

**1993 SS-8 Correspondence with American Family
Pages of Note**

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21	Only place IRS forgot to block out identity...American Family.
27	Copy of letter sent to AmFam agent (see enclosed document)
43	Reference to mandatory meetings
44	Reference to Managers' affidavit
49	Meetings voluntary
53	Brokering business
53	6-month discharge notice
59	Expenses greater than commissions
60	Agent comment about meetings
61	Meeting requirement
63	Copy of EEOC letter in regards to age discrimination.
87	Language changes?
109	Reasons to terminate contract Interpretation given by IRS. Read entire statement, especially last paragraph (111,112,113)

AMERICAN FAMILY IRS
1993 SS-8 CORRESPONDENCE

9344018

MEMORANDUM OF CALL

Previous editions usable

TO: KS

YOU WERE CALLED BY- YOU WERE VISITED BY-

OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

Schedule caterer
May 28 2:00-4:00

RECEIVED BY [Signature] DATE 4/22 TIME 1:37

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6
* U.S. G.P.O. 1990 - 262-080

MEMORANDUM OF CALL

APPROVED

Previous editions usable

TO:

YOU WERE CALLED BY- YOU WERE VISITED BY-

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

re
he will check by his clients & get back to me with several dates for a conference

RECEIVED BY [Signature] DATE 4/20 TIME 2:45

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6
* U.S. G.P.O. 1991 281-781/40011

MEMORANDUM OF CALL

Previous editions usable

TO: KS

YOU WERE CALLED BY- YOU WERE VISITED BY-

OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY [Signature] DATE 8/31 TIME 11:58

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6
* U.S. G.P.O. 1991 281-781/40011

MEMORANDUM OF CALL

Previous editions usable

TO: KS

YOU WERE CALLED BY- YOU WERE VISITED BY-

OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY [Signature] DATE 8/28 TIME 2:17

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6
* U.S. G.P.O. 1991 281-781/40011

MEMORANDUM OF CALL

4/27
10:43
LM

Previous editions usable

TO: Kathy S

YOU WERE CALLED BY YOU WERE VISITED BY

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY Lindee DATE 4/27 TIME

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA FPMR (41 CFR) 101-11.6
U.S.G.P.O. 1990-262-080

MEMORANDUM OF CALL

Previous editions usable

TO: JS
 YOU WERE CALLED BY YOU WERE VISITED BY

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE Y
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

re.
referred by
office.
you want to have conference in small

RECEIVED BY JS DATE 4/13 TIME 11:16

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA U.S.G.P.O. 1991 281-781/40011 FPMR (41 CFR) 101-11.6

MEMORANDUM OF CALL

Previous editions usable

TO: Kathy
 YOU WERE CALLED BY YOU WERE VISITED BY

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

wants a conference
check with Phil about scheduling. They want a late am or early pm time

RECEIVED BY JS DATE 8/18 TIME 10:45

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA FPMR (41 CFR) 101-11.6
U.S.G.P.O. 1990-234-312

MEMORANDUM OF CALL

Previous editions usable

TO: Kathy
 YOU WERE CALLED BY YOU WERE VISITED BY

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE

Would like to have conference on 5/27/93 Thurs at 2:00 (previously scheduled for 5/26/93)

RECEIVED BY Lindee DATE 4/27 TIME 2:13

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA FPMR (41 CFR) 101-11.6

MEMORANDUM OF CALL

Previous editions usable

TO: KS
 YOU WERE CALLED BY - YOU WERE VISITED BY
OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT
MESSAGE

confirm meeting

tomorrow

RECEIVED BY [Signature] DATE 8/26 TIME 9:55
63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
* U.S. G.P.O. 1991 281-781/40011 FPMR (41 CFR) 101-11.6

MEMORANDUM OF CALL

Previous editions usable

TO: Kathy S.
 YOU WERE CALLED BY - YOU WERE VISITED BY
[Signature]
OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT
MESSAGE

RECEIVED BY [Signature] DATE 8/21 TIME 12:00
63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
* U.S. GOVERNMENT PRINTING OFFICE: 1991 281-781/40011 FPMR (41 CFR) 101-11.6

MEMORANDUM OF CALL

Previous editions usable

TO: Kathy K
 YOU WERE CALLED BY - YOU WERE VISITED BY

PLEASE PHONE

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT
MESSAGE

*1, 2 or 4
Sept next yr
for sim
try for sept
8, 9 or 10
He will call
back tomorrow*

RECEIVED BY [Signature] DATE 8/25 TIME 10:45
63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
* U.S. GOVERNMENT PRINTING OFFICE: 1991 281-781/40011 FPMR (41 CFR) 101-11.6

MEMORANDUM OF CALL

Previous editions usable

TO: KS
 YOU WERE CALLED BY - YOU WERE VISITED BY
OF (Organization)

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU

RETURNED YOUR CALL WISHES AN APPOINTMENT
MESSAGE

*will try to schedule
the week of the 21st
24th
2nd
2nd
check with
Phil and
call him
back 8/1*

RECEIVED BY [Signature] DATE 8/25 TIME 10:5
63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
* U.S. G.P.O. 1991 281-781/40011 FPMR (41 CFR) 101-11.6

Form **SS-8**
(Rev. October 1990)
Department of the Treasury
Internal Revenue Service

**Determination of Employee Work Status
for Purposes of Federal Employment Taxes
and Income Tax Withholding**

OMB No. 1545-0004
Expires 10-31-93

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **recordkeeping, 34 hrs., 41 min., learning about the law or the form, 6 min. and preparing and sending the form to IRS, 40 min.** If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service, Washington, DC 20024, Attention: IRS Reports Clearance Officer, T:FP, and the Office of Management and Budget, Paperwork Reduction Project (1545-0004), Washington, DC 20503. DO NOT send the tax form to either of these offices.** Instead, see the instructions for information on where to file.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Please return Form SS-8 to the Internal Revenue Service office that provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

Caution: Form SS-8 is not a claim for refund of social security tax or Federal income tax withholding. Also, a determination that an individual is an employee does not necessarily reduce any current or prior tax liability.

APPROVED

Name of firm (or person) for whom the worker performed services		Name of worker	
Address of firm (include street address, apt. or suite no., city, state, and ZIP code)		Address of worker (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Telephone number	Telephone number	Worker's social security number
Telephone number	Firm's taxpayer identification number		

Check type of firm:

Individual Partnership Corporation Other (specify) ▶

This form is being completed by: FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

(If your answer is "Yes," we cannot furnish you a determination on the basis of this form. You may write to your District Director for further information. **Do not complete the rest of the form, unless the IRS requests it.**)

All items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶

This information is about services performed by the worker from _____ to April 1, 1993
(Month, day, year) (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ July 1, 1986
(Month, day, year)

Is the worker still performing services for the firm? Yes No

If "No," what was the date of termination? ▶ _____
(Month, day, year)

In which IRS district are you located? _____

1. Describe the firm's business Sale and service of insurance and financial services

2. Describe the work done by the worker Insurance agent

If the work is done under a written agreement between the firm and the worker, attach a copy. See attached.

If the agreement is not in writing, describe the terms and conditions of the work arrangement N/A

- c If the actual working arrangement differs in any way from the agreement, explain the differences and why they occur N/A
- 3a Is the worker given training by the firm? Yes No
 If "Yes":
 What kind? Training regarding sales techniques and product information.
 How often? Approximately 8 times a year.
- b Is the worker given instructions in the way the work is to be done? Yes No
 If "Yes," give specific examples. N/A
- c Attach samples of any written instructions or procedures.
- d Does the firm have the right to change the methods used by the worker or direct that person on how to do the work? Yes No
 Explain your answer. The company does not have right to change or direct my methods.
- e Does the operation of the firm's business require that the worker be supervised or controlled in the performance of the service? Yes No
 Explain your answer. I determine how to do my job.
- 4a The firm engages the worker:
 To perform and complete a particular job only
 To work at a job for an indefinite period of time
 Other (explain) Agreement may be terminated at will, but I have a right to extended.
- b Is the worker required to follow a routine or a schedule established by the firm? Yes No
 If "Yes," what is the routine or schedule? I determine my own office hours and routine.
- c Does the worker report to the firm or its representative? Yes No
 If "Yes":
 How often? N/A
 For what purpose? N/A
 In what manner (in person, in writing, by telephone, etc.)? N/A
 Attach copies of report forms used in reporting to the firm. N/A
- d Does the worker furnish a time record to the firm? Yes No
 If "Yes," attach copies of time records.
- 5a State the kind and value of tools and equipment furnished by:
 The firm None.
 The worker car, office equipment, fax machine, phone, etc.
- b State the kind and value of supplies and materials furnished by:
 The firm Forms, etc.--value unknown.
 The worker Office supplies.
- c What expenses are incurred by the worker in the performance of services for the firm? All business expenses.
- d Does the firm reimburse the worker for any expenses? Yes No
 If "Yes," specify the reimbursed expenses
- 6a Will the worker perform the services personally? Yes No
- b Does the worker have helpers? Yes No
 If "Yes": Are the helpers hired by: Firm Worker
 If hired by the worker, is the firm's approval necessary? Yes No
 Who pays the helpers? Firm Worker
 Are social security taxes and Federal income tax withheld from the helpers' wages? Yes No
 If "Yes": Who reports and pays these taxes? Firm Worker
 Who reports the helpers' incomes to the Internal Revenue Service? Firm Worker
 If the worker pays the helpers, does the firm repay the worker? Yes No
 What services do the helpers perform? Clerical and administrative services.

APR 25 1993

- 7 At what location are the services performed? Firm's Worker's Other (specify) _____
- 8a Type of pay worker receives:
 Salary Commission Hourly wage Piecework Lump sum Other (specify) _____
- b Does the firm guarantee a minimum amount of pay to the worker? Yes No
- c Does the firm allow the worker a drawing account or advances against pay? Yes No
 If "Yes": Is the worker paid such advances on a regular basis? Yes No
- d How does the worker repay such advances? N/A Yes No
- 9a Is the worker eligible for a pension, bonuses, paid vacations, sick pay, etc.? Yes No
 If "Yes," specify _____
- b Does the firm carry workmen's compensation insurance on the worker? Yes No
- c Does the firm deduct social security tax from amounts paid the worker? Yes No
- d Does the firm deduct Federal income taxes from amounts paid the worker? Yes No
- e How does the firm report the worker's income to the Internal Revenue Service?
 Form W-2 Form 1099 Does not report Other (specify) _____
- f Does the firm bond the worker? Yes No
- 0a Approximately how many hours a day does the worker perform services for the firm? 9 hours Yes No
- b Does the worker perform similar services for others? Yes No Unknown
 If "Yes": Are these services performed on a daily basis for other firms? Yes No Unknown
 Percentage of time spent in performing these services for:
 This firm _____% Other firms _____% Unknown
 Does the firm have priority on the worker's time? Yes No
 If "No," explain _____
- c Is the worker prohibited from competing with the firm either while performing services or during any later period? Yes No
- 1a Can the firm discharge the worker at any time without incurring a liability? Yes No
 If "No," explain Extended earnings due under contract. 1st year's Yes No
- b Can the worker terminate the services at any time without incurring a liability? Yes No
 If "No," explain No now compete Yes No
- 2a Does the worker perform services for the firm under:
 The firm's business name The worker's own business name Other (specify) _____
- b Does the worker advertise or maintain a business listing in the telephone directory, a trade journal, etc.? Yes No Unknown
 If "Yes," specify In telephone directory under my agency name and firm name and logo.
- c Does the worker represent himself or herself to the public as being in business to perform the same or similar services? Yes No Unknown
 If "Yes," how? _____
- d Does the worker have his or her own shop or office? Yes No Unknown
 If "Yes," where? _____
- e Does the firm represent the worker as an employee of the firm to its customers? Yes No
 If "No," how is the worker represented? Independent contractor.
- f How did the firm learn of the worker's services? _____
- 3 Is a license necessary for the work? Yes No Unknown
 If "Yes," what kind of license is required? Insurance agent's licenses.
 By whom is it issued? Licenses must be obtained from each state in which agent writes business.
 By whom is the license fee paid? By me, subject to reimbursement.
- 4 Does the worker have a financial investment in a business related to the services performed? Yes No Unknown
 If "Yes," specify and give amounts of the investment 55% of commissions.
- 5 Can the worker incur a loss in the performance of the service for the firm? Yes No
 If "Yes," how? Expenses could exceed commissions.
- 6a Has any other government agency ruled on the status of the firm's workers? Yes No
 If "Yes," attach a copy of the ruling. _____
- b Is the same issue being considered by any IRS office in connection with the audit of the worker's tax return or the firm's tax return, or has it recently been considered? Yes No
 If "Yes," for which year(s)? _____
- 7 Does the worker assemble or process a product at home or away from the firm's place of business? Yes No
 If "Yes":
 Who furnishes materials or goods used by the worker? Firm Worker
 Is the worker furnished a pattern or given instructions to follow in making the product? Yes No
 Is the worker required to return the finished product to the firm or to someone designated by the firm? Yes No

Answer Items 18a through n if the worker is a salesperson or provides a service directly to customers.

- 18a Are leads to prospective customers furnished by the firm? Yes No Does not apply
- b Is the worker required to pursue or report on leads? Yes No Does not apply
- c Is the worker required to adhere to prices, terms, and conditions of sale established by the firm? Yes No
- d Are orders submitted to and subject to approval by the firm? Yes No
- e Is the worker expected to attend sales meetings? Yes No
If "Yes": Is the worker subject to any kind of penalty for failing to attend? Yes No
- f Does the firm assign a specific territory to the worker? Yes No Does not apply
- g Who does the customer pay? Firm Worker
If worker, does the worker remit the total amount to the firm? Yes No
- h Does the worker sell a consumer product in a home or establishment other than a permanent retail establishment? Yes No
- i List the products and/or services distributed by the worker, such as meat, vegetables, fruit, bakery products, beverages (other than milk), or laundry or dry cleaning services. If more than one type of product and/or service is distributed, specify the principal one. Insurance and financial services.
- j Did the firm or another person assign the route or territory and a list of customers to the worker? Yes No
If "Yes," please identify the person who made the assignment. _____
- k Did the worker pay the firm or person for the privilege of serving customers on the route or in the territory? Yes No
If "Yes," how much did the worker pay (not including any amount paid for a truck or racks, etc.)? \$ _____
What factors were considered in determining the value of the route or territory? _____
- l How are new customers obtained by the worker? Explain fully, showing whether the new customers called the firm for service, were solicited by the worker, or both. Usually I solicit customers; sometimes customers call me
- m Does the worker sell life insurance? Yes No
If "Yes":
Is the selling of life insurance or annuity contracts for the firm the worker's entire business activity? Yes No
If "No," state the extent of the worker's other business activities. I sell all insurance lines.
Does the worker sell other types of insurance for the firm? Yes No
If "Yes," state the percentage of the worker's total working time spent in selling such other types of insurance 85 %
At the time the contract was entered into between the firm and the worker, was it their intention that the worker sell life insurance for the firm: on a full-time basis on a part-time basis
State the manner in which such intention was expressed I sell all of company's lines, including life insu
- n Is the worker a traveling salesperson or city salesperson? Yes No
If "Yes":
Specify from whom the worker principally solicits orders on behalf of the firm. The public.
If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, specify the percentage of the worker's time spent in such solicitation. N/A %
Is the merchandise purchased by the customers for resale, or is it purchased for use in their business operations? If used by the customers in their business operations, describe the merchandise and state whether it is equipment installed on their premises or a consumable supply. N/A
- 19 Attach the names and addresses of the total number of workers in this class from page 1, or the names and addresses of 10 such workers if there are more than 10.
- 20 Attach a detailed explanation for any other reason why you believe the worker is an independent contractor or is an employee of the firm.

IMPORTANT INFORMATION NEEDED TO PROCESS YOUR REQUEST

Under section 6110 of the Internal Revenue Code, the text and related background file documents of any ruling, determination letter, or technical advice memorandum will be open to public inspection. This section provides that before the text and background documents are made public, identifying and certain other information must be deleted.

Are the names, addresses, and taxpayer identifying numbers the only items you want deleted? Yes No
If you checked "No," and believe additional deletions should be made, we cannot process your request unless you submit a copy of this form and copies of all supporting documents indicating, in brackets, those parts you believe should be deleted in accordance with section 6110(c) of the Code. Attach a separate statement indicating which specific exemption provided by section 6110(c) applies to each bracketed part.

Form **SS-8**
(Rev. October 1990)
Department of the Treasury
Internal Revenue Service

Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding

OMB No. 1545-0004
Expires 10-31-93

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **recordkeeping**, 34 hrs., 41 min., **learning about the law or the form**, 6 min., and **preparing and sending the form to IRS**, 40 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20024, Attention: IRS Reports Clearance Officer, T:FP, and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0004), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, see the instructions for information on where to file.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Please return Form SS-8 to the Internal Revenue Service office that provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

Caution: Form SS-8 is not a claim for refund of social security tax or Federal income tax withholding. Also, a determination that an individual is an employee does not necessarily reduce any current or prior tax liability.

APPROVED

Name of firm (or person) for whom the worker performed services	Name of worker
Address of firm (include street address, apt. or suite no., city, state, and ZIP code)	Address of worker (include street address, apt. or suite no., city, state, and ZIP code)

Trade name	Telephone number	Worker's social security number
Telephone number	Firm's taxpayer identification number	

Check type of firm:
 Individual Partnership Corporation Other (specify) ▶

This form is being completed by: FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

(If your answer is "Yes," we cannot furnish you a determination on the basis of this form. You may write to your District Director for further information. **Do not complete the rest of the form, unless the IRS requests it.**)

All items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶ _____

This information is about services performed by the worker from _____ to April 1, 1993
(Month, day, year) (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ July 10, 1986
(Month, day, year)

Is the worker still performing services for the firm? Yes No

If "No," what was the date of termination? ▶ _____
(Month, day, year)

In which IRS district are you located?

1a Describe the firm's business Insurance and financial services

b Describe the work done by the worker Insurance sales and service

2a If the work is done under a written agreement between the firm and the worker, attach a copy. Attached copy

b If the agreement is not in writing, describe the terms and conditions of the work arrangement N/A

7 At what location are the services performed? Firm's Worker's Other (specify)

8a Type of pay worker receives:
 Salary Commission Hourly wage Piecework Lump sum Other (specify)

b Does the firm guarantee a minimum amount of pay to the worker? Yes No

c Does the firm allow the worker a drawing account or advances against pay? Yes No
 If "Yes": Is the worker paid such advances on a regular basis? Yes No

d How does the worker repay such advances? N/A

9a Is the worker eligible for a pension, bonuses, paid vacations, sick pay, etc.? Yes No
 If "Yes," specify

b Does the firm carry workmen's compensation insurance on the worker? Yes No

c Does the firm deduct social security tax from amounts paid the worker? Yes No

d Does the firm deduct Federal income taxes from amounts paid the worker? Yes No

e How does the firm report the worker's income to the Internal Revenue Service?
 Form W-2 Form 1099 Does not report Other (specify)

f Does the firm bond the worker? Yes No

0a Approximately how many hours a day does the worker perform services for the firm? 8-10 hours.

b Does the worker perform similar services for others? No Yes No Unknown
 If "Yes": Are these services performed on a daily basis for other firms? Yes No Unknown
 Percentage of time spent in performing these services for:
 This firm% Other firms% Unknown (I don't keep track, but it's minimal).
 Does the firm have priority on the worker's time? Yes No
 If "No," explain

c Is the worker prohibited from competing with the firm either while performing services or during any later period? Yes No

1a Can the firm discharge the worker at any time without incurring a liability? Yes No
 If "No," explain Extended earnings.

b Can the worker terminate the services at any time without incurring a liability? Yes No
 If "No," explain 19 years to Extended earnings.

2a Does the worker perform services for the firm under:
 The firm's business name The worker's own business name Other (specify)

b Does the worker advertise or maintain a business listing in the telephone directory, a trade journal, etc.? Yes No Unknown
 If "Yes," specify In yellow pages under both my agency name and firm name.

c Does the worker represent himself or herself to the public as being in business to perform the same or similar services? Yes No Unknown
 If "Yes," how?

d Does the worker have his or her own shop or office? Yes No Unknown
 If "Yes," where?

e Does the firm represent the worker as an employee of the firm to its customers? Yes No
 If "No," how is the worker represented? Independent contractor agent.

f How did the firm learn of the worker's services? District Manager's wife.

3 Is a license necessary for the work? Yes No Unknown
 If "Yes," what kind of license is required? Agent's license.
 By whom is it issued? License must be obtained from every state where agent does business.
 By whom is the license fee paid? By me, with reimbursement.

4 Does the worker have a financial investment in a business related to the services performed? Yes No Unknown
 If "Yes," specify and give amounts of the investment 5% of commissions.

5 Can the worker incur a loss in the performance of the service for the firm? Yes No
 If "Yes," how? Expenses could exceed commissions.

6a Has any other government agency ruled on the status of the firm's workers? (not to my knowledge) Yes No
 If "Yes," attach a copy of the ruling.

b Is the same issue being considered by any IRS office in connection with the audit of the worker's tax return or the firm's tax return, or has it recently been considered? (not to my knowledge) Yes No
 If "Yes," for which year(s)?

7 Does the worker assemble or process a product at home or away from the firm's place of business? Yes No
 If "Yes":
 Who furnishes materials or goods used by the worker? Firm Worker
 Is the worker furnished a pattern or given instructions to follow in making the product? Yes No
 Is the worker required to return the finished product to the firm or to someone designated by the firm? Yes No

Form **SS-8**
(Rev. October 1990)
Department of the Treasury
Internal Revenue Service

Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding

OMB No. 1545-0004
Expires 10-31-93

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **recordkeeping**, 34 hrs., 41 min., **learning about the law or the form**, 6 min. and **preparing and sending the form to IRS**, 40 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20024, Attention: IRS Reports Clearance Officer, T:FP, and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0004), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, see the instructions for information on where to file.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Please return Form SS-8 to the Internal Revenue Service office that provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

Caution: Form SS-8 is not a claim for refund of social security tax or Federal income tax withholding. Also, a determination that an individual is an employee does not necessarily reduce any current or prior tax liability.

