



(FOR INTERNAL USE ONLY)

BROKER NUMBER: _____
BROKER REGION CODE: _____
COMMISSION AGREEMENT DATE: _____



AGENT / BROKER INFORMATION

(Please Print) (ALL INFORMATION IS REQUIRED TO PROCESS COMMISSION PROPERLY)

LICENSED AGENT / BROKER NAME: _____

DBA: _____

STREET ADDRESS: _____

CITY, STATE AND ZIP CODE: _____

PLEASE CHECK APPROPRIATE BOXES:

INDIVIDUAL/SOLE PROPRIETOR CORPORATION PARTNERSHIP OTHER _____

TAXPAYER ID: _____ or SOCIAL SECURITY NUMBER: _____

BUSINESS PHONE: () _____ \ FAX: () _____

EMAIL ADDRESS: _____

DOI LIFE AGENT LICENSE NUMBER: _____ EXP. DATE: _____

**A COPY OF YOUR CURRENT LIFE AGENT LICENSE AND
PROOF OF ERRORS & OMISSIONS INSURANCE
MUST BE RETURNED WITH YOUR SIGNED COMMISSION AGREEMENTS.**

Please sign and return the Health Net Agent / Broker Agreements and Commission Schedules, only after you have sold or assumed your first Health Net Group contract or after you have written your first Individual & Family Plans contract.

AGENT/BROKER SIGNATURE: _____ DATE: _____

Please return to: Health Net Broker Relations P.O. Box 9103 Van Nuys, CA 91409

HEALTH NET OF CALIFORNIA, INC. AGENT / BROKER AGREEMENT AND COMMISSION SCHEDULE

THIS AGREEMENT, made this _____ day of _____, 200 _____ by and between Health Net of California, Inc. hereafter called the "Company", and _____

hereinafter called the "Agent/Broker":

WITNESSETH:

The Company hereby agrees to consider applications for coverage under any and all contracts ("Company's Group and Individual and Family Plan Programs") as the Company may distribute to Agent / Broker from time to time, excluding those group programs commonly known as Conversion and COBRA, produced by Agent / Broker, subject to the following terms and conditions:

1. Agent/Broker is independently engaged in business as an insurance broker and/or agent. This business includes the solicitation of applications for membership in the Company's Group and Individual and Family Plan Programs and the collection of dues in respect to such memberships. Agent/Broker shall be free to determine for himself/herself the persons from whom he/she will solicit applications as well as the time and place of solicitation. Agent / Broker hereby agrees to appointment by Company's subsidiary Health Net Life Insurance Company with the California Department of Insurance.

Agent / Broker agrees to make and file all reports and returns required or demanded by any Federal or State statute or regulation now or hereafter in force and to pay all contributions or other sums

that may be levied, or assessed upon on, in connection with the commissions paid to Agent/Broker by the Company in accordance with the provisions of this Agreement and its Exhibits.

Agent / Broker agrees that he/she will use due diligence to solicit and secure memberships in the Company's Group and Individual and Family Plan Programs at the membership premium rates currently in effect at the time of the last notification received by Agent / Broker from the Company. For the purpose of this paragraph, Agent / Broker will be deemed to have received notification upon the date his/her office signs a certified or registered return receipt for said notification or the expiration of seven (7) days from the date of mailing said notice to him/her by the Company, whichever is earlier.

Agent / Broker represents that he/she is duly licensed under the laws of the State of California as an insurance broker and/or agent licensed to transact life insurance and agrees to keep said license in full force and effect during the term hereof. Agent / Broker shall promptly notify the Company of the initiation of any disciplinary proceedings against it or against any of its principal persons or

employees relating to any license issued to any such person by the California Insurance Commissioner.

Agent / Broker represents and warrants that he/she has never suffered the loss, suspension or termination of any license issued by any governmental authority in connection with the sale of any type of insurance, prepaid health care, hospital or professional benefits agreement, and that he/she has never been convicted of a crime involving moral turpitude.

2. Agent / Broker agrees to comply with the Company's rules and regulations relating to the completion and submission of applications for coverage under Company's Group and Individual and Family Plan Programs and, as a material part of the consideration for the making of this Agreement by the Company, agrees that he/she will make no representation whatsoever with respect to the nature or scope of the benefits of the Company's memberships except through and by means of the written material prepared and furnished to Agent / Broker for that purpose by the Company. Agent / Broker shall have no authority to and will not purport to make any oral or written alteration, modification or waiver of any of the terms or conditions applicable to such memberships.

Agent / Broker warrants that he/she will diligently and to the best of his/her ability ensure that the facts set forth by an applicant in the applications that Agent / Broker solicits are true and correct. Agent / Broker further warrants that he/she will fully inform each applicant that Company will rely solely upon these representations in rejecting, conditionally accepting or contracting with applicant, that the subsequent discovery by Company of material facts known by applicant and either not disclosed or misrepresented on the application can result in the rescission or cancellation by Company of any contract entered into in reliance thereon. Agent / Broker further agrees and understands that applicant shall not be accepted for coverage under the Company's Group and Individual and Family Plan Programs, unless and until the applications are reviewed and approved by the Company.

Should Agent / Broker have access to Protected Health Information (PHI) or Individually Identifiable Health Information (IIHI), Agent / Broker agrees to protect any PHI or IIHI in its possession as required under the applicable HIPAA privacy regulations and in accordance with the Company's Notice of Privacy Practices.

Should Agent / Broker accept funds of employer groups and subscribers in the form of checks made payable to Company, Agent / Broker shall forward such checks to Company by the close of the business day following receipt thereof.

Agent / Broker shall not, except at Agent / Broker's own expense, voluntarily make any payment, assume any liability or incur any expense on Company's behalf, or otherwise bind the Company in any way without the prior written consent of Company.

3. Agent / Broker shall be entitled to receive from the Company a commission based on the premiums paid and subject to compliance with the terms of this Agreement, including the Commission Schedules. Commissions shall be paid to the Agent / Broker by the Company subject to the latter's acceptance and approval of applications for coverage and timely receipt of initial and periodic payment of subscription charges as remitted by the employer or policyholder.

