



FRANCHISE DISCLOSURE DOCUMENT

BRIGHTWAY INSURANCE, INC.

a Florida corporation
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The franchisee ("Associate Agency Owner" or "AAO") will operate a Brightway Insurance Agency ("Associate Agency" or "Agency") which will primarily engage in the business of selling, servicing and delivering property and casualty insurance policies, but which may also offer certain other insurance services to its clients. As an AAO, you will enter into an Associate Agency Owner Agreement ("AAO Agreement") with us.

The total investment necessary to begin operation of a single Brightway Associate Agency is approximately \$100,200 to \$181,000. This includes \$30,000 to \$60,000 that must be paid to us or our affiliate(s) prior to opening.

We also offer qualified individuals who already own and operate an independent insurance agency that meets our then-current conversion criteria the right to convert their existing business (the "Existing Business") into a Brightway Associate Agency. The total investment necessary to convert an Existing Business into an Agency ranges from \$89,000 to \$146,500, which includes \$30,000 to \$60,000 that must be paid to us or our affiliates before opening the converted Associate Agency. This range does not include amounts you would otherwise pay in the normal operation of your Existing Business.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our affiliates in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michael A. Miller, Vice Chairman, Brightway Insurance, Inc., 3733 West University Boulevard, Suite 100, Jacksonville, Florida 32217, (904) 764-9554.

The terms of your franchise agreement and, if applicable, your conversion addendum will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your franchise agreement. Read all of your franchise agreement carefully. Show your franchise agreement and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them. You should rely only on the information contained in this Disclosure Document. We have not authorized any other person to provide you with information different than the information contained in this Disclosure Document. The information in this Disclosure Document is complete and accurate as of the date on this front cover, but some information may have changed since that date.

Issuance Date: April 16, 2014.

STATE COVER PAGE

Your state may have a franchise law that requires us to register or file with a state franchise administrator before offering or selling franchises in your state. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state administrators listed in Exhibit G of this Disclosure Document or your public library for sources of information about us or franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. AT OUR OPTION, THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE ALL DISPUTES WITH US BY MEDIATION ONLY IN FLORIDA. OUT OF STATE MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.
2. ANY DISPUTES WITH US NOT SUBJECT TO MEDIATION MUST BE RESOLVED BY LITIGATION ONLY IN FLORIDA IT MAY COST YOU MORE TO LITIGATE WITH US IN ILLINOIS THAN IN YOUR OWN STATE.
3. THE AAO AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
4. WE MAY REQUIRE THE FRANCHISEE'S EQUITY OWNERS AND THEIR SPOUSES TO EXECUTE A PERSONAL GUARANTEE MAKING SUCH PERSONS JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT. THIS PLACES THE PERSONAL ASSETS OF SUCH INDIVIDUALS AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

BRIGHTWAY INSURANCE, INC.
STATE EFFECTIVE DATES – 2014

CALIFORNIA	PENDING
FLORIDA	APRIL 5, 2014
HAWAII	NOT REGISTERED
ILLINOIS	PENDING
INDIANA	PENDING
KENTUCKY	REGISTERED (ONE TIME FILING)
MARYLAND	PENDING
MICHIGAN	JANUARY 31, 2014
MINNESOTA	PENDING
NEBRASKA	PENDING
NEW YORK	PENDING
NORTH DAKOTA	NOT REGISTERED
RHODE ISLAND	PENDING
SOUTH DAKOTA	NOT REGISTERED
TEXAS	REGISTERED (ONE-TIME FILING)
UTAH	PENDING
VIRGINIA	PENDING
WASHINGTON	PENDING
WISCONSIN	PENDING

For all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 16, 2014.

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Exhibits

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CERTAIN STATES REQUIRE FRANCHISORS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE DISCLOSURES, IF ANY, ARE CONTAINED IN EXHIBIT H TO THIS DISCLOSURE DOCUMENT.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” or “Brightway” means Brightway Insurance, Inc., a Florida corporation, the franchisor. “You” or “AAO” means the person or legal entity who buys the franchise. If you are a corporation, a partnership or a limited liability company, certain provisions of this Disclosure Document also apply to your owners and will be noted. To fully understand all of your rights, our rights, and our obligations to each other, you must still carefully review the actual agreements you will execute. These will control if there is any dispute between us.

Brightway and Predecessors

Brightway is a Florida corporation formed on August 1, 2003. We were originally incorporated as “Miller Insurance Group, Inc.,” and began doing business under the name “Brightway Insurance” in May 2007. We began selling franchises in 2008. In August 2010, we officially changed our corporate name to “Brightway Insurance, Inc.” In the state of North Carolina, we may also do business as “Brightway Insurance Agency.”

We have operated a business substantially similar to those being franchised under this disclosure document since 2003. In connection with our inception, in September, 2003, we acquired the assets of an insurance agency known as Jennings Insurance Agency, Inc., which was at the time one of the oldest Nationwide Insurance Agencies operating within the State of Florida (in operation since 1961). The office of such agency was located at 9263 Lem Turner Road, Jacksonville, Florida 32208, and was closed in September 2013. Our principal place of business and corporate offices are located at 3733 West University Boulevard, Suite 100, Jacksonville, Florida 32217. Our corporate offices are located in a 86,000 square foot office building located in the heart of Jacksonville, Florida, and also house our centralized service center.

We do not do business under any name other than our corporate name and the name “Brightway Insurance.” Our registered agent for service of process is listed in Exhibit H. Except as described in this Item 1, we have no predecessors or affiliates. We generally do not engage in any business not described in this Item 1. We have offered franchises for businesses similar to the type offered in this Disclosure Document since February 2007. None of our predecessors offered franchises. We have not offered franchises in any other line of business.

Business - Overview

Since our inception, we have established, and continue to develop and operate, a number of insurance offices primarily engaged in the business of offering, selling and servicing property and casualty insurance policies, but which also offer other insurance, such as life insurance. In addition to our company-owned locations described above, as of December 31, 2013, we also had approximately 100 operating Associate Agencies owned by Associate Agency Owners (AAOs). Most of those franchised agencies are located throughout Florida, and additional agencies are currently operating in each of Arizona, Georgia, Kentucky, and Texas. We have also begun the process of expanding our franchise operations to the rest of the country. A number of our existing Associate Agencies were initially owned by independent contractors who entered into an “Associate Agent Contract – Two Party Agreement” with us (and who paid no initial or other franchise fee); however, during 2007, we converted all AAOs who were independent contractors to franchisees and all are now subject to our AAO Agreement, substantially in the form attached to this Disclosure Document. From our inception until May 2007, we operated all of our Agencies under our corporate name. Commencing in May 2007, we began conducting our business under the name “Brightway Insurance.”

The Franchise – AAO's

Pursuant to this Disclosure Document, we offer you the opportunity to execute an Associate Agency Owner Agreement (“AAO Agreement”), in the form attached as Exhibit B, which allows you to develop and operate a single Associate Agency. Associate Agencies operate according to a distinctive format, appearance and operating procedures (“System”). We have described our mandatory and recommended standards and procedures in a Confidential Operating Manual (“Manual”).

You are not required to be a licensed insurance agent to acquire a franchise. However, your Associate Agency must at all times be operated under the direct supervision of a licensed insurance agent who you designate as your “Principal.” Your Principal must be licensed by all applicable governmental and other regulatory authorities, successfully complete our required training and be approved in writing by us. Our grant of a franchise to you authorizes you to access the services provided by us, including access to the insurance carriers and other financial service companies with which we have active contracts (“Contracted Companies”). We will, in our sole discretion and with our carriers’ approval, determine which Contracted Companies you may use, as well as which lines of insurance business and specific policy types you may sell with such Contracted Companies. The primary service which will be offered by you will be property and casualty insurance. However, we may authorize you to offer other services such as life insurance.

You are required to process all applications for insurance policies and other products exclusively through the facilities of Brightway. Brightway, and not you, will be the “agent of record” for all policies sold, renewed, serviced or delivered through your Associate Agency. As described in Item 6, as compensation for your efforts, we will pay you a percentage of the sales commissions we receive from the Contracted Companies on client accounts you generate. Unlike a traditional franchise where the franchisee pays the franchisor a monthly royalty fee, generally based upon the franchisee’s gross sales, under our System, all commissions are paid directly to us by the Contracted Companies and we, in turn, forward you the compensation described above and in Item 6 on a semi-monthly basis. Your business will be located at a site approved by us. You may not relocate your business location without our consent. Our Associate Agencies are frequently located in retail areas such as strip malls or similar buildings, but may be located in a free-standing building.

Our primary goal is to provide our AAOs with a “turn-key” solution for marketing property and casualty insurance to the broadest segment of the population. Our built-in efficiencies allow our AAOs to produce greater sales, with less staff than a traditional insurance agency. We accomplish this by linking our AAOs offices to our Service Center for comprehensive service support. In addition, our AAOs use of our paperless web-based Agency Management System and agency coaching systems are proven to provide improved workflows and customer service. Perhaps the greatest help in lowering the threshold for entry into the insurance business is the unique way we simplify the operation and daily management of an Associate Agency. To increase productivity in the Associate Agency, we actually service the AAOs clients and business at our centralized customer Service Center. Taking this ongoing service burden away from the Associate Agency makes opening and managing a successful insurance agency easier. This is what separates us from the rest.

In any new business venture, the road to success can be challenging. However, venturing out with a guide who can show our AAOs the way makes the journey that much more secure. When you take on the operation of an Associate Agency, our experienced staff will “ride shotgun” right along with you, helping you navigate the entire setup and development of your business. Our “Ready. Set. Grow!” program provides a comprehensive range of support services, including site selection, development of marketing and business plans, product and systems training and ongoing consulting to ensure your success. All AAO’s start from different places and have different visions for their final business destinations. Our roadmap to success will help you find the best path to reach your specific goals. With Brightway by their side, our Associate Agencies have the freedom to blaze their own trail, and the support to explore new avenues for growth.

If you already own an independent insurance agency that meets our then-current conversion criteria (the “Conversion Criteria”), we may permit you to enter into our then-current form of AAO Agreement and conversion addendum (the “Conversion Addendum”) for the right to convert your existing insurance agency (“Existing Business”) into an Associate Agency that utilizes our Proprietary Marks and System. Our current Conversion Criteria requires that your Existing Business possess all required licenses and permits, offer lines of business that are compatible with our System, earn at least \$100,000 in average annual revenue for the previous fiscal year, be open and operating for at least two years, and meet our standards for equipment, insurance, and computer hardware. We may modify our Conversion Criteria from time to time as we deem appropriate in our sole discretion. As set forth more fully in this Disclosure Document, if you agree to convert your Existing Business into a Brightway Associate Agency, you will be required to take certain actions, including purchasing or replacing certain signage/décor items at your Existing Business location and obtaining certain equipment and computer components/software, prior to “re-opening” your conversion Associate Agency under our Proprietary Marks and System.

Territory Owner Representatives

Until June 2008, we offered potential franchisees the opportunity to participate in our “Territory Owner Representative” (“TOR”) program. TORs have certain obligations regarding training, operational, servicing and other support of the Associate Agencies within their territory. Therefore, in the event you open an Associate Agency within an existing TOR’s territory, that TOR will provide certain services directly to you. We no longer offer the opportunity for franchisees to become a TOR. As of the date of this Disclosure Document, we have a total of four existing TORs, all of whom are listed in Exhibit D and Exhibit E. Such exhibits also contain a listing of the territories granted to each of our existing TORs.

Market and Competition

The market for your services will be the general public. The market for insurance agencies is competitive and developed. Agencies that are operated by Brightway and by other franchisees, including those developed in the future, may have an effect on the sales of your Associate Agency. You will also be competing with other independent and captive insurance agencies that offer the same types of products that you do. These agencies may be associated with national or regional insurance companies (franchised or not) or may be local, single agency locations. You will also compete with other insurance agencies that offer products different than those offered by Brightway.

Your competitive advantage in the marketplace will also be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service in the operating of your Brightway Insurance Agency. The ability of each Associate Agency to compete also depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions, and many other factors both within and outside your control.

Industry Specific Laws

The insurance industry is heavily regulated, and you will be subject to all licensure and other laws and regulations applicable to the operation of an insurance agency. You will also be subject to certain minimum continuing education requirements specified by such laws and regulations. In addition, there are other local, state and federal laws and regulations applicable to businesses generally with which you must comply, including zoning laws, labor laws and the Fair Labor Standards Act, workers’ compensation laws, business licensing laws, tax regulations, anti-terrorism laws, and the Americans with Disabilities Act.

You must also obtain all real estate permits and licenses and operational licenses. We are not required to provide any guidance in compliance with these laws and regulations, and any guidance that is provided is not guaranteed. You should consult with your attorney concerning these and other laws, regulations and ordinances

that may affect the operation of your business. You will also be required to comply with all of our rules and procedures, as well as those of the Contracted Companies.

Please be advised that you are solely responsible for investigating and complying with all of these applicable laws, regulations, and other requirements, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Associate Agency.

ITEM 2 BUSINESS EXPERIENCE

Chairman and Director: David C. Miller

Mr. Miller, one of our original founders, has served as Chairman of Brightway since December 2013, and has served on its Board of Directors, since its inception in August 2003. Mr. Miller also served as the President of Brightway until October 2013, and the CEO of Brightway until December 2013.

Vice Chairman: Michael A. Miller

Mr. Miller, one of our original founders, has served as the Vice Chairman of Brightway since November 2012. Mr. Miller previously served as Chief Operations Officer and Vice President of Brightway, and has served on its Board of Directors, starting in November 2003. He originally joined Brightway in October 2003 as a Sales Representative.

President: Talman Howard

Mr. Howard has served as the President of Brightway since October 2013, and previously he served as the Chief Marketing Officer for Brightway, beginning in December 2012. Prior to coming to Brightway, he served as the Senior Vice President of Kemper Corporation, a national property and casualty insurance organization located in Jacksonville, Florida, from January 2011 to December 2011. He also served as a General Manager at Progressive in Cleveland, Ohio, from May 2001 to July 2010.

Chief Financial Officer: Robert Taylor

Mr. Taylor has served as our Chief Financial Officer since May 2013. Prior to this position, Mr. Taylor served as the President and CFO for Express Tax in Jacksonville, Florida from January 2005 to January 2012.

Assistant Vice President of Marketing and Distribution: Heather Wesch

Ms. Wesch has served as Brightway's Assistant Vice President of Marketing and Distribution since October 2013. Previously, Ms. Wesch served as Brightway's Director of Business Development from February 2013 to October 2013. Prior to this position, she served as the Director of Inside Sales and Sales Practices at Kemper Corporation in Jacksonville, Florida, from January 2012 to January 2013. Ms. Wesch also served as the Manager of Inside Sales and Agency Training for Kemper Corporation from October 2011 to January 2012, as the National Sales Campaign Manager for Kemper Corporation from December 2010 to October 2011, and the Southeast Regional Sales Manager for Kemper Specialty from November 2008 to December 2010. Previously, Ms. Wesch served as the Senior Agency Sales Manager for AIG Agency Auto from May 2004 to November 2008.

Assistant Vice President of Brand and Communications: Leslie Kolleda

Ms. Kolleda has served as our Assistant Vice President of Brand and Communications since March 2014. Prior to this position, Ms. Kolleda served as Vice President of Marketing and Communications at Kemper Preferred in Jacksonville, Florida, from March 2011 to March 2014. Prior to this position, Ms. Kolleda served in various positions for Progressive in Cleveland, Ohio, from March 1994 to January 2011, including serving as the Business Leader of Brand Management and Communications from 2008 to 2011.

Director of Franchise Sales: Christina Chambers

Ms. Chambers has served as our Director of Franchise Sales since February 2014. Prior to this position, Ms. Chambers served as Director of Franchise Development for GFG Management/Global Franchise Group in Norcross, Georgia, from June 2011 to February 2014. Prior to this position, Ms. Chambers served as a National Account Manager for Vertafore, an insurance software provider in Conyers, Georgia, from January 2009 to June 2011, and as a Project Lead from October 2006 to January 2009.

Director of Professional Services: LeAnne M. Martinez

Ms. Martinez has served as our Director of Professional Services since May 2008. Prior to this position, Ms. Martinez joined Lance Malcolm Agency, Inc. in Jacksonville, Florida as a customer service representative in March 2004, and joined Brightway upon our acquisition of that agency in May 2004.

Director of Accounting: Jessalyn Spendley

Ms. Spendley has served as the Director of Brightway's Accounting Department since November 2010. Prior to this position, Ms. Spendley served as Assistant Manager of Brightway's Accounting Department from July 2007 to November 2010.

Director of Customer Service: Pedro Fred

Mr. Fred has served as the Director of Customer Service since April 2013. Prior to this position, he worked as the Director of Client Services at ADP in Jacksonville, Florida from June 2006 to April 2013.

Director of Business Analytics: Tim Lash

Mr. Lash has served as our Director of Business Analytics since May 2013. Prior to this position, Mr. Lash served as the Report Manager for Kemper Preferred in Jacksonville, Florida, from June 2002 to May 2013.

**ITEM 3
LITIGATION**

No litigation must be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcy information must be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Fee

The initial franchise fee is \$60,000 (the “Initial Fee”). Except as described in Item 10 of this Disclosure Document (relating to your ability to finance all or a portion of your Initial Fee under certain circumstances), the Initial Fee is payable to us on the date you sign the AAO Agreement. Additionally, we are currently offering a reduced Initial Fee to AAOs in states where we have not yet established a large number of Brightway Agencies. Specifically, if you are one of the first 5 AAOs in a certain state, you will only be required to pay an Initial Fee of \$30,000. If you are the 6th through the 10th AAO in a certain state, you will only be required to pay an Initial Fee of \$40,000. If you are the 11th through the 15th AAO in a certain state, you will only be required to pay an Initial Fee of \$50,000. If we already have 15 AAOs in your state, you will be required to pay the full Initial Fee of \$60,000.

In the event your Principal fails to complete our initial training to our satisfaction, we may elect to terminate your AAO Agreement, in which event you will be entitled to receive a refund of the Initial Fee, less \$30,000 (which sum we will be entitled to retain as reimbursement for all of our costs and expenses incurred relating to training and our review, approval and supervision of the development of your Agency). Any such refund will be in full and complete satisfaction of our obligations to you. Except as noted in this paragraph, your Initial Fee will not be refundable under any circumstances; the Initial fee is deemed fully earned upon payment in consideration of administrative costs and other expenses incurred by us in granting the franchise to you and our lost opportunity to franchise others.

Additionally, we have recently implemented a multi-Agency program and a conversion program. Under the multi-Agency program, if you are an existing AAO who meets certain performance benchmarks, you will have the option to enter into an AAO Agreement for an additional Agency and finance the Initial Fee for such Agency under our prescribed form of note (see Item 10 for information about our financing program). If you then meet additional performance benchmarks during a consecutive 12-month period at any point during the first three years of operation of the additional Agency, we will forgive either half or all of the remaining balance due under the Initial Fee note.