Name of firm (or person) for whom the worker performed services		Name of worker	
Address of firm (include street address, apt. or suite no., city, state, and ZIP code)		Address of worker (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Telephone number	Worker's social security number	
Telephone number	Firm's taxpayer identification number		

Check type of firm:

Individual Partnership Corporation Other (specify) ▶

This form is being completed by: FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

(If your answer is "Yes," we cannot furnish you a determination on the basis of this form. You may write to your District Director for further information. **Do not complete the rest of the form, unless the IRS requests it.**)

All items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶

This information is about services performed by the worker from ▶ SEPT 1, 1984 to APRIL 1, 1993
(Month, day, year) (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ SEPT 1, 1984
(Month, day, year)

Is the worker still performing services for the firm? Yes No

If "No," what was the date of termination? ▶ N/A
(Month, day, year)

In which IRS district are you located?

1. Describe the firm's business INSURANCE SALES AND FINANCIAL SERVICES

2. Describe the work done by the worker INSURANCE AGENT

If the work is done under a written agreement between the firm and the worker, attach a copy. SEE CONTRACT ATTACHED

If the agreement is not in writing, describe the terms and conditions of the work arrangement N/A

c If the actual working arrangement differs in any way from the agreement, explain the differences and why they occur
HAVE NEVER HAD ANY DISAGREEMENT ON CONTRACT OR WAY I DO BUSINESS.

3a Is the worker given training by the firm? Yes No
If "Yes":

What kind? UPDATE AND TRAINING SESSIONS ARE PROVIDED BY DISTRICT MANAGERS OR HOME OFF
How often? 8 TO 12 TIMES A YEAR TO GIVE PRODUCT KNOWLEDGE, SALES IDEAS, ETC

b Is the worker given instructions in the way the work is to be done? Yes No
If "Yes," give specific examples.

c Attach samples of any written instructions or procedures. N/A

d Does the firm have the right to change the methods used by the worker or direct that person on how to do the work? Yes No
Explain your answer... ONLY IF THERE IS CHEATING, LYING, OR MISREPRESENTATION OF COMPANY OR PRODUCTS.

e Does the operation of the firm's business require that the worker be supervised or controlled in the performance of the service? Yes No
Explain your answer: FIRM ONLY RECRUITS AND GIVES US OPPORTUNITY TO BUILD AGENCY.
NEITHER FIRM NOR MANAGER CONTROL HOW I DO MY WORK.

4a The firm engages the worker:
 To perform and complete a particular job only
 To work at a job for an indefinite period of time
 Other (explain) FIRM OR AGENT MAY TERMINATE AT WILL SUBJECT TO EARLY WGS
b Is the worker required to follow a routine or a schedule established by the firm? Yes No
If "Yes," what is the routine or schedule? I GENERALLY WORK FROM 8:00 AM TO 5:00 PM MONDAY THRU FRIDAY AND OCCASIONAL EVENINGS

c Does the worker report to the firm or its representative? Yes No
If "Yes":
How often? ONCE A YEAR
For what purpose? I GIVE MY ANNUAL GOALS TO MANAGER
In what manner (in person, in writing, by telephone, etc.)? IN PERSON
Attach copies of report forms used in reporting to the firm.

d Does the worker furnish a time record to the firm? Yes No
If "Yes," attach copies of time records.

5a State the kind and value of tools and equipment furnished by:
The firm LEASE COMPUTER FROM COMPANY
The worker ALL OFFICE EQUIPMENT, TELEPHONES, FAX MACHINE, COPY MACHINE, AUTOS ETC.

b State the kind and value of supplies and materials furnished by:
The firm MANUALS AND FORMS USED BY COMPANY
The worker ALL STANDARD OFFICE SUPPLIES

c What expenses are incurred by the worker in the performance of services for the firm?
... BESIDES ITEMS IN 5b, ALSO ALL HELPER EXPENSES AND BENEFITS.

d Does the firm reimburse the worker for any expenses? Yes No
If "Yes," specify the reimbursed expenses: ONLY TRIPS TO HOME OFFICE FOR CAREER ENHANCEMENT AND PRODUCT KNOWLEDGE TRIPS ARE SUBSIDIZED

6a Will the worker perform the services personally? ALONG WITH STAFF. Yes No
b Does the worker have helpers? MY WIFE IS A LICENCED REPRESENTATIVE + A PARTTIME SEC. Yes No
If "Yes": Are the helpers hired by: Firm Worker

If hired by the worker, is the firm's approval necessary? ONLY FOR LICENSED REP, NOT SECRETARY. Yes No
Who pays the helpers? Firm Worker
Are social security taxes and Federal income tax withheld from the helpers' wages? Yes No

If "Yes": Who reports and pays these taxes? Firm Worker
Who reports the helpers' incomes to the Internal Revenue Service? Firm Worker
If the worker pays the helpers, does the firm repay the worker? Yes No
What services do the helpers perform? SECRETARIAL, CLAIMS, SALES, ACCOUNTING

7 At what location are the services performed? Firm's Worker's Other (specify)

8a Type of pay worker receives:
 Salary Commission Hourly wage Piecework Lump sum Other (specify)

b Does the firm guarantee a minimum amount of pay to the worker?

c Does the firm allow the worker a drawing account or advances against pay? Yes No
 If "Yes": Is the worker paid such advances on a regular basis? Yes No

d How does the worker repay such advances?

9a Is the worker eligible for a pension, bonuses, paid vacations, sick pay, etc.? Yes No
 If "Yes," specify **BONUS MONEY CAN BE EARNED BY QUANTITY AND QUALITY OF PRODUCTION**

b Does the firm carry workmen's compensation insurance on the worker? Yes No

c Does the firm deduct social security tax from amounts paid the worker? Yes No

d Does the firm deduct Federal income taxes from amounts paid the worker? Yes No

e How does the firm report the worker's income to the Internal Revenue Service?
 Form W-2 Form 1099 Does not report Other (specify)

f Does the firm bond the worker? Yes No

10a Approximately how many hours a day does the worker perform services for the firm? **8 TO 10 HOURS DAILY** Yes No

b Does the worker perform similar services for others? **ONLY** Yes No Unknown
 If "Yes": Are these services performed on a daily basis for other firms? **N/A** Yes No Unknown

Percentage of time spent in performing these services for:
 This firm **100**% Other firms _____% Unknown

Does the firm have priority on the worker's time? Yes No
 If "No," explain

c Is the worker prohibited from competing with the firm either while performing services or during any later period? Yes No

11a Can the firm discharge the worker at any time without incurring a liability? Yes No
 If "No," explain **SUBJECT TO PROVISIONS IN CONTRACT AND EXTENDED EARNINGS**

b Can the worker terminate the services at any time without incurring a liability? (TO FIRM) Yes No
 If "No," explain **I SUPPOSE I COULD BE LIABLE TO OTHER PERSONS NOT RELATED TO FIRM**

12a Does the worker perform services for the firm under:
 The firm's business name The worker's own business name Other (specify)

b Does the worker advertise or maintain a business listing in the telephone directory, a trade journal, etc.? Yes No Unknown
 If "Yes," specify **IN TELEPHONE DIRECTORY UNDER FIRM'S NAME AND AGENCY NAME**

c Does the worker represent himself or herself to the public as being in business to perform the same or similar services? Yes No Unknown
 If "Yes," how?

d Does the worker have his or her own shop or office? Yes No Unknown
 If "Yes," where?

e Does the firm represent the worker as an employee of the firm to its customers? Yes No
 If "No," how is the worker represented? **AS INDEPENDENT CONTRACTOR**

f How did the firm learn of the worker's services? **I PERSONALLY CONTACTED COMPANY REPRESENTATIVE**

13a Is a license necessary for the work? Yes No Unknown
 If "Yes," what kind of license is required? **INSURANCE AGENT'S LICENSE**

By whom is it issued? **STATE INSURANCE COMMISSION**

By whom is the license fee paid? **AGENT (I DO)**

b Does the worker have a financial investment in a business related to the services performed? Yes No Unknown
 If "Yes," specify and give amounts of the investment **40 TO 50% OF ALL COMMISSIONS TO PROMOTE AGENCY**

c Can the worker incur a loss in the performance of the service for the firm? Yes No
 If "Yes," how? **EXPENSES EXCEED COMMISSIONS**

d Has any other government agency ruled on the status of the firm's workers? **I DON'T KNOW** Yes No
 If "Yes," attach a copy of the ruling.

e Is the same issue being considered by any IRS office in connection with the audit of the worker's tax return or the firm's tax return, or has it recently been considered? **I HAVE NOT BEEN AUDITED, NOT SURE OF** Yes No
 If "Yes," for which year(s)? **OTHERS OR THE FIRM**

f Does the worker assemble or process a product at home or away from the firm's place of business? Yes No
 If "Yes":
 Who furnishes materials or goods used by the worker? Firm Worker
 Is the worker furnished a pattern or given instructions to follow in making the product? **N/A** Yes No
 Is the worker required to return the finished product to the firm or to someone designated by the firm? Yes No

Answer Items 18a through n if the worker is a salesperson or provides a service directly to customers.

- 18a Are leads to prospective customers furnished by the firm? Yes No Does not apply
- b Is the worker required to pursue or report on leads? Yes No Does not apply
- c Is the worker required to adhere to prices, terms, and conditions of sale established by the firm? Yes No Does not apply
- d Are orders submitted to and subject to approval by the firm? Yes No
- e Is the worker expected to attend sales meetings? Yes No
- If "Yes": Is the worker subject to any kind of penalty for failing to attend? Yes No
- f Does the firm assign a specific territory to the worker? Yes No Does not apply
- g Who does the customer pay? Firm Worker
- If worker, does the worker remit the total amount to the firm? Yes No
- h Does the worker sell a consumer product in a home or establishment other than a permanent retail establishment? Yes No
- i List the products and/or services distributed by the worker, such as meat, vegetables, fruit, bakery products, beverages (other than milk), or laundry or dry cleaning services. If more than one type of product and/or service is distributed, specify the principal one. INSURANCE SALES
- j Did the firm or another person assign the route or territory and a list of customers to the worker? Yes No
- If "Yes," please identify the person who made the assignment. _____
- k Did the worker pay the firm or person for the privilege of serving customers on the route or in the territory? Yes No
- If "Yes," how much did the worker pay (not including any amount paid for a truck or racks, etc.)? \$ _____
- What factors were considered in determining the value of the route or territory? _____
- l How are new customers obtained by the worker? Explain fully, showing whether the new customers called the firm for service, were solicited by the worker, or both. I PROSPECT FOR NEW CUSTOMERS, OTHER HALF ARE REFERRALS.
- m Does the worker sell life insurance? Yes No
- If "Yes":
- Is the selling of life insurance or annuity contracts for the firm the worker's entire business activity? Yes No
- If "No," state the extent of the worker's other business activities. MULTI-LINES INSURANCE
- Does the worker sell other types of insurance for the firm? Yes No
- If "Yes," state the percentage of the worker's total working time spent in selling such other types of insurance. 10% LIFE %
- At the time the contract was entered into between the firm and the worker, was it their intention that the worker sell life insurance for the firm: on a full-time basis on a part-time basis
- State the manner in which such intention was expressed. AGREED TO SELL ALL LINES
- n Is the worker a traveling salesperson or city salesperson? Yes No
- If "Yes":
- Specify from whom the worker principally solicits orders on behalf of the firm. GENERAL PUBLIC
- If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, specify the percentage of the worker's time spent in such solicitation. N/A %
- Is the merchandise purchased by the customers for resale, or is it purchased for use in their business operations? If used by the customers in their business operations, describe the merchandise and state whether it is equipment installed on their premises or a consumable supply. N/A

19 Attach the names and addresses of the total number of workers in this class from page 1, or the names and addresses of 10 such workers if there are more than 10.

20 Attach a detailed explanation for any other reason why you believe the worker is an independent contractor or is an employee of the firm.

IMPORTANT INFORMATION NEEDED TO PROCESS YOUR REQUEST (SEE ATTACHMENT)

Under section 6110 of the Internal Revenue Code, the text and related background file documents of any ruling, determination letter, or technical advice memorandum will be open to public inspection. This section provides that before the text and background file documents are made public, identifying and certain other information must be deleted.

Are the names, addresses, and taxpayer identifying numbers the only items you want deleted? Yes No

If you checked "No," and believe additional deletions should be made, we cannot process your request unless you submit a copy of this form and copies of all supporting documents indicating, in brackets, those parts you believe should be deleted in accordance with section 6110(c) of the Code. Attach a separate statement indicating which specific exemption provided by section 6110(c) applies to each bracketed part.

I became an _____ agent September 1, 1984. I was hired by a representative of the company with the understanding that I would represent them as an independent contractor selling multi-line insurance products.

To enhance my career, _____ provides training in company products, legal matters, sales techniques, and office management. There is also a program for continuing education through voluntary district meetings within our territory and occasional trips to the home office in _____

Since it was my understanding that I was an independent contractor, I immediately set up my business under that premise. Through alot of sweat and perserverance, I have built a good business in a highly competitive market place. Ten to twelve hour days are not uncommon in order to achieve success.

Not only have I put alot of time and effort into the agency, but my own money. I hired my own office staff, pay their salaries, social security, and workman's compensation, rent office space, prospect for new clients through advertising, etc. I also set up SEP IRAS for myself and staff and have continued to maximize that for the past 9 years.

I am not covered by the firm's pension plan, medical plan, or other benefit plans. I also purchase my own errors and omissions insurance and business insurance.

Subject to financial constraints, I can "loaf" or be a "workaholic" and am recompensed accordingly. It is totally dependent upon my own efforts and skills.

Because of the contract that I signed with _____ and the latitude and independence that I have as an agent to build my agency, it is beyond my comprehension how I could be classified as an employee. Come and sit in my chair for 2 months and I believe you will agree.

W119

Form **SS-8**
(Rev. January 1988)
Department of the Treasury
Internal Revenue Service

Information for Use in Determining Whether a Worker Is an Employee for Federal Employment Taxes and Income Tax Withholding

OMB No. 1545-0004
Expires 12-31-90

Paperwork Reduction Act Notice.—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. If you want a determination on employment status, you are required to give us this information.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will be applicable to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

Please return Form SS-8 to the Internal Revenue Service office provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

RECEIVED
DEC 8 1989
EXAMINATION DIVISION
IRS - CLAYTON, MISSOURI
E4:14

Name of firm (or person) for whom the worker performed services		Name of worker	
Address of firm (include street address, city, state, and ZIP code)		Address of worker (include street address, city, state, and ZIP code)	
Trade name	Telephone number	Worker's social security number	
Telephone number	Firm's taxpayer identification number		

Check type of firm

Individual Partnership Corporation Other (specify) ▶

RECEIVED
EXAM DIVISION

This form is being completed by FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

(If your answer is YES, we are not able to furnish you a determination on the basis of this form. You may write to your District Director for further information. Do not complete the rest of the form, unless the IRS requests it.)

All items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶ one

This information is about services performed by the worker from ▶ August 20, 1980 to Sept. 30, 1989
(Month, day, year) (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ March 1, 1978
(Month, day, year)

Is the worker still performing services for the firm? Yes No
If "No," what was the date of termination? ▶ Sept. 30, 1989
(Month, day, year)

In which IRS district are you located?

1a Describe the firm's business Auto, Home Health Life Business & Disability Insurance

b Describe the work done by the worker Insurance Sales

2a If the work is done under a written agreement between the firm and the worker, attach a copy. ATTACHED

b If the agreement is not in writing, describe the terms and conditions of the work arrangement

c If the actual working arrangement differs in any way from the agreement, explain the differences and why they occur
Written requirement of

3a Is the worker given training by the firm? Yes No

If yes:
What kind? sales training meetings
How often? one a month or more

b Is the worker given instructions in the way the work is to be done? Yes No

If yes, give specific examples. see attached page

c Attach representative copies of any written instructions or procedures. attached

d Does the firm have the right to change the methods used by the worker or direct that person on how to do the work? Yes No

Explain your answer written instructions by attached instruct. Company officers

e Does the operation of the firm's business require that the worker be supervised or controlled in the performance of the service? Yes No

Explain your answer attached page

4a The firm engages the worker:

- To perform and complete a particular job only.
- To work at a job for an indefinite period of time.
- Other (explain)

b Is the worker required to follow a routine or a schedule established by the firm? Yes No

If yes, what is the routine or schedule? 9 to 5 monday to friday Monday thru thursday evenings and 9 noon Saturday

c Does the worker report to the firm or its representative? Yes No

If yes:
How often? once a month report sent on all lines of sales by company
For what purpose?
In what manner (in person, in writing, by telephone, etc.)? in writing
Attach copies of report forms used in reporting to the firm.

d Does the worker furnish a time record to the firm? Yes No

If yes, attach copies of time records.

5a State the kind and value of tools and equipment furnished by:

The firm manuals applications
The worker office, phone, auto, files, copier, ect.

b State the kind and value of supplies and materials furnished by:

The firm Unk.
The worker \$20,000.00

c What expenses are incurred by the worker in the performance of services for the firm?

Rent, Phone travel.

d Does the firm reimburse the worker for any expenses? Yes No

If yes, specify the reimbursed expenses. reimbursed through commissions & service fees.

6a Is it understood that the worker will perform the services personally? Yes No

b Does the worker have helpers? Yes No

If yes: Are the helpers hired by: Firm Worker

If hired by the worker, is the firm's approval necessary? Yes No

Who pays the helpers? Firm Worker

Are social security taxes and Federal income tax withheld from the helpers' wages? Yes No

If yes: Who reports and pays these taxes? Firm Worker

Who reports the helpers' incomes to the Internal Revenue Service? Firm Worker

If the worker pays the helpers, does the firm repay the worker? Yes No

What services do the helpers perform?

- 7 At what location are the services performed? Firm's Worker's Other (specify)
- 8a Type of pay worker receives:
 Salary Commission Hourly wage Piecework Lump sum Other (specify)
- b Does the firm guarantee a minimum amount of pay to the worker? Yes No
- c Does the firm allow the worker a drawing account or advances against pay? Yes No
 If yes: Is the worker paid such advances on a regular basis? Yes No
 How does the worker repay such advances?
- 9a Is the worker eligible for a pension, bonuses, paid vacations, sick pay, etc.? Yes No
 If yes specify
- b Does the firm carry workmen's compensation insurance on the worker? Yes No
- c Does the firm deduct social security tax from amounts paid the worker? Yes No
- d Does the firm deduct Federal income taxes from amounts paid the worker? Yes No
- e How does the firm report the worker's income to the Internal Revenue Service?
 Form W-2 Form 1099 Does not report Other (specify)
- f Does the firm bond the worker? Yes No
- 10a Approximately how many hours a day does the worker perform services for the firm? .. 8 to 11
- b Does the worker perform similar services for others? Yes No Unknown
 If yes: Are these services performed on a daily basis for other firms? Yes No Unknown
 Percentage of time spent in performing these services for:
 This firm 100 % Other firms % Unknown
 Does the firm have priority on the worker's time? Yes No
 If no, explain
- c Is the worker prohibited from competing with the firm either while performing services or during any later period? Yes No
- 11a Can the firm discharge the worker at any time without incurring a liability? Yes No
 If no, explain
- b Can the worker terminate the services at any time without incurring a liability? Yes No
 If no, explain
- 12a Does the worker perform services for the firm under:
 The firm's business name The worker's own business name Other (specify)
- b Does the worker advertise or maintain a business listing in the telephone directory, a trade journal, etc.? Yes No Unknown
 If yes, specify yellow pages add/church bulliten ect.
- c Does the worker represent himself or herself to the public as being in business to perform the same or similar services? Yes No Unknown
 If yes, how? Above add.
- d Does the worker have his or her own shop or office? Yes No Unknown
 If yes, where?
- e Does the firm represent the worker as an employee of the firm to its customers? Yes No
 If no, how is the worker represented? agent
- f How did the firm learn of the worker's services? a applications mailed to home office
- 13 Is a license necessary for the work? Yes No Unknown
 If yes, what kind of license is required? State insurance licens e
 By whom is it issued?
 By whom is the license fee paid? Company (FIRM)
- 14 Does the worker have a financial investment in a business related to the services performed? Yes No Unknown
 If yes, specify and give amounts of the investment \$20,000.00 per year or more
- 15 Can the worker incur a loss in the performance of the service for the firm? Yes No
 If yes, how? bad checks uncollectable debts.
- 16a Has any other government agency ruled on the status of the firm's workers? Unknown Yes No
 If yes, attach a copy of the ruling.
- b Is the same issue being considered by any IRS office in connection with the audit of the worker's tax return or the firm's tax return, or has it recently been considered? unknown Yes No
 If yes, for which year(s)?
- 17 Does the worker assemble or process a product at home or away from the firm's place of business? Yes No
 If yes:
 Who furnishes materials or goods used by the worker? Firm Worker
 Is the worker furnished a pattern or given instructions to follow in making the product? Yes No
 Is the worker required to return the finished product to the firm or to someone designated by the firm? Yes No

Answer items 18a through n if the worker is a salesman or provides a service directly to customers.