Agent / Broker shall perform services in connection with pertinent terms of group agreements issued to employers in a manner satisfactory to the Company.

4. Agent / Broker agrees that the Company shall have the right to amend the Agreement and Commission Schedules as it deems appropriate. Modifications and amendments to the Agreement and Commission Schedules shall become effective on the date set forth in any such modification, amendment or endorsement

or upon the date the Agent / Broker receives notification of the Amendment or replacement Commission Schedule as defined below, whichever is earlier. Agent / Broker will be deemed to have received notification upon the date his/her office signs a certified or registered return receipt of said notification or the expiration of seven (7) days from the United States Post Office post mark date of mailing to him/her by the Company, whichever is earlier.

Notwithstanding the above, modification or amendment of the Commission Schedule shall not apply to commissions payable on subscription charges received by the Company for Group and Individual and Family Plan Programs contracts issued prior to the effective date of the modification or amendment. Modified or amended Commission Schedules shall apply prospectively only to new Group and Individual and Family Plan Programs contracts applications submitted to the Company by Agent / Broker. Commissions for Group and Individual and Family Plan Programs contracts issued prior to the effective date of any modified or amended Commission Schedule shall be governed by the Agent / Broker Agreement and Commission Schedule in effect at the time of issuance of said Group and Individual and Family Plan Programs contracts.

Commissions shall be payable during the calendar month following the month of receipt by the Company of the respective subscription charges on which the commissions are payable. If a subscription charge adjustment is made for any period, then a corresponding adjustment shall be made in the Agent / Broker's commission.

5. Any indebtedness of Agent / Broker to the Company shall be a first lien against any commission due to said Agent / Broker or his / her representative or assignee under this Agreement. Such commission shall be applied to liquidate such indebtedness.
6. Agent / Broker may not assign this Agreement or any rights hereunder, or delegate or subcontract Agent / Broker's obligations hereunder, without the prior written consent of the Company. The Company may assign this Agreement upon written notice to Agent / Broker.
7. The Company reserves the right to reject any and all applications submitted by Agent / Broker, to discontinue writing or alter the Group and Individual and Family Plan programs offered.
8. If the Company shall cancel or rescind a Group or Individual and Family Plan Programs contract handled by the Agent / Broker and return the premium charges paid thereon, the Agent / Broker shall repay the Company, on demand, the amount of commissions received on subscription charges returned. However, in no event shall the Agent / Broker be responsible for repayment of commissions received on any rescinded contract in an amount more than that paid on first year's premium charges.
9. Agent / Broker shall have no claim to commissions except as herein provided. Unless Agent / Broker was given prior written authorization by Company, he / she is not entitled to reimbursement for any expenses.
10. All printed collateral, applications and sales literature that the Company may furnish to the Agent / Broker shall remain the property of the Company, subject at all times to its control and shall be returned to the Company upon demand.
11. All funds received by Agent / Broker for the account of the Company shall at all times be segregated from the assets of the Agent / Broker and shall, within one (1) business day of receipt by Agent / Broker, be promptly deposited into a trust account in a State or Federal bank, authorized to do business in California and insured by an appropriate federal insuring agency. All such funds shall be transmitted to the Company by Agent / Broker within five (5) business days after receipt of such funds by Agent / Broker.
12. If Company receives notice from the Employer Group of termination

of its current Broker of Record, commission for that Agent/Broker will cease for that Group on the last day of the month during which notification was received. If the Employer Group appoints a new Broker of Record who has an executed Agent/Broker Agreement with Company, the new Agent/Broker will earn commission commencing on the first day of the month following receipt of notification.

13. The term of this Agreement shall be one (1) year, subject to the termination provisions set forth in Article 14 of this Agreement and subject to the right of the Company to amend or modify the Commission Schedule as set forth in Article 4 of this Agreement. Thereafter, this Agreement shall renew automatically for additional one-year terms until terminated by either party pursuant to Article 14 hereof.
14. This Agreement may be terminated at any time by either party giving ten (10) days prior written notification of termination to the other. Written notification of termination shall be delivered in person or by certified mail with return receipt requested. In the case of the Agent/Broker, notice shall be effective if given to his/her last known address as shown on the records of the Company. In the case of notification to the Company, to Health Net - Broker Relations, P.O. Box 9103 Van Nuys, California 91409-9103. The effective date of termination shall be the tenth day following the date of mailing the notice, unless said notice specifies and the parties agree to a longer period of time. In the event of termination without cause as provided in this Article, the commissions heretofore secured by the Agent/Broker shall continue to be paid to the Agent/Broker up to the date the group or subscriber terminates.

Notwithstanding any other provision of this Article 14, this Agreement may be terminated for cause. If this Agreement is terminated for cause, any and all compensation and commissions shall cease to be due and payable to Agent/Broker following the effective date of the termination of this Agreement for cause. The following acts or omissions by Agent/Broker shall constitute a sufficient basis for termination for cause: (1) fraud, (2) embezzlement, (3) willful violation of any law or any ruling of the State or applicable regulatory agency, (4) misrepresentation in any representation or warranty in this Agreement, whether or not the misrepresentation was knowing and willful, (5) non-disclosure or misrepresentation of group or subscriber information or other material facts, (6) failure to comply with Agent/Broker obligations under the Agreement.