We have also implemented a conversion program, under which qualified owners of existing insurance agencies will have the opportunity to convert their existing business to a Brightway Agency. If you participate in the conversion program, you will transfer ownership of your existing book of business to us, such that Brightway will become the agent of record on all policies. As a conversion AAO, part of your Initial Fee may be offset by an amount we pay you in consideration of the value of the book of business of your Existing Business that you are transferring to Brightway (the “Conversion Amount”). We will discount the Initial Fee by an amount equal to fifty percent (50%) of the Conversion Amount (the “Initial Conversion Payment”). If the Initial Conversion Payment is less than the non-financed portion of the Initial Fee, then you will pay us the difference between the non-financed portion of the Initial Fee and the Initial Conversion Payment at the time you execute your AAO Agreement. However, if the Initial Conversion Payment exceeds the non-financed portion of the Initial Fee, then we will pay you the difference of the Initial Conversion Payment and the non-financed portion of the Initial Fee within fourteen (14) days of the date when you complete training to our satisfaction. We will also make an additional payment to you shortly after the one-year anniversary of the date you open your Brightway Agency (“Final Conversion Payment”), and the amount of such payment will be based on: (i) the actual amount of gross Brightway Sales Commissions collected by us in connection with the operation of your Agency, during the period from the Effective Date to the one-year anniversary of the Effective Date (“First Year Commissions”); and (ii) the amount of gross Brightway Sales Commissions collected by the Existing Business in connection with the policies transferred under the Conversion Addendum during the one-year period immediately preceding the Effective Date (“Converted Policies Commissions”). The Final

Conversion Payment will be in an amount determined by the following formula: [Conversion Amount * (First Year Commissions/Converted Policies Commissions)] – Initial Conversion Payment.

Initial Training Fee for Additional Trainees

There is no fee for initial training for your Principal and two employees. The tuition fee applicable to any additional trainees will be set forth in our Manual, and is subject to change from time to time at our sole discretion.

**ITEM 6
OTHER FEES**

Our System is unlike traditional franchises, where all fees are paid by the franchisee to the franchisor. As described below, all commission income from the Contracted Companies is paid directly to us, and we then pay a portion of these commissions to our AAOs as compensation. The following table, together with its footnotes, describes such compensation and also lists the fees and other expenses you are required to pay to us.

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Sales Commissions Retained – New Business	15% of Brightway Sales Commissions on New Business	On or about the 7 th and 21 st day of each month	See Note 2.
Sales Commissions Retained – Renewal Business	45% of Brightway Sales Commissions on Renewal Business	On or about the 7 th and 21 st day of each month	See Note 2.
Shared Expenses	Pro-rata portion of expenses borne by Brightway which relate to your business	On or about the 7 th and 21 st day of each month	See Note 3.
Post-Term Extended Earnings	Variable	Paid over 24 months following termination, expiration or non-renewal, under certain circumstances unless waived by you	See Notes 4 and 5.
Advertising Fee	0-3% of Brightway Sales Commissions	On or about the 7 th and 21 st day of each month, if Advertising Fee is implemented	See Note 6.
Local Advertising Requirement	0-3% of Brightway Sales Commissions	On or about the 7 th and 21 st day of each month, if Local Advertising Requirement is implemented	See Note 7.
Other Advertising and	Reasonable cost	As incurred	From time to time we may provide you with local advertising and marketing materials,

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Marketing Programs			sales aids, special promotions and similar advertising at a reasonable price, plus handling. We may require you to participate in such cooperative or other advertising and/or marketing programs as we prescribe from time to time in the Manual. We do not currently have any cooperative advertising programs.
Costs and Attorneys' Fees Associated with Enforcement or Collection	Our costs and expenses	As incurred	If we secure any declaration, injunction or order of specific performance against you, or if any provision of the AAO Agreement is enforced at any time by us, or if any amounts due from you to us are, at any time, collected by or through an attorney or collection agency, you will be liable to us for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' fees.
Indemnification	The losses and expenses incurred by us and our affiliates	As incurred	You must indemnify and hold us and our directors, officers, agents, attorneys and shareholders harmless in all actions arising out of or resulting from (a) your breach of any of the covenants, representations, warranties and terms of the AAO Agreement; (b) the operation of your Associate Agency; (c) any professional or other negligence on the part of you or your affiliates, or any of their respective directors, officers, agents shareholders, contractors, subcontractors, servants, licensees or invitees; (d) any incident, death, injury or damage to any person or property occurring in, on or about your premises; (e) your use of the Licensed Marks and other proprietary materials; (f) the transfer of any interest in this Agreement or your Associate Agency in any manner not in accordance with this Agreement; (g) the infringement, alleged infringement, or any other violation or alleged violation by you or any of your Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; and (h) libel, slander or any other form of defamation of us, the our System or any franchisee or developer operating under our System, by you or by any of your Principal.
Transfer	Our Initial Fee in effect as of the date of transfer.	Prior to consummation of transfer	Payable by transferee. See Note 5.

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Insurance	Premium cost plus administrative costs of 18%	As incurred	If you fail to comply with the minimum insurance requirements set forth in the AAO Agreement, we have the right to obtain such insurance and you shall pay us, on demand, the premium cost of this insurance and administrative costs of eighteen percent (18%) in connection with our obtaining the insurance.
Site Evaluation	Brightway's costs in evaluating potential sites	As incurred	Before opening we may, to the extent we deem appropriate, provide assistance with respect to site evaluation, preliminary plans and layouts for the Agency, and standards and specifications for signs, equipment and other related facilities required for use in typical or similar Brightway System Agencies. If we elect to do so, you are responsible for paying our costs of site evaluation, including any travel costs to examine a potential site.
Supplier/Product Evaluation	Brightway's testing costs	As incurred	In the event you wish to purchase any approved items from an unapproved supplier, you must provide us with certain information about the supplier. If we incur any costs in connection with evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable costs, regardless of whether we subsequently approve the supplier.
Financial Records and Reports	Cost of preparing required financial reports	As required by us	You must provide us with the type of financial reports to be specified by us in the Manual or otherwise in writing, which we reserve the right to change at any time at our sole discretion.
Additional Personnel Training	\$100 per person additional training fee, plus your costs	As required by us or requested by you	We have the right at any time to require that your Principal and/or any of your other employees and representatives attend and complete, to our satisfaction, any and all additional training deemed necessary or appropriate by us. We currently charge a fee of \$100 per trainee in connection with the training of additional personnel, including the training of all new producers for an existing Agency. In addition, you must pay the costs of wages, transportation, lodging and food for your Principal and your other employees during such additional training. We may also provide such training at your request, at our sole discretion and subject to our availability.
Taxes	Amount of tax	As incurred	You are required to pay when due any and all federal, state and local taxes levied or assessed with respect to the operation of your Associate Agency. You agree to indemnify us in the event that we are held responsible for these taxes.

TYPE OF FEE (1)	AMOUNT	DUE DATE	REMARKS
Phone System Fee	Then-current fee	Currently, monthly after the first twelve months of entering into contract with designated vendor	You are required to pay an ongoing fee in connection with your use of our designated telephone system. Currently, our designated vendor does not charge a fee for the first twelve months, but after this period you are required to pay a monthly ongoing support fee. We currently require that you pay this fee directly to us, but we reserve the right to change the amount of this fee and the manner of payment.

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- (1) Unless otherwise noted, all fees are uniformly imposed by and payable to us and are non-refundable.
- (2) All client accounts generated by your Associate Agency are our exclusive property, and all funds, correspondence, notices and other communications relating to such client accounts must be forwarded to us. We are the “agent of record” with the Contracted Companies on all such client accounts. Accordingly, all sales commissions paid by the Contracted Companies are paid directly to us, and not to you. On or about the 7th and 21st day of each month, we will pay you (via electronic funds transfer to an account you specify in the Electronic Funds Withdrawal Authorization attached as Exhibit 9 to the AAO Agreement) a percentage of the sales commissions we receive from the Contracted Companies on the client accounts you generate, and we will retain the remainder. On New Business, we will pay you 85% of the sales commissions we receive, and we will retain 15%. On Renewal Business we will pay you 55% of the sales commissions we receive, and we will retain 45%. “New Business” shall mean the first term of a Policy which is sold in connection with your Associate Agency (subject to certain limitations), and “Renewal Business” shall mean all subsequent/renewal terms of a Policy which are sold in connection with your Associate Agency.
- (3) We will deduct from the payments we make to you the following expenses borne or paid by us which relate to the conduct of your business (the “AAO Shared Expenses”): (a) premiums for errors and omissions insurance we purchase for you (and all deductibles for claims thereon); (b) your portion of “connectivity fees” charged by the Contracted Companies; (c) your portion of information technology service, data hosting and other fees relating to our web-based Agency Management System (which is \$110 per month as of the issuance date of this Disclosure Document); (d) your portion of costs associated with rating software, clue reports and motor vehicle reports; (e) your portion of costs associated with Brightway’s provision of your fax lines; (f) your portion of any costs associated with Brightway’s email management service (which is \$24 per user per month as of the issuance date of this Disclosure Document); (g) costs for additional supplies or services not described in the AAO Agreement, but provided by us to you at your request; (h) cost of CMS Web Hosting fees related to your Associated Agency’s website; (i) your portion of fees associated with Insurance Association memberships as we may deem necessary at our discretion; (j) your portion of fees associated with a shared file system (which is \$6 per user per month as of the issuance date of this Disclosure Document); and (k) such other similar costs and expenses as described in the Manual. Your “portion” of the aforementioned costs and expenses shall be determined by us in good faith, and such determination may be based, solely or partially, upon the then-current fair market value of the items provided to you. At our discretion, we are also permitted to deduct from the payments we make to you: (1) the costs and expenses incurred by us (including, but not limited to, our reasonable labor and administrative costs) as a result of your failure to conduct your Associate Agency business in compliance with our procedures and standards of operation provided to you pursuant to the Manual or

as otherwise communicated by us to you from time to time, and (2) any payments we make in good faith to your vendors or suppliers in order to cure your failure to make such payments on a timely basis.

- (4) In the event either: (a) you elect to terminate the AAO Agreement, (b) you elect to not renew the AAO Agreement, or (c) you transfer your rights under the AAO Agreement (except in certain circumstances), then we will pay you certain post-term compensation in 24 monthly installments via electronic funds transfer.
- (5) All transfers are subject to our prior consent, and AAOs must meet various other conditions in order to obtain Brightway’s consent. However, our consent is not required, and there is no transfer fee, if you transfer to a corporation, limited liability company or other business entity wholly owned by you. In addition, no transfer fee is payable to us by the transferee in the event: (a) neither you nor your affiliates receive any direct or indirect financial remuneration or benefit from the proposed transferee in connection with the transfer, (b) in the case of a transfer of the equity interests in your AAO entity you do not retain any direct or indirect equity interest in such entity (and are not granted any direct or indirect equity interest in the future), and (c) you waive all of your rights to the post-termination compensation described in Footnote (4) above.
- (6) Though we do not currently have any type of national advertising fund or national advertising fee, we reserve the right to establish an advertising and marketing fund (the “Advertising Fund”) in the future for the common benefit of Brightway System AAOs. You may be required to participate in and contribute monthly to the Advertising Fund in an amount specified by us at the time such Advertising Fund is created; provided, however, that this amount shall be no more than 3% of your Brightway Sales Commissions (the “Advertising Fee”). If we require you to contribute to the Advertising Fund, the Advertising Fee shall be deducted from payments to you in the same manner as the AAO Shared Expenses, as described in Note 3 above.
- (7) Though we do not currently have any type of local advertising requirement, we reserve the right to require you to spend certain monthly amount, which shall be no more than 3% of your Brightway Sales Commissions, on local advertising and promotion in accordance with an annual plan approved by us and our standards and specifications (the “Local Advertising Requirement”). You acknowledge and agree that your Local Advertising Requirement must be expended regardless of the amount(s) spent by other System AAOs on local advertising. In the event the Local Advertising Requirement is implemented, you will be required to submit to us an annual plan for your expenditure of your local marketing budget. You must send us proof of these expenditures within 15 days of the end of each quarter.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE-UNIT AAO AGREEMENT

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Initial Fee (2)(3)	\$30,000 to \$60,000	Lump sum (however, a portion of AAO Initial Fee may be financed – See Item 10)	See Items 5 and 10	Brightway

Type of Expenditure	Amount (1)	Method of Payment (2)	When Due	To Whom Payment is to be Made
Lease Deposits (1)(4)	\$1,500 to \$2,500	Lump Sum	Upon Signing Lease	Landlord
Real Property Lease (1)(4)	\$3,000 to \$10,800	Periodic Payments	Generally Monthly	Landlord
Leasehold Improvements (4)(5)	\$5,000 to \$10,000	Progress Payments	As arranged	Contractor and Architect
Utility and Internet Service Deposits	\$500 to \$1,000	Lump Sum	Before Opening	Utility Company, Internet Service Providers
Furniture, Furnishings, and Fixtures (6)	\$3,700 to \$15,000	As Arranged	As Incurred	Vendors
Equipment (7)	\$3,500 to \$8,000	As Arranged	As Incurred	Vendors
Telephone System and Installation (8)	\$2,000 to \$3,000	Lump Sum	As Incurred	Designated Vendor
Signage (9)	\$4,000 to \$7,000	As Arranged	As Incurred	Vendors
Professional Fees (10)	\$2,000 to \$4,500	As Arranged	Before Opening	Your Attorney, Accountant, and Other Business Advisors
Initial Training Expenses (11)	\$0 to \$7,500	As Arranged	As Incurred	Third Parties
Grand Opening Advertising (12)	\$0 to \$3,000	As Arranged	Within 30 Days of Opening	Third Parties
Insurance Policies (13)	\$3,000 to \$4,700	As Arranged	Upon Opening	Brightway
Licensing Fees (14)	\$0 to \$2,000	As Arranged	As Incurred	Third Parties
Additional Funds – Six Months (15)	\$42,000	As Arranged	As Incurred	Vendors, Brightway
TOTAL ESTIMATED INITIAL INVESTMENT (16)	\$100,200 to \$181,000			

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- (1) Our Associate Agencies are typically developed in leased locations located in retail areas such as strip malls or similar buildings, which is reflected in the investment figures used in this Item 7. If you plan to develop a free standing location, the real estate, building and site improvement costs are likely to be significantly higher than what is included in this Item 7.

- (2) Costs paid to us (other than a portion of the Initial Fee) are not refundable. Whether any costs paid to third parties are refundable will vary based on the practice of such third party and the general practice in the area where your Associate Agency is located. A portion of the Initial Fee is refundable if you or your Principal fails to complete our initial training program to our satisfaction at least fourteen (14) days prior to the time by which the Associate Agency is required to be open under the terms of your AAO Agreement, and we elect to terminate your AAO Agreement. In the event of such termination, we will refund you the Initial Fee, less thirty thousand dollars (\$30,000), which we will be entitled to retain as reimbursement for all of our costs and expenses incurred relating to training and our review, approval and supervision of the development of the Associate Agency. Additionally, as described in greater detail in Item 5, if you enter into and successfully meet certain performance benchmarks under our multi-Agency program, we will forgive either half or all of the remaining balance due under the Initial Fee note you enter into at the time you sign an AAO Agreement for your additional Agency.
- (3) The manner in which the Initial Fee is paid, the ability to finance all or a portion of the Initial Fee, the circumstances under which the Initial Fee may be reduced, and the circumstances under which a portion of such fee is refundable, are explained in greater detail in Items 5 and 10.
- (4) We expect that you will lease the location for your Associate Agency. A typical Brightway Associate Agency will have approximately 900 to 1,300 square feet of space. Lease payments will vary considerably depending upon the property size, type of transaction and location. You may be required to pay the first and last months' lease payment upon signing your lease agreement. Lease agreements may include the following expenses: taxes, insurance, maintenance, fixed rent (with escalations), percentage rent, and other charges related to the operation of the Associate Agency. Our current estimate includes high and low-end projections for the amount you will spend to cover three months of rent.
- (5) Office build-out expenses can vary widely. Associate Agency offices do not require extensive build-out or custom finishes. In new retail space, you may expect to install carpet, paint and limited interior walls. You should check with the relevant regulatory agencies to identify costs for required building permits, impact fees, taxes, bonds, licenses and other fees, which can vary dramatically depending on the location.
- (6) You must purchase certain basic furniture and fixtures in order to operate your Associate Agency. The Associate Agency will require one desk and chair for each person working at the Associate Agency. Other items include bookshelves, desks, guest chairs and miscellaneous reception area and back-office furniture. You may be able to lease or finance certain furniture and/or fixtures.
- (7) You must purchase certain equipment according to our standards and specifications. You are required to maintain one computer (properly configured for use within our System) for each person working at the Associate Agency. You will also need a multifunction device that acts as a printer, fax, scanner and copier, headsets, IP Phones, and other miscellaneous equipment. The estimate above includes the cost of each of these items, in addition to monitors, laptop(s), operating software, setup, and warranty plans for this equipment, as your estimated initial expense. You may be able to lease or finance certain equipment items.
- (8) The telephone system acquired and utilized by your Associate Agency must at all times be the system then authorized for use by us. The high- and low-end estimates reflect the cost of our current requirement that you purchase and install an Altigen phone system as a cloud-based technology solution. This estimate reflects the cost of installation and one year of support.
- (9) The type of signage to be installed at your premises is governed by local ordinances and lease provisions regarding height and size restrictions. Channel-lit exterior signage that covers an area of 2'

by 10' can be acquired and installed for approximately \$3,000. Additional marquee signs are also encouraged, but additional costs will be incurred. Interior signage includes five framed posters and a painted accent wall with our logo and other verbiage, with an approximate cost of \$1,000. Subject to compliance with applicable laws and regulations, you must acquire all signs as required by us for use at or in connection with your Associate Agency business. All signage must conform to the Brightway System exterior signage specifications and must be submitted to us for approval prior to purchase and installation.

