

Counseling Service Agreement

This Agreement, made and entered into this _____ by _____ and between, _____ hereinafter called the client and _____.

Division of _____ of _____, Michigan, hereinafter called _____, in the matter following:

Whereas, _____ desires to engage _____ as Insurance Consultants for the year beginning 20____, and ending _____ and;

Whereas, _____ are Licensed Insurance Counselors under Michigan Insurance regulations, and desire to provide counseling service on the terms and conditions hereinafter set forth:

Now, therefore, is agreed by and between the parties as follows:

- 1) _____ agrees to provide Property and Casualty Insurance Services as follows:
 - A. Develop Insurance Bid Specifications as requested by client.
 - B. Evaluate the insurance policies as requested by the client, and advise the client on any further questions that should be presented to the underwriters.
 - C. Evaluate endorsements added to the various insurance policies during the course of the policy term, and advise client on possible effects of such amendments.
 - D. Provide the client an evaluation of any insurance proposals that are offered as additions or substitutes for present insurance coverages.
 - E. Participate with the client and the insurance agents in an annual insurance review to help keep the client's insurance program current and up-to-date.
 - F. Provide the client with assistance and advise in handling any claims questions when the client finds extra assistance is necessary to achieve a desirable result.
 - G. Provide the client with risk and insurance counseling service as requested by the client on any special projects.
- 2) The client agrees to pay for services rendered at the rate of \$_____ per hour for consultant's time, including travel time, subject to a minimum charge of \$_____ for any

single service unit. There will be an annual minimum service fee of \$_____ due at inception of this agreement. The first ten (10) hours of service will be debited against this minimum, and subsequent services rendered will then be billed at \$_____ per hour rate. Any fees invoiced in excess of the minimum are due and payable within thirty (30) days of the invoice date.

- 3) It is understood that the service fees may not be waived under any circumstances, and that if any insurance agents' commissions are received by the Counselors in relation to insurance which is the subject of this agreement, that such commission amounts will be disclosed to client. This condition incorporates Michigan Insurance Laws, Section S500.1232, and S500.1234 and S500.1236, a copy of which is attached to this agreement.
- 4) This agreement is binding and will inure to the benefit of client and _____, their successors and assigns.
- 5) This agreement may be terminated by either party by giving thirty (30) days of written notice. Should the client cancel the agreement, the \$_____ minimum fee will be fully earned. If _____ should request cancellation of this agreement, the unearned portion of the \$_____ minimum fee will be returned to the client. Written notice of termination will be mailed to the address named in this agreement.
- 6) Any controversy or claim arising out of or relating to this contract, or breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association in the city of _____, Michigan and judgment upon the award rendered by the arbitrators may be entered into any court having jurisdiction thereof.
- 7) It is further understood by and between the parties, that as Consultants we will make a diligent effort to identify as many insurable risks as possible; we cannot warrant that every risk will be discovered, and therefore, must rely upon your organization to make us aware of any risks of loss that may become known, and thus, help us to provide you with counseling service that is suited to your needs. Further, it is understood and agreed that all risks of financial loss to the client cannot be insured, and therefore, the client agrees to hold Insurance Consultant harmless for all loss and damage from any uninsured loss of every nature.

In witness whereof, the parties hereto have set their hands and seals this _____ day of _____, 20_____.

By

NOTICE: This sample contract should be revised and tailored for specific use by an attorney before execution.

THE INSURANCE CODE OF 1956 (EXCERPT)

Act 218 of 1956

500.1234 Insurance counselor; application for license; forms; examination; investigations and interrogatories; decision; issuance of license; qualifications. [M.S.A. 24.11234]

Sec. 1234. (1) An application for a license to act as an insurance counselor shall be made to the commissioner on forms prescribed by the commissioner.

(2) Within a reasonable time after receipt of a properly completed application form, the commissioner shall subject the applicant to a written examination, and may conduct investigations and propound interrogatories concerning the applicant's qualifications, residence, business affiliations, and any other matter which the commissioner considers necessary or advisable to determine compliance with this chapter, or for the protection of the public. The commissioner shall make a decision on the application within 60 days after receipt of a properly completed application form.

(3) After examination, investigation, and interrogatories, the commissioner shall issue a license to an applicant if the commissioner determines that the applicant possesses reasonable understanding of the provisions, terms, and conditions of the insurance concerning which the applicant will counsel, possesses reasonable understanding of the insurance laws of this state, intends in good faith to act as an insurance counselor, possesses a good business reputation, and possesses good moral character to act as an insurance counselor.

Act 218 of 1956

500.1236 Written agreement between insurance counselor and client. [M.S.A.24.11236]

Sec. 1236. In advance of rendering any service set forth in Section 1232, a written agreement shall be prepared by a counselor, and shall be signed by both the counselor and the client. The agreement shall outline the nature of the work to be performed by the counselor and shall state his fee for the work. The agreement shall clearly state that the counselor's fee may not be waived under any circumstances and disclose that the counselor will receive a commission from the insurer on any insurance placed by the counselor acting as insurance agent. The counselor shall retain a copy of the agreement for not less than 2 years after completion of the services. The copy shall be available to the insurance commissioner.

THE INSURANCE CODE OF 1956 (EXCERPT)

Act 218 of 1956

500.1232 Insurance counselor; license required; use of designation "certified insurance counselor" or "fraternal insurance counselor"; exceptions. [M.S.A. 24.11232]

Sec. 1232. A person shall not audit or abstract policies of insurance or annuities, provide advice, counsel, or opinion with respect to benefits promised, coverage afforded, terms, value, effect, advantages, or disadvantages of a policy of insurance or annuity, nor advertise, solicit business, or hold himself or herself out to the public as an insurance counselor unless he or she is licensed as an insurance counselor. A person other than a licensed counselor shall not use terms such as consultant, consulting services, or any other language in a way which implies that he or she is a licensed insurance counselor. However, this section does not prohibit the use of the copyrighted designation "certified insurance counselor" if the designation is conferred upon a person by the society of certified insurance counselors or the copyrighted designation "accredited advisor in insurance" if the designation is conferred upon a person by the insurance institute of America. The person using the designation "certified insurance counselor" in each instance of usage, shall capitalize the initial letter of each the 3 words. A person shall not employ the words certified insurance counselor generically so as to reasonably lead the public to believe that the person is licensed as an insurance counselor pursuant to Section 1234, if the person is not so licensed. In addition, this section does not prohibit the use of the designation "fraternal insurance counselor" if such designation has been conferred upon a person by the fraternal field managers association. A person who acts as an insurance agent on behalf of a fraternal benefit society and who is also authorized to represent an insurer other than a fraternal benefit society but who is not licensed as an insurance counselor shall not, in connection of the solicitation or procurement of insurance contracts on behalf of that insurer, hold himself, or herself out to the public as a licensed insurance counselor. This section does not prohibit the customary advice offered by a licensed insurance agent nor does this section apply to a person admitted to the practice of law in this state.