- 18a Are leads to prospective customers furnished by the firm? Yes No Does not apply
- b Is the worker required to pursue or report on leads? Yes No Does not apply
- c Is the worker required to adhere to prices, terms, and conditions of sale established by the firm? Yes No
- d Are orders submitted to and subject to approval by the firm? Yes No
- e Is the worker expected to attend sales meetings? Yes No
If yes: Is the worker subject to any kind of penalty for failing to attend? Yes No
- f Does the firm assign a specific territory to the worker? Yes No Does not apply
- g Who does the customer pay? Firm Worker
If worker, does the worker remit the total amount to the firm? Yes No
- h Does the worker sell a consumer product in a home or establishment other than a permanent retail establishment? Yes No
- i List the products and/or services distributed by the worker, such as meat, vegetables, fruit, bakery products, beverages (other than milk), or laundry or dry cleaning services. If more than one type of product and/or service is distributed, specify the principal one. auto, home, life, Etc. insurance
- j Were the route or territory and a list of customers assigned to the worker by the firm or another person? Yes No
If yes, please identify the person who made the assignment.
- k Did the worker pay the firm or person for the privilege of serving customers on the route or in the territory? Yes No
If yes, how much did the worker pay (not including any amount paid for a truck or racks, etc.)? \$
What factors were considered in determining the value of the route or territory?
- l How are new customers obtained by the worker? Explain fully, showing whether the new customers called the firm for service, were solicited by the worker, or both. Referrals, adv. call ins. PROSPECTING
- m Does the worker sell life insurance? Yes No
If yes:
Is the selling of life insurance or annuity contracts for the firm the worker's entire business activity? Yes No
If no, state the extent of the worker's other business activities auto, home, health, business, Etc.
Does the worker sell other types of insurance for the firm? Yes No
If yes, state the percentage of the worker's total working time spent in selling such other types of insurance 80 %
State if, at the time the contract was entered into between the firm and the worker, their intention was that the worker would be considered as selling life insurance for the firm (a) on a full-time basis, or (b) on a part-time basis. State the manner in which such intention was expressed. full time
- n Is the worker a traveling salesperson or city salesperson? Yes No
If yes:
Specify from whom the worker principally solicits orders on behalf of the firm. referrals, prospects, adv.
If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, specify the percentage of the worker's time spent in such solicitation. 0.00 %
Is the merchandise purchased by the customers for resale, or is it purchased for use in their business operations? If used by the customers in their business operations, describe the merchandise and state whether it is equipment that is installed on their premises or is a consumable supply. Insurance, Sales
- 19 Attach the names and addresses of the total number of workers in this class from page 1, or the names and addresses of 10 such workers if there are more than 10.
- 20 Attach a detailed explanation for any other reason why you believe the worker is an independent contractor or is an employee of the firm.

IMPORTANT INFORMATION NEEDED TO PROCESS YOUR REQUEST

Under section 6110 of the Internal Revenue Code, the text and related background file documents of any ruling, determination letter, or technical advice memorandum will be open to public inspection. This section provides that before the text and background file documents are made public, identifying and certain other information must be deleted.

Are the names, addresses, and taxpayer identifying numbers the only items you want deleted? Yes No
If you checked No and believe additional deletions should be made, we cannot process your request unless you submit a copy of this form and copies of all supporting documents indicating, in brackets, those parts you believe should be deleted in accordance with section 6110(c) of the Code. Attach a separate statement indicating which specific exemption provided by section 6110(c) applies to each bracketed part.

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented are true, correct, and complete.

Signature [Signature] Title [Title] Date [Date]

If this form is used by the worker in requesting a written determination, the form should be signed by an officer or member of the firm. If this form is used by the worker in requesting a written determination, the form should be signed by the worker. If the worker wants a written determination with respect to services performed for two or more firms, a separate form should be furnished for each firm. Additional copies of this form may be obtained from any Internal Revenue Service office.

RECEIVED
EXAM DIVISION

DEC 07 1989

QUALITY ANALYSIS &
TECHNICAL SUPPORT BRANCH

RE: DISTRICT DEVELOPMENT

This letter is to confirm the purpose and reason for our weekly development meetings, and also cover the guidelines I have set to develop your agency up to District Standards.

Our initial goal is to obtain a minimum of 100 apps per month, be on schedule for 100% achieved by a minimum 1000 life per month, 1000 points and shoot for profitability in your agency. This will hopefully be accomplished by weekly meetings and weekly reports. The purpose is that I may stay in close contact with your agency activities while developing your agency.

You are required to be active in agency efforts Monday thru Friday 9 to 5, Monday thru Thursday evenings and Saturdays 9 to noon. I must be kept informed of all non related work activities of any sort during this time period of development. This shall continue until your agency reaches District Standards.

Should these efforts and guidelines not prove effective in your success I will accelerate my activities with you. Should that not be effective, we will then seriously discuss if an Insurance Career is in your best interest.

Remember, your success rest on OUR efforts, but YOU must have the desire!

Sincerely,

Received 12-30-89

April 29, 1983

Your unexcused absence from this mornings Sales Seminar Meeting reflects a great lack of concern for your career with

As you know and we discussed several times your attendance in this or any other district meeting is important. It is not fair to other agents to have you pick and choose what meetings you will attend. These Sales Seminars were developed specifically to help you and any other agent attending to increase your monthly sales.

It is imperative at this time that _____ and I sit down with you and discuss your career with

Please be at _____ office on Wednesday, May 4, 1983 at 9:30 A.M. Please be prepared to explain your actions.

May 6, 1983

This letter is to confirm that the conference with you, our State Director, and myself on May 4, 1983 was a warning conference.

I am concerned with your 1982 Production which averaged less than 20 apps per month. Your losses show that in the last 5 years you lost money 3 out of 5 years, and your 5 year total shows a loss. I am also concerned with your overall attitude toward supervision, agency operation, and sales.

As an agent you are expected to be a team player. Your participation is a necessity. At the conference we discussed your lack of cooperation with me, your lack of selling time, and your lack of attendance to a District Training Meeting. You are currently in a District Program set forth to raise production and assist you in maximizing premiums which will help offset your losses. You are expected to attend all meetings and participate with a positive attitude. You are capable and expected to write 30 plus apps per month consistently, to be and PROFITABLE.

I will be getting back with you in July 83 to review your performance since the conference on May 4, 1983. I will determine at that time whether probation will be necessary as an American Family agent.

I want to emphasize to you that my desire is for you to SUCCEED. I would not spend this much time and effort if I did not mean that. I also want to once again state that I need communication from you so that I can help you be successful.

JJM:sm

January 17, 1984

Dear

On November 16th 1983 I sent you a letter (see attached copy). This letter was a follow up to my original memo dated August 12, 1983, and May 6th 1983 also attached.

In December 1983 12 applications appeared on the production report, giving you a 19.4 app average for 1983. The last quarter of 1983 your agency had a net growth of minus 10, giving you a total growth for all of 1983 of 59 policies. You did not make in 1983, and as of the end of December 1983 you are not on track for the Campaign.

Therefore as spelled out in the attached letters, let this letter serve as your notice that effective February 1, 1984 you are on 90 days probation. At the end of which time if your productivity does not reach the goals of your 5 year plan, on track for achieving your goal in the Spring Convention, and continuing to stay on top of the other problem areas spelled out in previous memos, and I will then evaluate whether or not to recommend termination of your agency.

RE: 1986 Operating Report District 164

Did not complete 86 Updates. Did however make money in all lines but Auto. Loss in auto primarily large losses.

Suggested 87 Programs - Updates - Target Hi Mileage Ratios. Closer attention to Frequency. For 2 months starting May 1, Mutual Auto Apps through resident underwriter due to excessive Terminations.

Personal Note - Needs full time secretary. Now has part time only.

September 23, 1987

TO ALL AGENTS IN DISTRICT

This letter is in reference to today's meeting and the last several district meetings.

1. First off this is a meeting everyone will attend. There will be no leaving early, arriving late, or missing the meeting without prior approval. An appointment is not an excuse since you are notified almost 1 month in advance of the meetings.
2. Business attire is expected. Coat and tie for the men. Appropriate business attire for ladies.
3. Constant disruptions. I do not wish to have to reprimand anyone of you in front of guests, but if your conduct is out of line in the future I will do so. We are there to learn and share ideas.
4. For one of you to fall asleep is a direct insult to any guest. I would suggest a good night's sleep before the meeting.
5. These are not gripe sessions. If you wish to share a problem and try to find a solution that is what we are there for. If you want to point fingers at someone or complain, call me personally and we will handle it.

As you can see this is very sad that a letter like this has to be sent to a group of adults. There is a time for play and this is not one of them. I am aware and I hope you understand that this letter is not to imply all of you are guilty of the above.

Let's try to act like professionals so we can get through a meeting in the allotted time.

Form **SS-8**
(Rev. October 1990)
Department of the Treasury
Internal Revenue Service

Determination of Employee Work Status for Purposes of Federal Employment Taxes and Income Tax Withholding

OMB No. 1545-0004
Expires 10-31-93

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **recordkeeping**, 34 hrs., 41 min.; **learning about the law or the form**, 6 min.; and **preparing and sending the form to IRS**, 10 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20024, Attention: IRS Reports Clearance Officer, T.F.P., and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0004), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, see the instructions for information on where to file.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Please return Form SS-8 to the Internal Revenue Service office that provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

Caution: Form SS-8 is not a claim for refund of social security tax or Federal income tax withholding. Also, a determination that an individual is an employee does not necessarily reduce any current or prior tax liability.

Name of firm (or person) for whom the worker performed service

Name of worker

Address of firm (include street address, apt. or suite no., city, state, and ZIP code)

Address of worker (include street address, apt. or suite no., city, state, and ZIP code)

Telephone number

Worker's social security number

Check type of firm:

Individual Partnership Corporation Other (specify) ▶

Is form being completed by: FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

If your answer is "Yes," we cannot furnish you a determination on the basis of this form. You may write to your District Director for further information. **Do not complete the rest of the form, unless the IRS requests it.**

Items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶

Information is about services performed by the worker from (Month, day, year) to (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ 6/66 (Month, day, year)

Is the worker still performing services for the firm? Yes No

If "No," what was the date of termination? ▶ (Month, day, year)

In which IRS district are you located? ▶

Describe the firm's business: INSURANCE AND FINANCIAL SERVICES

Describe the work done by the worker: INSURANCE AGENT

If the work is done under a written agreement between the firm and the worker, attach a copy. - See ATTACHED AGREEMENT
If the agreement is not in writing, describe the terms and conditions of the work arrangement

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Person-to Contact:
Kathleen S. Sibbald
Telephone Number:

Date:

AUG 5

SSN:

Dear

This is in reply to the request for a ruling we received to determine your federal employment tax status with regard to services you performed for

As authorized by Rev. Proc. 93-1, 1993-1 I.R.B. 10, section 5.09, we have enclosed a copy of the ruling issued to

Sincerely yours,

(Signed) Ronald L. Moore
RONALD L. MOORE
Technical Assistant
Office of the Associate Chief Counsel
(Employee Benefits and Exempt Organizations)

Enclosure:

- ✓ Copy of ruling letter
- ✓ Copy of ruling for §6110 purposes

T.S.
8/9/93

EBEO:3 CC EBEO:3
bald
7/93
C...
8/5/93

27

Conference Report

(See Instructions on Reverse)

1. Name of Taxpayer	2. Time Consumed 1 hour
3. Subject of Conference Federal employment tax status of insurance sales agents	4. Date, Time and Place Held IRS Nat'l Office
5. Name(s) of Taxpayer or Representative(s) attending Conference	6. IRS Conferees Phil Corn, Special Assistant Kathy Sibbald, Paralegal

7. Brief Resume of Conference, Including Conclusions Reached (List Code sections involved)

The conference began with _____ stating that the employment tax status of insurance agents is a significant issue to the company. Any ruling we issue will have a significant effect on a large number of individuals. Many agents are concerned about the consequences of a ruling that they are employees. _____ asked whether the TAM issued in _____ which held the agents to be employees was influencing our decision. He also asked about the effect of the determination letters that have been issued, 8 that we are aware of holding the agents to be employees and 1 which held the agent to be an independent contractor.

Mr. Corn responded that under the usual procedures, once a determination letter is issued, the normal procedure is for the DD's office to send it to us as a request for tech advice, not to send it to us as a ruling request. Normally, we would send this back to the DD and tell them if they want us to consider the case, they should send it in as a request for tech advice. However, because of the circumstances of this case, we are inclined not to follow the normal procedures and deal with this as a ruling request so that the issue may be resolved once and for all. However, if we find that we have conflicting information and we can't make a determination, we may refuse to rule and send it back to the DD for further investigation. The existence of the TAM and the determination letters is immaterial. While we are aware of them, we will look at the facts as they exist for the years in question in making our determination. We are concerned however, whether or not relief under section 530 was actually ever granted.

_____ described the litigation that the firm entered into in _____ following the issuance of the TAM. After the case dragged on for a number of years, section 530 of the Revenue Act of 1978 was enacted. According to _____ the attorney

8. Signature of Person Preparing Report	9. Date June 1, 1993	10. Organizational Symbols CC-FREQ-3
11. Signature of Person Approving Report	12. Date	13. Organizational Symbols

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Conference Report

for the Justice Department, believing that he didn't have a very good case, agreed to settle the case on the grounds that even if the court held the agents to be employees, the firm would be eligible for relief under 530. stated that the firm agreed to 530 as a compromise because it meant that the firm would get a refund and have assessment dropped, as well as another liability dropped. provided a letter which stated that the firm got relief under 530.

Mr. Corn stated that if we were to rule that the agents were employees at this time, that the firm would continue to be entitled to 530 based on prior audit and the effect of the litigation.

expressed concern that they did not have an opportunity to see the SS-8's submitted by the workers so they had trouble responding to our request for information. Mr. Corn responded that this is not to be an adversarial process, that we simply want their view of the agents' relationship with the firm, without regard to what the agents have stated.

Mr. Corn asked if they had any idea why the agents initiated this. stated that several agents in were incorrectly informed by their CPA that they should be treated as statutory employees rather than as independent contractors and that they were not liable for the SECA tax and could get a refund of the SECA taxes they paid. The firm stated that it is clear that they are not statutory employees under 3121(d)(3) because they do not sell life insurance on a full-time basis. The firm is a multi-line company and they sell a number of other insurance products in addition to life insurance. Mr. Corn stated that a number of people have been confused over the issue of statutory employees and we have received thousands of calls on this issue. Most people fail to realize that the common law test applies first. If an individual is not an employee under the common law, then we look to the statute to determine if it applies. In this case, even if we held the agents to be independent contractors, it is clear that they do not sell life insurance on a full-time basis because they sell a number of other types of insurance products as well.

apologized for the lateness in setting the record straight on the part of the firm. Because they believed that they had 530 relief, they never responded to the DD's requests for information. They firm was under the impression that everything was okay because of 530.

- 3 -

Conference Report

discussed the facts of the case. The agents initially begin performing services for the firm as "trainees" for one to two years, during which time the firm treats them as independent contractors. This time period is not at issue in this ruling. Once the agents have completed the training period, the firm states that they are not required to attend any training. We stated that we have documentation, memos from the district manager to the agents, stating that the agents were required to attend training sessions. The firm states that these are an aberration and it is against company policy for district managers to try and control the agents. The firm asked how much weight we would give this information which pertains to agents when the company has other agents to whom this does not apply. The firm would have difficulty proving that other district managers do not direct and control the agents in their area to the extent that the one in question did.

stated that the training that is made available to agents consists of educating them as to what new products are available. Some training is held at the company's main office, but most is held at district manager's offices. also stated that the agents were free to establish their offices any where they wanted to, that the firm had no control over the location of their offices. He stated that recently one agent complained because new agents opened an office across the street from him and were giving him competition, but there was nothing the firm could do about it.

Mr. Corn asked about the number of employees that agents may have. The firm stated that some agents may have employees including, claims adjusters, clericals, and soliciting agents. Soliciting agents must be licensed by the state and approved by the firm only to the extent that the firm must insure that they are properly licensed.

Mr. Corn also asked about reports that must be filed by the agents. The firm stated that no reports were required to be filed by the agents, either to the firm itself or to the district manager.

Mr. Corn stated that we will review the information we have received including that submitted by the agents, the firm in its initial submission, and the most recent submission from as well as the information presented at the conference and attempt to issue a ruling within the next few weeks.

March 9, 1993

*On March 17,
told
that we wanted
the submission
by 4/9/93.
JMC*

Via Fax

Mr. Phil Corn
Special Assistant
Associate Chief Counsel (Employee Benefits & Exempt
Organizations)
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

ATTN: CC:EE:BR3

Re:

Dear Mr. Corn:

On Friday, March 5, we delivered to Ms. Kathleen Sibbald of your office a power of attorney authorizing us to represent the above-noted taxpayer in connection with several private letter ruling requests pending before your office. The purpose of this letter is to request an opportunity to submit further written information in connection with the question as to whether certain of their insurance agents are employees within the meaning of section 3121(d)(2) of the Internal Revenue Code. Based on facts of which we are aware, we believe it is irrefutable that these agents are not employees, and we would like your office to take those facts into consideration in reaching your decision.

In addition, we would very much appreciate an opportunity to review with you the handling of these matters to date and in particular to determine that our client was afforded the rights provided by Internal Revenue Manual (Audit) Sec. 4631.3(4).

We can assure you that there should be no unreasonable delay of the Internal Revenue Service occasioned by us; however, we would appreciate your assurance that no action will be taken by the Service until our submission has been received and reviewed by your office.

Mr. Phil Corn
March 9, 1993
Page 2

Please contact me at your earliest convenience. Thank
you in advance for your consideration.

Yours truly!

c:

5-93 ; 10:00 ;

2848

Form 2848
(Rev. March 1991)
Department of the Treasury
Internal Revenue Service

Power of Attorney and Declaration of Representative

See the taxpayer's instructions and Privacy Act Notice, see the instructions.

OMB No. 1545-0047

Form 2-31-93

Power of Attorney

1 Taxpayer Information Employer name(s) and address (Please type or print.)	Social security number(s)	Employer identification number
	Daytime telephone number	Plan number (if applicable)

I hereby appoint the following representative(s) as attorney-in-fact:

2 Representative(s) (Please type or print.)

Name and address	Check if
Name and address	Check if emp. Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address	CAF No. _____ Telephone No. () _____ Fax No. () _____ Check if emp. Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax Matters

Type of Tax (Income, Employment, Excise, etc.)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s)
Federal Employment Taxes	941	All
Agents' Income Tax	1040	All

4 Specific Use Not Recorded on Centralized Authorization File (CAF). — If the power of attorney is for a specific use not recorded on CAF, please check this box. (See the instructions for Specific Use Not Recorded on CAF on page 4.)

5 Acts Authorized. — The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described in line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks or the power to sign certain returns. (See instructions.)
List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

Note: In general, an unenrolled preparer of tax returns cannot sign any document for a taxpayer. See Revenue Procedure 81-30, printed as Pub. 470, for more information.

Note: The tax return preparer/preparer of a partnership or S corporation is not permitted to authorize representative to perform certain acts. See the instructions for more information.

6 Receipt of Refund Checks. — If you want to authorize a representative named in line 2 to receive, BUT NOT TO ENDORSE OR CASH, refund checks, check here _____ and list the name of that representative below.

Name of representative to receive refund check(s) _____

Oct. No. 119801

Form 2848 (Rev. 3-91)

3-5-93 10:00

Page 3

Form 2848 (Rev. 3-82)

- 7 **Notices and Communications.**—Notices and other written communications will be sent to the first representative listed in item 2.
- a If you want the second representative listed to receive such notices and communications, check this box
 - b If you do not want any notices or communications sent to your representative, check this box
- 8 **Retention/Revocation of Power of Attorney.**—The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

- 9 **Signature of Taxpayer(s).**—If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner/person, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.
- b If this power of attorney is not signed, it will be returned.

..... Part Name
 Signature Date Tax (or Attorney)
 Part Name

DECLARATION Declaration of Representative

Under penalties of perjury, I declare that:

- a I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
 - b I am aware of regulations contained in Treasury Department Circular No. 230 (31 CFR, Part 101), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
 - c I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
 - d I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent under the requirements of Treasury Department Circular No. 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1262 (the authority to practice before the Service is limited by section 10.3(a)(3) of Treasury Department Circular No. 230).
 - h Unenrolled Return Preparer—an unenrolled return preparer under section 10.7(c)(7) of Treasury Department Circular No. 230.
- b If this power of attorney is not signed, it will be returned.

April 8, 1993

Hand Delivered

Mr. Phil Corn
Special Assistant
Associate Chief Counsel
Employee Benefits & Exempt Organizations
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

ATTN: CC:EE:BR3

Re:

Dear Mr. Corn:

Enclosed please find a supplemental submission, together with certain supporting information, regarding the private letter ruling requests pending before your office with respect to the employment tax status of several professional career insurance agents of the above-named taxpayer. We believe that once you have had an opportunity to review the enclosed information, your office will conclude not only that the agents submitting the requests, but all other agents are independent contractors, not "employees" within the meaning of section 3121(d)(2) of the Internal Revenue Code.

We appreciate your office's agreement to allow this additional time to insure that all of the relevant facts were taken into consideration in reaching your decision. If any questions remain, we would be pleased to respond.

If, after reviewing the enclosed materials, you have any disagreement with our view concerning the status of the agents, we would appreciate an opportunity for a conference to discuss your concerns.

Sincerely,

cc: ✓

April 8, 1993

TO: Mr. Phil Corn

FROM:

RE: Statement Concerning Insurance Agent Ruling Requests Supplement

I. INTRODUCTION

or the "Company") appreciates this opportunity to provide a supplemental statement to assist the National Office in its determination regarding the appropriate employment tax classification status of its career agents. While

does not have much of the information supplied by certain of its agents in connection with their pending requests for a status determination, it is readily apparent that the facts as represented by such agents do not accurately reflect the relationship between the Company and its professional career agents. Consistent with published and private letter rulings of the Internal Revenue Service and relevant judicial authorities, whether the specific relationships at issue are analyzed through the application of the twenty-factor common law test for distinguishing independent contractors from employees, or those factors most specifically relevant to the issue in the context of insurance agents, the Company's professional career agents can only be properly classified as independent contractors for employment tax purposes.