- (10) These figures represent the estimated costs of engaging an attorney or other business professionals to review this Disclosure Document and the accompanying agreements, to assist you in organizing a business entity if you choose to do so, and to help you obtain required licenses and permits.
- (11) We do not charge you for the initial training provided to your Principal and two other employees. The tuition fee applicable to any additional trainees will be set forth in our Manual, and is subject to change from time to time in our sole discretion. In addition, you must pay the costs of transportation, lodging and food for your Principal and other employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages.
- (12) We strongly recommend that you conduct a grand opening advertising program to promote the grand opening of your Associate Agency ("Grand Opening Advertising") during the first thirty (30) days following your grand opening. The amount of Grand Opening Advertising will be dependent on the unique circumstances of each AAO, and we will work with you to determine an appropriate amount during the time period following the execution of the AAO Agreement and prior to your grand opening.
- (13) The estimated amount above includes the initial cost of the professional insurance policies that you will need to obtain and maintain according to our standards and specifications. These policies are described in detail in Item 8 and in your AAO Agreement. Brightway will endorse our errors and omissions insurance policy to provide errors and omissions insurance coverage for AAO, and the estimated amount also includes the initial expense that you must pay to Brightway for this errors and omissions coverage.
- (14) You are responsible for obtaining the certain license(s) required by the state in which you are located. The estimate above also includes the cost of any appointment fees and state continuing education costs associated with maintaining your license(s).
- (15) These figures are an estimate of your operating expenses for the initial six months of business. They include payroll, taxes, insurance, supplies, utilities, licenses and permits, bank charges and repair and maintenance expenses. They do not include the portion of commissions withheld by us. This estimate assumes that you will employ at least two other individuals to work full-time writing New Business from your Agency at the time you commence operations, which is something that we require under the AAO Agreement in order to maximize your chances of success and to maintain our System standards. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: the size of your premises; your management skill, experience and business acumen; financing costs; local economic conditions; the local market for insurance products; the prevailing wage rate; competition; and the sales levels reached during the initial period.
- (16) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We have prepared these estimates based on our experience as a franchisor. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your business. They do not provide for your cash needs to cover any financing incurred by you or your other

expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from office to office and cannot be predicted by us for your business (and which may extend for longer than the six month “initial phase” described in Footnote 15). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

B. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE-UNIT AAO AGREEMENT (CONVERSION AGENCY)

Type of Expenditure	Amount	Method of Payment (1)	When Due	To Whom Payment is to be Made
Initial Fee (3)(4)	\$30,000 to \$60,000	Lump sum (however, a portion of AAO Initial Fee may be financed – See Item 10)	See Items 5 and 10	Brightway
Lease Deposits (2)	No Additional Investment	Lump Sum	Upon Signing Lease	Landlord
Real Property Lease (2)	No Additional Investment	Periodic Payments	Generally Monthly	Landlord
Leasehold Improvements (2)(5)	\$0 to \$2,500	Progress Payments	As arranged	Contractor and Architect
Utility Deposits (2)	No Additional Investment	Lump Sum	Before Opening	Utility Company
Furnishings, Fixtures and Equipment (2)(5)	\$0 to \$7,000	As Arranged	As Incurred	Vendors
Telephone System and Installation (6)	\$2,000 to \$3,000	Lump Sum	As Incurred	Designated Vendor
Signage (7)	\$4,000 to \$7,000	As Arranged	As Incurred	Vendors
Professional Fees (8)	\$5,000	As Arranged	Before Opening	Your Attorney, Accountant, and Other Business Advisors
Initial Training Expenses (9)	\$0 to \$7,500	As Arranged	As Incurred	Third Parties

Type of Expenditure	Amount	Method of Payment (1)	When Due	To Whom Payment is to be Made
Grand Opening Advertising (10)	\$0 to \$3,000	As Arranged	Within 30 Days of Opening	Third Parties
Initial Expense for Errors & Omissions Insurance and Other Insurance Policies (11)	\$6,000 to \$9,500	As Arranged	Upon Opening	Brightway
Additional Funds – Six Months (12)	\$42,000	As Arranged	As Incurred	Vendors, Brightway
TOTAL ESTIMATED INITIAL INVESTMENT (13)	\$89,000 to \$146,500			

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- (1) All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. The chart above estimates your initial investment to convert your Existing Business and begin operating as a Brightway Associate Agency. The estimated investment disclosed in Chart 7(B) above does not include any of the fees or other costs you would normally incur and/or invest if you were to continue operating your existing insurance agency rather than convert your Existing Business to an Associate Agency that operates utilizing our Proprietary Marks and System. The amounts disclosed in the Chart above detail the amounts that we estimate you will need to expend in addition to those amounts you would otherwise expend in the normal course of operating your Existing Business. Actual costs will vary for each franchise location depending on a number of factors, including the equipment and computer hardware/software you already use in connection with your existing Associate Agency, market condition, and the geographic location of your converted Associate Agency.
- (2) Converting Agencies will typically remain in their existing leased space, assuming the Existing Business's premises meets our standards for an Associate Agency. Since Chart 7(B) only provides an estimate of the additional amounts you will be required to expend to convert your Existing Business into an Associate Agency, the Chart above assumes that you will not incur any additional expenses in connection with continuing to operate your conversion Associate Agency from the location of your Existing Business. A typical conversion Agency will have approximately 900 to 1,300 square feet of space. If you have to relocate the Conversion Agency's premises in order to comply with our standards and specifications, you will likely spend an amount that is significantly higher than the estimate provided in Chart 7(B). Additionally, the premises used for your conversion Associate Agency must possess all required business permits and licenses necessary to operate an insurance agency in your state and municipality and must also have certain equipment, computer hardware, and insurance coverage that meet our specifications.
- (3) Costs paid to us are not refundable. Whether any costs paid to third parties are refundable will vary based on the practices of such third parties and the general practices in the area where your Associate Agency is located. As a conversion AAO, part of your Initial Fee may be offset by the Conversion Amount, as described more fully in Item 5. We will discount the Initial Fee by the Initial Conversion Payment. If the Initial Conversion Payment is less than the non-financed portion of the Initial Fee, then you will pay us the difference between the non-financed portion of the Initial Fee and the Initial Conversion Payment at the time you execute your AAO Agreement. However, if the Initial Conversion Payment exceeds the non-financed portion of the Initial Fee, then we will pay you the difference of the

Initial Conversion Payment and the non-financed portion of the Initial Fee within fourteen (14) days of the date when you complete training to our satisfaction.

- (4) The manner in which the Initial Fee is paid, the ability to finance all or a portion of the Initial Fee, the circumstances under which the Initial Fee may be reduced, and the circumstances under which a portion of such fee is refundable, are explained in detail in Items 5 and 10.
- (5) Since this Chart only provides an estimate of the additional amounts you will be required to expend to convert your Existing Business into an Associate Agency, the low-end estimate in the Chart above assumes that you will not incur any additional expenses in continuing to use your existing furniture, furnishings, and equipment at your conversion Associate Agency. However, in the event that any furnishings, fixtures and equipment used in connection with your Existing Business do not conform to our standards and specifications, you will be responsible for the cost of purchasing such furniture, fixtures and equipment. The Associate Agency will require one desk and one computer (properly configured for use within our System) for each person working at the Associate Agency. You will also need a multifunction device that acts as a printer, fax, scanner and copier. Other items include bookshelves, desk, headsets and guest chairs and miscellaneous reception area and back-office furniture and equipment. You may be able to lease or finance through a third party a portion of these purchases, but you should expect to make a substantial down-payment.
- (6) The telephone system acquired and utilized by your Associate Agency must at all times be the system then authorized for use by us. The high- and low-end estimates reflect the cost of our current requirement that you purchase and install an Altigen phone system as a cloud based technology solution. This estimate reflects the cost of installation and one year of support.
- (7) The type of signage to be installed at your premises is governed by local ordinances and lease provisions regarding height and size restrictions. Channel-lit exterior signage that covers an area of 2' by 10' can be acquired and installed for approximately \$3,000. Additional marquee signs are also encouraged, but additional costs will be incurred. Interior signage includes five framed posters and a painted accent wall with our logo and other verbiage, with an approximate cost of \$1,000. Subject to compliance with applicable laws and regulations, you must acquire all signs as required by us for use at or in connection with your Associate Agency business. All signage must conform to the Brightway System exterior signage specifications and must be submitted to us for approval prior to purchase and installation.
- (8) These figures represent the estimated costs of engaging an attorney or other business professionals to review this Disclosure Document and the accompanying agreements and to help you obtain required licenses and permits.
- (9) We do not charge you for the initial training provided to your Principal and two other employees. The tuition fee applicable to any additional trainees will be set forth in our Manual, and is subject to change from time to time in our sole discretion. In addition, you must pay the costs of transportation, lodging and food for your Principal and other employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages.
- (10) You do not have to conduct a grand opening advertising program to promote the grand opening of your Associate Agency, however, it is strongly recommended. If you choose to promote the conversion of your Existing Business into an Associate Agency, we will work with you to determine an appropriate amount to spend on a grand opening advertising program during the first 30 days following your grand opening.

- (11) Brightway will endorse our errors and omissions insurance policy to provide errors and omissions insurance coverage for AAO, and the estimated amount also includes the initial expense that you must pay to Brightway for this errors and omissions coverage. The insurance premium will vary based on the premium size of the converting Agency's existing book of business. Additionally, you must obtain a tail on your existing errors and omissions insurance policy to cover any claims made regarding errors and omissions prior to your Agency being endorsed on our errors and omissions policy, and you must include us as a named insured. The estimate above also includes all professional insurance policies you need to maintain according to our standards and specifications, as described in Item 8 and in your AAO Agreement. If you already maintain certain types of required insurance in connection with your Existing Business, you are responsible for ensuring that such policies comply with our standards and specifications.
- (12) These figures are an estimate of your operating expenses for the initial six months of business. They include payroll, taxes, insurance, supplies, utilities, licenses and permits, bank charges and repair and maintenance expenses. They do not include the portion of commissions withheld by us. This estimate assumes that you will employ at least two other individuals to work full-time writing New Business from your Agency at the time you commence operations, which is something that we require under the AAO Agreement in order to maximize your chances of success and to maintain our System standards. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: the size of your premises; your management skill, experience and business acumen; financing costs; local economic conditions; the local market for insurance products; the prevailing wage rate; competition; and the sales levels reached during the initial period.
- (13) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We have prepared these estimates based on our experience as a franchisor. Except as expressly indicated otherwise, these estimates cover your initial cash investment to open your business. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from office to office and cannot be predicted by us for your business (and which may extend for longer than the six month "initial phase" described in Footnote 12). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To protect the reputation and goodwill of the Agencies operating under the Brightway System, and to maintain standards of operation under the Licensed Marks, you must operate your Associate Agency in strict conformance with our methods, standards, and specifications which we prescribe in our Confidential Operations Manual and various other confidential manuals and writings prepared for use by you in operating a Brightway Associate Agency (collectively the "Manual"), and which we may change at our sole discretion. When any provision in the AAO Agreement requires that you comply with any standard, specification or requirement of

Brightway, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in the AAO Agreement or as may, from time to time, be set forth by us in the Manual.

Approved Insurance Products and Services

You may only offer and sell insurance provided by the Contracted Companies through us. We reserve the right to change the Contracted Companies at any time. You are not permitted to be licensed as an agent, solicitor, representative or broker for any insurance company or business other than Brightway and the Contracted Companies unless authorized by us in writing. We will, at our sole discretion and with our carriers' approval, determine which Contracted Companies you may use, as well as which lines of insurance and specific policy types you may sell with such Contracted Companies. We will provide you with a list of the Contracted Companies as part of the Manual or otherwise in writing. We will negotiate all contracts with the Contracted Companies, including the compensation paid by them for the sale, renewal, service or delivery of policies. The primary service which will be offered by you will be property and casualty insurance. However, we may authorize you to offer other services such as life insurance. You are not permitted to conduct any business with regard to any type of insurance: (a) which have not been approved by us, or (b) for which you are not licensed by the appropriate insurance, securities or other regulatory authorities. Additionally, you are not permitted to conduct any business of any kind other than your Agency business, either from the Agency location or through the corporate entity that owns and operates the franchise.

Lease and Leasehold Improvements

We expect that you will lease the location for your Associate Agency. A typical Brightway Associate Agency will have approximately 900 to 1,300 square feet of space. We must approve your location and lease terms before you sign a lease for a location. We will condition our approval of your lease upon, among other conditions, you and your landlord's signing of our Collateral Assignment of Lease, whereby your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease agreement, your AAO Agreement is terminated or expires. Additionally, such lease must provide us with the right to enter the premises to make any modification necessary to protect the Licensed Marks. Any lease must be, with lease renewal options exercisable by you, for a term that is not less than the initial term of your AAO Agreement. If, for any reason, you cannot continue to occupy the leased premises during the term of your AAO Agreement, you must notify us of your intention to relocate at least ninety (90) days prior to closing operations at the leased premises, and open for business at a mutually agreed upon location within thirty (30) days of closing business at the existing premises.

The Associate Agency shall conform to our standards and specifications for appearance, layout and design. Associate Agency offices do not require extensive build-out or custom finishes. In new retail space, you may expect to install carpet, paint and limited interior walls. You must also submit all preliminary and final plans and specification with respect to the proposed Associate Agency, including two sets of final plans. If approved, we will return one copy of the final plans with a stamp acknowledging our approval. (AAO Agreement, Section 6(a)(ii)). You may not open your Associate Agency until construction of your Associate Agency is completed in accordance with the approved site and building plans, and we have provided you with authorization to open. You may not make material modifications to the approved plans without our consent.

As a conversion Associate Agency, we must approve of your existing location as part of the Conversion Criteria.

Furniture, Fixtures, Equipment and Signage

You are required to purchase, install and maintain all furnishings, fixtures, equipment and signage as we deem necessary and appropriate for the conduct of your business, as specified in the Manual.

The telephone system to be acquired and utilized by you must at all times be the system then authorized for use by us at all Associate Agencies. As of the date of this Disclosure Document, we require an Altigen telephone system which has been customized to meet our specifications. The system currently must be purchased from, and installed by our designated vendor. You also must use fax lines in connection with the operation of your AAO.

In addition to the telephone system and fax lines, you agree to purchase additional products and services, which may include certain signs, electronic documentation, furnishings, supplies, fixtures, computer hardware and software, and services from Brightway or designated or approved third-party suppliers as we may specify in the Manual or otherwise in writing. We may be one of several or the only approved supplier of any item.

Apart from such specified products and services, all other furnishings, fixtures, equipment, signage and supplies for your business may be selected by you, and purchased from vendors you choose, so long as they (a) are compatible with our established computer and other systems, and (b) meet our quality standards and minimum equipment specifications set forth in the Manual. Upon our request, you must promptly acquire, install, update or replace any equipment, including the telephone system, designated by us for use pursuant to the Brightway System and/or the Brightway Agency Management System.

As described in Item 6, we will charge you for your "portion" of certain Shared Expenses. Your portion of such expenses will be determined by us in good faith, and such determination may be based, solely or partially, upon the then-current fair market value of the items we provide to you (and therefore may be in excess of the costs actually incurred by us on your behalf).

We, or the Contracted Companies, may negotiate volume purchase agreements with some vendors for the purchase of equipment needed to operate your business.

In the event you wish to purchase any approved items from an unapproved supplier, you must provide us with the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. If we incur any costs in connection with evaluating an unapproved supplier at your request, you or the supplier must reimburse us for our reasonable testing costs, regardless of whether we subsequently approve the supplier. We will notify you of approval or disapproval within fifteen (15) business days of receiving all requested information. Nothing in the foregoing shall be construed to require us to approve any particular supplier. We may revoke our approval of particular products or suppliers when we determine, at our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier. You must use products purchased from approved suppliers solely in connection with the operation of your Associate Agency and not for any competitive business purpose.

Insurance

You must maintain in full force and effect such insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the your business which shall include, at a minimum, insurance policies of the kinds, and in the amounts, required by us. The AAO Agreement requires you to obtain and maintain in full force and effect: (a) a standard Business Owners Policy providing coverage for your place of business with liability limits of not less than \$1,000,000/\$1,000,000, unless such requirement is waived in writing by us, (b) a Workers Compensation Policy with liability limits of not less than \$500,000/\$500,000, unless such requirement is waived in writing by us and (c) a Employment Practices Liability Policy providing coverage for your entity with liability limits not less than \$500,000/\$500,000, unless this requirement is waived by us in writing. We do not designate the insurance carriers you must utilize for these purposes. You agree to carry such insurance as may be required by the lease of the premises or by any of your lenders or equipment lessors. If you are operating a conversion Associate

Agency, you must meet our then-current insurance requirements as part of our Conversion Criteria. You must maintain these insurance levels throughout the term of your AAO Agreement.

You must add us and our designees or assignees to all insurance contracts as additional insureds under the insurance policies, the cost of which will be paid by you. The types and amounts of insurance you are required to obtain and maintain may be modified by amendments to the Manual, or otherwise in writing by us. You must cause all such policies for the aforementioned insurance coverages to be endorsed so that we are an additional named insured. You must promptly provide us with all of your certificates of insurance, each of which must state that the policy will not be cancelled or materially altered without at least 30 days' prior written notice to us.

Subject to the prior approval of the Contracted Company involved, we will endorse our errors and omissions insurance policy to provide errors and omissions insurance coverage for you. We will calculate your share of our errors and omissions insurance policy premium in a fair and reasonable manner, and will deduct such amount from the compensation you are to receive from us. You may be required to participate in errors and omissions loss control seminars from time to time at our request. In the event you fail to participate in such seminars, you may be assessed an additional amount for errors and omissions coverage. You will be responsible for the payment of all deductibles payable on claims against you or any of your officers, directors, shareholders, employees or independent contractors. If you fail to comply with our minimum insurance requirements, we have the right to obtain such insurance and keep same in force and effect. You must pay us, on demand, the premium cost of this insurance, as well as administrative costs of eighteen percent (18%) in connection with us obtaining the insurance.

Advertising

You may not use our trademarks or other intellectual property in any advertising or promotional materials or literature without our prior consent. You must submit to us for approval samples of all advertising to be used by you which has not been prepared or previously approved by us. You may use only business stationery, business cards, printed materials or forms which have been approved in advance by us. These items may be purchased from vendors you choose. You may not employ any person to act as your representative in connection with local promotion of your business in any public media without our prior approval. At your expense, you must: (a) obtain listings of your business in appropriate business directories and publications (both internet and non-internet based), and engage in appropriate internet strategies designed to drive business to your Associate Agency, all as specified from time to time by us for all comparable Associate Agencies; and (b) obtain and maintain any special promotional materials of the kind and size as we may from time to time require for comparable Associate Agencies.

From time to time, we may provide you with local advertising and marketing materials, including, merchandising materials, sales aids, special promotions and similar advertising at a reasonable price, plus handling. Although we do not have any as of the date of this Disclosure Document, you must participate in all cooperative advertising and/or marketing programs as are from time to time prescribed by us. The terms and conditions required for participation in any such co-op advertising program or programs will be as specified in the Manual.

Our approval of any advertising or promotional materials or programs may be withdrawn at any time, and you must immediately thereafter cease the use and/or display of any materials or programs for which our approval has been withdrawn.

Computer Hardware and Software

You must obtain and install computer hardware, required dedicated telephone and power lines, high speed Internet connections, modems, printers, and other computer related accessory or peripheral equipment as

we may specify in the Manual, or otherwise in writing from time to time. You must utilize any software programs, system documentation manuals, our web-based Agency Management System, and other proprietary materials provided by us in connection with the operation of your Associate Agency. You must input and maintain in your computer the software programs, data and information as we prescribe.

You shall have the sole and complete responsibility for (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Associate Agency; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. Upon our request, you must promptly acquire, install, update or replace any computer hardware and/or computer software designated by us, for use pursuant to the Brightway System and/or the Brightway Agency Management System.

