

DISCLOSURE OF BROKER STATUS

(Agency Name), pursuant to the requirements of California Insurance Code Section 1623, hereby discloses to the undersigned Client that

1. (Agency Name) is transacting insurance on behalf of the client
2. (Agency Name) will make a reasonable search of the marketplace of insurers known by (Agency Name) to insure the type of risk that Consumer wishes to insure (description of coverage class e.g. auto, homeowner, commercial), and to recommend one or more of such insurers based on price, coverage, and payment terms requested by the client.
3. The amount of broker fees that will be charged is \$_____ initially, plus any additional services as may be required and agreed upon per the attached schedule or by further written agreement signed by the Client.
4. (Agency Name) discloses that he/she/it may also receive compensation from the insurer selected by the consumer, directly or indirectly, as a consequence of this transaction.

Client Signature

Date

Broker Signature

Date

STANDARD BROKER DISCLOSURE

This disclosure was prepared by the California Insurance Commissioner. Please **READ IT CAREFULLY!**

- I Do not sign any broker fee agreement unless all of its blank lines and spaces have been filled-in and you have read this entire document and the agreement carefully.
- II Your insurance broker represents you, the consumer, and is entitled to charge a broker fee if he/she chooses. This fee is not set by law, and may be negotiable between you and the broker.
- III It is illegal or improper for an insurance broker to charge you a fee for placing coverage solely with the California Automobile Assigned Risk Plan or the California FAIR Plan. Fees may be charged for placement of other coverages.
- IV Broker fees are often non-refundable even if you cancel your coverage. Refer to your broker fee agreement to see if your broker fee is non-refundable. However, you may be entitled to a full refund of a broker fee if your broker acted incompetently or dishonestly. Unresolved disputes over non-refunded broker fees can be forwarded to the Department of Insurance for review
- V You are entitled to obtain and keep a completed copy of this disclosure and any broker fee agreement you sign.
- VI Your broker may receive commission from insurance company(ies) for placing your insurance. This commission may be paid to your broker by the insurance company(ies) in addition to any broker fee you pay.
- VII If you will be paying your premium in installments to a finance company, by law you must receive a copy of a premium finance disclosure and agreement. Be sure to obtain and read those documents before signing a premium finance agreement. Also, ask the broker if the insurer offers its own installment payment plan. Insurer installment plans are often cheaper than premium financing through a separate premium finance company.
- VIII If your broker is placing automobile coverage, your broker must provide you with a copy of the current Department of Insurance pamphlet *Automobile Insurance*. If your broker is placing residential coverage, your broker must provide you with a copy of the current Department of Insurance pamphlet *Residential Insurance*. By signing this disclosure you acknowledge receipt of the appropriate pamphlet(s).

Client initials:_____

STANDARD BROKER FEE AGREEMENT

1. The parties to this agreement are _____ ("CLIENT") AND (Agency Name), California Department of Insurance License Number _____ ("BROKER").
2. CLIENT appoints BROKER as CLIENT'S insurance broker of record.
3. This agreement shall become operative on _____(date), and shall continue in full force until terminated by either party.
4. BROKER agrees to represent CLIENT honestly and competently.
5. CLIENT agrees to pay BROKER a broker fee for BROKER'S services. The broker fee is \$_____. The broker fee IS / IS NOT refundable (circle one).
6. BROKER may in the future charge CLIENT, and CLIENT agrees to pay, additional fee(s) for the services listed below. The additional fees and services are:

| <u>Service</u> | <u>Amount</u> |
|----------------|---------------|
|----------------|---------------|
7. Following are the nature and amount of all fees known to BROKER that will be charged by persons other than BROKER or the insurance company in connection with current placement of CLIENT's insurance. These fees are not retained by BROKER.

| | |
|------------------|-------|
| _____ | _____ |
| Client Signature | Date |
| _____ | _____ |
| Broker Signature | Date |