II. ANALYSIS

A. In General

While some twenty factors have been identified as bearing generally on the independent contractor-employee issue, Rev. Rul. 87-41, 1987-1 C.B. 296, not all of them carry equal weight in any particular case.

The critical question to be decided in determining whether a worker is an employee or an independent contractor is whether the worker is subject to the will and control of the company not only as to what shall be done, but as to how it shall be done, i.e., whether the company has the right to control and direct the worker, not only as to the result to be accomplished by the work, but also as to the details and means by which that result is accomplished. Only if the worker is subject to such will and control is the worker deemed to be an employee. Regs. § 31.3121(d)-1(c).

1. The Company does not have the right to control its agents.

The current (1993)

provides in paragraph 6(a) as follows:

It is the intent of the parties hereto that you are not an employee of the Company for any purposes, but are an independent contractor for all purposes, including federal taxation with full control of your activities and the right to exercise independent judgment as to time, place and manner of soliciting insurance, servicing policyholders and otherwise carrying out the provisions of this agreement. As an independent contractor you are responsible for your self employment tax and are not eligible for various employee benefits such

as Workers' and Unemployment Compensation.
[Emphasis added]

Earlier versions of the agreement had corresponding provisions; the last prior (1983) version contained the identical provision. The underlined language is binding on the parties and reflects the actual relation of the parties and the lack of any right in the Company to direct or control the means by which the desired results are to be achieved by the agent.

Moreover, the Internal Revenue Service has historically recognized that only certain of the factors are particularly relevant in assessing control in the context of insurance salesmen:

Except for fire and casualty insurance salespeople and other brokers, certain factors are nearly always found in insurance cases: that is, the salespeople are confined to specific territories, they must refrain from selling for competitors, they are required to collect and account for first-year premiums and to abide by the general rules and regulations of their companies in their conduct and their selling activities. Since these factors exist both in the case of independent contractors and employees they are not conclusive in themselves. (Emphasis supplied.)

The principal factors that indicate control are set hours of work; a requirement that a territory be canvassed at specific intervals; a minimum quota of sales required to maintain the relationship; a requirement that leads be followed and that daily activities and results be reported; no business and expenses on the individual's part; the payment of a salary or a salary plus commissions; a requirement that the person perform duties in addition to selling activities; the person

has no vested interest in renewal commissions after termination.^{1/}

Not one of the principal factors identified as being of critical importance in assessing control in the insurance agent context is present in the instant case. The Company has no right to subject its agents operating under the _____ Agreement to any rules or requirements as to hours of work, the canvassing of their territory at specific intervals, following leads or filing reports, style of salesmanship, attendance or non-attendance at educational training sessions or other meetings, territory, clothing, location or furnishing of agent's office, or other matters which relate to how results are achieved as opposed to what results are achieved.

The Company does take an interest in what results are achieved by the agent, in two respects. First, the agent should not underwrite unprofitable business, and second, the agent should produce a certain minimum amount of business. See, section 4(g) of the _____ Agreement (section 4(h) of the 1993 _____ Agreement). As discussed more fully below, the interest of the Company in the results achieved by its agents is fully consistent with independent contractor statuses.

^{1/} Formerly incorporated in the official Training Manual for proper audit techniques in employment tax cases at Sec. 3142-03 (5-71) and currently set forth in the Unemployment Insurance Reports (CCH) at ¶ 10,416.547

2. Significant investment by the agents presents them with an opportunity for profit and risk of loss.

As demonstrated by the authorities discussed more fully below, perhaps the second most significant indicium of independent contractor status, and one particularly present in the case of the Company's career agents, is whether the worker makes a significant investment in his business and not only faces a material risk of loss, but also reaps the benefits of success based solely on performance.

The Company's career agents make significant investments and run a very real risk of loss in their business of selling insurance. Over the years many such agents have failed to turn a profit. At any given time, however, relatively few are in a loss position, insofar as _____ is aware, because those who suffer a loss, or insufficient profit, tend to cut their losses by terminating their relationship with

The agents are required to pay virtually all of their own expenses. The Company provides business forms, and some help with voluntary cooperative advertising programs. All other expenses are incurred by the worker. They include:

1. Office expense, including rent, maintenance, furnishings, real and personal property tax.
2. Transportation expense, including automobile expense, which is not reimbursed.
3. Entertainment expense, club memberships and the like.
4. Equipment, including computers, software, telephone, fax, duplicating, office supplies.

5. The cost of secretarial and other help, including wages, recruiting expenses, employment taxes.
6. Advertising expenses (with some company help on certain cooperative advertising programs).
7. Insurance expenses, including health insurance, errors and omissions coverage, life insurance.
8. Savings programs, including IRAs and HR 10 plans.

In addition, the agents receive no fringe benefits, such as day care facilities, exercise facilities, club memberships, retirement plans, vacations, holidays or "sick time." To the extent they enjoy these amenities at all, they must do so at their own cost, either by paying for them or by foregoing income.

On the income side, career agents are paid only by commission. They do not receive advances or minimum payments.

Since many of the expenses of the Company's agents are fixed, but their commission income is entirely variable, the business of the agents presents a significant risk of loss, as well as an opportunity for a highly profitable operation.

The magnitude of the investment by the Company's agents is significant. Although the agents do not report their expenses to the Company, an informal survey indicated that in 1991 the agents who were still representing the Company spent an average of 53.3% of their gross income on business expenses. That means the successful agents who stayed in the business averaged that level of investment. In this regard, the Company's agents have a comparable or greater degree of investment, opportunity for profit and risk of loss as the insurance agents determined to be

independent contractors in Priv. Ltr. Rul. Nos. 9310008 (Dec. 9, 1992) modifying 9211014 (Dec. 12, 1991) and 9306029 (Nov. 18, 1992).

In sum, an analysis of the most relevant factors to the control issue leads inexorably to the conclusion that the Company's professional career agents are independent contractors.

B. Applicants

The Company received a form letter some time ago from the Director listing and five other workers. assumes those six individuals are the ones whose applications for rulings are pending before the National Office.^{2/}

Of this group of pending applications, the only Form SS-8 which has is the one it obtained from excluding any attachments thereto, which stated he had not retained). As noted above, Form SS-8 is factually erroneous in certain respects. In order to get the actual facts before the National Office, has

^{2/} Ironically, the six applicants from submitted their requests in the erroneous belief that they were statutory employees, not common law agents. This misperception arose from a client of a local accounting firm who truly was a statutory employee, selling life insurance full time for and who had obtained a refund of self-employment tax on that ground. A member of that accounting firm, then advised his clients who were agents that they could obtain similar refunds on the same ground. A few of them and their friends bit at the lure. have orally acknowledged that under no circumstances could the Company's agents properly be deemed to be common law employees.

prepared, and is attaching to this Statement, a corrected Form SS-8 covering

As previously noted, does not have the attachments to Form SS-8, nor any materials submitted by the other applicants, or by the District Director (if any). During the course of the October 5, 1992 conference held on this matter, representatives of the National Office stated that certain attachments to SS-8 reflected that some efforts were undertaken by District Manager to require to attend training sessions. These efforts are purported to somehow evidence significant control by the Company over its agents.

Any such efforts to mandate attendance at training sessions by or any of the Company's other agents would have been completely unauthorized. Simply stated, neither District Manager, nor any other of the Company's district managers, has the right to require career agents to attend training sessions.^{3/} District

^{3/} Under the current 1993 version of the Agent Agreement (a copy of which is attached), which is in effect with respect to more than 90% of the Company's agents, there is no reference whatsoever to training. Under the earlier versions of the agreements, the Company undertook to "make available" training courses but imposed no attendance requirement whatsoever on the agents. While under the old Career Agent's Agreement, to which only a few agents including remain signatories, the agents did agree to participate in company approved training programs, the Company has never interpreted this provision to require attendance at any such training

(continued...)

there was no evidence of any agent being terminated for failure to attend, and the agents were subject to rules and regulations which actually related to underwriting guidelines, and the handling of premiums. Nevertheless, the agents were deemed to be independent contractors because, as here, they were compensated solely by commission, paid all of their own expenses including offices, set their own hours of work and vacations, were not required to submit reports, were not eligible for employee benefit plans, and thus were not subject to the general control as to the manner and means of accomplishing their results.

Similarly, in Simpson v. Commissioner, 64 T.C. 974 (1975), notwithstanding the fact that the agent's district manager prior to the years at issue met with the agent and threatened him with termination absent improvement (but did not terminate him notwithstanding his failure to achieve the target levels), that the manager's contract required his "supervision" of agents, that attendance at sales meetings was encouraged, and that the NLRB had on two prior occasions held other agents of the company to be employees, the agent was determined to be an independent contractor because he could solicit insurance anywhere in his state of licensure, he set his own hours and vacations, he was not provided leads or required to attend meetings, he could sell the insurance however he best saw fit, he maintained his own office and purchased needed equipment and supplies, employed his own secretary and fixed all the terms and conditions of her employment, the contract specifically designated the agent as an

licensure, were free to advertise at their own expense (subject to copy approval), had no formal training program and could sell as they saw fit, attendance at sales meetings was encouraged but not mandatory, the agents paid their own expenses such as rent, furniture, equipment, and personnel, there was no formal program for furnishing or requiring follow-up with leads, the agents were paid solely by commission, set their own hours and vacations, and were not eligible for employee benefit plans.

In sum, the only remotely relevant control factor that has been asserted in the instant case is, as was the case in Simpson, supra, unauthorized, as demonstrated by affidavit attached hereto. In any event, the overwhelming weight of authority conclusively demonstrates that such factor cannot be determinative where, as here, far more fundamental indicia of independent contractor status are present. Thus, the instant case is simply not distinguishable in any material respect from the relationships addressed in Rev. Rul. 69-288, 1969-1 C.B. 258 or Priv. Ltr. Rul. Nos. 9211014 and 9306029, supra.

C. The Company's Other Agents

As discussed above, the Company does not believe that there is any legitimate basis for concluding that the Company has the requisite control, as interpreted by the extant authorities, over the agents to properly classify them as employees. If there are additional factual allegations of which the Company is unaware that somehow could lead to that conclusion with respect to the agents, it remains inconceivable

to the Company that such a conclusion could be reached with respect to the remainder of its approximately

agents. For all of the reasons discussed above, and as demonstrated more fully below, it should be readily apparent that the agents are in no way representative of the Company's agency force as a whole. To enable the National Office to have a full and complete understanding of the true nature of the Company's agency relationships, the Company is submitting the attached Form SS-8 applications for four of its agents, all of whom take pride in the independence of their business operations. A brief summary of the application of the twenty-factor common law test to such relationships is set forth below.

1. Instructions. The Company's agents are not required to comply with other persons' instructions about when, where, and how they are to work. Section 6(a) of the

Agreement expressly states that the Company does not have the right to require compliance with such instructions.

2. Training. Some agents coming to the Company are skilled and experienced and need no training; others come as neophytes needing to be trained. The latter group are put into program.

agents receive training, and they also receive advances against future commissions because it is not expected that during their training period and with their inexperience they will be able to generate enough current commissions to earn a living.

agents then graduate to become career agents. All agents involved here are career agents. Career agents are not required to work with an experienced employee, or to attend training sessions or other meetings. employees do conduct training sessions which career agents are encouraged to attend. These sessions, however, are in the nature of continuing education as opposed to training, and attendance by career agents is strictly voluntary.

Under the 1983 agreement, the Company agreed to "make available" training courses of study and the 1993 agreement is silent on the issue of training.^{4/} The Company has never mandated attendance at training sessions and is not aware of any instance in which an agent was terminated for failing to attend a training session.^{5/}

3. Integration. The Company's agents are by definition integrated into its business operations since the success of the agents is a necessary and integral part of the Company's fortunes. Nevertheless, integration has never been deemed to be a significant factor in determining the employment tax status of insurance salesmen.

4. Services rendered personally. State law in the various states requires that persons selling insurance be licensed. The Company itself is subject to legal repercussions

^{4/} See pp. 8-9, n.4, above.

^{5/} Compare Priv. Ltr. Rul. 9306029, SUPRA, in which Worker A, although terminated for failure to attend a training session, was nevertheless held to be an independent contractor.

some agents work notoriously short hours, but still manage to get by by virtue of their skill, connections, or good fortune.

9. Doing work on employer's [sic] premises. The Company's agents maintain their own offices at their own expense and do not work on the firm's premises.

A relatively few agents work in "cooperative offices" maintained by _____ and rented to agents at arm's-length rents.

10. Order or sequence set. The Company's agents are not required to perform services in the order or sequence set by the firm. This, again, is prohibited by section 6(a) of the Agreement.

11. Oral or written reports. While a few agents voluntarily report on a more or less regular basis to the District Manager, orally or in writing, there is no general requirement to this effect. Most agents choose not to do so.

12. Payment by hour, week, month. The Company's agents are paid solely on a commission basis.

13. Payment of business and/or travel expenses. The company's agents pay virtually all of their business and travel expenses. The firm, as an inducement, does sometimes pay travel expenses for agent visits to the home office, and does pay a portion of certain advertising expenses under its cooperative advertising program. Apart from that, however, the agents pay all of their automobile and other travel expense, all of their entertainment, rent and other office expense, disability and

medical insurance expense, advertising, secretarial and other employee expenses, and all other business expenses. As noted above, in 1991 the expenses of agents averaged 53.3% of their gross income. That figure varied widely from agent to agent.

14. Furnishing of tools and materials. The Company's agents must provide at their own expense their own office furniture, computer, telephones, facsimile machines, copying machine or expenses, automobile, pens, folders, stationery and office supplies. The only items furnished by the firm are business forms, such as rate books and applications.

15. Significant investment. As appears from the foregoing, agents must maintain their own office, hire and pay their own help, and incur the other expenses referred to in items 13 and 14 above. See paragraph 4(k) of the 1993 agreement (paragraph 4(j) of the 1983 agreement).

16. Realization of profit or loss. agents have a significant risk of loss for two reasons. First, they are paid strictly by commission, which means if they make no sales they have no income. Second, they must make a substantial investment in their business and incur substantial continuing, and often fixed, expenses, as described above. On the other hand they have the opportunity to reap huge profits should their sales efforts be successful. Thus, some of the various career agents, all of whom occupy the identical position, have recognized a net loss in some years, others have net income of

and most have net income
somewhere in between.

17. Working for more than one firm at a time.

Although the agents agree in their contract to "exclusively represent only those companies which are parties to this contract and their subsidiaries," the Company does not enforce this provision. Indeed, the Company believes that many (and knows specifically that some) of its agents write insurance on other companies, particularly in situations in which does not write the applicable type of policy. In addition, one is a

facility which permits agents to place business with other companies. agents are encouraged to place risks through this subsidiary in appropriate cases.

18. Making service available to general public. As discussed immediately above, while some of its agents do write insurance for other companies, the Company is not aware of the extent to which its agents make their services available to other insurers on a regular and consistent basis. Of course, they do service the general public of insurance buyers.

19. Right to discharge. The current Agent Agreement, which governs about 95% of agents, provides that after two years from the effective date of the agreement, the company cannot discharge the agent (with certain exceptions) without first giving six months' written notice of any cause for dissatisfaction. In addition, the

several agreements provide that the agent is entitled to accrued extended earnings after any discharge by the company.

20. Right to terminate. agents have the right to terminate their relationship with the firm. This right is essential because of the risk that the agent may not be able to survive economically while representing

21. Other relevant factors. There is no requirement that leads be followed up, and leads are rarely furnished to the agents. There is no requirement that the agents periodically canvas their territory. The agents are not assigned a territory and are not limited to a defined territory. The agents are not required to learn or use any particular sales presentation.

* * * *

Under all the facts and circumstances the Company's career agents are clearly not employees. Indeed, the Company's agents present more and stronger indications of independent contractor status, and fewer indications of employment status, than the insurance agents in either PLR 9211014 or PLR 9306029.

PLR 9211014 was silent as to factors 1, 2 and 11 (instructions, training, and oral written reports), whereas these factors all indicate independent contractor status in case.

In PLR 9306029 the firm actually terminated Worker A for failure to attend compulsory training sessions, whereas training sessions are not compulsory. The firm

in PLR 9306029 had the right to require the workers to comply with instructions about when, where and how they were to work. Here, _____ has no such right, and the contract has a ringing declaration of the worker's freedom from such control. Finally, as in the case of the insurance agent independent contractors in PLR 9306029, _____ agents make significant investments and thus have significant risk of loss and opportunity for profit.

III. CONCLUSION

The Company believes that both the _____ agents whose status applications are currently pending and its agents in general can only be properly classified as independent contractors for employment tax purposes. If there are some additional facts that have been alleged by the _____ agents of which the Company is unaware that somehow might be construed as suggesting significant control by the Company, it respectfully requests an opportunity to refute such allegations, particularly given what the Company believes to be a pattern of misrepresentations in the case of the _____ agents. At a minimum, if there is any material dispute between the facts as presented by the _____ agents and the facts as presented in the corrected Form SS-8 submitted for _____ accompanying this submission, the Company requests that no determination be made with respect

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to the agents.^{6/} Finally, the Company requests that the National Office review the applications attached hereto that are submitted by the additional agents and the non-agents and confirm their independent contractor status.^{7/}

If any questions or concerns remain, we would appreciate an opportunity for a conference to discuss such issues.

^{6/} We understand that it is the policy of the National Office not to disclose to the company for which services are performed the information supplied by the worker. This policy is somewhat surprising given the mandatory express consent of a worker requesting such a determination to such disclosure, including, according to IRM (Audit) Sec. 4631.3(4), a "copy of the information submitted." If our understanding as to your policy is incorrect, we hereby request copies of all information that was submitted in connection with this matter.

^{7/} The Company is cognizant of the fact that the standard procedures would entail submission of the agents' Forms SS-8 to their District Office. Rev. Proc. 93-1, 1993-1 I.R.B. 10 (Secs. 5.09 and 6.04). Given the current status of this matter, however, the Company believes it is appropriate to file these forms with your office at this time to insure that the facts as presented by agents more typical of the Company's sales force can be addressed in conjunction with the pending applications of the other agents. Since the Company is in basic agreement with the facts as presented in the attached Forms SS-8, current consideration of these applications by the National Office would be consistent with the principles set forth in IRM (Audit) Sec. 4631.3(4).

Form SS-8
 (Rev. October 1990)
 Department of the Treasury
 Internal Revenue Service

**Determination of Employee Work Status
 for Purposes of Federal Employment Taxes
 and Income Tax Withholding**

OMB No. 1545-0004
 Expires 10-31-93

Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us this information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **recordkeeping**, 34 hrs., 41 min.; **learning about the law or the form**, 6 min.; and **preparing and sending the form to IRS**, 40 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20024, Attention: IRS Reports Clearance Officer, T:FP, and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0004), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, see the instructions for information on where to file.

Instructions

This form should be completed carefully. If the firm is completing the form, it should be completed for **ONE** individual who is representative of the class of workers whose status is in question.

If a written determination is desired for more than one class of workers, a separate Form SS-8 should be completed for one worker from each class whose status is typical of that class. A written determination for any worker will apply to other workers of the same class if the facts are not materially different from those of the worker whose status was ruled upon.

Please return Form SS-8 to the Internal Revenue Service office that provided the form. If the Internal Revenue Service did not ask you to complete this form but you wish a determination on whether a worker is an employee, file Form SS-8 with your District Director.

Caution: Form SS-8 is not a claim for refund of social security tax or Federal income tax withholding. Also, a determination that an individual is an employee does not necessarily reduce any current or prior tax liability.

Name of firm (or person) for whom the worker performed services		Name of worker	
Address of firm (include street address, apt. or suite no., city, state, and ZIP code)		Address of worker (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Telephone number	Worker's social security number	
Telephone number	Firm's taxpayer identification number		

Check type of firm:

Individual Partnership Corporation Other (specify) ▶

This form is being completed by: FIRM WORKER

If the form is being completed by the worker, do you object to disclosing your name or the information on this form to the firm? Yes No

(If your answer is "Yes," we cannot furnish you a determination on the basis of this form. You may write to your District Director for further information. Do not complete the rest of the form, unless the IRS requests it.)

All items must be answered or marked "Unknown" or "Not Applicable" (NA). If you need more space, attach another sheet. This form is designed to cover many work activities, so some of the questions may not pertain to you.

Total number of workers in this class (if more than one, please see item 19) ▶

This information is about services performed by the worker from ▶ 1/1/87 to date
 (Month, day, year) (Month, day, year)

What was the first date on which the worker performed services of any kind for the firm? ▶ 12/8/69
 (Month, day, year)

Is the worker still performing services for the firm? Yes No

If "No," what was the date of termination? ▶
 (Month, day, year)

In which IRS district are you located?