General

Except as specifically noted above, we and our affiliates are not suppliers for any of the aforementioned goods or services you must acquire. None of our officers currently own an interest in any approved supplier. At the present time, we do not receive rebates or any material benefits from any supplier for the purchase of goods or services by you or other franchisees. You will not receive any material benefit from purchasing from approved or designated suppliers.

We reserve the right to derive revenue from franchisee required purchases, though we did not derive any such revenue during the 2013 fiscal year.

As we determine client preferences and trends in the marketplace, or develop new marketing techniques, technologies, products and services, we anticipate that we will formulate and modify our standards and specifications as we consider appropriate and useful, and notify you through amendments to the Manual, articles, newsletters, or other bulletins.

We estimate that the purchase of products that are subject to our standards and specifications represents approximately 75% of all purchases and leases necessary to open your Agency and approximately 90% of your annual costs to operate your Agency thereafter. For conversion Associate Agencies, we estimate that the purchase of products that are subject to our standards and specifications represents approximately 75% of all purchases and leases necessary to open your Agency and approximately 90% of your annual costs to operate your Agency thereafter.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the AAO Agreement. It will help you find more detailed information about your obligations in this Agreement and in other items of this Disclosure Document.

OBLIGATION		SECTION IN AAO AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	Sections 1 (definition of "Premises"), 5(a)(i), 6(a)(i), 6(a)(iii), 6(a)(iv), Exhibit 2, Exhibit 3 & Exhibit 6, Section 8(A) of Conversion Addendum	Items 7 & 11
b.	Pre-opening purchases/leases	Sections 5(a), 6(a)(iv), 6(e), 6(f), 6(m)(i) & 7(a)	Items 7 & 8
c.	Site development and other pre-opening requirements	Sections 5(a), 6(a), 6(b), 6(c), 6(e) & 6(g), Sections 2 and 8 of Conversion Addendum	Items 7 & 11
d.	Initial and ongoing training	Sections 5(a)(iii) & 6(h), Section 9 of Conversion Addendum	Items 5, 7 & 11
e.	Opening	Sections 5, 6(b), 6(c) & 6(h), Section 7 of Conversion Addendum	Items 1, 7 & 11
f.	Fees	Sections 4, 8 and 13, Sections 3-5 of Conversion Addendum	Items 5 & 6
g.	Compliance with standards and policies/Operating Manual	Sections 5(a)(i), 5(a)(v), 5(b), 6, 7 & 10	Items 8 & 11
h.	Trademarks and proprietary information	Sections 9 & 10	Items 13 & 14
i.	Restrictions on products/services offered	Sections 7(a) through 7(f)	Items 8 & 16
j.	Warranty and customer service requirements	Sections 6(q), 7(a), 7(e) & 10(d)	Item 11
k.	Territorial development and sales quotas	Section 2	Item 12
l.	Ongoing product/service purchases	Sections 7(a) through 7(e)	Items 8 & 16
m.	Maintenance, appearance and remodeling requirements	Sections 5(a)(i), 6(a), 6(b), 6(f), 6(g), 6(k), 6(l), 6(m), 6(o) & 6(p)	Item 11

OBLIGATION		SECTION IN AAO AGREEMENT	DISCLOSURE DOCUMENT ITEM
n.	Insurance	Section 18	Items 7 & 8
o.	Advertising	Sections 5(b), 6(o), 6(p), 9(b) & 11	Items 6, 8 & 11
p.	Indemnification	Section 20, Section 13 of Conversion Addendum	Item 6
q.	Owner's participation/ management/staffing	Sections 1 (definition of Principal), 5(a)(iii), 6(h), 6(m), 7(a), 7(d) & Exhibit 2	Items 11 & 15
r.	Records/reports	Sections 5(g), 7(h), 7(m), 7(n) & 22(a)	Item 6
s.	Inspections/audits	Sections 5(b)(vi), 5(g), 6(b), 7(n), 13(l) & 22(a)	Item 11
t.	Transfer	Section 13	Item 17
u.	Renewal	Section 3(b)	Item 17
v.	Post-termination obligations	Section 16	Item 17
w.	Non-competition covenants	Sections 7(b) & 12	Items 1 & 17
x.	Dispute resolution	Sections 22, 24 & 25(j)	Item 17

ITEM 10 FINANCING

We provide you the option to finance all or a portion of your Initial Fee with us; provided that the percentage of your Initial Fee we are willing to finance will depend upon the location of your Associate Agency, as well as whether you are already operating another Brightway Agency and are participating in our additional agency program for high performing agencies. In the event you elect to exercise such financing option, on the date you execute your AAO Agreement you must (a) pay us in full the portion of your Initial Fee which is not to be financed, and (b) execute and deliver to us a promissory note (the "Initial Fee Note") which will include the following principal terms:

- (i) a principal balance equal to the financed portion of your Initial Fee;
- (ii) a note term of 7 years;

(iii) the accrual of interest at a rate equal to the greater of: (a) two percent (2%) above the prime rate announced from time to time by The Wall Street Journal (to be adjusted on an annual basis on the last business day of the year), or (b) eight percent (8%);

(iv) on a monthly basis, the payment of principal and interest over the course of the seven years (84 months) of the term of the Initial Fee Note;

(v) the outstanding principal balance of the Initial Fee Note may be prepaid by you at any time, without penalty (provided, however, that no partial prepayments shall be permitted); and

(vi) all of the Initial Fee Note's outstanding principal and accrued interest will become immediately due and payable by you to us upon the termination, expiration, non-renewal or transfer of the AAO Agreement and as otherwise provided in the Initial Fee Note.

In the event you were to finance 100% of your Initial Fee as described above, and opted to take the entire 7 years to repay the note, at 8% (which is currently greater than 4.75% above today's prime rate), the aggregate amount of interest you would be required to pay to us during the term of the Initial Fee Note would be approximately \$18,554 (which would be in addition to the \$60,000 of principal to be paid to us during the seven years of the Initial Fee Note term).

In the event you default under the terms of the Initial Fee Note, such default will also be considered a default under your AAO Agreement. In addition, the event you default under the terms of the AAO Agreement, such default will be considered a default under the Initial Fee Note.

In the event you default under the terms of the Initial Fee Note, interest will then accrue at the highest rate permitted under then-existing Florida law, not to exceed 18%, on the then-outstanding principal balance and accrued interest, until such time as you make such payments to us. In addition, if you default we will have the option to declare all of the then-outstanding principal balance and all accrued interest immediately due and payable. In addition, if you default under the Initial Fee Note, we will have the right to offset against any amounts we owe you under your AAO Agreement any amounts you owe us under the terms of the Initial Fee Note. If you default, you will be required to pay all of our costs of collection and enforcement of the Initial Fee Note, including reasonable attorneys' fees, costs, and expenses. The terms of the Initial Fee Note require you to consent to a confession of judgment, to waive notice and waive your right to a jury trial, as well as presentment, protest and notice of dishonor.

The Initial Fee Note must be guaranteed by all persons owning an equity interest in AAO and their spouses (the "Guaranty of Initial Fee Note"). The forms of Initial Fee Note and Guaranty of Initial Fee Note are attached as Exhibit 4 to the form of AAO Agreement attached to this Disclosure Document as Exhibit B.

Other than financing a portion of the AAO Initial Fee at your option as described above, we do not offer any other direct or indirect financing. We do not arrange financing from other sources. We have not sold or assigned any AAO's promissory note to anyone, and have no plans to do so. We do not receive direct or indirect payments for placing any financing. We do not guarantee your note, lease or any other obligations to third parties.

If you are a corporation, limited liability company, partnership or other business entity, we will require your shareholders, members, partners and other equity owners, as well as their spouses, to guarantee all of your obligations to us under the AAO Agreement. The form of such Guaranty is attached as Exhibit 1 to the AAO Agreement, which has been attached to this Disclosure Document as Exhibit B.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS & TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Obligations Prior To Opening

Before you open your business, we will:

1. Provide you, to the extent we deem appropriate at our sole discretion, with information concerning site evaluation, preliminary plans and layouts for your Associate Agency, provided that you are responsible for paying Brightway's costs of site evaluation, including any travel costs to examine a potential site. (AAO Agreement, Section 5(a)). We will approve your preliminary and final plans and specifications of your Associate Agency. (AAO Agreement, Section 6(a)). We will approve your lease for your business premises. (AAO Agreement, Section 6(a)). You will acquire or lease your premises from a third party. We will not own or lease the premises to you.

2. Provide you, to the extent we deem appropriate at our sole discretion, with standards and specifications for fixtures, furniture, signs, improvements, equipment and other related facilities required for use in your Associate Agency. (AAO Agreement, Section 5(a)).

3. Provide you, to the extent we deem appropriate at our sole discretion, with information concerning possible sources of signs, equipment, fixtures, furnishings, improvements and other products and services available in connection with the operation of your Associate Agency. (AAO Agreement, Section 5(a)).

4. Provide you with the initial training for your Principal and two other employees, as described below. The tuition fee applicable to any additional trainees will be set forth in our Manual, and is subject to change from time to time at our sole discretion. We may, at our sole discretion, permit your Principal to train other managers or employees following said Principal's successful completion of the initial training program. (AAO Agreement, Sections 5(a) & 6(h)).

5. Provide you with such on-premises pre-opening or opening assistance in the initial operation of your business as we deem appropriate. (AAO Agreement, Section 5(a)).

6. Loan you one copy of the Manual, which describes our System and the mandatory and recommended standards and procedures for the operation of your business. The Manual remains our property. We retain the right to change the Manual and the elements of the System at any time, and you agree to comply with such new or changed provisions. (AAO Agreement, Sections 5(a), 6 & 10).

7. Provide you with all computer software programs that may be required the operation of your business, including, but not limited to the Brightway Agency Management System, which programs may be updated or modified by us from time to time. Any such programs shall remain our property, and shall be on loan to you. (AAO Agreement, Sections 5(a) & 8(f)).

8. Provide you, to the extent we deem appropriate in our sole discretion, with access to, and inclusion in, our website. (AAO Agreement, Section 5(a)).

9. Provide you with express authorization to open your business for operation. You must open your business for operations by the earlier of: (a) 180 days after the date the effective date of your AAO Agreement, or (b) the date on which your lease requires you to commence your business. (AAO Agreement, Sections 6(b) & (c)).

10. If you are operating a conversion Associate Agency, we will inspect the premises of your Existing Business, as well as certain financial information, and determine whether or not your current insurance agency meets our Conversion Criteria. (Conversion Addendum, Recitals).

11. If you are operating a conversion Associate Agency, we agree to pay a Conversion Amount (which may or may not exceed your Initial Fee) to you, in the manner set forth in the Conversion Addendum and this Disclosure Document. (Conversion Addendum, Section 3).

Our Obligations After Opening

During the operation of your business, we will:

1. To the extent we deem it appropriate, provide you with:
 - (a) Periodic assistance in local advertising and marketing;
 - (b) Periodic individual or group counseling and coaching in the operation of your business rendered in person, by seminar, or by newsletters, bulletins, electronic or other means;
 - (c) Advice concerning operating problems, new techniques or operating methods;
 - (d) Advice and guidance with regard to new and improved methods of operation or business procedures developed by us, use of the Manual, management materials, promotional materials, and advertising formats; and
 - (e) Periodic inspections of your premises and the products and services you offer. (AAO Agreement, Section 5(b)).
2. Provide you with the opportunity to participate in group purchasing programs for equipment, supplies, and insurance that we (or the Contracted Companies) may, from time to time, use, develop, sponsor or provide. (AAO Agreement, Section 5(b)).
3. Approve all licensed individuals you wish to hire. (AAO Agreement, Section 7(e)).
4. Use our commercially reasonable best efforts to provide you with access to, and the opportunity to write insurance for, the Contracted Companies (but only for the lines of business and types of policies we specify, at our discretion). We will not be required to undertake such efforts with regard to any insurance business for which your Principal is not properly licensed or sufficiently trained, as determined in our sole discretion. (AAO Agreement, Sections 5(c) and 7(b)).
5. Provide you with access to our "Service Center," which provides you with service and support for all of your client accounts. (AAO Agreement, Section 5(d)).
6. Provide services, to the extent we deem necessary at our sole discretion with regard to accounting for, and processing of, all applications for insurance policies and all policies issued, renewed, endorsed, changed, serviced, delivered or canceled on behalf of your client accounts. (AAO Agreement, Section 5(e)).
7. Subject to the approval of the applicable Contracted Companies, we will endorse our errors and omissions insurance policy to provide errors and omissions insurance to you, at your expense. (AAO Agreement, Section 5(f)).

8. Provide you with full and complete access during business hours to inspect and/or copy our records of client accounts generated by you and any statements and other communications with Contracted Companies relating to your client accounts, provided that you give reasonable advanced notice and do not impair the operations of our business. (AAO Agreement, Section 5(g)).

9. Maintain full and complete books and records, accounts, data, licenses, contracts and invoices that shall accurately reflect all particulars relating to the conduct of our business for three (3) years, regardless of whether the AAO Agreement is in effect. (AAO Agreement, Section 5(g)).

10. To the extent we deem appropriate, arrange for and help process “premium financing” for your accounts that require it. (AAO Agreement, Section 5(i)).

11. Provide you with such other additional services as may be agreed to in writing between you and us from time to time. (AAO Agreement, Section 5(j)).

12. If you are operating a conversion Associate Agency, no later than 120 days after the one-year anniversary of the Effective Date of the AAO Agreement, we will pay you an adjusted balance of the Conversion Amount (the “Final Conversion Payment”), provided that you are not in breach of your obligations under the AAO Agreement and the Conversion Addendum. (Conversion Addendum, Section 5).

13. If you elect to conduct grand opening advertising, we will work with you to determine an appropriate amount to spend. (AAO Agreement, Section 11(f)).

14. We may implement incentive programs to reward AAOs for their performance. Currently, we offer a “Horizon” rewards program, under which AAOs who submit sales data and targets are eligible to receive marketing and production credits. However, these types of programs are purely voluntary, and we have the right to stop offering incentive programs at any time.

Advertising

We reserve the right to establish a national advertising and marketing fund (the “Advertising Fund”) for the common benefit of the System. If we establish an Advertising Fund, you must participate in and contribute an amount we specify, which will not exceed 3% of your Brightway Sales Commissions, on a monthly basis to the Advertising Fund in the manner we prescribe. (AAO Agreement, Section 11(d)). We have the right to use the Advertising Fund contributions, at our sole discretion, to develop, produce, and distribute national, regional and/or local advertising and to create advertising materials and public relations that promote, in our sole judgment, the services offered by System AAOs. (AAO Agreement, Section 11(d)(i)). We may use the Advertising Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including (a) the cost of preparing and producing television, radio, magazine, and newspaper advertising campaigns; (b) the cost of direct mail; (c) the cost of public relations activities and advertising agencies; (d) the cost of developing and maintaining an Internet website; and (e) personnel and other departmental costs for advertising that we internally administer or prepare. Nevertheless, not all System AAOs will benefit directly or on a pro rata basis from such expenditures. (AAO Agreement, Section 11(d)(i)). While we do not anticipate that any part of the Advertising Fund contributions will be used for advertising which is principally a solicitation for AAOs, we reserve the right to use the Advertising Fund for public relations or recognition of our brand. (AAO Agreement, Section 11(d)(i)).

We have the sole right to determine how to spend contributions to the Advertising Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. (AAO Agreement, Section 11(d)(i)). We may use the Advertising Fund to maintain high quality standards through customer surveys, customer interviews, and other

similar initiatives. (AAO Agreement, Section 11(d)(ii)). We have the right to reimbursement from the Advertising Fund contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Advertising Fund and advertising programs for AAOs and the System, including costs of personnel for creating and implementing advertising, promotional and marketing programs. (AAO Agreement, Section 11(d)(iii)). Our contribution to the Advertising Fund for subsequent company-owned or affiliate-owned units will be equal to that provided for in our FDD in the year the company-owned or affiliate-owned unit is established. If the advertising contribution for the System decreases at any time, we have the right to reduce our contribution from company-owned and affiliate-owned units to the rate specified for franchised location. (AAO Agreement, Section 11(d)(iv)). There is no requirement that the Advertising Fund be audited. Upon your written request, we will provide you with an unaudited accounting of Advertising Fund expenditures within 120 days of the end of the fiscal year. (AAO Agreement, Section 11(d)(v)).

There is presently no franchisee advisory council associated with the Advertising Fund, but we reserve the right to form a franchisee advisory council once we have a sufficient number of franchisees to form such an organization. We have the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged. (AAO Agreement, Section 11(d)). Other than operating the Advertising Fund, we are not required to spend any amount on advertising in your area.

Additionally, while we do not currently have a local advertising requirement, we reserve the right to require you to spend up to 3% of Brightway Sales Commissions per month on local advertising in accordance with our Local Advertising Requirement. You must spend the Local Advertisement Requirement as we prescribe in the Confidential Operating Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements. Your Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. You may spend any additional sums you wish on local advertising.

You must use only advertising and promotional materials as have been previously approved by us. If we do not approve of your proposed advertising materials in writing within thirty (30) days of receipt, the proposed advertising materials will be deemed rejected, unless we subsequently convey otherwise. (AAO Agreement, Section 11(b)). In the event the Local Advertising Requirement is implemented, you will submit to us an annual plan for your expenditure of your Local Advertising Requirement. You must send us proof of these expenditures within 15 days of the end of each quarter. (AAO Agreement, Section 11(e)).

We strongly recommend that you conduct a grand opening advertising program to promote the grand opening of your Associate Agency during the first thirty (30) days following your grand opening. If you elect to do so, the amount of the grand opening advertising will be dependent on the unique circumstances of each AAO, and we will work with you to determine an appropriate amount during the time period following the execution of your AAO Agreement and prior to your grand opening. All advertising must be approved by us in writing prior to publication. (AAO Agreement, Section 11(f)).

There are currently no regional cooperatives in existence for the System, though we reserve the right to form, dissolve, change, or merge any such cooperative in the future. (AAO Agreement, Section 11(d)). You must participate in all cooperative advertising and/or marketing programs we may in the future establish.

Computer Equipment

You are required to purchase, license, install and maintain all hardware and software, which may be required to use the Brightway Agency Management System and other computer software required by us from time to time. You may not sell, lease or authorize the use of such programs and software to anyone else. You may not configure, program or change any such programs or software. You can only access Client Account information through the Agency Management System via the Internet. You have the sole and complete

responsibility for (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Associate Agency; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. You indemnify and hold harmless us and our affiliate from claims arising out of, or connected with an interruption in Internet services or from any unauthorized use of or access to Client Account information through the Internet.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. You must maintain an Outlook email account and we will have independent access to all emails and other information stored by your Outlook account. You must also give us electronic access to any other information on your computer that we request. No contractual limitation exists on our right to access the information. We shall have sole discretion and control over the website (including timing, design, contents and continuation).