15. Agent/Broker shall keep full and complete records of all transactions pertaining to this Agreement and any and all other records pertaining to memberships submitted and accepted hereunder and any and all other records that may be required by any governmental entity or regulatory agency in connection with Agent/Broker's relationship with the Company, its enrollees, and the public. Agent/Broker shall preserve all books and records for a period of not less than five (5) years; the first two (2) years of which shall be in an easily accessible place at the offices of the Agent/Broker. Thereafter, such records may be warehoused or stored, subject to their availability to the Company and to the Department of Managed Health Care within five (5) days of request thereof.
16. When an Agent/Broker creates advertising, which includes, but is not limited to, print advertising, broadcast graphics, direct mail, business cards and Internet address, posting or links, Agent/Broker agrees to comply with the Company's logo usage guidelines. Any inappropriate use of the Company logo may be considered a material breach of this Agreement. The guidelines require that such advertisements;

- A. Only feature Company information;
- B. Indicate directly after Agent/Broker name, that Agent/Broker is an "authorized agent" and include the Agent/Broker's DOI Life Agent license number;

C. Adhere to the following requirements;

- 1) Company logo must appear in the ad and must, at a minimum, be the same size as any other logos that may appear in the advertisement;
- 2) Company logo may only be used to market plans sold by the Company;

D. The advertising may not represent that the Agent/Broker and the Company are one and the same or that any employee – employer relationship exists. Furthermore, there can be no implication of Company's ownership of Agent/Broker's agency or business; and

E. In Yellow or White Pages directory print advertising, listing must be listed under Agent/Broker's name, include the designation as either an "Authorized Agent of Health Net", or "Independent Agent of Health Net", and the Company name must appear on a separate line.

Agent/Broker may use the Company logo on its web site as a link to Company's web site. Any other use of Company logo on the Agent/Broker's web site must be approved by Company prior to its use.

17. Agent/Broker agrees to indemnify, defend, and save harmless the Company from any and all claims, liability, loss, cost, damage, or expense for, or on account of injury to or death of persons, damage to, destruction or loss of property occurring by reason of any misfeasance or nonfeasance by the Agent/Broker or Agent/Broker's failure to conform to the provisions of this Agreement. And without limiting the generality of the foregoing, further agrees to reimburse the Company for any expenses which it may incur in enforcing the Agent/Broker's obligations hereunder, including but not limited to court costs and attorney's fees. The obligations of Agent/Broker to indemnify the Company shall survive the termination of the Agreement.
18. This Agreement shall become effective when and only when it has been executed by the Agent/Broker and approved by the Company. This Agreement contains the entire of the Agreement of the parties with respect to the subject matter hereof. No additions, amendments, modifications or waivers of any of the provisions of this Agreement shall be valid unless in writing and signed by a duly authorized officer of the Company.
19. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto.
20. Agent/Broker shall comply with and shall cause its principal persons and employees to comply with all applicable provisions of the Knox- Keene Act and the rules thereunder.
21. Agent/Broker shall at all times maintain Errors and Omissions insurance in amounts consistent with industry standards, but no less than \$1,000,000 per occurrence and \$1,000,000 aggregate limit of all claims filed in a policy year for Agent/Broker and its employees and agents. Upon the execution of this Agreement, and no less than annually thereafter, Agent/Broker shall provide Company with written proof of same.
22. Binding/Mandatory Arbitration: The parties agree to meet and confer in good faith to resolve any problems or disputes that may arise under this Agreement. Such good faith meet and confer shall be a condition precedent to the filing of any arbitration demand by either party. In addition, should the parties, prior to submitting a dispute to arbitration, desire to utilize other impartial dispute settlement techniques such as mediation or fact-finding, a joint request for such services may be made to the American Arbitration Association ("AAA"), Judicial Arbitration and Mediation Services ("JAMS"). Or the parties may initiate such other procedures as they may mutually agree upon at such time.

The parties further agree that any controversy or claim arising out of, or relating to this Agreement, or the breach thereof, whether involving a claim in tort, contract, or otherwise, shall be settled by final and binding arbitration, upon the motion of either party, to arbitration under the appropriate rules of the AAA or JAMS, as agreed by the parties. The arbitration shall be conducted in Sacramento, Los Angeles or San Francisco, California by a single neutral arbitrator who is licensed to practice law. The written demand shall contain a detailed statement of the matter and facts and include copies of all related documents supporting the demand. The party seeking arbitration must initiate arbitration within six (6) months after the alleged controversy or claim giving rise to the dispute occurred, by submitting a written demand to the other party. The failure to initiate arbitration within that period shall conclusively mean the complaining party shall be barred forever from initiating such proceedings as to the controversy or claim giving rise to the dispute.

All such arbitration proceedings shall be administered by the AAA or JAMS, as agreed by the parties; however, the arbitrator shall be

bound by applicable state and federal law, and shall issue a written opinion setting forth findings of fact and conclusions of law. The parties agree that the decision of the arbitrator shall be final and binding as to each of them. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The arbitrator shall have no authority to make material errors of law or to award punitive damages or to add to, modify, or refuse to enforce any agreements between the parties. The arbitrator shall make written findings of fact and conclusions of law and shall have no authority to make any award which could not have been made by a court of law. The party against whom the award is rendered shall pay any monetary award and/or comply with any other order of the arbitrator within sixty (60) days of the entry of judgment on the award. The parties waive their right to a jury or court trial.

In all cases submitted to arbitration, the parties agree to share equally in paying the administrative fee as well as the arbitrator's fee, if any, unless otherwise assessed by the arbitrator. The filing fees shall be advanced by the initiating party subject to final apportionment by the arbitrator in an award.

 (Please Print)
 Licensed Agent / Broker Name

 Authorized Signature

 Date Signed

COMMISSION SCHEDULE

The Company agrees to pay Agent/Broker commissions in accordance with the schedule below and in the manner and on the terms and conditions set forth in the Agent/Broker Agreement and Commission Schedule, on subscription charges paid in cash to the Company for Employer Group Agreements issued on or after the Commission Schedule effective date set forth below, and for which Agent/Broker continues to be designated by the Employer Group as Broker of Record.