Describe the firm's business Insurance: underwriting and selling casualty and life insurance

Describe the work done by the worker insurance agent

If the work is done under a written agreement between the firm and the worker, attach a copy. Previously provided the agreement is not in writing, describe the terms and conditions of the work arrangement

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Form SS-8 (Rev. 10-90)

- c If the actual working arrangement differs in any way from the agreement, explain the differences and why they occur N/A
- 3a Is the worker given training by the firm? Yes No
 If "Yes": Update and training sessions are available, at the worker's option
 What kind? Product information, sales techniques
 How often? 8 or 10 per year Yes No
- b Is the worker given instructions in the way the work is to be done?
 If "Yes," give specific examples. Yes No
- c Attach samples of any written instructions or procedures. Yes No
- d Does the firm have the right to change the methods used by the worker or direct that person on how to do the work? Yes No
 Explain your answer The firm requires satisfactory underwriting standards (i.e., what risks are accepted) and satisfactory production (volume of production) but does not have the right to change or dictate methods Yes No
- e Does the operation of the firm's business require that the worker be supervised or controlled in the performance of the service? Yes No
 Explain your answer District Manager provides support and communication but does not supervise or control
- 4a The firm engages the worker:
 To perform and complete a particular job only
 To work at a job for an indefinite period of time
 Other (explain) Can be terminated any time upon 30 days' notice, subject to extended earnings Yes No
- b Is the worker required to follow a routine or a schedule established by the firm?
 If "Yes," what is the routine or schedule? Agent determines own office hours and routine Yes No
- c Does the worker report to the firm or its representative? Yes No
 If "Yes":
 How often? Once per month, voluntarily
 For what purpose? Report on business written, claims, etc., maintain communication with
 In what manner (in person, in writing, by telephone, etc.)? All three
 Attach copies of report forms used in reporting to the firm. Yes No
- d Does the worker furnish a time record to the firm? Yes No
 If "Yes," attach copies of time records.
- 5a State the kind and value of tools and equipment furnished by:
 The firm None
 The worker All office equipment, fax, telephone, car, etc.
- b State the kind and value of supplies and materials furnished by:
 The firm Minimal - stationery, etc.
 The worker All standard office supplies - envelopes, computer supplies, stationery, etc.
- c What expenses are incurred by the worker in the performance of services for the firm? Office rent, utilities, computer, secretary, auto expense, office furniture, supplies, license fees, errors & omissions Yes No
- d Does the firm reimburse the worker for any expenses?
 If "Yes," specify the reimbursed expenses Trips to regional or home office Yes No
- 6a Will the worker perform the services personally? together with helpers Yes No
- b Does the worker have helpers? Yes No
 If "Yes": Are the helpers hired by: Firm Worker
 If hired by the worker, is the firm's approval necessary? Yes No
 Who pays the helpers? Firm Worker
 Are social security taxes and Federal income tax withheld from the helpers' wages? Yes No
 If "Yes": Who reports and pays these taxes? Firm Worker
 Are the helpers' incomes to the Internal Revenue Service? Firm Worker

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7 At what location are the services performed? Firm's Worker's Other (specify) _____

8a Type of pay worker receives:
 Salary Commission Hourly wage Piecework Lump sum Other (specify) _____

b Does the firm guarantee a minimum amount of pay to the worker? Yes No

c Does the firm allow the worker a drawing account or advances against pay? Yes No
 If "Yes": Is the worker paid such advances on a regular basis? Yes No

d How does the worker repay such advances? _____

9a Is the worker eligible for a pension, bonuses, paid vacations, sick pay, etc.? Yes No
 If "Yes," specify Except bonus for outstanding production

b Does the firm carry workmen's compensation insurance on the worker? Yes No

c Does the firm deduct social security tax from amounts paid the worker? Yes No

d Does the firm deduct Federal income taxes from amounts paid the worker? Yes No

e How does the firm report the worker's income to the Internal Revenue Service?
 Form W-2 Form 1099 Does not report Other (specify) _____

f Does the firm bond the worker? Yes No

10a Approximately how many hours a day does the worker perform services for the firm? 8 hours
 Does the worker perform similar services for others? Yes No Unknown
 If "Yes": Are these services performed on a daily basis for other firms? Yes No Unknown
 Percentage of time spent in performing these services for:
 This firm _____% Other firms _____% Unknown
 Does the firm have priority on the worker's time? Yes No
 If "No," explain, No work means no sales means no commissions

c Is the worker prohibited from competing with the firm either while performing services or during any later period? Yes No

11a Can the firm discharge the worker at any time without incurring a liability? Yes No
 If "No," explain, Worker has rights to extended earnings 2+ years 11+ years

b Can the worker terminate the services at any time without incurring a liability? Yes No
 If "No," explain, _____

12a Does the worker perform services for the firm under:
 The firm's business name The worker's own business name Other (specify) _____

b Does the worker advertise or maintain a business listing in the telephone directory, a trade journal, etc.? Yes No Unknown
 If "Yes," specify Telephone directory under logo and worker's name

c Does the worker represent himself or herself to the public as being in business to perform the same or similar services? Yes No Unknown
 If "Yes," how? _____

d Does the worker have his or her own shop or office? Yes No Unknown
 If "Yes," where? _____

e Does the firm represent the worker as an employee of the firm to its customers? Yes No
 If "No," how is the worker represented? Independent agent

f How did the firm learn of the worker's services? Worker contacted firm

13 Is a license necessary for the work? Yes No Unknown
 If "Yes," what kind of license is required? insurance license
 By whom is it issued? _____
 By whom is the license fee paid? Worker

14 Does the worker have a financial investment in a business related to the services performed? Yes No Unknown
 If "Yes," specify and give amounts of the investment See 5a through C. Average agent's expenses are over 50% of commission.

15 Can the worker incur a loss in the performance of the service for the firm? Yes No
 If "Yes," how? Expenses greater than commissions

16a Has any other government agency ruled on the status of the firm's workers? Yes No
 If "Yes," attach a copy of the ruling. _____

b Is the same issue being considered by any IRS office in connection with the audit of the worker's tax return or the firm's tax return, or has it recently been considered? Yes No
 If "Yes," for which year(s)? _____

17 Does the worker assemble or process a product at home or away from the firm's place of business? Yes No
 If "Yes":
 Who furnishes materials or goods used by the worker? Firm Worker
 Is the worker furnished a pattern or given instructions to follow in making the product? Yes No
 Is the worker required to return the finished product to the firm or to someone designated by the firm? Yes No

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Answer items 18a through n if the worker is a salesperson or provides a service directly to customers.

- 18a Are leads to prospective customers furnished by the firm? Occasionally Yes No Does not apply
- b Is the worker required to pursue or report on leads? Yes No Does not apply
- c Is the worker required to adhere to prices, terms, and conditions of sale established by the firm, state law, or both? Yes No
- d Are orders submitted to and subject to approval by the firm? Some are and some can be underwritten by the worker. Yes No
- e Is the worker expected to attend sales meetings? Voluntary Yes No
If "Yes": Is the worker subject to any kind of penalty for failing to attend? Yes No
- f Does the firm assign a specific territory to the worker? Yes No Does not apply
- g Who does the customer pay? Firm Worker Could be either. New policies, premiums paid to worker. If worker, does the worker remit the total amount to the firm? Yes No
- h Does the worker sell a consumer product in a home or establishment other than a permanent retail establishment? N/A Yes No
- i List the products and/or services distributed by the worker, such as meat, vegetables, fruit, bakery products, beverages (other than milk), or laundry or dry cleaning services. If more than one type of product and/or service is distributed, specify the principal one. Insurance sales
- j Did the firm or another person assign the route or territory and a list of customers to the worker? Yes No
If "Yes," please identify the person who made the assignment.
- k Did the worker pay the firm or person for the privilege of serving customers on the route or in the territory? Yes No
If "Yes," how much did the worker pay (not including any amount paid for a truck or racks, etc.)? \$
What factors were considered in determining the value of the route or territory?
- l How are new customers obtained by the worker? Explain fully, showing whether the new customers called the firm for service, were solicited by the worker, or both. Worker solicits customers. Occasionally customers call worker.
- m Does the worker sell life insurance? Yes No
If "Yes":
Is the selling of life insurance or annuity contracts for the firm the worker's entire business activity? Yes No
If "No," state the extent of the worker's other business activities. Multi-line insurance sales
Does the worker sell other types of insurance for the firm? Yes No
If "Yes," state the percentage of the worker's total working time spent in selling such other types of insurance. 95 %
At the time the contract was entered into between the firm and the worker, was it their intention that the worker sell life insurance for the firm: on a full-time basis on a part-time basis Agent determines no. of
State the manner in which such intention was expressed. Contract provides agent paid only by commission.
- n Is the worker a traveling salesperson or city salesperson? Yes No
If "Yes":
Specify from whom the worker principally solicits orders on behalf of the firm. General public
If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, specify the percentage of the worker's time spent in such solicitation. N/A %
Is the merchandise purchased by the customers for resale, or is it purchased for use in their business operations? If used by the customers in their business operations, describe the merchandise and state whether it is equipment installed on their premises or a consumable supply. N/a

- 19 Attach the names and addresses of the total number of workers in this class from page 1, or the names and addresses of 10 such workers if there are more than 10.
- 20 Attach a detailed explanation for any other reason why you believe the worker is an independent contractor or is an employee of the firm.

IMPORTANT INFORMATION NEEDED TO PROCESS YOUR REQUEST

Under section 6110 of the Internal Revenue Code, the text and related background file documents of any ruling, determination letter, or technical advice memorandum will be open to public inspection. This section provides that before the text and background file documents are made public, identifying and certain other information must be deleted.

Are the names, addresses, and taxpayer identifying numbers the only items you want deleted? Yes No
If you checked "No," and believe additional deletions should be made, we cannot process your request unless you submit a copy of this form and copies of all supporting documents indicating, in brackets, those parts you believe should be deleted in accordance with section 6110(c) of the Code. Attach a separate statement indicating which specific exemption provided by section 6110(c) applies to each bracketed part.

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented are true.

Signature

If this form is used by the firm in requesting a written determination, the form should be signed by the worker. If the worker works for two or more firms, a separate form should be furnished for each firm. Additional copies of this form may be obtained from any Internal Revenue Service office.

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Form SS-8 Attached Statement

Worker believes he is an independent contractor under common-law standards. For many years worker filed income tax returns on the basis he was an independent contractor.

Then, however, the accountant retained by the worker, advised worker and a number of other agents that they were "statutory employees," just like a client of firm who sold life insurance full time for

advised that if the workers filled out a form they could obtain a refund of one-half of their self-employment taxes. himself never believed the agents were common-law employees, but believes they should be treated like life insurance agents, i.e., as statutory employees.

does not control or have the right to control the means and methods by which the agents perform their jobs. Every agent must determine his or her own method or "style" of selling insurance. The firm conducts continuing education sessions that cover such subjects as legal matters, company products, sales techniques, and office management. Attendance at these sessions is totally voluntary for career agents such as worker, although attendance is expected for novice "financed agents" who operate under a contract giving them monthly draws or advances. Any statements by worker's former District Manager that worker was required to attend sessions was unauthorized, aberrational, and against firm policy.

To be a successful agent requires great skill and perseverance. agents are required to supply

basically all of the facilities and equipment they feel they need to be successful. They hire and pay their own help. A survey taken by the firm in 1991 shows that on average, the firm's agents spend 53.3% of their commissions on such business expenses.

The firm's agents are "leveraged" in the sense that their costs are (relatively fixed) compared to their income, which comes solely from commissions. This leverage can operate in reverse and carry the agent into a loss position. The same leverage can operate to enable the agent who controls costs and produces a large volume of business to profit very handsomely.

Bullshit

It is up to the agents to decide how many hours to work, whom to call on, how to sell and service customers. The agent's financial results depend entirely on the agent's own efforts.

The agent may work by night or by day, on Tuesdays or on Sundays, at the agent's discretion; of course some hours are more conducive to selling insurance than others, but the firm has no requirements in this regard.

Many or most of the firm's agents maintain their own HR 10 plans and/or their own IRAs. The agents are not covered by the firm's pension plan, medical plan, or other benefit plans. The agents purchase their own errors and omissions policies.

if these requirements are not followed, or if agents commit improper acts, both under state regulatory law and under common law. For that reason, requires agents to obtain the Company's consent before hiring other agents to act on behalf of the company. Subject only to that limitation, the Company's agents are free to hire and do regularly hire persons to assist them in rendering services to the Company, including secretarial, clerical, administrative and solicitation services.

5. Hiring, supervising, and paying assistants. The Company's agents routinely hire, supervise, pay, and have the right to fire, assistants, without the consent or knowledge of the Company. The Company believes the agents universally treat these secretarial and other assistants as employees of the agent, issue W-2s to them, and collect and pay employment taxes respecting their assistants.

6. Continuing relationship. The Company has continuing relationships with most of its insurance agents.

7. Set hours of work. The Company does not establish or require any set hours of work. That is specifically covered in section 6(a) of the Agreement.

8. Full time required. The Company's agents are not required to devote substantially full time to their business.

Indeed, normally does not even know how much time their agents spend at their job. Agents are motivated to work

(Dismissal)

FROM:	
Equal Employment Opportunity Commission	
behalf of a person aggrieved whose identity is CONFIDENTIAL C.F.R. 1601.7(a)).	
NUMBER	TELEPHONE NUMBER
EEOC REPRESENTATIVE	

(See additional information on reverse side of this form.)

THE PERSON AGGRIEVED: This is your NOTICE OF RIGHT TO SUE. It is issued because the Commission has denied your charge. Your charge was dismissed for the following reason:

jurisdiction for the following reason, and therefore the Commission has no authority to investigate your charge further.

The Commission has determined that you did not allege or otherwise demonstrate that you were directly affected by the practice described or effectively deferred from acting because of the practice.

Respondent employs less than 15 employees.

Other (briefly state) No employer-employee relationship exists.

Your charge was untimely filed with the Commission, i.e., you waited too long from the date of the action(s) of which you complained to file your charge and it was therefore outside the time prescribed by law. Therefore, the Commission cannot investigate the allegation(s) contained in your charge.

You failed to provide requested necessary information, failed or refused to appear or be available for necessary interviews/conferences or otherwise refused to cooperate to the extent that the Commission has been unable to resolve your charge. You have had more than 30 days in which to respond to our final written request.

The Commission has made reasonable efforts to locate you and has been unable to do so. You have had at least 30 days in which to respond to a notice sent to your last known address.

The respondent has made a written settlement offer which affords full relief for the harm you alleged. At least 30 days have expired since you received actual notice of this settlement offer.

The receipt of this NOTICE OF RIGHT TO SUE terminates the Commission's investigation of your charge. If you wish to pursue your charge further, you have the right to sue the respondent(s) named in your charge in United States District Court. IF YOU DECIDE TO SUE, YOU MUST DO SO WITHIN 90 DAYS FROM THE RECEIPT OF THIS NOTICE OF RIGHT TO SUE: OTHERWISE YOUR RIGHT TO SUE IS LOST.

On behalf of the Commission:

Area Director



EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Dear

This is to inform you that the Commission has made a determination that it will not proceed further with its processing of the above-referenced case under the Age Discrimination in Employment Act (ADEA), because no employer and employee relationship exists in this matter.

Under the ADEA the Charging Party obtained the Right to Sue when the charge was filed subject to a 60 day waiting period. ADEA suits must be brought within two years (three years in case of willful violations) of the alleged violation.

The fact that the Commission has terminated processing of this case does not certify that your organization is in compliance nor does it affect the rights of any affected parties to file suit against you under the above-referenced laws.

After 1 year from the date of this letter, I intend to destroy the case file in accordance with the EEOC's records disposition instructions.

On Behalf of the Commission:

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Internal Revenue Service
District Director

Department of the Treasury
Internal Revenue Service

To:

Date: DEC 14 1990

KEY

Worker:

Firm:

Dear Sir or Madam:

This is in reply to a request for a ruling submitted by the worker concerning the federal employment tax status of the worker with respect to services he/she performed for the firm.

It is our practice in cases of this type to consider information from both parties involved; therefore, this ruling is based upon the information furnished by both the worker and the firm.

An individual is an employee for federal employment tax purposes if he or she has the status of an employee under the usual common law rules applicable in determining an employer-employee relationship. Guides for determining the existence of that status are found in sections 31.3121(d)-1, 31.3306(i)-1, and 31.3401(c)-1 of the Employment Tax Regulations, relating to the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and income tax withholding, respectively.

Generally, the relationship of employer and employee exists when the person for whom the services are performed has the right to control and direct the individual who performs the services not only as to the result to be accomplished by the work but also as to the details and means by which the result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but as to how it shall be done. In this connection, it is not necessary that the employer actually direct or control the

manner in which the services are performed; it is sufficient if he or she has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is the employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work to the individual who performs the services. As the regulations state, the parties' description of their relationship is not determinative where the facts prove otherwise.

Based on the information submitted, we have determined that the firm has not retained the right to exercise control to the degree deemed necessary to establish the employer/employee relationship. Therefore, the worker is determined to be an independent contractor and the firm is not subject to the requirements of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, or for income tax withholding at the source on wages.

This determination has been made solely upon the information submitted by the firm and the worker. If it should be determined that material facts differ substantially from those presented, this determination may be held to be invalid.

This is a determination letter as defined in section 10 of Revenue Procedure 90-1, 1990-1 I.R.B. 9. This letter has not been reviewed by the National Office. If you believe that the determination made herein is in error, you may ask the District Director to reconsider the matter. You may also ask the District Director to request technical advice from the National Office. In such an event the procedures in Revenue Procedure 90-2 must be followed. Please direct any inquiries

Sincerely yours,

AGREEMENT

entered into separately by and between

and

_____ the agent.

All parties agree to be bound by the provisions of this agreement.

This agreement is effective as of _____ subject to the licensing requirements set forth in Section 2 of this agreement.

Any amendments, endorsements or schedules attached to this agreement become a part of this agreement.

Signed for the Company as of its effective date.

Authorized Representative

: Signed by the agent as of its effective date.

Agent

SECTION 1. 1. Definitions

"Company" means each of the above-named insurance companies separately unless otherwise specifically noted.

"Companies" collectively,

"You" means only the agent named on page one of this agreement.

SECTION 2. 2. Licensing Requirements

You shall not represent the Company as agent under this agreement until you are licensed to act as an insurance agent in accordance with the laws of the state in which you reside.

SECTION 3. 3. Company Obligation

Any and all compensation due you in accordance with schedules of compensation applicable to shall be paid by and become the sole and complete responsibility and legal obligation of

SECTION 4. 4. Your Agreements

Your Agreements You Agree:

Exclusive Representation

a. To exclusively represent only those companies which are parties to this agreement and their subsidiaries.

Licensing

b. To solicit and place applications only for the kinds of insurance for which you are licensed.

Eligible Business

c. To solicit and place in the Company and its subsidiaries all eligible applications.

Collection of Premium

d. To deliver policies and to collect and record as trustee for the Company premiums and other monies due the Company in accordance with Company rules. This money belongs to the Company at all times and you shall hold such money only as a fiduciary in trust as the absolute property of the Company.

Premium Trust Fund

e. To maintain a premium fund trust account in a bank or similar financial institution, which an authorized representative of the Company may audit from time to time, in which you will promptly deposit premiums and other monies and upon which you will draw checks transferring such money to the Company.

Compensation Adjustment

f. That, if any application or part thereof is rejected or any policy canceled and the Company has returned any premium paid thereon, or if any reduction in premium occurs, or if any overpayment in compensation to you occurs, your compensation on the amount returned or credited to the policyholder or the amount overpaid you, shall be charged to you and you shall owe such sum to the Company.

Your Authority

g. That you shall not have the authority to extend the time of payment of any premium or alter, waive or forfeit any of the Company's rights, requirements or conditions in

any policy of insurance or otherwise obligate the Company in any way except as stated in this agreement or expressly authorized under the rules and regulations of the Company or previously authorized in writing by the Company.

Profitability and Production

h. To meet the Company's production, profitability and service requirements.

Mode of Conduct

i. To maintain a good reputation in your community and to direct your efforts toward advancing the interests and business of the Company to the best of your ability, to refrain from any practices competitive with or prejudicial to the Company and to abide by and comply with all applicable insurance laws and regulations.

Sums Payable

j. That any sum payable to you by any one of the Companies may be credited against any sum owed by you to any one of the Companies whether a premium transaction, promotional or advertising expense, office operational expense or obligation of any other kind to the Company and that any of the Companies making a payment under this provision on your behalf to any of the Companies shall be discharged from further liability to you to the extent of the sum so paid, and you shall be discharged from liability to the Company receiving the payment to the extent of the payment so received.

Your Expenses

k. The expense of any office, including rental, furniture and equipment, signs, supplies not furnished by the Company, salaries of your employees, telephone, postage, advertising and all other charges and expenses incurred by you in the performance of this agreement shall be at your discretion and paid by you.

Company Property

l. That all copies of policies, endorsements, policy records, manuals, materials and supplies furnished you by the Company shall be and shall remain the property of the Company and you shall be deemed the bailee thereof for the use and benefit of the Company and shall keep and preserve such property except as consumed in normal agency operations. When this agreement is terminated, you shall deliver within 10 days to the Company all such property together with all copies thereof in your possession and control.

Use of Company Identification

m. To use the Company names, symbols, trademarks or any other types of identification whether the same or similar as created by the Company only as authorized by the Company, and when this agreement is terminated, to cease using or benefiting from the use of the Company names, symbols, trademarks or other identification.

SECTION 5.

5. Company Agreements

Company Agreements

The Company agrees:

Compensation Schedule

a. To pay you pursuant to the provisions of the applicable compensation schedules attached hereto and made a part hereof, such compensation to be in full payment for all services rendered by you and to be made as soon as practicable.

Incentives

b. To award prizes, allowances and other incentives to you in accordance with terms and conditions determined by the Company.

Policy Records

- c. To furnish you with records relating to policies written by you or assigned to you under this agreement which in the Company's judgment will enable you to successfully meet the obligations imposed upon you by this agreement.

SECTION 6.**6. Mutual Agreements****Mutual Agreements**

It is mutually agreed that:

Independent Contractor Relationship

- a. It is the intent of the parties hereto that you are not an employee of the Company for any purposes, but are an independent contractor for all purposes, including federal taxation with full control of your activities and the right to exercise independent judgment as to time, place and manner of soliciting insurance, servicing policyholders and otherwise carrying out the provisions of this agreement. As an independent contractor you are responsible for your self-employment taxes and are not eligible for various employee benefits such as Workers and Unemployment Compensation.

Other Licensed Individuals

- b. You shall not appoint or employ any solicitor, broker or other licensed individual to act for or on behalf of the Company without the written consent of the Company.

Assignment

- c. You shall not assign any part or all of this agreement, or any interest or rights therein, or any sum due or to become due you hereunder.

Changes in Compensation Schedules

- d. The Company retains the right to change, alter, amend or terminate any compensation or bonus schedule attached hereto without notice or your consent on the date specified by the Company.

