Title: _____

Date: _____

INDEPENDENCE BLUE CROSS

on behalf of itself and its subsidiaries
Keystone Health Plan East, Inc. and
QCC Insurance Company and as an
agent for **HIGHMARK BLUE SHIELD**

By: _____

Name: Brett A. Mayfield

Title: Vice President, Marketing

Date: _____

SCHEDULE "A"

INDEPENDENCE BLUE CROSS (IBC), a Pennsylvania corporation with its principal office located at 1901 Market Street, Philadelphia, PA 19103.

PENNSYLVANIA BLUE SHIELD (PBS), a Pennsylvania corporation with its principal office located at 1800 Center Street, Camp Hill, PA 17011.

KEYSTONE HEALTH PLAN EAST, INC (KHPE), a Pennsylvania corporation with its principal office located at 1901 Market Street, Philadelphia, PA 19103.

QCC INSURANCE COMPANY (QCC), a Pennsylvania corporation with its principal office located at 1901 Market Street, Philadelphia, PA 19103.

UNITED CONCORDIA COMPANIES, INC., a Pennsylvania corporation with its principal office at 100 Senate Avenue, Camp Hill, PA 17011

- (a.) Notices to these companies shall be mailed to:

Brett A. Mayfield
Vice President -- Sales
Independence Blue Cross
1901 Market Street
Philadelphia, PA 19103

- (b) The Territory
Bucks County, Pennsylvania
Chester County, Pennsylvania
Delaware County, Pennsylvania
Montgomery County, Pennsylvania
Philadelphia County, Pennsylvania

SCHEDULE "B"

FEDERAL MEDICARE + CHOICE REQUIREMENTS COMPLIANCE

This Schedule is to incorporate the applicable terms of the Medicare+Choice Program requirements into the Agreement in order to comply with the federal Medicare+Choice Program requirements. For purposes of this Schedule, the Carriers shall be referred to as "Independence".

1. General

- A. Medicare+Choice Organizations are required to comply with the statutory and regulatory requirements regarding the Medicare+Choice program under Part C of Title XVIII of the Social Security Act ("Medicare+Choice Program").
- B. Independence is a Medicare+Choice Organization which must comply with the statutory and regulatory requirements of the Medicare+Choice Program.
- C. Producing Agent performs delegated administrative services (marketing) for Independence's Medicare+Choice Benefit Programs and therefore must comply with the Medicare+Choice Program requirements.
- D. In accordance with the Agreement, this Schedule shall provide Producing Agent with the requisite notice of the statutory and regulatory requirements of the Medicare+Choice Program.

2. Requirements

To the extent Independence has delegated to Producing Agent any or all of the functions of administration and management; marketing; applications processing; enrollment and disenrollment functions; and/or claims processing, Producing Agent agrees as follows:

- A. Producing Agent agrees to comply with the requirements of the federal Medicare+Choice Program applicable to Primary Agent's provision of delegated administrative services under Independence's Medicare+Choice Benefit Programs.
- B. Neither Producing Agent nor Independence may employ or subcontract with an individual, or with an entity that employs or contracts with an individual, who is excluded from participation in Medicare under section 1128 or 1128A of the Social Security Act or from participation in a federal health care program for the provision of any administrative services.
- C. Producing Agent acknowledges that Independence shall oversee and monitor Primary Agent's performance on an ongoing basis. Producing Agent further acknowledges that Independence is accountable to HCFA for the functions and responsibilities described in the Medicare+Choice regulatory standards and ultimately responsible to HCFA for the performance of all services.
- D. Producing Agent agrees to comply, and to require any of its subcontractors to comply, with all applicable Medicare laws, regulations, and HCFA instructions. Further, Producing Agent agrees that any services provided by the Producing Agent or its subcontractors to or for Independence's Medicare+Choice enrollees will be consistent with and will comply with Independences's Medicare+Choice contractual obligations with HCFA.

E. Producing Agent acknowledges that HHS, the Comptroller General, or their designees have the right to inspect any books, contracts, medical records, patient care documentation, and other records of Producing Agent, or its subcontractors or transferees involving transactions related to Independence's Medicare+Choice contract through 6 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 42 CFR §422.502(e)(4) or other applicable law, whichever is later.

F. Producing Agent agrees to abide by all federal and State laws regarding confidentiality and disclosure for mental health records, medical records, other health information, and enrollee information. In addition, Producing Agent agrees to abide by the confidentiality requirements established by Independence and the Medicare+Choice Program.

G. Producing Agent agrees that if Producing Agent enters into subcontracts to perform services under the terms of the Agreement, Primary Agent's subcontracts shall include an agreement by the subcontractor to comply with all of Primary Agent's obligations in the Agreement.

H. To the extent that selection of providers, contractors, or subcontractor is delegated to Primary Agent, Independence shall retain the right to approve, suspend, or terminate any such arrangements.

I. Producing Agent agrees that Independence has the right to revoke the Agreement if Producing Agent does not perform satisfactorily and if any of Primary Agent's reporting and disclosure obligations are not fully met in a timely manner.