Exhibit A LARGE GROUP HMO, SELECT (POS), ELECT (POS), Elect Open Access COMMISSION SCHEDULE			
ANNUALIZED PREMIUM			PERCENTAGE
0	—	\$ 50,000	6%
50,001	—	100,000	4%
100,001	—	300,000	3%
300,001	—	500,000	2%
500,001	—	750,000	1%
750,001	—	1,000,000	.5%
1,000,001	—	2,000,000	.2%
2,000,001		and over	.1%

Exhibit B SMALL GROUP – HMO, SELECT (POS), ELECT (POS), Elect Open Access COMMISSION SCHEDULE			
7% Flat commission on monthly premiums received (good for the life of the account) applies only to groups effective February 1, 2004 and thereafter , with annualized premiums of \$500,000.00 or less. Any Small Group annualized premium above this range is negotiable.			
ANNUALIZED PREMIUM			PERCENTAGE
0	—	\$ 500,000	7.00%
500,001	—	or more	negotiable

Commissions for in-force Employer Groups, with effective dates on and before January 31, 2004 , will continue to be paid according to the schedule (including the one below) in effect at the time the Employer Groups contracted with Health Net of California, Inc.			
ANNUALIZED PREMIUM			PERCENTAGE
0	—	\$ 30,000	10.00%
30,001	—	50,000	6.00%
50,001	—	100,000	3.00%
100,001	—	250,000	1.65%
250,001	—	500,000	1.25%
500,001	—	1,000,000	.80%
1,000,001	—	or more	negotiable

Exhibit C SENIORITY PLUS HMO AND POS

Group Seniority Plus (available in all Health Net service areas)	\$5.00 PMPM
Individual Seniority Plus (available in all Health Net service areas)	New sales - Not Available * Renewal - \$12.00 PMPM

* **Compensation for new sales** of Individual Seniority Plus plan contracts effective on and after October 1, 2005, is not available under this Agreement. An Agent/Broker interested in selling and receiving commission for new Individual Seniority Plus contracts must execute a separate Medicare Broker Agreement with Health Net's Senior Products Division.

Renewal Commissions

Renewal compensation on Individual Seniority Plus contracts effective on or before September 30, 2005, will continue per the requirements set forth in the following paragraphs:

** \$12 per member per month (PMPM) commission is subject to the following **terms and conditions**:

- Commissions are payable for up to a maximum of six (6) continuous years from the member's original Individual Seniority Plus contract's effective date. Commissions will cease upon any interruption in the member's enrollment during the six years.
- \$12 PMPM commission will continue to be payable for members who maintain their enrollment but relocate to another Individual Seniority Plus county during the six years.
- \$12 PMPM commission will terminate for members who maintain their enrollment but relocate to a non-Individual Seniority Plus county during the six years, effective on the date of such relocation.
- Individual Seniority Plus is not subject to, but does contribute to, any Health Net six (6) subscriber-minimum threshold requirement for renewal commissions.
- If members do not pay their full monthly premiums, including any buy-up option premiums, commissions will be calculated according to the following formula, with adjustment for any later payment of the balance due for that period.

$$\text{Commission} = \frac{\text{Premium received from Member}}{\text{Required Monthly Standard and any Buy-Up Premiums}} \times \$12.00 \text{ PMPM}$$

Exhibit D INDIVIDUAL AND FAMILY PLAN HMO, POS / Elect Open Access COMMISSION SCHEDULE (New and Renewal Accounts)

Compensation for each sale of a preferred individual health insurance plan contract, effective on or after January 1, 2005, produced by Agent/Broker shall, in the first year of any such sale, be 20% of premium received by Company and 10% of premium received in the second year and thereafter.

To be eligible to receive commissions for the second year and beyond on sales of Individual & Family Plan contracts (herein after referred to as Affected Subscriber contracts in this Exhibit D), with an original effective date on or after December 1, 1999, Agent/Broker must meet the minimum requirements set forth in the following paragraph:

- (1) As of month thirteen (13) and thereafter following the sale of an Affected Subscriber contract that commenced on or after December 1, 1999 so long as this Agreement remains in effect, Agent/Broker's book of contracts shall include a minimum of six (6) Individual subscribers where the original applications were solicited and submitted by Agent/Broker, accepted, contracts were issued therefor, and premiums paid on or before bill due date.
- (2) Credit toward reaching the six (6) Individual subscriber minimum will include all Affected Subscriber, Individual Seniority Plus, Individual Medicare Supplement and Individual Medicare Advantage PPO plan contracts where the Agent/ Broker is designated as the Broker of Record.
- (3) Alternatively, the minimum requirement under (1) of this Exhibit will be waived for as long as the Agent/Broker is the Broker of Record on at least one (1) Large Group (51+ eligible subscribers) or at least one (1) Small Group (2-50 eligible subscribers) that is enrolled in a Health Net of California, Inc. or Health Net Life Insurance Company medical plan.
- (4) Commissions under this Exhibit shall not be paid retroactively for any period prior to the effective date of this Agreement during which Agent/Broker qualified under the minimum requirements set out in (1) and (3) of this Exhibit.
- (5) Commissions paid for Individual HIPAA Guarantee Issue plan contracts shall be paid in an amount no less than the amount of commissions paid for the same plan when issued on an underwritten basis to non-HIPAA enrollees.

Commission will be paid by Company to Agent/Broker for each month that Company continues to receive premium, provided the Agreement continues in full force and effect. Agent/Broker shall not be entitled to payment of commissions on any individual covered under COBRA Continuation of a group plan or any individual conversion plan.

HEALTH NET LIFE INSURANCE COMPANY

AGENT / BROKER AGREEMENT AND COMMISSION SCHEDULE

THIS AGREEMENT, made this _____ day of _____, 200 _____

by and between Health Net Life Insurance Company, hereafter called the "Company," and _____

hereafter called the "Agent/Broker":

WITNESSETH:

The Company hereby agrees to consider applications for coverage under any and all contracts ("Company's Group Health, Individual and Family Plan and Life Programs") as the Company may distribute to Agent/Broker from time to time, excluding those group programs commonly known as Conversion and COBRA, produced by Agent/Broker, subject to the following terms and conditions:

1. Agent/Broker is independently engaged in business as an insurance broker and/or agent. This business includes the solicitation of applications for memberships in the Company's Group, Individual and Family Plan and Life Programs and the collection of dues in respect to such memberships. Agent/Broker shall be free to determine for himself / herself the persons from whom he / she will solicit applications as well as the time and place of solicitation. Agent/Broker hereby agrees to appointment by Company with the California Department of Insurance.

