

**Advisory Service Agreement
State Insurance Fund**

IN CONSIDERATION OF the State Insurance Fund not paying a commission on Workers' Compensation Insurance coverage _____

(Insured)

(Address)

_____ hereby voluntarily agrees to pay

(P.O. Address)

(Agency Name)

(Agency Address)

advisory service fee based on the earned premium developed under the policy for their participation as consultants, risk managers, obtaining, claims handling and servicing the Workers' Compensation coverage through the State Insurance Fund, based on the schedule of premiums below.

THIS AGREEMENT, effective _____ will remain in effect until the end of the policy year in which _____

(Agency Name)

ceases to act as an insurance representative for this coverage with the State Insurance Fund.

STATE INSURANCE FUND

Insured: _____

Signed by: _____

Agency Name: _____

Signed by: _____

SCHEDULE OF FEE PER \$1,000 OF EARNED PREMIUM

First	\$5,000	@	\$100
Next	\$5,000	@	\$75
Next	\$40,000	@	\$60
Next	\$50,000	@	\$50
Over	\$100,000	@	\$40

These are examples only. Insert your own amounts.

The important thing to remember is to advise the insured of the fee at the time policy is written and to retain the signed Service Agreement for 3 years. (Refer to Sect. 2119 of the New York State Insurance Law.)

Sample Letter

**Memorandum required in accordance with
Section 2119 New York State Insurance Law**

10%* Service Charge

For services rendered in connection with the unusual amount of clerical work, correspondence, and many details to be performed in making application and negotiating for _____
_____ in my behalf through the _____
_____ Insurance Company, and for such other services as may be performed in my behalf in connection with this insurance, it is hereby understood and agreed by me, the undersigned, that I shall pay, and do hereby, a service charge of 10%*, not to exceed \$10.00*, and I designate the broker named below as the "Producer of Record."

It is further understood and agreed by me that his service charge is not a part of the insurance premium, and that it is not returnable once the processing of my application has begun, nor if *any* amount of time, effort and expense has been incurred in my behalf. It is understood and agreed that should I fail to pay the balance of premium, financed or otherwise, that I give producer of record power to request cancellation of policy with Carrier.

Signature of Applicant _____

Witness _____ Date _____

Producer of Record _____

License Number _____

*guideline percentage and dollar amounts

SAMPLE

Service Fee Agreement

In accordance with §2119(c)(1), [insurance broker] enters into a Service Fee Agreement with [insured] for the annual period from _____, during which time the broker will be performing ongoing services for the insured.

This agreement continues upon renewals, however, [the insured] has the right to cancel the agreement within _____ days before the end of each yearly agreement.

[The insured] hereby agrees to pay the [insurance broker] a service fee of _____% (or \$_____) of the annual [insurance company] earned premium, which annual premium is \$_____ after application of the appropriate advanced discount and/or experience modification, including audits. In the event of a refund of premium or credit received by [insurance broker] from [insurance company], [insurance broker] shall pay a proportionate refund to [insured] or apply a proportionate credit against future fees.

Accepted by:

Signature of Principal of Insured

Title

Name of Firm

Address

Phone Number