We and/or our affiliates are the lawful, rightful and sole owner of the Internet domain names www.brightway.com and www.brightwayinsurance.com (collectively, the "Brightway Website"), as well as any other Internet domain names registered by us, and you do not have any ownership interest in such domain names or any similar Internet domain names. The website provides information and resources to current and prospective Brightway clients, including insurance quotes, online payment options, and a searchable database of Brightway Associate Agencies. We shall have sole discretion and control over the Brightway Website and any other websites we may in the future create (including timing, design, contents and continuation). We shall have the right to modify the provisions our website requirements as we deem necessary or appropriate in the best interest of the Brightway System.

Except as approved in advance in writing by us, you must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Associate Agency, including any profile on Facebook, MySpace, Twitter, LinkedIn, Plaxo, YouTube or any other social media and/or networking site. If such approval is granted by us, you must: (i) establish and operate such World Wide Web or Internet site in accordance with Brightway System standards and any other policies we designate in the Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s).

You are required to participate in any System-wide computer network, intranet system or extranet system that we implement and may be required by us to use such area computer network, intranet system or extranet system to, among other things: (i) submit reports due under the AAO Agreement to us on-line; (ii) view and print portions of the Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; (v) complete any initial and ongoing training; and (vi) view and retrieve standard business forms. You must use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

We estimate that the cost of complying with our current initial computer system requirements will be roughly \$3,500, which is based on your purchase of three computers (one computer is needed per employee) and one printer/scanner/fax machine. The estimated cost of optional or required maintenance, updating, upgrading, or support contracts is roughly \$400-\$1,000 per year.

Confidential Operating Manual

Attached as Exhibit C is a copy of the table of contents for our Manual, as of the date of this Disclosure Document. It indicates the number of pages devoted to each topic and the total number of pages in the Manual. Our Manual currently has approximately 311 pages.

Selecting The Location For Your Business

We will provide you with information regarding our standards for site selection. We must approve the proposed site for your Associate Agency. (AAO Agreement, Section 6(a)(i) and Exhibit 2). We may approve or deny any proposed site in our sole discretion. You may execute the AAO Agreement prior to selecting a site for your business. If so, we will complete Exhibit 2 of the AAO Agreement once you have identified a site and we have approved such site. If no site has been designated at the time you sign the AAO Agreement, you must enter into our form of Site Selection Addendum, attached as Exhibit 6 to the AAO Agreement.

We expect that you will lease the location for your Associate Agency. A typical Brightway Associate Agency will have approximately 900 to 1,300 square feet of space. We do not select the site for your Associate Agency. You are solely responsible for selecting the site of your Associate Agency. If we offer assistance to you in this regard, you may not construe our assistance as a guarantee or other assurance that the site will necessarily be successful. Our acceptance of a site only indicates our willingness to be represented by you at that site. The factors we consider in approving Associate Agency locations include, but are not limited to: general location and neighborhood, traffic patterns, parking, retail nature of location (preferably within strip malls or similar locations), physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, and competition from similar businesses in the area. We estimate that it will take approximate 30-90 days from the date you sign your AAO Agreement to open your Associate Agency. The factors that may affect this time period include your ability to obtain a lease, financing or building permits, zoning and local ordinances, weather, construction delays, delayed installation of equipment, fixtures and signs, or delays in the completion of your initial training.

You must submit a copy of any proposed lease agreement, which must be approved by us. The lease must provide us with the right to enter the premises to make any modification necessary to protect the Licensed Marks, and you must enter into a Collateral Assignment of Lease in a form substantially the same as that attached as Exhibit 3 to the AAO Agreement. Under this Collateral Assignment of Lease, we will receive notice of your default of the lease, a right to cure such default, the right to assume the lease, and the right to sublease or assign the lease to another Brightway System agency owner. (AAO Agreement, Section 6(a)). We will have the right to inspect the construction of the premises at any reasonable time. You must correct, upon our request and at your own expense, any deviation from the approved site layout and plan and must furnish us with a copy of the certificate of completion from AAO's architect that the Associate Agency was built in accordance with the approved final plans and specifications and in compliance with all applicable laws. You must then obtain our approval of the completed construction prior to opening all or any part of the Associate Agency for operation. Your Associate Agency must be opened to the public not later than the earlier of (a) 180 days after signing your AAO Agreement, or (b) the date on which your lease requires you to commence business. (AAO Agreement, Section 6(b)).

If you are operating a conversion Associate Agency, you must operate your Associate Agency from the location of your Existing Business, which we must approve as part of the Conversion Criteria before we even enter into an AAO Agreement and Conversion Addendum with you. (Conversion Addendum, Recitals and Section 8(A)). Additionally, we will provide you with our standards and specifications for signage you must use that displays our Proprietary Marks in the form and manner we prescribe, along with any other remodeling/refurbishing requirements we require for conversion Associate Agencies. (Conversion Addendum, Section 8). Lastly, you must complete your pre-opening obligations set forth in the Conversion Addendum and the AAO Agreement to successfully convert your Existing Business to an Associate Agency and "re-open" the conversion Associate Agency utilizing our Proprietary Marks and System no later than the earlier of (i) 60 days from the execution of the Conversion Addendum, or (ii) 15 days from the completion of training. You may not re-open as a conversion Associate Agency without our prior written consent, and your failure to re-open as a conversion Associate Agency within the prescribed time period above will be grounds for termination of the

AAO Agreement if not cured within 15 days of receiving written notice of this default from us. (Conversion Addendum, Section 7).

Training

We will provide your Principal and two other employees with initial training regarding insurance products, sales and marketing, sales processing, management systems, office procedures, our web-based Agency Management System, computer software, and other matters as we deem necessary to allow you to operate your business in a professional and successful manner. We may, at our sole discretion, permit your Principal to train other managers or employees following the Principal's successful completion of the initial training program. Such training is mandatory, and we will not authorize you to open your Associate Agency until the training has been completed successfully. While we do not charge you for our initial training for the aforementioned three individuals, you must pay the costs of wages, transportation, lodging and food for yourself and your employees during training. The amount of these expenses will depend on the distance you must travel, type of accommodations, the number of your employees attending training and their wages. The tuition fee applicable to any additional trainees will be set forth in our Manual, and is subject to change from time to time in our sole discretion. We currently charge a fee of \$100 per trainee in connection with the training of additional personnel, including the training of all new producers for an existing Agency.

Your initial training will be conducted by us or our designee at our corporate offices, your premises, or such other site as we designate. We offer our training programs periodically during the year, on an as-needed basis, subject to the availability of our training instructors. Subsequent to your initial training, and prior to opening your business to the public, you must be certified by us as meeting our qualifications for the sale of insurance, and insurance agency management.

In the event your Principal fails to complete our initial training, we may elect to terminate your AAO Agreement, in which event you will be entitled to receive a refund of your Initial Fee, less \$30,000 (which sum we will be entitled to retain as reimbursement for all of our costs and expenses incurred relating to training and our review, approval and supervision of the development of your Agency).

Jenny Petersen supervises the Brightway training team. Ms. Petersen has 4 years of experience with us and 25 years of experience in the industry. Ms. Petersen may also enlist one or more other persons identified in Item 2, or other staff or Brightway insurance agents, to assist her with the initial training program. The instructional materials used will include, but not be limited to, our Brightway Training Manual. All initial training materials are proprietary and confidential in nature and may not be used for any purpose other than providing employee/manager training.

The following chart summarizes, in general terms, the subjects taught during our mandatory two-week initial training program for all AAO's:

TRAINING PROGRAM – AAO's

SUBJECT	HRS OF CLASSROOM TRAINING	HRS OF ON THE JOB TRAINING	LOCATION
AMS360 Associate Agency Management	40	0	Jacksonville, Florida, or another location we designate
Contracted Companies Products, Brightway Procedures	20	0	Jacksonville, Florida, or another location we designate
Sales Management	20	0	Jacksonville, Florida, or another location we designate

Each AAO is required to attend the minimum classroom training as discussed above. However, with regard to additional training, we try to allow each person to learn in a way that is most helpful to them. Therefore, we offer additional training in the following different formats: (a) classroom training, (b) web-based training and tutorials (which also includes an electronic version of our training manual), (c) pre-recorded actual training classes, and (d) "side-by-side" training. You will be charged an additional training fee for each of these types of training, regardless of whether the additional training is required by us or requested by you.

As mentioned above, we will make available to you the option of participating in side-by-side training that will allow you to see, hear, and feel the actual Associate Agency environment in a real life situation.

Subsequent to the date that your Associate Agency is opened to the public for business, we have the right at any time to require that your Principal and/or any of your other employees and representatives attend and complete, to our satisfaction, any and all additional training deemed necessary or appropriate by us in our sole discretion. Such training shall be conducted exclusively by us or our designee at our corporate office, your Associate Agency, or such other site designated by us or our designee. We may charge you a reasonable administrative fee (currently \$100 per person) for such training sessions. In addition, you must pay the costs of wages, transportation, lodging and food for your Principal and your other employees during such additional training. We also reserve the right to modify the elements of the initial training program and any additional training programs, in our sole discretion. We may also provide such additional training at your request, in our sole discretion and subject to the availability of our staff.

In addition to the training we provide, it is strongly encouraged that you periodically attend additional training provided by our Contracted Companies. Such training classes typically last for 2-5 days, depending on the particular class. The Contracted Companies typically do not charge for such training, but you must pay the costs of wages, transportation, lodging and food for yourself and your employees during training.

We may also require you to participate in errors and omissions loss control seminars provided by our errors and omissions insurance carriers from time to time, at your own expense. In the event you fail to participate in such seminars, you may be assessed an additional amount for your errors and omissions coverage.

We generally do not provide training that may be required to meet continuing education or licensing requirements even though this education is required by regulatory agencies. This training may be obtained from industry groups, professional providers or regulatory agency sponsored events. It is your sole responsibility to ensure that you meet any continuing education or licensing requirements.

If you are operating a conversion Associate Agency, you or your designee must attend and successfully complete our initial training program for conversion Agencies prior to the Conversion Date. The initial training program will consist of five (5) days of classroom and practical instruction and the training program will take place at our training agency or another location that we designate.

The following chart summarizes, in general terms, the subjects taught during our mandatory five-day initial training program for converting AAO's:

SUBJECT	HRS OF CLASSROOM TRAINING	HRS OF ON THE JOB TRAINING	LOCATION
AMS360 Associate Agency Management	40	0	Jacksonville, Florida, or another location we designate

TORs May Provide Certain Services to AAOs

The AAO Agreement provides that certain services we are to provide to you may, at our discretion, be provided by our designee. (AAO Agreement, Sections 5(a) & (b)). At our option, our TORs will act as our representative in fulfilling certain of our obligations to our AAOs located within their territory. Such obligations include, but are not limited to, site evaluation, training, supervision, advice and guidance with respect to operations, marketing, business procedures and compliance with any requirement of the System (as may be required in the AAO Agreement or Manual). In addition, our TORs will be responsible for monitoring and cooperating in the enforcement of the obligations of all AAOs in their territory under their respective AAO Agreements. Therefore, if you are acquiring a franchise to operate an Associate Agency within a TOR's territory, many of the services we are to provide to you may be delegated to the TOR which owns the territory in which your Agency will be located.

**ITEM 12
TERRITORY**

Approved Location and Relocation

Under the AAO Agreement, you may only operate your Associate Agency at a specific location which must be approved by us (the "Premises"). If you have not yet secured a site for your Associate Agency at the time you sign the AAO Agreement, you will enter into our Site Selection Addendum, attached as Exhibit 6 to the AAO Agreement, which will govern the site selection process. You may not conduct any business at the Premises other than the Brightway Associate Agency. If, for any reason, the term of your lease is shorter than the term of the AAO Agreement and the lease cannot be renewed or extended, or you cannot continue for any other reason to occupy the Premises, you must relocate your Agency to a mutually acceptable site to complete the unexpired portion of the term of the AAO Agreement. You must notify us of your intention to relocate, procure a site acceptable to us at least 90 days prior to closing operations at your current Premises, and open for business at the new Premises within 30 days of closing business at your existing Premises. Our determination of whether to approve your new Premises will be based on our then-current site selection criteria, which includes general location and neighborhood, traffic patterns, parking, retail nature of location (preferably within strip malls or similar locations), physical characteristics of buildings, accessibility, availability for prominent signage, lease terms, and competition from similar businesses in the area. If you are operating a conversion Associate Agency, you must operate your Brightway Associate Agency from the location of your Existing Business, which we must approve in writing as part of our Conversion Criteria.

No Exclusive Territory

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We may establish, within or without your immediate geographic area, other franchised or company-owned Agencies that may compete with your location using our trademarks or different trademarks. However, the AAO Agreement provides that we will not establish any franchised or company-owned Agencies in the immediate vicinity of your Associate Agency's location unless in good faith we believe that the market in which your Associate Agency is located can reasonably be expected to sustain both your Associate Agency and such other new franchised or company-owned Agency or Agencies.

You do not have the right to acquire additional franchises, although you may apply for the right to operate additional Associate Agencies pursuant to separate AAO agreements. You also do not have the right to: (a) construct or operate any additional, expanded or modified facilities on the Premises, nor any right to construct or operate the Associate Agency at any location other than the Premises; (b) offer any product or service via e-commerce; (c) establish an independent website or to establish a URL incorporating the Licensed Marks or any variation thereof; or (d) distribute, market, or implement our products and services in any channel of distribution not specifically identified in the AAO Agreement.

There are no restrictions on the areas in which you may solicit or accept customers, nor are other franchisees restricted from soliciting customers in the area of your Associate Agency.

Reservation of Rights

We and our affiliates reserve the right, at our sole discretion, to: (a) use the Licensed Marks and Brightway System in connection with ancillary services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, without regard to location; and (b) use the Licensed Marks and Brightway System, and license others to use the Licensed Marks and Brightway System to engage in any other activities not expressly prohibited in this Agreement. Nothing in the AAO Agreement provides you with the right to: (a) conduct in any of the foregoing activities; or (b) share in the revenue generated by any of these activities.

ITEM 13 TRADEMARKS

We grant you the right to operate your business under the name "Brightway Insurance" and to use our current or future common law or registered trademarks in the operation of your Associate Agency (provided they are used in accordance with our specifications). You may not use any other name or trademark in conducting your business. By trademarks, we mean trade names, trademarks, service marks and logos used to identify your business or the services you provide.

The following trademarks are registered by Brightway with the United States Patent and Trademark Office (“USPTO”) on the Principal Register for franchising services and insurance agency and brokerage services:

Trademark	Registration No.	Registration Date
	4023007	September 6, 2011
BRIGHTWAY INSURANCE	4029015	September 20, 2011
MORE THAN COVERAGE. CONFIDENCE.	4061572	November 22, 2011
THE INSURANCE AGENCY REINVENTED	4050914	November 1, 2011
 (with the color blue claimed as a feature of the mark)	4253867	December 4, 2012

We have also filed applications to register the following trademarks with the Florida Department of State, Division of Corporations, and such trademarks were deemed registered as of their filing date:

Trademark	Document No.	Registration Date
	T07000001233	September 10, 2007
BRIGHTWAY INSURANCE	T07000000758	June 7, 2007

We have filed all required affidavits in connection with the trademark registrations described above. You must follow our rules when you use these trademarks. You cannot use the trademarks (or any marks, names or indicia which are or may be confusingly similar to the trademarks) as part of your corporate, limited liability company, partnership or other business entity name. You may not use the trademarks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

There are no presently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any trademark administrator of any state or any court relating to the trademarks. There are no known pending infringement, opposition or cancellation proceedings or

material litigation involving the trademarks. There are no agreements currently in effect that significantly limit our right to use or license the use of the trademarks in any manner material to you. We do not know of either superior prior rights or infringing uses that could materially affect your use of the trademarks in any state, except for one instance of use of "Brightway Insurance," an unregistered mark in Maryland. We are currently taking action to prevent the unauthorized use of our principal mark, but as of the issuance date of this Disclosure Document, our Brightway Insurance trademarks might not be enforceable in all areas within the State of Maryland.

You are required to promptly notify us of any claim, demand or cause of action that we may have based upon or arising from any unauthorized attempt by any person or legal entity to use our trademarks or any variation on our trademarks. You are required to assist us, upon our request and at our expense, in taking such action, if any, as we may deem appropriate to stop such activities, but you may not take any action or incur any expenses on our behalf without our consent. We will take any action we think is appropriate, but are not required to do so. If we undertake the defense or prosecution of any litigation relating to our trademarks, you must fully cooperate with us to carry out such defense or prosecution. You may not directly or indirectly contest the validity, or our ownership, of the trademarks. If we, at our sole discretion, determine that you have used our marks in accordance with your AAO Agreement, we shall bear the cost of such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used our marks in accordance with your AAO Agreement, you shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of our marks, you shall execute any and all documents and do such acts as we deem necessary. Except to the extent that such litigation is the result of your use of our marks in a manner not authorized under the terms of your AAO Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

Without our written consent, you are not permitted to cause or allow any of our trademarks, or any words, slogans, symbols, logos, designs or terms confusingly similar to our trademarks, to be used or displayed in whole or part: (a) as, or as a part of, an Internet domain name; or (b) on or in connection with Facebook, MySpace, Twitter or other social network of any description; or (c) on or in connection with any Internet home page, web site, bulletin board, newsgroup, chat group, buddy list, instant messenger, meta-tag (or the comparable identifier in any future technology) or other Internet-related activity, without our prior written consent. All of your business conducted via the Internet must be done only through our web site.

We have the right, at our sole discretion, to designate one or more new, modified or replacement trademarks for the System, and may require you to use such new, modified or replacement trademarks in addition to or in lieu of the federal and state trademarks listed above in this Item 13. All costs and expenses associated with your use of any such new, modified or replacement trademarks will be your sole responsibility. You must discontinue using all marks which we have notified you, in writing, have been modified or discontinued, within 10 days of receiving written notice, and you must promptly begin using the additional, modified or substituted marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights which are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the franchise System, as described below. We possess certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Agency (the "Confidential Information"). Our Confidential Information also includes our customer service standards and other standards and protocols, promotional and marketing strategies, business methods, client information, and other techniques and know-how concerning the

operation of the Agency which may be communicated to you or which you may be apprised by virtue of AAO's operation of the Agency, as well as certain information regarding customers, including (i) lists of Client Accounts, including current customer and prospective customer names and addresses; (ii) information about credit extensions to customers; (iii) customer service purchasing histories; and (iv) rates charged to customers (subsections (i)-(iv) collectively "Customer Lists").

You must operate your Associate Agency in accordance with our standards, specifications, policies and procedures as set forth in the Manual or otherwise communicated to you. The Manual is described in Item 11. You must treat the information contained in the Manual and any other manuals or supplemental material supplied by us as Confidential Information. The Manual is copyrighted proprietary material, and you may not duplicate, copy, disclose or disseminate the contents of the Manual at any time, without our prior written consent. We have the right to modify or supplement the Manual upon notice or delivery to you, and you must promptly comply with all such changed requirements. You must keep the Manual current at all times, and upon the termination, expiration or non-renewal of your franchise return all Manual to us. There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use.