Agent/Broker agrees to make and file all reports and returns required or demanded by any Federal or State statute or regulation now or hereafter in force and to pay all contributions or other sums that may be levied or assessed upon or in connection with the commissions paid to Agent/Broker by the Company in accordance with the provisions of this Agreement and its Exhibits.

Agent/Broker represents that he/she is duly licensed under the laws of the State of California as an insurance broker and/or agent licensed to transact life insurance and agrees to keep said license in full force and effect during the term hereof. Agent/Broker shall upon renewal of said license continually provide company during the terms of this agreement with copies of current licenses required by this Contract. Agent/Broker shall promptly notify the Company of the initiation of any disciplinary proceedings against it or against any of its principal persons or employees relating to any license issued to any such person by the California Insurance Commissioner.

Agent/Broker represents and warrants that he/she has never suffered the loss, suspension or termination of any license issued by any governmental authority in connection with the sale of any type of insurance, prepaid health care, hospital or professional benefits agreement, and that he/she has never been convicted of a crime involving moral turpitude.

2. Agent/Broker agrees to comply with the Company's rules and regulations relating to the completion and submission of applications for coverage under Company's Group, Individual and Family Plan and Life Programs and, as a material part of the consideration for the making of this Agreement by the Company, agrees that he/she will make no representation whatsoever with respect to the nature or scope of the benefits of the Company's memberships except through and by means of the written material prepared and furnished to Agent/Broker for that purpose by the Company and also that Agent/Broker shall have no authority to and will not purport to make any oral or written alteration, modification or waiver of any of the terms or conditions applicable to such insured.

Agent/Broker warrants that he/she will diligently and to the best of his/her ability ensure that the facts set forth by an applicant in

the applications, that Agent/Broker solicits are true and correct. Agent/Broker further warrants that he/she will fully inform each applicant that the Company will rely solely upon these representations in rejecting, conditionally accepting or contracting with applicant, that the subsequent discovery by Company of material facts known by applicant and either not disclosed or misrepresented on the application can result in the rescission or cancellation by the Company of any contract entered into in reliance thereon. Agent/Broker further agrees and understands that applicant shall not be accepted for coverage under the Company's Group and Individual and Family Plan Programs, unless and until the applications are reviewed and approved by the Company.

Should Agent/Broker accept funds of employer groups and subscribers in the form of checks made payable to Company, Agent/Broker shall forward such checks to Company by the close of the business day following receipt thereof.

Should Agent/Broker have access to Protected Health Information (PHI) or Individually Identifiable Health Information (IIHI), Agent/Broker agrees to protect any PHI or IIHI in its possession as required under the applicable HIPAA privacy regulations and in accordance with the Company's Notice of Privacy Practices.

Agent/Broker shall not, except at Agent/Broker's own expense, voluntarily make any payment, assume any liability or incur any expense on Company's behalf, or otherwise bind the Company in any way without the prior written consent of Company.

3. Agent/Broker shall be entitled to receive from the Company a commission based on the premiums paid and subject to compliance with the terms of this Agreement, including the attached Commission Schedule. Commissions shall be paid to the Agent/Broker by the Company subject to the latter's acceptance and approval of applications for coverage and timely receipt of initial and periodic payment of subscription charges as remitted by the employer or policyholder.

Agent/Broker shall perform services in connection with pertinent terms of group agreements issued to employers in a manner satisfactory to Company.

4. Agent/Broker agrees that the Company shall have the right to amend the Agreement and Commission Schedules as it deems appropriate. Modifications and amendments to the Agreement and Commission Schedules shall become effective on the date set forth in any such modification, amendment or endorsement or upon the date the Agent receives notification of the Amendment or replacement Commission Schedule as defined below, whichever is earlier. Agent/Broker will be deemed to have received notification upon the date his/her office signs a certified or registered return receipt of said notification or the expiration of seven (7) days from the United States Post Office post mark date of the mailing to him/her by the Company, whichever is earlier.

Notwithstanding the above, modification or amendment of the Commission Schedule shall not apply to commissions payable on premium charges received by the Company for Group, Individual and Family Plan and Life Programs contracts issued prior to the effective

date of the modification or amendment. Modified or amended Commission Schedules shall apply prospectively only to new Group, Individual and Family Plan and Life Programs contracts applications submitted to the Company by Agent / Broker. Commissions for Group, Individual and Family Plan and Life Programs contracts issued prior to the effective date of any modified or amended Commission Schedule shall be governed by the Agent/Broker Agreement and Commission Schedule in effect at the time of issuance of said Group, Individual and Family Plan and Life Programs contracts.

Commissions shall be payable during the calendar month following the month of receipt by the Company of the respective premium charges on which the commissions are payable. If a subscription charge adjustment is made for any period, then a corresponding adjustment shall be made in the Agent/Broker's commission.

5. Any indebtedness of Agent/Broker to the Company shall be a first lien against any commission due to said Agent/Broker or his / her representative or assignee under this Agreement. Such commission shall be applied to liquidate such indebtedness.
6. Agent / Broker may not assign this Agreement or any rights hereunder, or delegate or subcontract Agent/Broker's obligations hereunder, without the prior written consent of the Company. The Company may assign this Agreement upon written notice to Agent / Broker.
7. The Company reserves the right to reject any and all applications submitted by the Agent/Broker, to discontinue writing or alter the group and Individual and Family Plan programs offered.
8. If the Company shall cancel or rescind a Group, Individual and Family Plan or Life Programs contract handled by the Agent / Broker and return the premium charges paid thereon, the Agent / Broker shall repay the Company, on demand, the amount of commissions received on premium charges returned. However, in no event shall the Agent/Broker be responsible for repayment of commissions received on any rescinded contract in an amount more than that paid on first year's premium charges.
9. Agent / Broker shall have no claim to commissions except as herein provided. Unless Agent / Broker was given prior written authorization by Company, he / she is not entitled to reimbursement for any expenses.
10. All printed collateral, applications and sales literature that the Company may furnish to the Agent / Broker shall remain the property of the Company, subject at all times to the Company's control and shall be returned to the Company upon demand.
11. All funds received by Agent/Broker for the account of the Company shall at all times be segregated from the assets of the Agent / Broker and shall, within one (1) business day of receipt by Agent / Broker, be promptly deposited into a trust account in a state or federal bank, authorized to do business in California and insured by an appropriate federal insuring agency. All such funds shall be transmitted to the Company by Agent / Broker within five (5) business days after receipt of such funds by Agent / Broker.
12. If Company receives notice from the employer group of termination of its current Broker of Record, commission for that Agent/Broker will cease for that group on the last day of the month during which notification was received. If the employer group appoints a new Broker of Record who has an executed Agent / Broker Agreement with Company, the new Agent/Broker will earn commission commencing on the first day of the month following receipt of notification.
13. The term of this Agreement shall be one (1) year, subject to the termination provisions set forth in Article 14 of this Agreement and subject to the right of the Company to amend or modify the Commission Schedule as set forth in Article 4. Thereafter, this Agreement shall renew automatically for additional one-year