Assigned Policies

- e. The renewal service fee will be withheld for twelve months following the date of assignment of any policy and the renewal service fee will be withheld for a period of six months on any policy assigned to you. There will be no service fees paid on assigned policies. The Company may reassign any policy assigned to you at any time.

Changes in Rates and Rules

- f. The Company will prescribe rates, rules and regulations under which it will insure risks and the Company retains the right to change, alter or amend such rates, rules and regulations and to inform you at such time and in such manner as it deems practicable.

Term

- g. This agreement shall continue from its effective date until termination as herein provided.

Termination

- h. 1) Except as provided in paragraph 2) below, this agreement may be terminated by either party with or without cause by giving written notice to the other and shall be deemed terminated as of the date specified in that notice. If both parties give notice, the earlier termination date shall control. This agreement shall automatically terminate upon your death or upon the date your license to act as an agent for the Company is suspended, revoked or canceled.
- 2) After two years from the effective date of this agreement or after the termination date of your Agent Advance Compensation Plan, whichever is later, the Company will give you notice in writing of any undesirable performance which could cause

termination of this agreement if not corrected. The Company will not terminate this agreement for those reasons for a period of six months after that written notice. In no case shall notice of undesirable performance be required prior to termination if the performance in question involves a violation of Sec. 4.i. or any other dishonest, disloyal or unlawful conduct; nor shall any notice be required in the event that the Company terminates substantially all agreements of this type throughout the Company or in a particular state or area.

Termination Review Procedure

- i. In the event the Company terminates this agreement, you may request a review in accordance with the Termination Review Procedure then in effect. The Company may amend this Procedure from time to time.

Policyholder Service After Termination

- j. When this agreement is terminated, as respects policies written or serviced under this agreement, the Company's obligation to mail or deliver notices and statements to policyholders of premiums due for successive policy periods shall continue, and, as respects such policies, the Company reserves the right to appoint a successor agent or agents and to continue solicitation of policyholders for both new and renewal policies.

Your Activity After Termination

- k. For a period of one year following termination of this agreement, you will not either personally or through any other person, agency, company or organization directly or indirectly induce, attempt to induce or assist anyone else in inducing or attempting to induce any policyholder of the Companies credited to your account at the time of termination to lapse, cancel, replace or surrender any insurance policy in force with the Companies. In the event the "period of one year" conflicts with any statutory provisions, such period shall be the period permitted by statute.

Extended Earnings Conditions Precedent

- l. When this agreement is terminated, you will be paid Extended Earnings as set out in this contract, if as a condition precedent:
- 1) Within ten days of the date of termination you have put in the possession of an authorized representative of the Company all policies and policy records, manuals, materials, advertising and supplies or other property for which you are a bailee.
 - 2) You have represented the Company under this agreement for a period of at least ten years. That period begins on the effective date of this agreement and continues until termination of this agreement. That period will be interrupted from the effective date of any Advance Compensation Plan you sign until two years after the effective date of your plan or the termination date of your plan, whichever comes first.

Amount of Extended Earnings - Mutual

- m. When you have met the requirements of Sec. 6.i. 1) and 2) above, you will be paid extended earnings based upon a percentage of Mutual renewal service fees earned by you during the 12 months immediately preceding the month during which this agreement is terminated less any sums owed by you to the Company or its subsidiaries.

The percentage of such renewal service fees payable under this section shall be based on the total years in the period set forth in Sec. 6.l. 2) as shown in the following table:

Total Years	Percentage
At least 10 years but less than 11 years	
At least 11 years but less than 12 years	
At least 12 years but less than 13 years	
At least 13 years but less than 14 years	
At least 14 years but less than 15 years	
15 years or more	

Amount of Extended Earnings - Standard

- n. When you have met the requirements of Sec. 6.l. 1) and 2) above, you will be paid extended earnings based upon a percentage of renewal service fees earned by you during the six calendar months immediately preceding the month during which this agreement is terminated less any sums owed by you to the Company or its subsidiaries if not satisfied under Sec. 6.m.

The percentage of such Standard renewal service fees payable under this section shall be based on the total years in the period set forth in Sec. 6.l. 2) as shown in the following table:

Total Years	Percentage
At least 10 years but less than 11 years	
At least 11 years but less than 12 years	
At least 12 years but less than 13 years	
At least 13 years but less than 14 years	
At least 14 years but less than 15 years	
15 years or more	

Extended Earnings Manner of Payment

- o. If at the time of termination you are less than 60 years of age, the foregoing extended earnings set forth in Sec. 6.m. and n. shall be paid in 60 equal monthly installments beginning the month following that in which this agreement is terminated.
- p. If at the time of termination you are between ages 60 and 65, you shall be entitled to payments set forth in Sec. 6.q. except that monthly installments payable 121 months after termination and thereafter shall be the following percentage of the payment that you would have received under Sec. 6.q. 121 months after termination and thereafter if you had terminated at age 65.

Age at Last Birthday Prior to Termination	Applicable Percentage of Monthly Installments
64	
63	
62	
61	
60	

- q. If at the time of termination you are 65 years of age or older, extended earnings shall be paid in the following monthly installments:

Months after Termination	Applicable Percentage of Sec. 6.o. Monthly Installment
1 through 60	
61 through 120	
121 and thereafter for your life	

Additional Payment Options

- r. Prior to the year in which you first receive your extended earnings, if you are 60 years of age or older or have represented the Company for a period of at least 25 years as set forth in Sec. 6.l. 2) at the time of termination, you may elect to receive a lump sum payment after 12 monthly payments. If you elect this option, you will be paid 12 of the monthly installments set forth in Sec. 6.o. After those 12 monthly payments, you will be paid a single payment in lieu of all remaining payments. That single payment will be in the amount of 43 times the monthly installment amount set forth in Sec. 6.o.
- s. If you die prior to receiving the amount of extended earnings calculated under Sec. 6. m. and n., and Sec. 6.r. if you chose that option, your legal representative will receive the present value of any unpaid difference as a lump sum.

Amount of Extended Earnings - Life

- t. When this agreement is terminated, Life will pay any remaining compensation applicable to the first policy year of any policy written by you. In addition, if you have represented the Company for at least 24 consecutive months immediately preceding termination, you will be paid extended earnings in the same manner and at the same time as otherwise would have been payable in compensation had this agreement remained in effect according to the following schedule:

In-force Paid for Premium (except annuity premiums) Computed on an Annualized Basis	Number of Years Payable
\$5,000 to \$24,999	3
\$25,000 to \$49,999	7
\$50,000 or more	11

If extended earnings are paid for your lifetime and you qualify for 11 years of your lifetime.

In the event you die while receiving extended earnings, your legal representative shall be entitled to those payments which you would have received had you not died but in no event shall such payments continue beyond a period of 11 years following termination of this agreement.

Forfeiture of Extended Earnings All Companies

- u. If you do not comply with all the provisions of this agreement, particularly Sec. 6.k. entitled "Your Activity After Termination", you shall immediately forfeit all rights to extended earnings otherwise payable by any Company thereafter.

Payment Upon Death v. If you die after the effective date of this agreement but have not met the requirements of Sec. 6.l. 2), then the Company will pay your legal representative the sum of \$50,000.

**Partial
Assignment**

- w. 1) If you and the Company agree to reassign to another agent, a policy for which you received new business commission, then you will be paid for that policy only under the following circumstances:
- a) If you request the reassignment, that reassignment involves at least 200 of the policies described above, and you meet the requirements of Sec. 6.l. 2), you will be paid the amount set forth in paragraph 2).
 - b) If the Company requests the reassignment and you meet the requirements of Sec. 6.l. 2), you will be paid the amount set forth in paragraph 2).
 - c) If the Company requests the reassignment and you have not met the requirements of Sec. 6.l. 2), you will be paid a percentage of the amount set forth in paragraph 2) for a ten year period. That percentage is the percentage your total years of credit under Sec. 6.l. 2) bears to ten years.
- 2) You will be paid as set forth in paragraph 1) an amount equal to the amounts set forth in Sec. 6.m. and n. for those policies reassigned as if this agreement had terminated at the time of the reassignment. Payment shall be in equal monthly installments over a period of time of more than twelve months as agreed upon by both parties. Renewal service fees for those policies reassigned will not be considered for extended earnings purposes when this agreement is terminated.

SECTION 7. 7. Conditions

**Conditions
Other Agreements**

- a. This agreement supersedes all prior agreements between you and the Company, whether written or oral, and constitutes the entire agreement. Except as provided in this agreement, no modification of its terms may be made unless that modification is agreed to in writing by you and the Company.

Records

- b. The books, records, accounting and statistical procedures of the Company shall be used and shall control in determining all matters relating to this agreement.

Binding Provisions

- c. Rates, rules, regulations and all provisions contained in the Company's Agent's Manuals and all changes to them shall be binding upon you. If any inconsistency or ambiguity exists between this agreement and such rate, rule, regulation, provision or other statement or statements, whether written or oral, this agreement shall control.

Jurisdiction

- d. This agreement shall be deemed to have been made within the and shall be interpreted and construed in accordance with the laws of the State of

**Severability
of Agreement**

- e. If any part of this agreement shall be held invalid for any reason, such invalidity shall not affect any other part of this agreement and the parts not invalid shall remain in full force and effect.

)
) ss AFFIDAVIT
)

being first duly sworn, on oath
deposes and says that:

1. He is an adult resident of the

2. He has been employed by
 ("the Company") as a district manager since
 responsibility to recruit and empower
agents to represent the Company and its subsidiaries in
portions of the

3. As a district manager, he has been assigned to manage
 ("Agents").

4. As a district manager, he is evaluated and
compensated, and his employment ultimately depends, on the
production and profitability of his district--with particular
emphasis on new business production.

5. At several times in his career as a district manager,
he has felt compelled to attempt to increase such production
within his district. On such occasions, he actively considered
pursuing termination of certain of the unproductive Agents,
including
 He instead chose to attempt to improve.

6. He understands that he has no right to coerce agents
as to the means by which they perform, and specifically that he
~~has no right to discipline agents for failure to attend~~
training or educational sessions or other meetings.

7. He acknowledges that, in his efforts to improve
 performance, he occasionally may have
exceeded his authority by attempting to direct
 activities (e.g. by pressuring them to attend training
sessions), given the current contractual relationship between
the Company and its agents. But exercised
their rights as agents, rejecting his attempts to direct their
activities. They continue to exercise a high level of

independence while supplying new business production well below the district's average.

8. The Company has offered each of the Agents the opportunity to exchange such agent's existing contract for the new, 1993 version. agent, out of are the only agents who have exercised their right to remain agents under the agreement.

9. He has never disciplined, much less terminated, any agent as a result of such agent's failure to attend district meetings or training sessions, nor does he have the right to do so.

AMENDMENT TO

AGREEMENT

You and the Company agree that this amendment becomes part of your Agreement, edition and that Agreement replaces any prior Agent Agreement including amendments or endorsements except as specifically set forth in this amendment.

You will receive credit under Sec. 6.l. 2) for the period of time you have represented the Company under your prior Agreement if that period of time was continuous and uninterrupted. This credit is in lieu of any other payments or credits under that prior agreement. You and the Company agree that no Extended Earnings or other payments shall be payable under that prior agreement.

Any Defacto Agreement or endorsement, any Document Retention Exhibit or endorsement, any endorsement concerning Long-Term Disability Insurance Benefits under your prior agreement shall remain in force and effect under this agreement. Further, any endorsement concerning service as an employee or district manager prior to becoming an agent shall apply to this agreement.

You and the Company further agree that any Agent's Advance Compensation Plan entered into by you and the Company prior to the effective date of this Agreement will continue under this agreement as if entered into while this agreement was in force.

You and the Company further agree that you will not be disqualified from receiving an Agent Bonus under Schedule No. 3 of this agreement for bonus year even though you do not meet the requirements of Sec. 1.b. of that schedule for that bonus year.

You and the Company further agree that any representation requirement, any percentage of renewal service fees dependent on the representation requirement and any payment options for Extended Earnings available under your prior Agreement will continue to be available to you under this agreement.

**SCHEDULE NO. 1
AGENT COMPENSATION SCHEDULE
COMPANY**

This schedule applies to all policies and supplementary coverages written in Company.

Definitions:

"Basic Term" means the minimum term for which the policy can be written except for Business Auto where "Basic Term" means a term of six months.

"New Business" means as further defined in the Company's rules:

- (a) coverages under new policies;
- (b) coverages under new policies issued to former policyholders whose policies have been lapsed, expired or cancelled for more than 12 months; and
- (c) additional qualifying coverages under existing policies.

"New Business Premium" means the premium collected for New Business during its first Basic Term.

"Renewal Business" means all business not included in the definition of New Business.

"Renewal Business Premium" means all premium collected for Renewal Business.

"Sales Fee" means the sales fee percentage multiplied by the Premium.

"Service Fee" means the service fee percentage multiplied by the Premium.

"Full-Time Agent" means an agent designated by the Companies as full-time.

"Part-Time Agent" means an agent designated by the Companies as part-time.

Mutual will pay you a Sales Fee for New Business and a Service Fee for Renewal Business based on the following:

Type of Mutual Policy	Sales Fee Percentage	Service Fee Percentage
1. Private Passenger, Farm, Utility and Business Auto		
Written by Part-Time Agent	10%(A)	8%(B)
Recent Transfers (C)	10%(A)	8%
All Other Policies	10%(A)	10%
2. Fire; Allied Lines (Non-Business); Homeowners Forms 1, 2, 3, 4,		
Recent Transfers (C)	15%	12%
All Other Policies	15%	15%
3. Homeowners Forms 6, 8, 9; Trailer Homes Fire and Extended Coverage; Mobile Homeowners; Boatowners		
Recent Transfers (C)	15%	12%
All Other Policies	15%	15%

58
20

4. Umbrella, Farm/Ranch	15%	10%
5. Annual Accident, Comprehensive Health, Disability Income, Hospital Income, Lifetime Hospital, Major Medical Recent Transfers (C) All Other Policies	Not Written Not Written	7% 10%
6. Family Accident Recent Transfers (C) All Other Policies	15% 15%	7% 10%
7. Health, Family Health Care Recent Transfers (C) All Other Policies	30% 30%	7% 10%
8. Medicare Supplement Recent Transfers (C) (Replacing Medicare Supplement Policy)	30% 30% 10%	10% 7% 10%
9. Franchise Health Per Policy	N/A	\$4.00
10. Trip and Sportsman Accident	25%	N/A
11. Workers Compensation First \$1,000 of Premium Next \$4,000 of Premium Remainder of Premium	10% 8% 5%	10% 8% 5%
12. All Business Lines except Workers Compensation and Business Auto	15%	10%

NOTES

- (A) The minimum Sales Fee will be
- (B) If, on December 31 of any calendar year, (a) the inforce policy count of a part-time agent for business to which this schedule applies is 300 or more, and (b) if such agent has represented the Company as an agent for not less than two years, the renewal service fee percentage shall be that of a full-time agent during the next calendar year. In determining inforce policy count, any policy assigned to the agent for servicing by the Company shall not be included unless such policy has been renewed by the policyholder after such assignment.
- (C) Recent transfers as to the Casualty and Property policy types are those policies which were transferred to full-time agents appointed on or after January 1, 1986 and all policies transferred on or after January 1, 1987. Recent transfers as to Health policies are those policies transferred on or after January 1, 1993. If you service recent transfers that are transferred on or after January 1, 1993 for at least 10 years consecutively, you will be entitled to the higher service fee percentage.

**SCHEDULE NO. 2
AGENT COMPENSATION SCHEDULE**

This schedule applies to all policies and supplementary coverages placed through _____
_____ will pay you for new business placed through _____ one-half of the amount received as compensation
by _____ if that amount is at least _____ This minimum does not apply to Mobile Home or Crop Hail new business
coverages.

**SCHEDULE NO. 3
AGENT BONUS**

1. You qualify for an Agent Bonus for any Calendar Year if:
 - a. Your Agent Agreement was in effect on December 31 of that year; and
 - b. Your Agent Agreement was in effect for more than 2 calendar years on December 31 of that year.
2. Agent Bonus consists of the Casualty Bonus and the Performance Bonus paid on business in the following lines: Casualty (including Personal Umbrella), Property (including Farm/Ranch), Health and Business (including Business Auto).
3. The Casualty Bonus is the product of the Casualty Line Profit Base and the Casualty Bonus Factor which shall be 5%. If the product is negative, the result will be zero.
4. The Performance Bonus is the product of the Net Profit Base and the Life Performance Bonus Factor. If the product is negative, the result will be zero.

Definitions:

"Line" - One of the following lines: Casualty (including Personal Umbrella), Property (including Farm/Ranch), Health and Business (including Business Auto).

"Line Premium" - The total written premium in a given line for a calendar year.

"Line Bonus Loss Ratio" - The sum of the weighted paid losses for the last 3 calendar years for the given line divided by the sum of the weighted Line Premium for the given line as expressed by the following formula:

$$\frac{(3 \times \text{PaidL CY}) + (2 \times \text{PaidL CY} - 1) + (\text{PaidL CY} - 2)}{(3 \times \text{WrPrem CY}) + (2 \times \text{WrPrem CY} - 1) + (\text{WrPrem CY} - 2)}$$

- CY = Current Calendar Year.
 CY - 1 = Calendar Year immediately preceding CY.
 CY - 2 = Calendar Year immediately preceding CY - 1.
 PaidL = Paid Losses for the given line for the calendar year.
 WrPrem = Line Premium.

"Line Loss Ratio Standard" - Loss Ratio percentage for each line as follows:

Casualty	60%
Property	57%
Health	64%
Business	42%

"Line Loss Ratio Difference" - The Line Loss Ratio Standard minus the Line Bonus Loss Ratio for a given line.

"Line Profit Base" - The Line Premium for the current Calendar Year multiplied by the Line Loss Ratio Difference for a given line.

"Net Profit Base" - The sum of the Line Profit Base for Casualty, Property, Health and Business lines. A negative Line Profit Base in one line will offset a positive Line Profit Base in another line.

"Calendar Year" - A year beginning on January 1 and ending on December 31 of that year.

"Life Performance Bonus Factor" - The applicable factor set forth in the following table:

Bonus Factor Table

Life Points in Current Year	Percent	Life Points in Current Year	Percent
0- 999	%	3,800 - 3,999	%
1,000 - 1,499	%	4,000 - 4,199	%
1,500 - 1,999	%	4,200 - 4,399	%
2,000 - 2,199	%	4,400 - 4,599	%
2,200 - 2,399	%	4,600 - 4,799	%
2,400 - 2,599	%	4,800 - 4,999	%
2,600 - 2,799	%	5,000 - 5,199	%
2,800 - 2,999	%	5,200 - 5,399	%
3,000 - 3,199	%	5,400 - 5,599	%
3,200 - 3,399	%	5,600 - 5,799	%
3,400 - 3,599	%	5,800 - 5,999	%
3,600 - 3,799	%	6,000 - above	%

**SCHEDULE NO. 4
AGENT COMPENSATION SCHEDULE**

This schedule applies separately to insurance and annuity policies described in the following schedule, except as noted below. (Company) only for the kinds of life

Policies Other Than Flexible Premium Adjustable Life

You will be paid as compensation a percentage of the premium actually collected in cash by the Company for each policy year of each separate policy pursuant to the following schedule:

	1st Year	2nd Year	3rd Year	Renewal Service Fees each year after 3rd year
<u>Life Insurance</u>				3%
Permanent Policies (Other than Flexible Premium Adjustable Life)				3%
Term Riders				
Term Policies				
10 Year Level R&C Term			6	
Other Level Term			6	
Decreasing Term			6	
Franchise Life Policies			6	
<u>Annuities</u>				
Flexible Premium (Issued prior to 1/1/92)				
All Other				
	<u>Annuitants Issue Age</u>		<u>Percent</u>	
		through 45		
		Age 46 through 60		
		Age 61 and greater		
<u>Credit Life & Credit Disability</u>				25% of premium for term of policy

Flexible Premium Adjustable Life

You will be paid as compensation a percentage of the premium actually collected in cash in a policy year of each separate policy pursuant to the following schedule:

	1st Year	2nd thru 10 Years	11th Year and thereafter
Basic Premium			
Excess Premium			

"Basic Premium" is the monthly payment amount for an Option 1 policy, regardless of the death benefit option selected, less any monthly administrative fees or charges included in such amount.

"Excess Premium" is any amount which exceeds the Basic Premium in any policy year.

Compensation is not payable on any added monthly charge related solely to the specified amount of the policy.

Limitations

Agent compensation for the first policy year on policies purchased by any employee under the Employee Purchase Plan shall be 20% for permanent policies (other than flexible premium adjustable life) and term riders and shall be 15% for term policies.

No compensation will be paid the agent as respects premiums charged for "Temporary Term" and "Term to 65" insurance.

Agent compensation as respects premiums charged for Waiver of Premium Benefit, Accidental Death Benefit and Guaranteed Insurability Benefit or any other benefit rider will be computed at the same rate of compensation as applies to the policy to which such riders are attached.

If a Term Policy or Term Rider is converted to or exchanged for a permanent form of life insurance, the converted policy--as of the date of such conversion--shall be considered a new policy of which the percentages shown in the above table apply.

Annuity premiums shall not be considered in the calculation of payable Extended Earnings by the Company.

Monies paid out or withdrawn from an annuity for any reason including death will result in a commission reversal against an equivalent amount of premium paid into the annuity within the preceding 12 months.

Compensation Adjustment For Replacement

The Company reserves the right to adjust agent compensation for any replacement transaction. "Replacement" is governed by the administrative rules in effect, but is generally defined as any transaction wherein the Company issues new life insurance and within a six month period prior to or following issue of the new insurance the existing insurance on the same insured is:

1. Lapsed; or
2. Surrendered; or
3. Reduced in amount; or
4. Converted to a non-forfeiture option; or
5. Otherwise changed to terminate or reduce payment of premiums.