In addition to the Manual and Customer Lists, our Confidential Information and copyrighted or proprietary materials include information relating to the development and operation of our Agencies, including, but not limited to: (a) site selection criteria for Agencies, and plans and specifications for the development of Agencies; (b) sales, marketing and advertising programs and techniques for our Agencies; (c) identity of suppliers and knowledge of specifications and pricing for authorized products, supplies and equipment; (d) methods of management of our Agencies; (e) computer systems and software programs, including our web-based Agency Management System; (f) other lists of client accounts and client prospects; (g) policy expiration lists, and (h) all other client account records, documents and information.

You may not divulge or use any of our proprietary or copyrighted information and Confidential Information during or after the term of the AAO Agreement, except as expressly permitted by the terms of the AAO Agreement in connection with the operation of your Associate Agency. Information made available to you may not be divulged to any person other than your employees or advisors who reasonably need access to such information for purposes of fulfilling their employment or contractual responsibilities. All employees to whom the information, or any of it, is made available shall be informed of this obligation of confidence, and must sign a written agreement (on our standard form, which is included in the Manual) imposing an obligation of confidence regarding the Manual and our other confidential information. If you are a corporation, limited liability company, partnership, or other business entity, we will require your shareholders, members, partners or other equity owners to sign an agreement which binds them to the confidentiality provisions of the AAO Agreement.

The AAO Agreement provides that if you, your employees, or Principals develop any new concept, process or improvement in the operation or promotion of your Associate Agency, including, but not limited to, any modifications or additions to our proprietary materials, you must promptly notify us and provide us with all necessary related information, without compensation. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related to such new concepts. You and your Principals will assign to us any rights you may have or acquire in new concepts you or your employees develop, including the right to modify the concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees develop. You and your Principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your Principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the

prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions of the AAO Agreement are found to be invalid or otherwise unenforceable, you and your Principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent the use or sublicense would, absent the AAO Agreement, directly or indirectly infringe on your rights to the new concepts.

We are not required by any agreement to protect or defend copyrights or Confidential Information, although we intend to do so as appropriate.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

In the event you are a corporation, limited liability company, partnership or other business entity, the “Majority Owner” identified in your AAO Agreement must maintain ownership of at least 51% of the ownership interests in your entity, and must at all times have the right to control the operations of your business.

The individual “Principal” identified in your AAO Agreement, who must be approved of in writing by us, must directly operate the day-to-day business of your Associate Agency at all times. The Principal need not be the Majority Owner. In fact, the Principal and your other licensed representatives are not required to have any equity interest in your franchise. In the event that a Principal resigns or is otherwise terminated from your Associate Agency, you shall hire a replacement approved of in writing by us who meets our then-current standards for Principals within thirty (30) days after termination or resignation of the prior Principal. We reserve the right, without the obligation, to train the new Principal directly.

The Principal will need to attend and successfully complete our initial (and any required ongoing) training regarding insurance products, sales and marketing, sales processing, management systems, office procedures, our web-based Agency Management System and other computer software, and other matters as we deem necessary and appropriate, to allow the Principal to operate the Associate Agency in a professional and successful manner. Under no circumstances may any of your Associate Agency’s business be conducted unless it is under the direct supervision of an approved Principal.

In addition, at all times you must also employ at least two other individuals to work full-time writing new business who: (a) have been licensed by all applicable governmental and other regulatory authorities; (b) will be able to manage the Associate Agency in the Principal’s absence; (c) have attended our initial training program; and (d) have been approved in writing by us. Such licensed representatives must be present at the Associate Agency during all hours which it is open for business. No part of the Associate Agency or the premises may be leased to or managed by any party other than you and your Principal without our prior consent.

In the event you are a corporation, limited liability company, partnership or other business entity, each individual who owns an equity interest in your entity, as well as such individual’s spouse, must sign a Guaranty, pursuant to which they each assume and agree to discharge all of your obligations under the AAO Agreement. A copy of the Guaranty is attached as Exhibit 1 to the form of AAO Agreement attached as Exhibit B to this FDD.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Your relationship with us is exclusive. As such, you must sell only products and services offered by us and the Contracted Companies, and you must use commercially reasonable efforts to provide Services for all

Contracted Companies, lines of business, and Policy types that we authorize you to sell. Such products and services may only be sold through us. You are not permitted to be licensed as an agent, solicitor, representative or broker for any insurance company or business other than Brightway and the Contracted Companies unless authorized by us in writing. We will, at our sole discretion and along with our carriers' approval, determine which Contracted Companies you may use. We reserve the right to change the Contracted Companies at any time. We will provide you with notice of any changes made by us to the list of authorized Contracted Companies and Policies from time to time, and you must immediately cease selling any discontinued Policies. You must secure and keep in effect any required licenses to represent Brightway and the Contracted Companies, and are not permitted to conduct any business with regard to any type of insurance: (a) which have not been approved by us, or (b) for which you are not licensed by the appropriate insurance, securities or other regulatory authorities. You are not permitted to conduct any business of any kind other than your Agency business, either from the Agency location or through the corporate entity that owns and operates the franchise.

We do not limit the customers to whom you may sell products or services.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the AAO Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN AAO AGREEMENT	SUMMARY
a. Length of the franchise term	Section 3(a)	The term is 5 years from the effective date of your AAO Agreement.
b. Renewal or extension of the term	Section 3(b)	If you are not in default and continue to have the right to occupy your premises, you may renew for successive additional five (5) year renewal terms.
c. Requirements for you to renew or extend	Section 3(b)	You must: (i) give us timely notice of your exercise of your option to renew (not less than 3 months nor more than 12 months prior to the expiration of the term); (ii) sign our then-current form of AAO Agreement (which may contain materially different terms and conditions than your original agreement); (iii) sign a general release in favor of us and our affiliates; not be in default under the AAO Agreement, including any monetary obligations; (iv) demonstrate your right to operate the Agency at the Premises for the renewal term; and (v) refurbish the Agency to conform to our then-current standards.
d. Termination by you	Section 15(g)	You may terminate for any reason upon providing us 90 days advanced written notice. The termination will be effective after ninety days or at a mutually agreed upon earlier date.
e. Termination by us without cause	None	
f. Termination by us with cause	Section 15	We have the right to terminate the AAO Agreement with cause.
g. "Cause" defined-curable defaults	Section 15(c)	We have the right to terminate the AAO Agreement after providing you a 15-day cure period if: (i) you fail to pay any sums you owe us, our affiliates or any of our major suppliers or vendors; (ii) any audit reveals that you have failed to submit timely reports and/or remittances for any 2 reporting periods within any 12-month

PROVISION	SECTION IN AAO AGREEMENT	SUMMARY
	<p>Section 15(d)</p> <p>Sections 2 and 7 of the Conversion Addendum</p>	<p>period; (iii) you fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you; (iv) you fail to open the Associate Agency for business within 180 days of the effective date of your agreement and/or on the date on which the premises lease requires you to commence business, whichever is earlier; (v) you fail to operate the Associate Agency during the months, days and hours that we prescribe; (vi) you fail to personally supervise the Associate Agency's operations or employ qualified, competent personnel; (vii) you fail to maintain our quality controls and standards; (viii) you conduct yourself in a manner which reflects adversely on the System, the Proprietary Marks, or our products; or (ix) you fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Associate Agency.</p> <p>We have the right to terminate the AAO Agreement after providing you a 30-day cure period if you fail to perform or comply with any one or more of the terms or conditions of the AAO Agreement or any ancillary agreement between you and us or our affiliates.</p> <p>We may terminate your AAO agreement following a 15-day cure period if you fail to successfully convert your Existing Business to an Associate Agency and "re-open" the conversion Associate Agency within the earlier of (i) sixty (60) days from the execution of this Addendum, or (ii) fifteen (15) days from the completion of training. We may terminate your AAO agreement following a 30-day cure period if you commit any other breach of the Conversion Addendum.</p>
<p>h. "Cause" defined-non-curable defaults</p>	<p>Section 15(a)</p> <p>Section 15(b)</p>	<p>The AAO Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Associate Agency; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the franchise business without your consent, and the appointment is not vacated within 60 days; (iii) you purport to sell, transfer or otherwise dispose of your interest in the Franchise Business without our written approval.</p> <p>We have the right to terminate the AAO Agreement with notice without providing you an opportunity to cure if: (i) you or your Principals or employees are convicted of or plead guilty or no contest to a felony, take part in criminal acts or misconduct, refuse to undergo or fail to pass a drug test or criminal background check to our satisfaction, or if you fail to terminate an employee who has failed to pass a drug test or criminal background check to our satisfaction within the time frame we specify; (ii) you commit fraud in the operation of the Associate Agency; (iii) you make any misrepresentations in connection with the franchise application; (iv) you fail to complete our initial training program; (v) you</p>

PROVISION	SECTION IN AAO AGREEMENT	SUMMARY
	Section 10(B) of the Conversion Addendum	<p>receive 2 or more written notices of default within any 12-month period; (vi) you materially breach any other agreement with us or our affiliates; (vii) you misuse the Proprietary Marks or Confidential Information or you misuse or disseminate Client information; (viii) you violate any health, safety or sanitation law, ordinance or regulation or you operate the business in a way that presents a health or safety hazard to any customers or the general public; (ix) you violate the in-term restrictive covenants of the AAO Agreement; (x) a lien or writ of attachment or execution is placed against you and is not released or bonded against within 30 days; (xi) you are insolvent; (xii) you abandon the Associate Agency; (xiii) you offer any unauthorized or unapproved products or services in connection with the operation of your Associate Agency; (xiv) you order or purchase supplies from unapproved suppliers; or (xv) you fail to comply with any laws or regulations regarding terrorism. (xvi) you fail to maintain insurance or to repay us for insurance; (xvii) you fail to comply with any governmental notice of non-compliance with any law or regulation within 15 days of the notice; (xviii) any governmental action is taken against you that results in any obligation upon us; (xix) you use client or Associate Agency property for personal use; and (xx) you or your employees are found guilty of committing any act of violence or abuse or financial exploitation against any customer.</p> <p>We may immediately terminate your AAO Agreement and the Conversion Addendum if you made any misrepresentation in connection with your representations that (i) you have the authority to enter into the AAO Agreement and Conversion Addendum; and (ii) entering into the AAO Agreement and Conversion Addendum with us does not, and will not, result in a breach of your obligations under any other agreement you have entered into with respect to the Existing Business or otherwise.</p>
i. Your obligations on termination/non-renewal	Section 16	<p>Upon termination or expiration of the AAO Agreement, you must immediately: (i) cease all operations under the AAO Agreement; (ii) promptly pay all sums you owe us; our affiliates, or major suppliers/vendors; (iii) cease using the Licensed Marks and System; (iv) return to us the Operations Manual and all other manuals, customer lists, proprietary and Confidential Information; (v) cease using and assist in transferring all of your telephone numbers to us; (vi) return to us all items reflecting the Licensed Marks; (vii) cease holding yourself out as our franchisee; (viii) take necessary action to amend or cancel any business name or equivalent registration which contains our trade name or Licensed Marks; (ix) allow us to inspect your financial records, books and other accounting records within six months of the termination of your AAO agreement; (x) comply with the post term covenants contained in the AAO Agreement; (xi) cease to use in advertising or in any other manner any methods, procedures or techniques associated with us or the System; (xii) execute periodically any papers, documents, and assurances necessary to effectuate termination or nonrenewal; (xiii) turn over all customer lists and any other information you may have about former, existing or potential customers; and (xiv) vacate the Associate Agency premises if we exercise our rights under the Collateral Assignment</p>

PROVISION	SECTION IN AAO AGREEMENT	SUMMARY
		<p>pay you certain additional compensation ("Transferor Equity Compensation").</p> <p>The amount of such Transferor Equity Compensation will equal: (a) the transfer fee paid by your transferee to us, less the Initial Fee originally paid by you pursuant to your AAO Agreement, multiplied by (b) 50%.</p>
n. Our right of first refusal to acquire your business	Section 13(b)(i)	<p>If you propose to transfer either the AAO Agreement or all, or substantially all, of the assets used in connection with the Agency business or any interest in your lease to any third party, you shall first offer to sell the interest to us on the same terms and conditions as offered by such third party. You shall obtain a letter of intent containing the terms of the offer that is signed by you and the third party, ("Letter of Intent"). If we elect not to accept the offer within a 30-day period, you shall have a period of up to 60 days to complete the transfer described in the Letter of Intent subject to our transfer conditions. Any material change in the terms of the offer will be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, a transfer to an existing partner or shareholder, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, is not subject to our first right of refusal.</p>
o. Our option to purchase your business	Section 16(c)	<p>Upon termination or expiration, we have the option to purchase the personal property associated with your business for its book value, which means the amount you actually paid for the personal property less depreciation. The purchase price of such personal property will be the amount of your remaining obligations under the lease or finance agreement. We are entitled to offset the purchase price by the amount of money owed by you to us for any payments necessary to acquire clear title to property or for any other debt. If we exercise this option to purchase, we have the right to appoint a manager to maintain operation of the Associate Agency, or we may require that you close the Associate Agency during such period without removing any assets. You are required to maintain in force all insurance policies required under the AAO Agreement until the date of such closing. We have the unrestricted right to assign this option to purchase personal property of the Associate Agency.</p>
p. Your death or disability	Section 13(c)	<p>Upon your death or disability, your rights under the AAO Agreement may pass to your heirs or beneficiaries, provided that, within forty five (45) days of your death or disability, they get prior written approval, they sign the then-current form of the AAO agreement or agree to assume your obligations under the AAO Agreement by signing a personal guaranty of your entity's obligations, successfully complete our initial training program, and otherwise meet our requirements. We are under no obligation to operate your Associate Agency during this forty five (45) day period. However, we may operate your Associate Agency at your expense. We may pay out the revenues of your Associate Agency to cover any past, current or future obligations of your business. We may pay ourselves a reasonable amount to reimburse us for management services and other costs. You or your estate will indemnify us against any and all costs and/or liabilities in connection with, or related in any way to, the operation (or</p>

PROVISION	SECTION IN AAO AGREEMENT	SUMMARY
		or Transfer. Your right to receive the Post-Term Extended Earnings will immediately terminate, upon written notice from us, in the event you fail to comply with your post-term obligations (confidentiality, non-compete, non-solicitation, cease using our trademarks, etc.) under the AAO Agreement.
s. Modification of the agreement	Sections 21(d), 25(n) & 26(a)	No modification without signed agreement or amendment, but we may modify the System and the Manual. We may also modify our trademarks which you must use, in our discretion.
t. Integration/merger clause	Sections 26(h)	The AAO Agreement constitutes the entire agreement by the parties.
u. Dispute resolution by arbitration or mediation	Section 24(b) & 24(c)	You must bring all disputes before our President prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Duval County, Florida in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if the underlying controversy, dispute or claim concerns an allegation that a party has violated (i) any federally protected intellectual property rights in the Licensed Marks, the Brightway System, or in any confidential information; (ii) any claims pertaining to or arising out of any warranty issue; or (iii) any of the restrictive covenants contained in the AAO Agreement.
v. Choice of forum	Section 24(d)	You may file suit either in the state court of the county where we have our principal place of business (currently, Duval County, Florida), or in the United States District Court for the Middle District of Florida). We may file suit in either of such courts, or any other court in which jurisdiction and venue are proper (subject to state law).
w. Choice of law	Section 24(a)	Florida law applies (subject to state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

PART I

Part I of this Item sets forth certain historical information for the franchised Associate Agencies operating for at least one full calendar year. This Item 19 contains information for Representative Associate Agencies that were open at least one full calendar year as of December 31, 2013. Excluded from this Part I are the following: (i) AAOs who have not been receiving commissions for a full calendar year as of December 31, 2013; (ii) our company-owned Agency; (iii) AAOs who were not “fully staffed”, which means AAOs that did not have three producers earning commissions throughout 2013, which we currently require of new AAOs. The AAO’s included in Part I of this Item shall be referred to as the “Representative Associate Agencies.”

We have segregated the data by (i) the population of the county in which the Representative Associate Agency is located (as determined by 2012 U.S. Census data), and (ii) the number of years for which a Representative Associate Agency has received commissions for every month in a complete twelve-month period (“Tenure”). We have further broken this information into four sets of tables.

In Table 1-A, we provide the average Gross Revenues of the Representative Associate Agencies that are located in a county with a population that below 500,000 people, for the twelve-month period beginning January 1, 2013, and ending December 31, 2013. In Table 1-B, we provide the Gross Revenue of the Representative Associate Agencies that are located in a county with a population that exceeds 500,000 people, for the twelve-month period beginning January 1, 2013, and ending December 31, 2013. When examining these figures, please note that Gross Revenue already incorporates the percentage of commissions that are retained by us as a royalty, comprising 15% of the Brightway Sales Commissions owed to us for New Accounts and 45% of the Brightway Sales Commissions owed to us for Renewal Accounts (as described more fully in Item 6). In other words, the royalty owed to us has already been deducted before arriving at the Gross Revenue figures set forth in Tables 1-A and 1-B. Additionally, please note that some of the AAOs below brought books of business with them when they opened their Agency, which increased their initial revenue figures. The Gross Revenue information presented in this Item is derived from our own records of the weekly gross commissions earned by Associate Agencies. Substantiation of the data used in preparing this information will be made available upon reasonable request.

In Table 2-A, we provide the average number of producers and employees of Representative Associate Agencies that are located in a county with a population below 500,000 people. In Table 2-B, we provide the average number of producers and employees of Representative Associate Agencies that are located in a county with a population that exceeds 500,000 people. The number of producers per Agency is calculated based on the number of people that received commissions in 2013 at a particular Agency. The number of employees per Agency is calculated based on the number of employees reported in OneApp (our insurance license tracker) as of February 21, 2014.

In Table 3-A, we provide the average number of policies that qualify as “New Business” that were written during the 2013 calendar year by the Representative Associate Agencies that are located in a county with a population below 500,000 people. In Table 3-B, we provide the average number of policies that qualify as “New Business” that were written during the 2013 calendar year by the Representative Associate Agencies that are located in a county with a population that exceeds 500,000 people. See Item 6 for a description of the difference between New Business and Renewal Business.

In Table 4-A, we provide the average revenue of the “New Business” policies that were written during the 2013 calendar year by the Representative Associate Agencies that are located in a county with a population below 500,000 people. In Table 4-B, we provide the average revenue of the “New Business” policies that were written during the 2013 calendar year by the Representative Associate Agencies that are located in a county with a population that exceeds 500,000 people.

Importantly, the success of your Associate Agency will depend largely upon your individual abilities and your market, and the financial results of your franchise are likely to differ, perhaps materially, from the results summarized in this Item. We believe that the following financial data has been compiled using generally accepted accounting principles, but we have not audited the data and no assurance can be offered that the data does not contain inaccuracies that an audit might disclose. Additionally, the data below does not contain expense and operating cost information, including AAO Shared Expenses and other expenses that you will incur as an AAO (as described more fully in Item 6).