terms until terminated by either party pursuant to Article 14 hereof.

14. This Agreement may be terminated at any time by either party giving ten (10) days prior written notification of termination to the other. Written notification of termination shall be delivered in person or by certified mail with return receipt requested. In the case of the Agent / Broker, notice shall be effective if given to his / her last known address as shown on the records of the Company. In the case of notification to the Company, to Health Net Life Insurance - Broker Relations, P.O. Box 9103 Van Nuys, California 91409-9103. The effective date of termination shall be the tenth day following the date of mailing the notice, unless said notice specifies and the parties agree to a longer period of time. In the event of termination without cause as provided in this Article, the commissions heretofore secured by the Agent / Broker shall continue to be paid to the Agent / Broker up to the date the group or subscriber terminates.

Notwithstanding any other provision of this Article 14, this Agreement may be terminated for cause. If this Agreement is terminated for cause, any and all compensation and commissions shall cease to be due and payable to Agent/Broker following the effective date of the termination of this Agreement for cause. The following acts or omissions by Agent/Broker shall constitute a sufficient basis for termination for cause: (1) fraud, (2) embezzlement, (3) willful violation of any law or any ruling of the State or applicable regulatory agency, (4) misrepresentation in any representation or warranty in this Agreement, whether or not the misrepresentation was knowing and willful, (5) non-disclosure or misrepresentation of group or subscriber information or other material facts, (6) failure to comply with Agent/Broker obligations under the Agreement.

15. Agent/Broker shall keep full and complete records of all transactions pertaining to this agreement and any and all other records pertaining to memberships submitted and accepted hereunder and any and all other records that may be required by any governmental entity or regulatory agency in connection with Agent / Broker's relationship with the Company, its enrollees, and the public. Agent/Broker shall preserve all books and records for a period of not less than five (5) years; the first (2) years of which shall be in an easily accessible place at the offices of Agent / Broker. Thereafter, such records may be warehoused or stored, subject to their availability to the Company and to the Commissioner of Insurance within five (5) days of a request thereof.
16. When an Agent/Broker creates advertising, which includes, but is not limited to, print advertising, broadcast graphics, direct mail, business cards and Internet address, postings or links, Agent / Broker agrees to comply with the Company's logo usage guidelines. Any inappropriate use of the Company logo may be considered a material breach of this Agreement. The guidelines require that such advertisements;
 - A. Only feature Company information;
 - B. Indicate directly after Agent/Broker name, that Agent/Broker is an "authorized agent" and include the Agent/Broker's DOI Life Agent license number;
 - C. Adhere to the following requirements;
 - 1) Company logo must appear in the ad and must, at a minimum, be the same size as any other logos that may appear in the advertisement;
 - 2) Company logo may only be used to market plans sold by the Company;
 - D. The advertising may not represent that the Agent/Broker and the Company are one and the same or that any employee – employer relationship exists. Furthermore, there can be no implication of Company's ownership of the Agent / Broker's

agency or business; and

E. In Yellow or White Pages directory print advertising, listing must be listed under Agent/Broker's name, include the designation as either an "Authorized Agent/Broker of Health Net" or "Independent Agent of Health Net", and the Company name must appear on a separate line.

Agent/Broker may use the Company logo on its web site as a link to Company's web site. Any other use of Company logo on the Agent/Broker's web site must be approved by Company prior to its use.

- 17. Agent/Broker agrees to indemnify, defend, and save harmless the Company from any and all claims, liability, loss, cost, damage, or expense for, or on account of injury to or death of persons, damage to, destruction or loss of property occurring by reason of any misfeasance or nonfeasance by the Agent/Broker or Agent/Broker's failure to conform to the provisions of this Agreement. And without limiting the generality of the foregoing, further agrees to reimburse the Company for any expenses which it may incur in enforcing the Agent/Broker's obligations hereunder, including but not limited to court costs and attorney's fees. The obligations of Agent/Broker to indemnify the Company shall survive the termination of the Agreement.
- 18. This Agreement shall become effective when and only when it has been executed by the Agent/Broker and approved by the Company. This Agreement contains the entire of the Agreement of the parties with respect to the subject matter hereof. No additions, amendments, modifications or waivers of any of the provisions of this Agreement shall be valid unless in writing and signed by a duly authorized officer of the Company.
- 19. This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of the parties hereto.
- 20. Agent/Broker shall comply with and shall cause its principal persons and employees to comply with all applicable California statutes and the regulations thereunder.
- 21. Agent/Broker shall at all times maintain Errors and Omissions insurance in amounts consistent with industry standards, but no less than \$1,000,000 per occurrence and \$1,000,000 aggregate limit of all claims filed in a policy year for Agent/Broker and its employees and agents. Upon the execution of this Agreement, and no less than annually thereafter, Agent/Broker shall provide Company with written proof of same.
- 22. Binding/Mandatory Arbitration: The parties agree to meet and confer in good faith to resolve any problems or disputes that may arise under this Agreement. Such good faith meet and confer shall

be a condition precedent to the filing of any arbitration demand by either party. In addition, should the parties, prior to submitting a dispute to arbitration, desire to utilize other impartial dispute settlement techniques such as mediation or fact-finding, a joint request for such services may be made to the American Arbitration Association ("AAA"), Judicial Arbitration and Mediation Services ("JAMS"), or the parties may initiate such other procedures as they may mutually agree upon at such time.