The adjustment will be as follows: The agent's first year compensation on the new insurance shall be as provided this schedule, less the difference between (a) minus (b) where:

- (a) is the amount of the first year compensation payable on that amount of premium equal to the amount of premium replaced on the existing insurance, and
- (b) is the amount of compensation that would have been payable on the amount of premium replaced on existing insurance.

Any such adjustment shall be limited to premiums paid during the 12 month period following the effective date of new insurance.

10 Year Level R&C Term

If the replacing policy is 10 Year Level R&C Term, then compensation on each premium during the initial 10 year policy term shall be 3%, and on each premium after the initial 10 year policy term shall be 7%.

**SCHEDULE NO. 5
AGENT COMPENSATION SCHEDULE**

This schedule applies to all policies and supplementary coverages written in

Definitions:

"Basic Term" means a term of three months.

"New Business" means as further defined in the Company's rules:

- (a) coverages under new policies;
- (b) coverages under new policies issued to former policyholders whose policies have been lapsed, expired or cancelled for more than 12 months; and
- (c) additional qualifying coverages under existing policies.

"New Business Premium" means the premium collected for New Business during its first Basic Term.

"Renewal Business" means all business not included in the definition of New Business.

"Renewal Business Premium" means all premium collected for Renewal Business.

"Sales Fee" means the sales fee percentage multiplied by the Standard New Business Premium.

"Service Fee" means the service fee percentage multiplied by the Standard Renewal Business Premium.

You will be paid a Sales Fee for New Business and a Service Fee for Renewal Business based on the following:

**Sales Fee
Percentage**

**Service Fee
Percentage**

**ADDENDUM TO
ENDORSEMENT #12 AND
DOCUMENT RETENTION EXHIBIT**

The documents to be retained and the term of retention are amended as follows:

DOCUMENT	TERM OF RETENTION
I. Applications, Coverage Sign-Offs, Student Discount Documentation and other documents signed by insured.	Two (2) years after the policy is no longer in force in the States
II. Per underwriting guidelines, Auto Ap- praisals, Auto Photos and for Mutual Auto, Renewal Notice from prior carrier.	Until underwriter reviews.

All other terms and conditions of Endorsement #12 and the Document Retention Exhibit remain in effect.

This Addendum is effective immediately.

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AGREEMENT CHANGES - APRIL 1, 1983Page 1

Removed "Career" from title. The same agreement is used for full-time and part-time agents. It is not a career for part-timers. We usually refer to "the agreement" rather than "career agreement".

Section 1

Define "you" as the agent and use the term throughout the agreement. It is much more friendly and personal than continually repeating "the agent".

Section 3

This is new. It replaces the amendment we have used since 1976 to denote that all compensation earned in our companies is paid by

The purpose is to avoid duplicate payment of Social Security taxes by agents in the event they should be considered employees at some future date.

Section 4

- 4b. - Since January, 1982, we no longer endorse agreements to permit selling for other companies. Therefore, this reference is no longer needed.
- 4d. - We have long encouraged the use of premium trust accounts. Inclusion in the agreement makes it a necessity.
- 4g. - Combines reference to minimum production and profitability requirements into one. Although there are no specific minimum production or profitability requirements mentioned in the agreement, this section prevails if they should be established from time to time.
- 4h. - The initial part of this section "to maintain a good reputation in your community" is new. This inclusion could be helpful should you find it necessary to terminate an agent because of improper (non-) business related conduct.
- 4k. - Specifically indicates Company property must be returned within ten days following termination. There has previously been no time limit.

Section 5

- 5e. - The Termination Review Procedure recently sent to all agents is now mentioned in the agreement. The actual procedure will be included in writing to be kept with the agreement as it may be changed from time to time.

Section 6

- 6a. - The last sentence pertaining to payment of self-employment tax is new. It is repeated for emphasis in the welcome letter from which accompanies the agreement.
- 6g. - The phrase "with or without cause" is now included in the first line.
- 6i. - The present agreement prohibits a terminated agent for a period from one year from soliciting or servicing policyholders within 25 miles from the agent's location of business. Enforcement of this section is difficult because:
1. Obtaining proof that an policyholder was contacted is not always easy.
 2. With the expansion of metropolitan areas and the increase of full-time agents in rural areas, policyholders of a terminated agent could easily live more than 25 miles from the agent's location.

The new agreement contains no mileage factor and prohibits activity only with policyholders credited to the account of the agent at time of termination.

- 6j(2) - It now takes fifteen consecutive years of service after removal from to qualify for extended earnings. There are no longer any five or ten year requirements.

NOTE: There are only two conditions precedent to qualify for extended earnings compared to four under the present agreement. The required number of policies needed to qualify has been dropped. After 17 to 20 years, the agent will have more than policies or else be long gone. The old section pertaining to forfeiture of extended earnings is now Section 6p. It follows Life Extended Earnings since the forfeiture applies to extended earnings as well as

- 6k. - Only 150% is mentioned since the 50% and 100% classes no longer exist.
- 6m. - Agents under 60 years of age must take extended earning payments over 60 months. There is no other choice. In this manner there can be no possible IRS interpretation that tax must be paid over the shortest term for which a choice existed.
- 6n. - The wording is similar to the lifetime amendment opted by many of our present agents with the exception there is no mention of 15 years. This is already stated as a condition precedent in Section 6j(2).

NOTE: There is no longer any Death Benefit. It is expected that agents will provide for this need under their own life insurance programs. Agents now benefit under their Group Term Life for which the maximum is now increased to \$100,000.

- 6o. - lifetime extended earnings are now available if the agent qualifies for lifetime extended earnings.

- 6p. - The present agreement under Section 5j(4) provides for forfeiture of extended earnings if the terminated agent accepts a sales or sales management position in any state where the Company operates. This broad provision is of little value in present court cases so has been removed.

The new agreement provides that extended earnings are forfeited if the agent does not comply with all the terms of the agreement particularly Section 6i "Agent Activity After Termination". Examples:

1. If the agent sells for another company while representing no extended earnings will be paid.
 2. If within one year after termination the agent solicits a policyholder in the agency at the time of termination, remaining extended earnings are forfeited. This gives the successor agent one or more chances at renewing the business in The one year limitation does require swift action on the part of the manager and the successor agent when there is evidence that the terminated agent has attempted to solicit such policyholders. Letters so attesting should be quickly obtained.
- 6q. - Note that the 200 policy requirement for partial assignment applies to policies only. It is no longer combined with as this business lapses quickly. Policies transferred less than 5 years do not qualify.
- 6q(1) - It is impossible to pay extended earnings on partial transfers to agents with less than 15 years of service following removal from since they do not qualify. In such instances the payment on partials is 100% of the previous 12 months service fees.
- 6q(2) - The agent who qualifies for extended earnings receives 150% of the previous 12 months service fees, the same as extended earnings. It is not considered extended earnings which requires payments over 60 months. This could make the monthly payments extremely small. Since Endorsement No. 9 is required on partial assignments, the payment period indicated thereon can vary by choice.
- 6r. - This is the same as the amendment to the present agreement to indicate that Extended Earnings and Long Term Disability benefit payments will not be paid at the same time with the exception that the 8% interest factor noted in the amendment has been dropped in favor of a variable rate determined by the Company. The rate will be in line with current conditions at the effective date.

Section 7

The section was included primarily as a numbering identification rather than extend the letters under Section 6 any further.

- 7d. - Included for the first time at the request of the Legal Division for the purpose of establishing uniformity in court interpretations.

AG. 'S ADVANCE COMPENSATION PLAN
entered into separately by and between

SPECIMEN

and

_____ the agent

It is agreed between the parties named above, that

1. This agreement forms a part of the _____ Agreement and is subject to all the applicable provisions of such agreement.
2. The provisions of this agreement, unless otherwise specifically noted, apply separately as between each of the insurance companies named above and you.
3. The agreement is effective as of _____ and shall continue in force at least 24 months, except as herein provided.
4. Your monthly budget amount is \$ _____
5. The provisions contained on the following pages and such written agreements, provisions, conditions, schedules and endorsements as are or may hereafter be attached hereto are a part of this agreement.

Signed for the Company as of its effective date.

Authorized Representative

Signed by the agent as of its effective date.

Agent

MODES OF REPAYMENT FULL TIME BASIS

- 9. Upon termination of this agreement, your obligation to repay sums advanced under this agreement is as follows:
 - a. While you continue to represent the companies on a full-time working basis, repayment shall be made according to the following:
 - (1) If during the term of this agreement, aggregate new business compensation exceeded the requirements of Section 7.e. of this agreement, you will be credited a percentage of the obligation to repay in accordance with the total number of policies assigned to you for service: (a) within 12 months prior to the effective date of this agreement; (b) while the agreement is in effect; (c) within 12 months of its termination as follows:

VALIDATION AT TERMINATION	POLICIES ASSIGNED			
100% - 109%	10%	5%	0%	0%
110% - 119%	30%	15%	5%	0%
120% - 139%	40%	25%	10%	5%
140% - 159%	45%	30%	15%	10%
160% - 179%	50%	35%	20%	15%
180% - 199%	55%	40%	25%	20%
200% - 219%	60%	45%	30%	25%
220% - 239%	65%	50%	35%	30%
240% - 259%	70%	55%	40%	30%
260% - 279%	75%	55%	45%	30%
+280% & Over	75%	55%	45%	30%

EXCISEMEN

- (2) When during the repayment period, following termination of this agreement, new and renewal business compensation in the companies equals the monthly budget amount plus \$ shall withhold one-half the total compensation in excess of the monthly budget amount plus: subject to a maximum monthly withholding of. The sum withheld shall be applied to satisfy the obligation under this agreement.

PART TIME BASIS

- b. While you continue to represent the companies on a part-time basis, all renewal business compensation otherwise payable by the companies shall be withheld and applied to satisfy the obligation under this agreement.
- c. If you do not continue to represent the company, you shall be released and discharged from any obligation to repay the advance compensation paid you under this agreement, except that you assign and transfer to all rights to all bonuses, extended earnings, compensation after termination, or other benefits due under the Agent's Agreement.

OTHER BENEFITS WITHHELD AUTHORITY TO WITHHOLD AND APPLICATION OF SUMS WITHHELD

- 10. While this agreement is in effect and thereafter so long as you have the obligation to repay sums advanced, the companies shall withhold all bonuses, extended earnings, compensation after termination, and other similar benefits otherwise payable to you.
- 11. You, to the extent of the obligation imposed under this agreement, authorize each company to withhold such compensation and other benefits as provided in this agreement. You further authorize the to pay any such sums withheld by either of them to. The foregoing authorizations are subject to the requirement that, to the extent of all such withheld sums, including sums withheld by it, satisfies your obligation under this agreement.

PRECEDENCE OF AGREEMENT

- 12. So long as you are obligated to repay any part of the sum advanced under this agreement, the provisions of this agreement shall take precedence over any otherwise applicable provisions of the Agent's Agreement.

CAREER AGENT'S AGREEMENT
entered into separately by

and

_____ hereinafter called the agent whereby all parties agree to be bound by the provisions of this agreement.

This agreement is effective as of _____ subject to the licensing requirements set forth in Section 2 of this agreement.

Each of the several provisions of this agreement, unless otherwise specifically provided, applies separately as between each of the insurance companies named above and the agent.

Such agreements, provisions, conditions, schedules and endorsements as are attached hereto and which hereafter may be attached hereto are a part of this agreement.
Signed for the company as of its effective date.

Authorized Representative

Signed by the agent as of its effective date.

Agent

SECTION 1.
Definitions

1. Definitions:

"Company" means each of the above-named insurance companies separately unless otherwise specifically noted.

"Companies" mean

SECTION 2.
Licensing
Requirements

2. Licensing Requirements:

The agent shall not represent the Company as an agent under this agreement until he is licensed to act as an insurance agent in accordance with the laws of the state in which he resides.

SECTION 3.
Agent's
Agreements
and Duties

3. The agent agrees:

- a. to solicit and place in the company all eligible applications for the kinds of insurance written by the Company and for which he is licensed.
- b. to represent only those companies which are a party to this contract unless an authorized representative of _____ endorses this agreement in writing consenting to such representation.
- c. to deliver policies and to collect premiums and other moneys due the company in accordance with company rules and while in possession of any such money to hold it in trust as the absolute property of the company.
- d. that, if any policy or part thereof is rejected or cancelled and the Company has returned any premium paid thereon, or if any reduction in premium occurs, or if any overpayment in compensation to the agent occurs, the agent's compensation on the amount returned or credited to the policyholder, or the amount overpaid the agent, shall be charged to the agent and shall be an indebtedness due the Company from him.
- e. that he shall not have authority to extend the time of payment of any premium or alter, waive, or forfeit any of the Company's rights, requirements, or conditions in any policy of insurance, or otherwise obligate the Company in any way except as stated in this Agreement or expressly authorized under the rules and regulations of the Company or as previously authorized in writing by the Company.
- f. to comply with the preventive and corrective measures determined by the Company as essential to remove the cause for deviation from profitable underwriting performance standards.
- g. to meet the Company's minimum production requirements.
- h. to generally advance the best interests of the Company to the best of his ability and to refrain from engaging in any practice competitive with or prejudicial to the Company.
- i. to abide by the insurance laws of the state of his residence and the rules of the insurance regulatory authorities.
- j. that any sum payable to the agent by any one of the Companies may be credited against any sum owed by the agent to any one of the other Companies whether a premium transaction, promotional or advertising expense, office operational expense, or obligation of any other kind to the Company and that any of the Companies making a payment under this provision on behalf of the agent to any of the other Companies shall be discharged from further liability to the agent to the extent of the sum so paid, and the agent shall be discharged from liability to the Company receiving the payment to the extent of the payment so received.
- k. that any expenses incurred by the agent in the operation of his agency, including furniture, equipment, supplies (except those furnished by the Company), salaries of employees, travel expense, rent, telegraph, telephone, postage, advertising, and all other charges or expenses incurred by him in the performance of this agreement, shall be in the discretion of and at the expense of the agent.

- Term**
- Termination**
- Policyholder's Service After Termination**
- Agent Activity After Termination**
- Conditions Precedent**
- Extended Earnings**
- f. This agreement shall continue from its effective date until terminated as herein provided.
- g. This agreement may be terminated by either party by giving written notice to the other and shall be deemed terminated as of the date specified in such notice and in the case that each party should give such notice the earlier one is to prevail. This agreement shall automatically terminate upon death of the agent or upon the date the agent's license to act as an agent for the Company is revoked or cancelled. Upon termination, the agent, except as herein otherwise provided, shall be entitled to receive only such compensation as shall then be due him as provided by this agreement.
- h. When this agreement is terminated, as respects policies written or serviced by the agent under this agreement, the Company's obligation to mail or deliver notices and statements to policyholders of premiums due for successive policy periods shall continue and, as respects such policies, the Company reserves the right to appoint a successor agent or agents, who will be furnished with the essential policy data to enable him to provide policyholders with adequate service, and the Company further reserves the right to continue solicitation of policyholders for both new and renewal policies.
- i. When the agent's authority to act under this contract has been terminated, the agent shall refrain from soliciting policyholders for the Company and from servicing policyholders of the Company.
For a period of one year after such termination, anywhere within the radius of 25 miles from the location of the agent's place of business, the agent shall not induce or attempt to induce or cause another or others to induce or attempt to induce any policyholder to replace, lapse, or cancel any policy of insurance written by the Company.
- j. When this agreement is terminated,
will pay the agent extended earnings as set out in this section if as a condition precedent:
- (1) within ten days of the date of termination the agent has put in the possession of an authorized representative of the Company all policies and policy records, manuals, materials, advertising, and supplies or other property for which he is a bailee.
- (2) the agent has represented the Company as a local agent for not less than five consecutive years immediately preceding such termination.
- (3) as to not less than 400 Casualty Fire and Health policies, other than Trip and Sportsman's, written by the agent for under this agreement are in force at the time of such termination, excluding all policies that were assigned in a group of 50 or more at one time to the agent for servicing unless the policy has been serviced by him for at least five years after such assignment and prior to the termination of this agreement.
As to not less than 50 policies are in force in provided the agent has first qualified for Extended Earnings.
- (4) if the agent associates himself in any sales or sales management capacity with another insurer engaged in writing any of the kinds of insurance written by the company including life insurance, and if the agent performs services in any such capacity for such other insurer within any of the States of the United States, in which the Company operates as a licensed insurer, the agent, from and after the date of such association, shall forfeit all his rights to extended earnings otherwise payable by the company, effective from the date the agent associated himself in the above-described capacity.
- k. When the agent has met the above requirements for he will be paid as extended earnings a percentage of the renewal service fees paid him during the 12-calendar months immediately preceding the month during which this agreement is terminated, except that renewal service fees on those policies assigned in a group of 50 or more at one time shall

not be included unless the agent has been servicing those policies for five years or more. The percentage of such renewal service fees payable under this section shall be based upon the agent's total number of consecutive years of service immediately preceding termination of this agreement as shown in the following table.

Total number of consecutive years of service as agent immediately preceding termination as to	Percentage of service fees paid
---	---------------------------------

At least 5 years but less than 10 years	
At least 10 years but less than 15 years	
15 years or more	

Amount of Extended Earnings

1. When the agent has met the requirements, he will be paid as extended earnings, a percentage of the renewal service fees paid him during the six calendar months immediately preceding the month during which this agreement is terminated. The percentage of such renewal service fees payable under this section shall be based upon the agent's total number of consecutive years of service immediately preceding termination of this agreement as shown in the following table.

Total number of consecutive years of service as agent immediately preceding termination as to	Percentage of service fees paid
---	---------------------------------

At least 5 years but less than 10 years	%
At least 10 years or more	%

Extended Earnings Manner of Payment

m. The foregoing combined extended earnings shall be paid in the following manner:

	Equal Monthly Installments
If the amount to be paid is	12
If the amount to be paid is	24
If the amount to be paid is	36, 48, 60

In the event of the agent's death, his legal representatives shall be entitled to all of the benefits of the foregoing provisions relating to extended earnings which the agent would have received had he not died.

Death Benefit

n. If the agent dies after he has represented for at least two consecutive years but less than ten consecutive years immediately preceding death and at the time of death had met the requirements of 1.3 of this section, his legal representative shall be entitled to the payment of extended earnings in the amount that an agent receives for ten years' consecutive service described in the schedules above.

Extended Earnings Life Only

o. When this agreement is terminated, the Life Company will pay any remaining compensation applicable to the first policy year of any policy written by the agent. In addition, extended earnings will be paid in accordance with the schedule below if:

1. the agent has represented the Company for at least 24 consecutive months and
2. the agent does not associate himself in any sales or sales management capacity with any other insurer writing any of the kinds of insurance written by any of the Companies and if the agent performs services in any such capacity for such other insurer within the States of the United States, in which the Companies operate as licensed insurer, the agent

from and after the date of such association, shall forfeit all his rights to extended earnings otherwise payable by the Company, effective from the date the agent associated himself in the above-described capacity.

- 3. the _____ will pay the agent extended earnings in the same manner and at the same time as otherwise would have been payable in compensation had this agreement remained in effect according to the following schedule:

In-force paid for premiums computed on an annualized basis	No. of Years Payable
\$ 5,000 to \$24,999	3
\$25,000 to \$49,999	7
\$50,000 or more	11

In the event the agent dies while receiving extended earnings, his legal representative shall be entitled to those payments which the agent would have received had he not died.

**Partial
Assignment**

- p. As to _____ in case ill health, unduly heavy workload or other circumstances make it desirable to reduce the policyholder service responsibilities of the agent and in the event the agent agrees to assign 200 or more policies from his agency account to the Companies, the Companies will pay extended earnings on the policies assigned at the rate applicable should the agreement be terminated.

**Prior Agreements
Amendments**

- q. This agreement supersedes all prior agreements between the parties hereto, whether written or otherwise, and constitutes the entire agreement between them, and, except as herein otherwise provided, no change alteration or modification of its terms may be made unless such change, alteration or modification is evidenced by an agreement in writing signed by an authorized representative of the Company and the agent.

Records

- r. The books, records, accounting and statistical procedures of the Company shall be used and shall control in determining all matters relating to this entire agreement.

**Agent's
Manual —
Precedence
Of This
Agreement**

- s. The rates, manual rules, regulations and provisions contained in the Company's Agent's Manual, and all changes therein and amendments thereof, shall be binding upon the agent. If any inconsistency or ambiguity exists as between this agreement and such manual, or other statement or statements, whether written or otherwise, this agreement shall take precedence.

**Severability
of Agreement**

- t. If any part of this agreement shall be held invalid for any reason, such invalidity shall not affect any other part of this agreement and the parts not invalid shall remain in full force and effect.

AGENT'S AGREEMENT

and

_____ the agent.

All parties agree to be bound by the provisions of this agreement.

This agreement is effective as of _____ subject to the licensing requirements set forth in Section 2 of this agreement.

Such agreements, provisions, conditions, schedules and endorsements as are attached to and which hereafter may be attached hereto are a part of this agreement.

Signed for the Company as of its effective date.

Authorized Representative

Signed by the agent as of its effective date.

Agent

**SECTION 1.
Definitions**

1. Definitions:

"Company" means each of the above-named insurance companies separately unless otherwise specifically noted.

"Companies" means

"You" means the agent referred to in this agreement.

**SECTION 2.
Licensing
Requirements**

2. Licensing Requirements

- a. You shall not represent the Company as agent under this agreement until you are licensed to act as an insurance agent in accordance with the laws of the state in which you reside.

**SECTION 3.
Company
Obligation**

3. Company Obligation

- a. Any and all compensation due you in accordance with schedules of compensation applicable to _____ and any affiliates or subsidiaries, shall be paid by and become the sole and complete responsibility and legal obligation of _____

**SECTION 4.
Your Agreements**

4. Your Agreements

You agree

**Eligible
Business**

- a. To solicit and place in the Company all eligible applications for the kinds of insurance written by the Company for which you are licensed.