TABLE 1-A

**GROSS REVENUE OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION BELOW 500,000 PEOPLE¹**

Tenure ²	Offices	Average ³	Low	High	Top 25% Average
4+	12	\$282,590 ⁴	\$141,114	\$690,317	\$459,821 ⁴
3	2	\$210,710 ⁵	\$124,114	\$297,306	\$297,306 ⁵
2	5	\$104,435 ⁶	\$45,908	\$197,089	\$197,089 ⁶
1	4	\$59,788 ⁷	\$42,125	\$77,074	\$77,074 ⁷
Total	23	\$198,862⁸	\$42,125	\$690,317	\$278,704⁸

TABLE 1-B

**GROSS REVENUE OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION OVER 500,000 PEOPLE¹**

Tenure ²	Offices	Average ³	Low	High	Top 25% Average
4+	25	\$356,084 ⁴	\$88,247	\$1,021,537	\$666,643 ⁴
3	10	\$309,728 ⁵	\$124,287	\$801,307	\$599,765 ⁵
2	7	\$200,464 ⁶	\$106,301	\$291,624	\$279,174 ⁶
1	9	\$70,736 ⁷	\$30,494	\$115,261	\$114,967 ⁷
Total	51	\$275,279⁸	\$30,494	\$1,021,537	\$483,730⁸

Notes to Tables 1-A and 1-B

1. In Table 1-A, the term "Gross Revenue" means the Brightway Sales Commissions (commissions paid by the Contracted Companies to us or assigned by you to us for the sale, renewal, service or delivery of a specific policy through you) earned by our Representative Associate Agencies located in counties with a population below 500,000 people during the 2013 calendar year, less the 15% royalty owed to us for New Business and the 45% royalty owed to us for Renewal Business. "Gross Revenue" is exclusive of: (a) "AAO Shared Expenses" (as described more fully in Note 3 to Item 6); and (b) all other costs and expenses you incur in the operation of your Agency, including all other fees payable to us or our affiliates.

In Table 1-B, the term “Gross Revenue” means the Brightway Sales Commissions (commissions paid by the Contracted Companies to us or assigned by you to us for the sale, renewal, service or delivery of a specific policy through you) earned by our Representative Associate Agencies located in counties with a population over 500,000 people during the 2013 calendar year, less the 15% royalty owed to us for New Business and the 45% royalty owed to us for Renewal Business. “Gross Revenue” is exclusive of: (a) “AAO Shared Expenses” (as described more fully in Note 3 to Item 6); and (b) all other costs and expenses you incur in the operation of your Agency, including all other fees payable to us or our affiliates.

2. “Tenure” is defined as the number of years for which a Representative Associate Agency has received commissions in every month for a complete twelve-month period.

3. “Average Gross Revenue” was calculated by taking the sum of Gross Revenue achieved by each Associate Agency in each subset of Associate Agencies and dividing that sum by the total number of Associate Agencies in that subset of Associate Agencies.

4. Of the 12 Associate Agencies with Tenure of at least four years located in counties with less than 500,000 people, 5 Associate Agencies, or 42%, exceeded the Average Gross Revenue. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% Average Gross Revenue.

Of the 25 Associate Agencies with Tenure of at least four years located in counties with greater than 500,000 people, 10 Associate Agencies, or 40%, exceeded the Average Gross Revenue. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% Average Gross Revenue.

5. Of the 2 Associate Agencies with Tenure of at least three years but less than four years located in counties with less than 500,000 people, 1 Associate Agency, or 50%, exceeded the Average Gross Revenue. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average Gross Revenue.

Of the 10 Associate Agencies with Tenure of at least three years but less than four years located in counties with greater than 500,000 people, 4 Associate Agencies, or 40%, exceeded the Average Gross Revenue. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% Average Gross Revenue.

6. Of the 5 Associate Agencies with Tenure of at least two years but less than three years located in counties with less than 500,000 people, 2 Associate Agencies, or 40%, exceeded the Average Gross Revenue. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average Gross Revenue.

Of the 7 Associate Agencies with Tenure of at least two years but less than three years located in counties with greater than 500,000 people, 4 Associate Agencies, or 57%, exceeded the Average Gross Revenue. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% Average Gross Revenue.

7. Of the 4 Associate Agencies with Tenure of at least one year but less than two years located in counties with less than 500,000 people, 2 Associate Agencies, or 50%, exceeded the Average Gross Revenue. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average Gross Revenue.

Of the 9 Associate Agencies with Tenure of at least one year but less than two years located in counties with greater than 500,000 people, 5 Associate Agencies, or 56%, exceeded the Average Gross Revenue. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% Average Gross Revenue.

8. Of the 23 Associate Agencies whose Gross Revenues are presented in Table 1-A above (and are located in counties with less than 500,000 people), 9 Associate Agencies, or 39%, exceeded the overall Average Gross Revenue set forth in Table 1-A. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 17%, exceeded the top 25% Average Gross Revenue.

Of the 51 Associate Agencies whose Gross Revenues are presented in Table 1-B above (and are located in counties with greater than 500,000 people), 19 Associate Agencies, or 37%, exceeded the overall Average Gross Revenue set forth in Table 1-B. Of the 13 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 5 Associate Agencies, or 38%, exceeded the top 25% Average Gross Revenue.

TABLE 2-A

**PRODUCERS AND EMPLOYEES OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION BELOW 500,000 PEOPLE¹**

Tenure ²	Offices	Average Producers ³	Average Employees ³	Top 25% Prod. By Rev.	Top 25% Emp. By Rev.
4+	12	4.0 ⁴	5.2 ⁴	5.7 ⁴	6.0 ⁴
3	2	4.0 ⁵	5.5 ⁵	5.0 ⁵	7.0 ⁵
2	5	2.8 ⁶	3.8 ⁶	4.0 ⁶	5.0 ⁶
1	4	3.3 ⁷	3.5 ⁷	3.0 ⁷	3.0 ⁷
Total	23	3.6⁸	4.6⁸	5.8⁸	6.6⁸

TABLE 2-B

**PRODUCERS AND EMPLOYEES OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION ABOVE 500,000 PEOPLE¹**

Tenure ²	Offices	Average Producers ³	Average Employees ³	Top 25% Prod. By Rev.	Top 25% Emp. By Rev.
4+	25	4.5 ⁴	5.4 ⁴	6.4 ⁴	8.0 ⁴
3	10	4.2 ⁵	5.1 ⁵	7.5 ⁵	10.0 ⁵
2	7	3.3 ⁶	4.0 ⁶	3.5 ⁶	4.0 ⁶
1	9	2.4 ⁷	3.2 ⁷	2.5 ⁷	3.0 ⁷
Total	51	3.9⁸	4.8⁸	5.4⁸	6.7⁸

Notes to Tables 2-A and 2-B

1. In Tables 2-A and 2-B, the number of producers per Associate Agency is calculated based on the number of people that received commissions in 2013 at a particular Associate Agency. The number of employees per Associate Agency is calculated based on the number of employees reported in OneApp (our insurance license tracker) as of February 21, 2014. **Table 2-A** includes the Representative Associate Agencies

located in counties with a population below 500,000. **Table 2-B** includes the Representative Associate Agencies located in counties with a population above 500,000.

2. “Tenure” is defined as the number of years for which a Representative Associate Agency has received commissions in every month for a complete twelve-month period.

3. “Average Producers” was calculated by taking the sum of producers employed by each Associate Agency in each subset of Associate Agencies and dividing that sum by the total number of Associate Agencies in that subset of Associate Agencies. “Average Employees” was calculated by taking the sum of employees of each Associate Agency in each subset of Associate Agencies and dividing that sum by the total number of Associate Agencies in that subset of Associate Agencies.

4. Of the 12 Associate Agencies with Tenure of at least four years located in counties with less than 500,000 people, 3 Associate Agencies, or 25%, had more than the number of Average Producers. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 67%, exceeded the top 25% number of Average Producers. Of the 12 Associate Agencies with Tenure of at least four years located in counties with less than 500,000 people, 4 Associate Agencies, or 33%, had more than the number of Average Employees. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 67%, exceeded the top 25% number of Average Employees.

Of the 25 Associate Agencies with Tenure of at least four years located in counties with greater than 500,000 people, 10 Associate Agencies, or 40%, had more than the number of Average Producers. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% number of Average Producers. Of the 25 Associate Agencies with Tenure of at least four years located in counties with greater than 500,000 people, 10 Associate Agencies, or 40%, had more than the number of Average Employees. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% number of Average Employees.

5. Of the 2 Associate Agencies with Tenure of at least three years but less than four years located in counties with less than 500,000 people, 1 Associate Agencies, or 50%, had more than the number of Average Producers. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Producers. Of the 2 Associate Agencies with Tenure of at least three years but less than four years located in counties with less than 500,000 people, 1 Associate Agencies, or 50%, had more than the number of Average Employees. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Employees.

Of the 10 Associate Agencies with Tenure of at least three years but less than four years located in counties with greater than 500,000 people, 2 Associate Agencies, or 20%, had more than the number of Average Producers. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% number of Average Producers. Of the 10 Associate Agencies with Tenure of at least three years but less than four years located in counties with greater than 500,000 people, 3 Associate Agencies, or 30%, had more than the number of Average Employees. Of the 3 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% number of Average Employees.

6. Of the 5 Associate Agencies with Tenure of at least two years but less than three years located in counties with less than 500,000 people, 3 Associate Agencies, or 60%, had more than the number of Average Producers. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Producers. Of the 5 Associate Agencies with Tenure of at least two years but less than three years located in counties with less than 500,000 people, 3 Associate Agencies, or 60%, had than the number of Average Employees. Of the 1 Associate

Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Employees.

Of the 7 Associate Agencies with Tenure of at least two years but less than three years located in counties with greater than 500,000 people, 2 Associate Agencies, or 29%, had more than the number of Average Producers. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% number of Average Producers. Of the 7 Associate Agencies with Tenure of at least two years but less than three years located in counties with greater than 500,000 people, 1 Associate Agencies, or 14%, had more than the number of Average Employees. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% number of Average Employees.

7. Of the 4 Associate Agencies with Tenure of at least one year but less than two years located in counties with less than 500,000 people, 1 Associate Agencies, or 25%, had more than the number of Average Producers. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Producers. Of the 4 Associate Agencies with Tenure of at least one year but less than two years located in counties with less than 500,000 people, 2 Associate Agencies, or 50%, had more than the number of Average Employees. Of the 1 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% number of Average Employees.

Of the 9 Associate Agencies with Tenure of at least one year but less than two years located in counties with greater than 500,000 people, 5 Associate Agencies, or 56%, had more than the number of Average Producers. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% number of Average Producers. Of the 9 Associate Agencies with Tenure of at least one year but less than two years located in counties with greater than 500,000 people, 4 Associate Agencies, or 44%, had more than the number of Average Employees. Of the 2 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% number of Average Employees.

8. Of the 23 Associate Agencies whose data are presented in Table 2-A above (and are located in counties with less than 500,000 people), 10 Associate Agencies, or 43%, had more than the number of Average Producers. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% number of Average Producers. Of the 23 Associate Agencies whose data are presented in Table 2-A above (and are located in counties with less than 500,000 people), 10 Associate Agencies, or 43%, had more than the number of Average Employees. Of the 6 Associate Agencies with the top 25% of Gross Revenue in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% number of Average Employees.

Of the 51 Associate Agencies whose data are presented in Table 2-B above (and are located in counties with greater than 500,000 people), 25 Associate Agencies, or 49%, had more than the number of Average Producers. Of the 13 Associate Agencies with the top 25% of Gross Revenue in these 51 Associate Agencies, 2 Associate Agencies, or 15%, exceeded the top 25% number of Average Producers. Of the 51 Associate Agencies whose data are presented in Table 2-B above (and are located in counties with greater than 500,000 people), 21 Associate Agencies, or 41%, had more than the number of Average Employees. Of the 13 Associate Agencies with the top 25% of Gross Revenue in these 51 Associate Agencies, 5 Associate Agencies, or 38%, exceeded the top 25% number of Average Employees.

TABLE 3-A

**“NEW BUSINESS” POLICIES OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION BELOW 500,000 PEOPLE¹**

Tenure ²	Offices	Average ³	Low	High	Top 25%
4+	12	1,261 ⁴	679	3,162	2,032 ⁴
3	2	1,149 ⁵	836	1,461	1,461 ⁵
2	5	643 ⁶	221	1,037	1,037 ⁶
1	4	453 ⁷	290	632	632 ⁷
Total	23	977⁸	221	3,162	1,506⁸

TABLE 3-B

**“NEW BUSINESS” POLICIES OF REPRESENTATIVE ASSOCIATE AGENCIES
FOR AGENCIES WITH COUNTY POPULATION OVER 500,000 PEOPLE¹**

Tenure ²	Offices	Average ³	Low	High	Top 25%
4+	25	1,246 ⁴	393	3,136	2,251 ⁴
3	10	1,424 ⁵	636	3,480	2,636 ⁵
2	7	1,137 ⁶	523	1,881	1,756 ⁶
1	9	492 ⁷	267	812	680 ⁷
Total	51	1,132⁸	267	3,480	1,945⁸

Notes to Tables 3-A and 3-B

1. In Table 3-A, we present the average number of policies that qualify as “New Business” that were written during the 2013 calendar year by the Representative Associate Agencies located in a county with a population over 500,000. In Table 3-B, we present the average number of policies that qualify as “New Business” that were written during the 2013 calendar year by the Representative Associate Agencies located in a county with a population below 500,000.

2. “Tenure” is defined as the number of years for which a Representative Associate Agency has received commissions in every month for a complete twelve-month period.

3. The Average number of New Business policies was calculated by taking the sum of the New Business policies written by each Associate Agency in each subset of Associate Agencies and dividing that sum by the total number of Associate Agencies in that subset of Associate Agencies.

4. Of the 12 Associate Agencies with Tenure of at least four years located in counties with less than 500,000 people, 6 Associate Agencies, or 50%, exceeded the Average number of New Business policies.

Of the 3 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% Average number of New Business policies.

Of the 25 Associate Agencies with Tenure of at least four years located in counties with greater than 500,000 people, 9 Associate Agencies, or 36%, exceeded the Average number of New Business policies. Of the 6 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% Average number of New Business policies.

5. Of the 2 Associate Agencies with Tenure of at least three years but less than four years located in counties with less than 500,000 people, 1 Associate Agencies, or 50%, exceeded the Average number of New Business policies. Of the 1 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average number of New Business policies.

Of the 10 Associate Agencies with Tenure of at least three years but less than four years located in counties with greater than 500,000 people, 4 Associate Agencies, or 40%, exceeded the Average number of New Business policies. Of the 3 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 1 Associate Agencies, or 33%, exceeded the top 25% Average number of New Business policies.

6. Of the 5 Associate Agencies with Tenure of at least two years but less than three years located in counties with less than 500,000 people, 2 Associate Agencies, or 40%, exceeded the Average number of New Business policies. Of the 1 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average number of New Business policies.

Of the 7 Associate Agencies with Tenure of at least two years but less than three years located in counties with greater than 500,000 people, 3 Associate Agencies, or 43%, exceeded the Average number of New Business policies. Of the 2 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% Average number of New Business policies.

7. Of the 4 Associate Agencies with Tenure of at least one year but less than two years located in counties with less than 500,000 people, 1 Associate Agencies, or 25%, exceeded the Average number of New Business policies. Of the 1 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 0 Associate Agencies, or 0%, exceeded the top 25% Average number of New Business policies.

Of the 9 Associate Agencies with Tenure of at least one year but less than two years located in counties with greater than 500,000 people, 5 Associate Agencies, or 56%, exceeded the Average number of New Business policies. Of the 2 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 1 Associate Agencies, or 50%, exceeded the top 25% Average number of New Business policies.

8. Of the 23 Associate Agencies whose data are presented in Table 3-A above (and are located in counties with less than 500,000 people), 8 Associate Agencies, or 35%, exceeded the overall Average number of New Business policies set forth in Table 3-A. Of the 6 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 1 Associate Agencies, or 17%, exceeded the top 25% Average number of New Business policies.

Of the 51 Associate Agencies whose data are presented in Table 3-B above (and are located in counties with greater than 500,000 people), 19 Associate Agencies, or 37%, exceeded the overall Average number of New Business policies set forth in Table 3-B. Of the 13 Associate Agencies with the top 25% of New Business policies in this subset of Associate Agencies, 5 Associate Agencies, or 38%, exceeded the top 25% Average number of New Business policies.

TABLE 4-A

AVERAGE REVENUE PER “NEW BUSINESS” POLICY OF REPRESENTATIVE ASSOCIATE AGENCIES IN COUNTIES WITH POPULATION BELOW 500,000 PEOPLE¹

Tenure²	Offices	Average³	Top 25%
4+	12	\$99 ⁴	\$115 ⁴
3	2	\$118 ⁵	\$139 ⁵
2	5	\$97 ⁶	\$130 ⁶
1	4	\$117 ⁷	\$157 ⁷
Total	23	\$103⁸	\$106⁸

TABLE 4-B

AVERAGE REVENUE PER “NEW BUSINESS” POLICY OF REPRESENTATIVE ASSOCIATE AGENCIES IN COUNTIES WITH POPULATION ABOVE 500,000 PEOPLE¹

Tenure²	Offices	Average³	Top 25%
4+	25	\$126 ⁴	\$153 ⁴
3	10	\$137 ⁵	\$148 ⁵
2	7	\$130 ⁶	\$127 ⁶
1	9	\$137 ⁷	\$155 ⁷
Total	51	\$131⁸	\$148⁸

Notes to Tables 4-A and 4-B

1. In **Table 4-A**, we present the average revenue of each policy that qualifies as “New Business” that was written during the 2013 calendar year by the Representative Associate Agencies located in a county with a population over 500,000. In **Table 4-B**, we present the average revenue of each policy that qualifies as “New Business” that was written during the 2013 calendar year by the Representative Associate Agencies located in a county with a population below 500,000.

2. “Tenure” is defined as the number of years for which a Representative Associate Agency has received commissions in every month for a complete twelve-month period.

3. The Average revenue per policy was calculated by taking the sum of the revenues of all the New Business policies written by each Associate Agency in each subset of Associate Agencies and dividing that sum by the total number of Associate Agencies in that subset of Associate Agencies.

4. Of the 12 Associate Agencies with Tenure of at least four years located in counties with less than 500,000 people, 6 Associate Agencies, or 50%, exceeded the Average revenue per policy. Of the 3 Associate Agencies with the top 25% Average revenue per policy, 2 Associate Agencies, or 67%, exceeded the top 25% Average revenue per policy.

Of the 25 Associate Agencies with Tenure of at least four years located in counties with greater than 500,000 people, 11 Associate Agencies, or 44%, exceeded the Average revenue per policy. Of the 6 Associate Agencies with the top 25% Average revenue per policy, 3 Associate Agencies, or 50%, exceeded the top 25% Average revenue per policy.