The parties further agree that any controversy or claim arising out of or relating to this Agreement, or the breach thereof, whether involving a claim in tort, contract, or otherwise, shall be settled by final and binding arbitration, upon the motion of either party, to arbitration under the appropriate rules of the AAA or JAMS, as agreed by the parties. The arbitration shall be conducted in Sacramento, Los Angeles or San Francisco, California by a single neutral arbitrator who is licensed to practice law. The written demand shall contain a detailed statement of the matter and facts and include copies of all related documents supporting the demand.

The party seeking arbitration must initiate arbitration within six (6) months after the alleged controversy or claim giving rise to the dispute occurred, by submitting a written demand to the other party. The failure to initiate arbitration within that period shall conclusively mean the complaining party shall be barred forever from initiating such proceedings as to the controversy or claim giving rise to the dispute.

All such arbitration proceedings shall be administered by the AAA or JAMS, as agreed by the parties; however, the arbitrator shall be bound by applicable state and federal law, and shall issue a written opinion setting forth findings of fact and conclusions of law. The parties agree that the decision of the arbitrator shall be final and binding as to each of them. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The arbitrator shall have no authority to make material errors of law or to award punitive damages or to add to, modify, or refuse to enforce any agreements between the parties. The arbitrator shall make written findings of fact and conclusions of law and shall have no authority to make any award which could not have been made by a court of law. The party against whom the award is rendered shall pay any monetary award and/or comply with any other order of the arbitrator within sixty (60) days of the entry of judgment on the award. The parties waive their right to a jury or court trial.

In all cases submitted to arbitration, the parties agree to share equally in paying the administrative fee as well as the arbitrator's fee, if any, unless otherwise assessed by the arbitrator. The filing fees shall be advanced by the initiating party subject to final apportionment by the arbitrator in an award.

(Please Print)
Licensed Agent / Broker Name

Authorized Signature

Date Signed

COMMISSION SCHEDULE

The Company agrees to pay Agent/Broker commissions in accordance with the schedule below and in the manner and on the terms and conditions set forth in the Agent/Broker Agreement and Commission Schedule, on subscription charges paid in cash to the Company for Employer Group Agreements issued on or after the Commission Schedule effective date set forth below and for which Agent/Broker continues to be designated by the Employer Group as Broker of Record.

Exhibit A LARGE GROUP – FLEX NET (Indemnity), PPO, and EPO COMMISSION SCHEDULE			
ANNUALIZED PREMIUM			PERCENTAGE
0	–	\$ 50,000	6%
50,001	–	100,000	4%
100,001	–	300,000	3%
300,001	–	500,000	2%
500,001	–	750,000	1%
750,001	–	1,000,000	.5%
1,000,001	–	2,000,000	.2%
2,000,001		and over	.1%

Exhibit B SMALL GROUP – PPO and FLEX NET (Indemnity) COMMISSION SCHEDULE			
7% Flat commission on monthly premiums received (good for the life of the account) applies <u>only</u> to groups effective February 1, 2004 and thereafter , with annualized premiums of \$500,000.00 or less. Any Small Group annualized premium above this range is negotiable.			
ANNUALIZED PREMIUM			PERCENTAGE
0	–	\$ 500,000	7.00%
500,001	–	and over	negotiable

Commissions for in-force Employer Groups, with effective dates **on and before January 31, 2004**, will continue to be paid according to the schedule (including the one below) in effect at the time the Employer Groups contracted with Health Net of California, Inc.

ANNUALIZED PREMIUM			PERCENTAGE
0	–	\$ 30,000	10.00%
30,001	–	50,000	6.00%
50,001	–	100,000	3.00%
100,001	–	250,000	1.65%
250,001	–	500,000	1.25%
500,001	–	1,000,000	.80%
1,000,001	–	or more	negotiable

Exhibit C Group Life Insurance (Large and Small Group) COMMISSION SCHEDULE			
ANNUAL PREMIUM			COMMISSION LEVEL (first year and renewal)
First	\$	10,000	10%
Next		10,000	8%
Next		10,000	5%
Next		20,000	4%
Next		100,000	2%
Next		600,000 or more	1%

Exhibit D INDIVIDUAL AND FAMILY PLAN PPO COMMISSION SCHEDULE (New and Renewal Accounts)	
<p>Compensation for each sale of a preferred individual health insurance plan contract, effective on or after January 1, 2005, produced by Agent/Broker shall, in the first year of any such sale, be 20% of premium received by Company and 10% of premium received in the second year and thereafter.</p> <p>Compensation for each sale of a Modified Issue Individual health insurance plan contract produced by Agent/Broker shall, in the first year of any sale, be 20% of the "preferred" premium received and 10% of the "preferred" premium received in the second year and thereafter.</p> <p>To be eligible to receive commissions for the second year and beyond on sales of Individual & Family Plan contracts (herein after referred to as Affected Subscriber contracts in this Exhibit D), with an original effective date on or after December 1, 1999, Agent/ Broker must meet the minimum requirements set forth in the following paragraphs:</p>	

- (1) As of month thirteen (13) and thereafter following the sale of an Affected Subscriber contract that commenced on or after December 1, 1999 so long as this Agreement remains in effect, Agent/Broker's book of contracts shall include a minimum of six (6) Individual subscribers where the original applications were solicited and submitted by Agent/Broker, accepted, contracts were issued therefor, and premiums paid on or before bill due date.
- (2) Credit toward reaching the six (6) Individual subscriber minimum will include all Affected Subscriber, Individual Seniority Plus, Individual Medicare Supplement and Individual Medicare Advantage PPO plan contracts where the Agent/Broker is designated as the Broker of Record.
- (3) Alternatively, the minimum requirement under (1) of this Exhibit will be waived for as long as the Agent/Broker is the Broker of Record on at least one (1) Large Group (51+ eligible subscribers) or at least one (1) Small Group (2-50 eligible subscribers) that is enrolled in a Health Net of California, Inc. or Health Net Life Insurance Company medical plan.
- (4) Commissions under this Exhibit shall not be paid retroactively for any period prior to the effective date of this Agreement during which Agent/Broker qualified under the minimum requirements set out in (1) and (3) of this Exhibit.
- (5) Commissions paid for Individual HIPAA Guarantee Issue plan contracts shall be paid in an amount no less than the amount of commissions paid for the same plan when issued on an underwritten basis to non-HIPAA enrollees.