**Exclusive
Representation**

- b. To exclusively represent only those companies which are parties to this agreement.

**Collection of
Premiums**

- c. To deliver policies and to collect premiums and other monies due the Company in accordance with Company rules and while in possession of such money to hold it in trust as the absolute property of the Company.

**Premium Trust
Fund**

- d. To maintain a premium fund trust account in a bank or similar financial institution, which an authorized representative of the Company may audit from time to time, in which you will promptly deposit all money collected for premiums and upon which you will draw checks to pay all sums due the Company.

**Compensation
Adjustment**

- e. That, if any policy or part thereof is rejected or cancelled and the Company has returned any premium paid thereon, or if any reduction in premium occurs, or if any overpayment in compensation to you occurs, your compensation on the amount returned or credited to the policyholder, or the amount overpaid you, shall be charged to you and shall be an indebtedness due the Company from you.

**Your
Authority**

- f. That you shall not have the authority to extend the time of payment of any premium or alter, waive, or forfeit any of the Company's rights, requirements or conditions in any policy of insurance or otherwise obligate the Company in any way except as stated in this agreement or expressly authorized under the rules and regulations of the Company or previously authorized in writing by the Company.

**Profitability
and Production**

- g. To comply with the preventive and corrective measures determined by the Company as essential to remove the cause for deviation from profitable underwriting performance standards and to meet the Company's minimum production and profitability requirements.

Mode of Conduct

- h. To maintain a good reputation in your community and to direct your efforts toward advancing the interests and business of the Company to the best of your ability, to refrain from any practices competitive with or prejudicial to the Company and to abide by and comply with all applicable insurance laws and regulations.

- Sums Payable** i. That a sum payable to you by any one of the companies may be credited against any sum owed by you to any one of the other companies whether a premium transaction, promotional or advertising expense, office operational expense or obligation of any other kind to the Company and that any of the companies making a payment under this provision on your behalf to any of the other companies shall be discharged from further liability to you to the extent of the sum so paid, and you shall be discharged from liability to the Company receiving the payment to the extent of the payment so received.
- Your Expenses** j. The expense of any office, including rental, furniture and equipment, signs, supplies not furnished by the Company, salaries of your employees, telephone, postage, advertising and all other charges and expenses incurred by you in the performance of this agreement shall be at your discretion and paid by you.
- Company Property** k. That all copies of policies, endorsements, policy records, manuals, materials, and supplies furnished you by the Company shall be and shall remain the property of the Company and you shall be deemed the bailee thereof for the use and benefit of the Company and shall keep and preserve such property except as consumed in normal agency operations. When this agreement is terminated, you shall deliver within 10 days to the Company all such property together with all copies thereof in your possession and control.
- Use of Company Identification** l. To use the Company names, symbols, trademarks, or any other types of identification whether the same or similar as created by the Company only as authorized by the Company, and when this agreement is terminated, to cease using or benefiting from the use of the Company names, symbols, trademarks, or other identification.

SECTION 5.**5. Company Agreements****Company Agreements**

The Company agrees

Compensation Schedule

- a. To pay you pursuant to the provisions of the applicable compensation schedules attached hereto and made a part hereof, such compensation to be in full payment for all services rendered by you and to be made as soon as practicable.

Incentives

- b. To award prizes, allowances and other benefits to you in accordance with terms and conditions determined by the Company.

Company Assistance

- c. To assist you in your development and growth as agent by preparing and making available to you promotional aids, educational and training courses of study, and, in its discretion, by providing you at Company expense the assistance of a district manager and state director, all subject to the rules, regulations, and conditions established by the Company.

Policy Records

- d. To furnish you with records relating to policies written by you or assigned to you under this agreement which in the Company's judgment will enable you to successfully meet the obligations imposed upon you by this agreement.

Termination Review Procedure

- e. In the event the Company terminates this agreement, you may request a review in accordance with the Termination Review Procedure adopted by the Company and as it may be amended from time to time.

SECTION 6.**6. Mutual Agreements****Mutual Agreements**

It is mutually agreed that:

Independent Contractor Relationship

- a. It is the intent of the parties hereto that you are not an employee of the Company for any purposes, but are an independent contractor for all purposes, including federal taxation with full control of your activities and the right to exercise independent judgment as to time, place and manner of soliciting insurance, servicing policyholders and otherwise carrying out the provisions of this agreement. As an independent contractor you are responsible for your self employment tax and are not eligible for various employee benefits such as Workers' and Unemployment Compensation.

Partial Assignment

- v s1: In case of ill health, unduly heavy workload, other circumstances which make it desirable to reduce your policyholder service responsibilities and in the event you agree to assign 200 or more policies from your agency to the Company, you will be paid on the policies assigned in the following manner:
 - 1) If you have not qualified for extended earnings at the time of the assignment, you will be paid 100% of the service fees earned by you on the assigned policies during the 12 months immediately preceding the assignment.
 - 2) If you have qualified for extended earnings at the time of the assignment, you will be paid 150% of the service fees earned by you on the assigned policies during the 12 months immediately preceding the assignment.

Payments of the above shall be in equal monthly installments over a period of time as agreed upon by both parties.

Policies transferred to your agency for less than 5 years shall not qualify for partial assignment.

Withholding Extended Earnings

- r. If you are receiving any long term disability payments under the Agent's Long Term Disability Plan underwritten by an insurer who is not a party to this agreement, any extended earnings payable to you under this agreement shall be withheld by the companies for any month you receive such benefits; provided that the companies shall deduct from each month's extended earnings withheld any Advance Compensation Plan repayments you owe to the companies for that month. After deduction of Advance Compensation repayments, the monthly balance of extended earnings withheld shall earn interest at the annual rate determined by the Company and shall be paid to you within 30 days after the companies receive written notice that disability income benefit payments to you have ceased to be paid.

SECTION 7.

7. Conditions

Conditions

Prior Agreements Amendments

- a. This agreement supersedes all prior agreements between the parties hereto, whether written or otherwise, and constitutes the entire agreement between them, and, except as herein otherwise provided, no change alteration or modification of its terms may be made unless such change, alteration or modification is evidenced by an agreement in writing signed by an authorized representative of the Company and you.

Records

- b. The books, records, accounting and statistical procedures of the Company shall be used and shall control in determining all matters relating to this entire agreement.

Agent's Manual - Precedence of This Agreement

- c. The rates, manual rules, regulations and provisions contained in the Company's Agent's Manuals, and all changes therein and amendments thereof, shall be binding upon you. If any inconsistency or ambiguity exists as between this agreement and such manual, or other statement or statements, whether written or otherwise, this agreement shall take precedence.

Jurisdiction

- d. This agreement shall be deemed to have been made within the and shall be interpreted and construed in accordance with the laws of the Any and all matters of dispute of any nature whatever arising out of, or in any way connected with this agreement or the relationship between the parties hereto, shall be subject to determination only by the courts of the accordance with the laws of The parties to this agreement hereby consent and submit to the jurisdiction of the courts of the

Severability of Agreement

- e. If any part of this agreement shall be held invalid for any reason, such invalidity shall not affect any other part of this agreement and the parts not invalid shall remain in full force and effect.

CHANGES IN REVISED CAREER AGENT'S AGREEMENT - EFFECTIVE JANUARY 1, 1970

Section 3 - Part j

"Any sum payable to the agent by any one of the Companies may be credited against any sum owed by the agent to any one of the other companies whether a premium transaction, promotional or advertising expense, office operational expense....."

The old agreement did not indicate the types of expense. For example there could be some question if Service Fees could be withheld for advertising expense not paid by the agent.

Section 3 - Part l

"that all copies of policies, endorsements, and policy records, manuals, materials, and supplies furnished the agent by the company shall be and shall remain the property of the company"

The first 3 items mentioned above are new. Policies and records must be returned to the company when the agreement is terminated.

Section 3 - Part m

The whole section is new. The agent when identifying the company must use authorized material and cannot identify with the company after the agreement is terminated.

Section 4 - Part d

"to furnish the agent with records relating to policies written by the agent or assigned to him....."

While it has long been the practice of the company to furnish a successor agent with records of policies assigned to him, it was not specifically indicated in the agreement.

Section 5 - Part d

The entire section is new. The first part eliminates Endorsement No. 4 which was used previously to withhold service fees for 12 months on assigned business. That portion pertaining to withholding of service fees for 6 months is included for the 1st time.

NOTE: Former Section 5 - indicated that the agent could solicit insurance in the community in which he resides and in the vicinity thereof. The reference to territory has now been removed.

Section 5 - Part i (Note new heading)

"For a period of one year after such termination, anywhere within the radius of 25 miles from the location of the agent's place of business....."

The old agreement specified that an agent could not solicit policyholders within 50 miles after termination.

Section 5 - Part j

This section provides Extended Earnings for both
There are some changes in conditions precedent:

1. Within 10 days of the date of termination the agent must put in the possession of an authorized representative of the company all policies, manuals, materials, etc. If the agent fails to do so, the manager should notify the Agency Services Supervisor who will not authorize Extended Earnings payments.
2. The agent must represent the companies for at least 5 years regardless of type of contract. Even if the agent has the old contract providing Termination Benefits after 2 years as agent, he will not receive Extended Earnings on business until he has represented the company for 5 years. Terminated agents having at least 10 years tenure with will be considered the same for even though the company is not
3. The agreement specifically states that Extended Earnings will not be paid on policies that were assigned in a group of 50 or more unless the agent has serviced the policy for 5 years or more. This eliminates the use of Endorsement 6A which has been used on past assignments.
4. The agent forfeits all rights to Extended Earnings if he associates himself with another insurer writing any kinds of insurance written by the company including life insurance. There has been some question in the past regarding association with a life company. The agreement removes this doubt.

NOTE: There are separate policy requirements for each company.
remains at while
However, an agent cannot qualify for
Extended Earnings unless he first quali-
fies for

Section 5 - Part m

The manner of paying Extended Earnings has been changed. With multiple lines and increases in premium levels the size of agencies has increased tremendously. Some agents now receiving 150% of the previous years service fees prefer payments over longer periods of time as a tax advantage. We can now go up to 60 months if the amount to be paid is

Section 5 - Part n

The old agreement indicated that if the agent died after 2 years as agent and had policies in force he could receive 100% of the service fees paid during the previous 12 months. This provision is outdated as an agent with 15 years of service could receive 150% if his agreement was terminated --- even by death. e revision indicates that the death benefit applies only between the 2nd and 10th years of an agent's tenure and the regular Extended Earnings policy number requirements apply.

Section 5 - Part o

The Life Extended Earnings portion has been revised for clarification only. It was possible to interpret the old agreement as paying extended earning on policies written in certain years. The intention is to pay the agent for a number of years depending on premium volume at the time of termination. The new agreement clearly specifies the number of years.

Section 5 - Part p

If an agent assigns policies to the company for reassignment under certain circumstances, he can receive Extended Earning from in the same amount as if his agency was terminated. He must meet "conditions precedent" qualifications before such payments can be made.

Internal Revenue Service
District Director

Department of the Treasury
Internal Revenue Service

Date: DEC 14 1990

KEY

Worker:

Firm:

Dear Sir or Madam:

This is in reply to a request for a ruling submitted by the worker concerning the federal employment tax status of the worker with respect to services he/she performed for the firm.

It is our practice in cases of this type to consider information from both parties involved; therefore, this ruling is based upon the information furnished by both the worker and the firm.

An individual is an employee for federal employment tax purposes if he or she has the status of an employee under the usual common law rules applicable in determining an employer-employee relationship. Guides for determining the existence of that status are found in sections 31.3121(d)-1, 31.3306(a)-1, and 31.3401(c)-1 of the Employment Tax Regulations, relating to the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, and income tax withholding, respectively.

Generally, the relationship of employer and employee exists when the person for whom the services are performed has the right to control and direct the individual who performs the services not only as to the result to be accomplished by the work but also as to the details and means by which the result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but as to how it shall be done. In this connection, it is not necessary that the employer actually direct or control the

manner in which the services are performed; it is sufficient if he or she has the right to do so. The right to discharge is also an important factor indicating that the person possessing that right is the employer. Other factors characteristic of an employer, but not necessarily present in every case, are the furnishing of tools and the furnishing of a place to work to the individual who performs the services. As the regulations state, the parties' description of their relationship is not determinative where the facts prove otherwise.

Based on the information submitted, we have determined that the firm has not retained the right to exercise control to the degree deemed necessary to establish the employer/employee relationship. Therefore, the worker is determined to be an independent contractor and the firm is not subject to the requirements of the Federal Insurance Contributions Act, the Federal Unemployment Tax Act, or for income tax withholding at the source on wages.

This determination has been made solely upon the information submitted by the firm and the worker. If it should be determined that material facts differ substantially from those presented, this determination may be held to be invalid.

This is a determination letter as defined in section 10 of Revenue Procedure 90-1, 1990-1 I.R.B. 9. This letter has not been reviewed by the National Office. If you believe that the determination made herein is in error, you may ask the District Director to reconsider the matter. You may also ask the District Director to request technical advice from the National Office. In such an event the procedures in Revenue Procedure 90-2 must be followed. Please direct any inquiries

Sincerely yours,

Internal Revenue Service

Person to Contact:

Dear Sir or Madam:

We have under consideration, for Federal employment tax purposes, the status of the above-named worker in the performance of service for you.

It is our usual procedure in cases of this type to give each party at interest an opportunity to present a statement of the facts since any decision reached by us will affect the employment tax status of the parties.

Since your interest will be affected by any decision reached by us, please furnish the information called for in the enclosed Form 8878, particularly items 1a through 1g. If any of the answers are unknown, or the questions are not applicable, please mark either "Unknown" or "Not Applicable" (N/A) for those items. Be sure to read the portion on page four relating to Code section 6110, then sign, date, and return the form.

Please furnish the information within 15 days from the date of this letter or we will make a determination on the matter on the basis of the information we have available.

If you have any questions, please write to us at the address shown on this letter. If you prefer, you may call the IRS telephone number listed in your local directory. An employee there may be able to help you, but the office at the address shown on this letter is most familiar with your case.

When you send the information or write to us, please provide your telephone number and the most convenient time for us to call in case we need more information. Attach this letter to any correspondence to help us identify your case. Keep the copy for your records.

Thank you for your cooperation.

Sincerely yours,

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February 22, 1990

Department of the Treasury

Re:

Dear

Your letter to of our Company has been forwarded to me for reply. You inquire concerning the status of for Federal employment tax purposes.

and all our agents qualify for treatment under Section 530 as independent contractors. We have always treated and reported these individuals as independent contractors, we have a reasonable basis for not treating those individuals as employees, and we have not treated individuals in a substantially similar position as employees.

We believe the treatment under Section 530 should apply not only to but to our agents and former agents.

Please let me know if I can be of further assistance.

Very truly, yours,

EXAMINATION DIVISION

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May 27, 1993

Mr. Phil Corn
Ms. Kathy Sibbald
Employee Benefits and Exempt Organizations
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

Attn: CC:EE:BR3
Room: 5338

Re:

Dear Phil and Kathy:

On behalf of our client and ourselves and Tim Frautschi, I want to thank you for meeting with us today to discuss the status of insurance agents.

As we stated at the conference, we believe that all of the relevant facts needed to determine that those agents are independent contractors are set forth in our submission to you dated April 8, 1993. However, if after your study of these materials any questions remain, I hope that you will contact me so that we can obtain the information you need.

Best regards.

Sincerely,

cc:

October 9, 1992

RECEIVED
FEDERAL COUNSEL
CORP-T:U
114 AM 10:08

Via Federal Express

Ms. Kathy Sibbald
Employment Tax Specialist
Internal Revenue Service
1111 Constitution Avenue N.W.
Washington, D. C. 20001

Re:

Dear Ms. Sibbald:

Enclosed is the TAM issued to

As we have stated, the reference in the conclusional final paragraph on page 4 to two clauses in the Career Agent's Agreement is misguided because those clauses were intended merely to apply to the results to be achieved by the agents, not to the methods of achieving those results. The contract's reference to "measures determined by the company as essential to remove the cause for deviation from profitable underwriting performance standards" relates solely to underwriting results, that is, the agent's writing policies that are unprofitable to the company. The contract's reference to "the Companies' minimum production requirements" relates solely to volume, that is, the agent's failing to do enough business. The Career Agent's Agreement thus only gives the company the right to set standards quantifying the acceptable level of results: the amount of business written by the agent, and the profitability of that business to the company. It does not give the company the right to compel any particular means or methods of achieving acceptable results. *Such as Life Ins Quot*

As we have also stated, the facts have changed since the district managers' manual referred to in the TAM's final paragraph no longer provides that the district manager should permit no deviation from instructions. The amount of investment by agents in their business (office, equipment, etc.) has increased substantially from its earlier level, both in absolute terms and as a percentage of the agents' gross



Memorandum

to: District Director

DEC 7 1973

from: National Office

subject:

Years Involved:

This refers to your request for technical advice relative to the status, for Federal employment tax purposes, of certain agents of the Companies named above with respect to their services for such Companies during the years indicated. These agents were not receiving advances under the Companies finance plan, such financed agents having been conceded by the Companies to be their employees.

We regret the delay in furnishing you the advice you requested. Such delay has been due, in part, to the extended consideration given by our office to the question presented and the volume of work we have had on hand.

The information which you furnished us includes, among other things, copies of letters dated _____ from the Companies' attorneys, members of the firm of _____ answers to questionnaires submitted to a number of the Companies' agents regarding their services for the Companies under their "Career Agent's Agreement"; and excerpts from the manual for the Companies' district managers. Following a conference held in this office on _____ the attorneys furnished certain additional information regarding this matter.

It is stated in the "Career Agent's Agreement" _____ a copy of which was also furnished us, that such agreement is entered into separately by the _____

_____ with the agent who is a party to such agreement. Each of the several provisions of the agreement, unless otherwise specifically provided, applies separately as between each of the insurance companies named above and the agent. The agreement provides that the agent shall not represent the company _____

Internal Revenue Service

///

District Director

as an agent under such agreement until he is licensed to act as an insurance agent in accordance with the laws of the state in which he resides. The agent agrees, among other things, to solicit and place in the Company all eligible applications for the kinds of insurance written by the Company; to represent only those Companies which are a party to the contract unless written permission is obtained from the Company; to deliver policies and collect premiums and other moneys due the Company and while in possession thereof to hold it in trust for the Company; to comply with the preventive and corrective measures determined by the Companies as essential to remove the cause for deviation from profitable underwriting performance standards; to meet the Company's minimum production requirements; to generally advance the best interests of the Company to the best of his ability and to refrain from engaging in any practice competitive with or prejudicial to the Company; that any expenses incurred by the agent in the operation of his agency shall be in the discretion of and at the expense of the agent; and that all copies of policies, policy records, et cetera, shall be and shall remain the property of the Company and the agent shall deliver, when the agreement is terminated, all such property to the Company.

The Company, under the "Career Agent's Agreement" agrees to pay him pursuant to the provisions of the applicable compensation schedules attached to the agreement; to award prizes, allowances, and other benefits to the agent in accordance with terms and conditions determined by the Company; to assist the agent in the development of his agency by preparing and making available to him promotional aids, educational and training courses of study, and in its discretion by providing him at its expense the assistance of a district manager and state director all subject to the rules, regulations, and conditions established by the Company in connection therewith; and to furnish the agent with records relating to policies written by the agent or assigned to him under the agreement which in the Company's judgment will enable him to successfully meet the obligations imposed upon him by such Agreement. The parties to this agreement mutually agree that the agent is not an employee of the Company for any purposes; that the Company retains the right to change or terminate any compensation or bonus schedule without notice to or the consent of the agent on the date specified by the Company; and that the agreement may be terminated by either party by giving written notice to the other and shall be deemed terminated as of the date specified in such notice.

We were also furnished a copy of the "Career Agent's Agreement" which was in use by the Companies between
 Our study of this contract indicates that it is substantially similar to the agreement except for a few changes in the compensation schedules attached to such agreement. A copy of this type of agreement entered into between the Companies and _____ was submitted.

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- 4 -

District Director

A study of the information submitted by the agents who answered the questionnaires sent to them indicates that the district managers review their production and loss ratios; that they hold meetings at various intervals with the agents; that the agents are expected to meet certain quotas; and that the district managers communicate with them frequently in person and by telephone in regard to their production of business.

Section 3121(d) of the Federal Insurance Contributions Act provides that, for purposes of the taxes imposed by this Act, the term "employee" means, among others, any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee. The regulations applicable to this section of the law state that generally the employer-employee relationship exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. In this connection the regulations further state that it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if he has the right to do so. The regulations applicable to the Federal Unemployment Tax Act and to the provisions of the Internal Revenue Code relating to the withholding of income tax contain similar provisions.

We have concluded, from our study of all of the information submitted in this case, that the

exercised or had the right to exercise over the agents holding "Career Agent's Agreements" of the type summarized above the degree of direction and control necessary to establish the relationship of employer and employee between the Companies and the agents. Under this agreement the agents are required to comply with the measures determined by the Companies as essential to remove the cause for deviation from profitable underwriting performance standards and to meet the Companies' minimum production requirements. The district managers are instructed specifically to supervise the agents assigned to him in his territory and to permit no deviation from following the instructions he gives his agents. This, in our opinion, removes the agents from the category of an independent contractor since they are not free to follow their own methods in selling insurance but must follow the methods determined by the Companies and their district managers. Accordingly, it is held that the Companies' career agents were employees of the Companies under the common law rules for purposes of the taxes imposed by the Federal Insurance Contributions Act and the income tax withholding provisions of the Code during the years in question. Inasmuch as it appears the agents were compensated "solely by way of commission", liability has not been incurred by the Companies for the tax imposed by the Federal Unemployment Tax Act during such years.