Commission will be paid by Company to Agent/Broker for each month that Company continues to receive premium, provided the Agreement continues in full force and effect. Agent/Broker shall not be entitled to payment of commissions on any individual covered under COBRA Continuation of a group plan or any individual conversion plan.

Exhibit E

INDIVIDUAL MEDICARE SUPPLEMENT PLAN PROGRAM (New and Renewal Accounts)

Compensation for new sales of Individual Medicare Supplement Plan contracts, effective on or after October 1, 2005, is not available under this Agreement. An Agent/Broker interested in selling and receiving commission for new Individual Medicare Supplement contracts must execute a separate Medicare Broker Agreement with Health Net's Senior Products Division.

Renewal Commissions.

Renewal compensation for each Individual Medicare Supplement Plan contract produced by Agent/Broker effective on or before September 30, 2005, that qualifies for acceptance based upon medical underwriting, shall be 10% of premium received by the Company in the second year and thereafter.

Renewal compensation for each Individual Medicare Supplement Plan contract that qualifies for acceptance based solely on Guarantee Issue applicability, produced by Agent/Broker that becomes effective on or between May 1, 2002 and September 30, 2005, shall be 10% of premium received by the Company in the second year and thereafter.

To be eligible to receive renewal commissions on sales of Individual Medicare Supplement Plan contracts (hereinafter referred to as Affected Subscriber contracts in this Exhibit E), with an original effective date between and including September 1, 2001 and September 30, 2005, Agent/Broker must meet the minimum requirements set forth in the following paragraphs:

- (1) As of month thirteen (13) and thereafter following the sale of an Affected Subscriber contract that commenced on or between September 1, 2001 and September 30, 2005, under this Agreement, Agent/Broker's book of contracts shall include a minimum of six (6) Individual subscribers where the original applications were solicited and submitted by Agent/Broker, accepted, contracts were issued therefor, and premiums paid on or before bill due date.
- (2) Credit toward reaching the six (6) subscriber minimum will include all Affected Subscriber, Individual Seniority Plus, Individual and Family Plan and Individual Medicare Advantage PPO plan contracts where the Agent/Broker is designated as the Broker of Record.
- (3) Alternatively, the minimum requirement under (1) of this Exhibit will be waived for as long as the Agent/Broker is the Broker of Record on at least one (1) Large Group (51+ eligible subscribers) or one (1) Small Group (2-50 eligible subscribers) that is enrolled in a Health Net of California, Inc. or Health Net Life Insurance Company medical plan.
- (4) Commissions under this Exhibit shall not be paid retroactively for any period prior to the effective date of this Agreement during which Agent/Broker did not qualify under the minimum requirements set out in (1) and (3) of this Exhibit.

Commission will be paid by Company to Agent/Broker for each month that Company continues to receive premium, provided the Agreement continues in full force and effect.

Exhibit F**INDIVIDUAL AND FAMILY PLAN LIFE INSURANCE
COMMISSION SCHEDULE**

Compensation for each sale of an Individual Life Insurance Plan contract produced by Agent/Broker shall, in the first year of any such sale, be 15% of premium received by Company and 10% of premium received by the Company in the second year and thereafter.

Exhibit G**LARGE AND SMALL GROUP HEALTH NET DENTAL COMMISSION SCHEDULE
LARGE AND SMALL GROUP HEALTH NET VISION COMMISSION SCHEDULE**

Dental products offered under the trade name "Health Net Dental" are underwritten and administered by either SafeGuard Health Plans, Inc. or SafeHealth Life Insurance Company. Neither SafeGuard Health Plan, Inc. nor SafeHealth Life Insurance Company are affiliates of Health Net of California, Inc. or Health Net Life Insurance Company.

Vision products offered under the trade name "Health Net Vision" are underwritten by Fidelity Security Life Insurance Company and administered by EyeMed Vision Care, LLC. Neither Fidelity Security Life Insurance Company nor EyeMed Vision Care, LLC are affiliates of Health Net of California or Health Net Life Insurance Company

Health Net Dental and Health Net Vision plans are available through Health Net Account Management and must be sold in conjunction with a Health Net medical plan.

Agent/Broker shall not be entitled to commission on any individual coverage issued as a result of conversion of coverage from any group plan.

Agent/Broker shall be deemed a broker of Health Net Dental products and not an agent of Health Net of California, Inc., Health Net Life Insurance Company, SafeGuard Health Plans, Inc. or SafeHealth Life Insurance Company.

Agent/Broker shall be deemed a broker of Health Net Vision products and not an agent of Health Net of California, Inc., Health Net Life Insurance Company or Fidelity Security Life Insurance Company.

DENTAL AND VISION COMMISSION SCHEDULE

PRODUCT	PLAN EFFECTIVE DATES	ANNUALIZED PREMIUM	PERCENTAGE OF PREMIUM
Dental HMO (DHMO)	Before April 1, 2004	all	10.00% flat
Dental PPO (DPPO)	Before April 1, 2004	all	8.00% flat
Vision: Group PPO & Indemnity	Before February 1, 2004	\$0 - \$10,000 \$10,001 or more	10.00% flat 5.00% flat
Dental HMO (DHMO)	On / after April 1, 2004	all	10.00% flat
Dental PPO (DPPO)	On / after April 1, 2004	all	10.00% flat
Vision: Group PPO & Indemnity	On / after February 1, 2004	all	10.00% flat