5. Of the 2 Associate Agencies with Tenure of at least three years but less than four years located in counties with less than 500,000 people, 1 Associate Agencies, or 50%, exceeded the Average revenue per policy. Of the 1 Associate Agencies with the top 25% Average revenue per policy, 0 Associate Agencies, or 0%, exceeded the top 25% Average revenue per policy.

Of the 10 Associate Agencies with Tenure of at least three years but less than four years located in counties with greater than 500,000 people, 5 Associate Agencies, or 50%, exceeded the Average revenue per policy. Of the 3 Associate Agencies with the top 25% Average revenue per policy, 1 Associate Agencies, or 33%, exceeded the top 25% Average revenue per policy.

6. Of the 5 Associate Agencies with Tenure of at least two years but less than three years located in counties with less than 500,000 people, 3 Associate Agencies, or 60%, exceeded the Average revenue per policy. Of the 1 Associate Agencies with the top 25% Average revenue per policy, 0 Associate Agencies, or 0%, exceeded the top 25% Average revenue per policy.

Of the 7 Associate Agencies with Tenure of at least two years but less than three years located in counties with greater than 500,000 people, 3 Associate Agencies, or 43%, exceeded the Average revenue per policy. Of the 2 Associate Agencies with the top 25% Average revenue per policy, 1 Associate Agencies, or 50%, exceeded the top 25% Average revenue per policy.

7. Of the 4 Associate Agencies with Tenure of at least one year but less than two years located in counties with less than 500,000 people, 2 Associate Agencies, or 50%, exceeded the Average revenue per policy. Of the 1 Associate Agencies with the top 25% Average revenue per policy, 0 Associate Agencies, or 0%, exceeded the top 25% Average revenue per policy.

Of the 9 Associate Agencies with Tenure of at least one year but less than two years located in counties with greater than 500,000 people, 4 Associate Agencies, or 44%, exceeded the Average revenue per policy. Of the 2 Associate Agencies with the top 25% Average revenue per policy, 1 Associate Agencies, or 50%, exceeded the top 25% Average revenue per policy.

8. Of the 23 Associate Agencies whose data are presented in Table 4-A above (and are located in counties with less than 500,000 people), 10 Associate Agencies, or 43%, exceeded the overall Average revenue per policy set forth in Table 4-A. Of the 6 Associate Agencies with the top 25% Average revenue per policy in this subset of Associate Agencies, 2 Associate Agencies, or 33%, exceeded the top 25% Average revenue per policy.

Of the 51 Associate Agencies whose data are presented in Table 4-B above (and are located in counties with greater than 500,000 people), 21 Associate Agencies, or 41%, exceeded the overall Average revenue per policy set forth in Table 4-B. Of the 13 Associate Agencies with the top 25% Average revenue per policy in this subset of Associate Agencies, 6 Associate Agencies, or 46%, exceeded the top 25% Average revenue per policy.

PART II

Part II of this Item sets forth certain revenue and expense information for the franchised Associate Agencies operating for at least one full calendar year. This Part II of Item 19 contains information for Associate Agencies that were open at least one full calendar year as of December 31, 2013 and that reported their expenses to Brightway in response to a survey sent to all Associate Agencies. Excluded from this Part II are the following: (i) AAOs who have not been receiving commissions for a full calendar year as of December 31, 2013; (ii) our company-owned Agency; and (iii) AAOs whose survey results were incomplete or materially

deficient. The AAOs included in Part II of this Item shall be referred to as the “Representative Associate Agencies”. There are 69 Representative Associate Agencies contained in Part II.

In Table 5, we provide certain revenue and expense information for the Representative Associate Agencies. The primary purpose of Table 5 below is to disclose the average annual amount of various types of expenses incurred by Representative Associate Agencies as of the end of 2013. Table 5 is also intended to show how the different types of expenses change in relation to the amount of corresponding average revenues reported. The information set forth in Table 5 is the result of averaging reported annual expenses from Representative Associate Agencies that by the end of the 2013 calendar year were open anywhere from one full year to six or more years. See Part I of Item 19 for a breakout of average annual revenue based on number of years open (which we refer to as “Tenure”).

When examining these figures, please note that Gross Revenue already incorporates the percentage of commissions that are retained by us as a royalty, comprising 15% of the Brightway Sales Commissions owed to us for New Accounts and 45% of the Brightway Sales Commissions owed to us for Renewal Accounts (as described more fully in Item 6). In other words, the royalty owed to us has already been deducted before arriving at the Gross Revenue figures set forth in Table 5. Additionally, please note that some of the AAO’s below brought books of business with them when they opened their Agency, which increased their initial revenue figures. Substantiation of the data used in preparing this information will be made available upon reasonable request.

TABLE 5
AVERAGE REVENUE AND EXPENSE INFORMATION
OF REPRESENTATIVE ASSOCIATE AGENCIES FOR THE 2013 CALENDAR YEAR

	Average¹	% of Rev.	Top 25% Average¹	% of Rev. (Top 25%)
Revenue	256,554 ²		\$434,532 ²	
Total Compensation	146,975 ³	57.3%	\$216,688 ³	49.9%
Gross Profit	109,579 ⁴	42.7%	\$217,844 ⁴	50.1%
Total Other Expenses	78,934 ⁵	30.8%	\$88,002 ⁵	20.3%
Owner Benefit	30,645 ⁶	11.9%	\$129,842 ⁶	29.9%
Owner Pre-Tax Earnings	\$59,380 ⁶	23.1%	\$196,412 ⁶	45.2%
Avg. No. of Producers (including owner)	3.57 ⁷		4.44 ⁷	
Avg. Revenue per Producer	\$71,864 ⁸		\$97,868 ⁸	
Avg. Total Compensation per Producer (including owner)	\$41,169 ⁹		\$48,804 ⁹	

Notes to Table 5

1. In this Table 5, we present average revenue and expense information for the Representative Associate Agencies contained in Part II of this Item. The averages were calculated by taking the sum of each line item for each of the Representative Associate Agencies and dividing that sum by the total number of Representative Associate Agencies in this Part II, which is 69. The "Top 25% Average" column in Table 5 represent the averages of the top 17 of the 69 Representative Associate Agencies (in terms of Owner Pre-Tax Earnings⁶) in this Part II of Item 19.

2. The term "Revenue" means the Brightway Sales Commissions (commissions paid by the Contracted Companies to us or assigned by you to us for the sale, renewal, service or delivery of a specific policy through you) earned by our Representative Associate Agencies, less the 15% royalty owed to us for New Business and the 45% royalty owed to us for Renewal Business. "Revenue" is exclusive of: (a) "AAO Shared Expenses" (as described more fully in Note 3 to Item 6); and (b) all other costs and expenses you incur in the operation of your Agency, including all other fees payable to us or our affiliates. Of the 69 Representative Associate Agencies, 27 Associate Agencies, or 39%, exceeded the average Revenue set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 6 Associate Agencies, or 35%, exceeded the average top 25% Revenue set forth in Table 5.

3. The term "Total Compensation" means the total payroll, payroll taxes and pension, and insurance and benefits reported by the Representative Associate Agencies, including owner compensation. Of the \$146,975 in average Total Compensation, there was an average of \$133,933 in total payroll (including an average of \$28,735 in payroll for the owner(s) of the Agency), \$10,030 in payroll taxes and pension, and \$3,012 in insurance and benefits. Of the 69 Representative Associate Agencies, 28 Associate Agencies, or 41%, exceeded the average Total Compensation set forth in Table 5. Of the 69 Representative Associate Agencies, 26 Associate Agencies, or 38%, exceeded the \$28,735 average payroll for the owner(s) of the Agency. Of the \$216,688 in average top 25% Total Compensation, there was an average of \$195,556 in total payroll (including an average of \$66,570 in payroll for the owner(s) of the Agency), \$13,477 in payroll taxes and pension, and \$7,654 in insurance and benefits. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 3 Associate Agencies, or 18%, exceeded the average top 25% Total Compensation set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 6 Associate Agencies, or 35%, exceeded the \$66,570 top 25% average payroll for the owner(s) of the Agency.

4. The term "Gross Profit" means the Revenue subtracted by the Total Compensation, which includes owner compensation. Of the 69 Representative Associate Agencies, 24 Associate Agencies, or 35%, exceeded the average Gross Profit set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 7 Associate Agencies, or 41%, exceeded the average top 25% Gross Profit set forth in Table 5.

5. The term "Total Other Expenses" means the total advertising expenses, selling expenses, dues and subscriptions, rent, utilities and upkeep, telephone, automation and service agreement expenses, accounting, legal, and finance related expenses, errors & omissions and other insurance expenses and other office expenses (continuing education, supplies, printing, postage and miscellaneous) reported by the Representative Associate Agencies. Of the \$78,934 in average Total Other Expenses, there was an average of \$8,670 in advertising expenses, \$6,475 in selling expenses, \$4,505 in dues and subscriptions, \$25,126 in rent, utilities, and upkeep, \$12,830 in telephone, automation and service agreement expenses, \$6,408 in legal, accounting and finance related expenses, \$6,104 in errors & omissions and other insurance expenses and \$8,816 in other office expenses. Of the 69 Representative Associate Agencies, 22 Associate Agencies, or 32%, exceeded the average Total Other Expenses set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 7 Associate Agencies, or 41%, exceeded the average top 25% Total Other Expenses set forth in Table 5.

6. The term "Owner Benefit" means Revenues less the sum of Total Compensation, including owner compensation, and Total Other Expenses. Of the 69 Representative Associate Agencies, 28, or 41%, exceeded the average Owner Benefit set forth in Table 5. Of the 17 Representative Associate Agencies with the

top 25% of Revenue, 7 Associate Agencies, or 41%, exceeded the average top 25% Owner Benefit set forth in Table 5. Combining the average Owner Benefit set forth in Table 5 and the average payroll for the owner set forth in Note 3 of Table 5 results in a total of \$59,380 in "Owner Pre-Tax Earnings". Of the 69 Representative Associate Agencies, 28, or 41%, exceeded the \$59,380 average pre-tax earnings to the owner(s) of the Agency. Combining the average top 25% Owner Benefit set forth in Table 5 and the average payroll for the owner set forth in Note 3 of Table 5 results in a total of \$196,412 in "Owner Pre-Tax Earnings" for the top 25% Agencies. Of the 17 top 25% Representative Associate Agencies, 7, or 41%, exceeded the \$196,412 average pre-tax earnings to the owner(s) of the Agency.

7. The term "Average Number of Producers" means the average number of producers, including owners, reported by each of the Representative Associate Agencies who eligible to receive commissions as of 12/31/2013. Of the 69 Representative Associate Agencies, 34, or 49%, exceeded the Average Number of Producers set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 6 Associate Agencies, or 35%, exceeded the top 25% Average Number of Producers set forth in Table 5.

8. The term "Average Revenue per Producer" means the average Revenue set forth in Table 5 divided by the Average Number of Producers set forth in Table 5. Of the 69 Representative Associate Agencies, 31, or 45%, exceeded the Average Revenue per Producer set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 6 Associate Agencies, or 35%, exceeded the top 25% Average Revenue per Producer set forth in Table 5.

9. The term "Average Total Compensation per Producer" means the average Total Compensation set forth in Table 5 divided by the Average Number of Producers set forth in Table 5. Of the 69 Representative Associate Agencies, 22, or 32%, exceeded the Average Total Compensation per Producer set forth in Table 5. Of the 17 Representative Associate Agencies with the top 25% of Owner Pre-Tax Earnings, 3 Associate Agencies, or 18%, exceeded the average top 25% Total Compensation per Producer set forth in Table 5.

PART III

Part III of this Item sets forth information regarding the average amount of "New Business" premiums sold by each producer working in the office of franchised Associate Agencies operating for between four and five years as of December 31, 2013. The AAOs included in Part III of this Item shall be referred to as the "Representative Associate Agencies." There are 15 Representative Associate Agencies contained in Part III. Part III also presents industry average data for independent agencies that have been operating between four and five years as of December 31, 2013, as reported in the IIABA 2013 Best Practices Study, which captured annual new business property and casualty insurance premium data from the top ~250 agencies in the country broken out by line of business to highlight how the best performing agencies in the country fare. These are among the best-performing agencies selling personal and commercial lines of property and casualty insurance throughout the U.S. The results of the comparative analysis presented are based upon a comparison of the personal lines new business premium data captured in the Study versus the New Business premiums (which is predominately personal lines premiums) generated by similarly tenured Representative Associate Agencies (who are predominately located in Florida).

BRIGHTWAY Average Dollar Value of "New Business" Premiums sold per Producer during the 2013 calendar year (tenure of 4-5 years): \$598,020

INDUSTRY Average Dollar Value of "New Business" Premiums per Producer during the 2013 calendar year (tenure of 4-5 years): \$246,504

The Brightway Average Dollar Value of “New Business” Premiums sold per Producer during the 2013 calendar year was calculated by summing the total premiums of all “New Business” sold by Representative Associate Agencies during the 2013 calendar year, and dividing that number by the total number of producers of the Representative Associate Agencies. Of the 42 producers in the 15 Representative Associate Agencies, 12 producers, or 29%, exceeded the Brightway Average Dollar Value of “New Business” Premiums sold per Producer during the 2013 calendar year set forth above. The Industry Average Dollar Value of “New Business” Premiums sold per Producer during the 2013 calendar year is set forth in the ILABA 2013 Best Practices Study.

GENERAL NOTES TO ITEM 19

1. Some AAOs have earned the above amounts. There is no assurance that you will earn as much. You should not use the information set forth in the above charts as an indication of how well your franchise will do. Actual results vary from Associate Agency to Associate Agency, and we cannot estimate the performance of a particular Associate Agency. Revenues and expenses may vary. In particular, the revenues and expenses of your business will be directly affected by many factors, such as: (a) geographic location; (b) advertising effectiveness based on market saturation; (c) whether you operate the business personally or hire a manager; (d) employee salaries and benefits; (e) insurance costs; (f) ability to generate customers; (g) customer loyalty; and (h) employment conditions in the market.

2. No assurances can be given and we do not represent that any particular AAO will achieve financial results similar to the sales reported here. Your sales as a start-up enterprise may vary substantially as compared to the sales disclosed in the charts above. We are providing you with the preceding data with the understanding that you will do your own research to develop data with which to perform your analysis. Reviewing this limited amount of information cannot substitute for thorough research on your part and careful evaluation of this franchise opportunity with professional and legal advisors.

3. This analysis does not contain complete information concerning the operating costs and expenses that you will incur in operating your Associate Agency. Operating costs and expenses may vary substantially from business to business.

4. **There is no assurance that you will do as well as the Associate Agencies discussed above. If you rely upon the above figures, you must accept the risk of not doing as well.** Importantly, you should not consider the Gross Revenues presented in the tables above to be the actual potential gross revenues that you will realize. We do not represent that you can or will attain these levels of sales or revenues, or any particular level of sales or revenues. We do not represent that you will generate income, which exceeds the initial payment of, or investment in, the franchise. Therefore, we recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. You should use the above information only as a reference in conducting your analysis and preparing your own projected income statements and cash flow statements. We suggest strongly that you consult your financial advisor or personal accountant concerning the preparation of your financial projections, including any applicable taxes that you may incur in operating an Associate Agency.

5. Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Associate Agency, however, we may provide you with the actual records of that Associate Agency. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting David Miller from our corporate offices at Brightway Insurance, Inc., 3733 West University Boulevard, Suite 100, Jacksonville, Florida 32217, (904) 764-9554, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 – Systemwide Agency Summary
For Fiscal Years Ended December 31, 2011, 2012, and 2013

Agency Type	Year	Agencies at Start of Year	Agencies at End of Year	Net Change
Franchised	2011	65	80	+15
	2012	80	102	+22
	2013	102	108	+6
Company-Owned	2011	2	2	0
	2012	2	2	0
	2013	2	1	-1
Total Agencies	2011	67	82	+15
	2012	82	104	+22
	2013	104	109	+5

Table No. 2 – Transfers of Agencies from Franchisees to New Owners
For Fiscal Years Ended December 31, 2011, 2012, and 2013
(Other than to Brightway or Its Affiliates)

State	Year	Number of Transfers
Florida	2011	0
	2012	1
	2013	1
North Carolina	2011	0
	2012	0
	2013	1
Total	2011	0
	2012	1
	2013	2

Table No. 3 – Status of Franchised Agencies
For Fiscal Years Ended December 31, 2011, 2012, and 2013

State	Year	Agencies at Start of Year	Agencies Opened	Terminations	Non-Renewals	Reacquired by Brightway	Ceased Operations – Other Reason	Agencies at End of Year
Alabama	2011	0	2	0	0	0	0	2
	2012	2	0	0	0	0	2	0
	2013	0	0	0	0	0	0	0
Arizona	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Florida	2011	65	12	1	0	0	0	76
	2012	76	19	2	0	0	1	92
	2013	92	7	0	0	0	0	99
Georgia	2011	0	2	0	0	0	0	2
	2012	2	2	0	0	0	0	4
	2013	4	1	0	0	0	1	4
Kentucky	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Ohio	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	1	0
South Carolina	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	1	0
Texas	2011	0	0	0	0	0	0	0
	2012	0	3	0	0	0	0	3
	2013	3	0	0	0	0	0	3
Total	2011	65	16	1	0	0	0	80
	2012	80	27	2	0	0	3	102
	2013	102	9	0	0	0	3	108

Table No. 4 - Status of Company-Owned Agencies
For Fiscal Years Ended December 31, 2011, 2012, and 2013

State	Year	Agencies at Start of Year	Agencies Opened	Agencies Reacquired from Franchisees	Agencies Closed	Agencies Sold to Franchisees	Agencies at End of Year
Florida	2011	2	0	0	0	0	2
	2012	2	0	0	0	0	2
	2013	2	0	0	1	0	1
Total	2011	2	0	0	0	0	2
	2012	2	0	0	0	0	2
	2013	2	0	0	1	0	1

Table No. 5 – Projected New Franchised Agencies as of December 31, 2013

STATE	FRANCHISE AGREEMENTS SIGNED BUT AGENCY NOT OPENED	PROJECTED NEW FRANCHISED AGENCIES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENING IN NEXT FISCAL YEAR
Arizona	1	1	0
Florida	1	0	0
Georgia	1	1	0
Missouri	1	1	0
North Carolina	1	1	0
Total	5	4	0

Attached as Exhibit D is a list of the address and telephone number of each franchised location and the name of the applicable franchisee as of the date of this Disclosure Document. Listed in Exhibit D to this Disclosure Document is the contact information for the Brightway franchisees that had a franchise agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement, or failed to communicate with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Brightway franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There is presently no trademark specific franchisee organization associated with the Brightway System.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit A to this Disclosure Document are audited financial statements for our fiscal year that ended December 31, 2011, 2012, and 2013.

ITEM 22 CONTRACTS

The following agreements related to your business are attached as exhibits to this Disclosure Document:

- Exhibit B: Associate Agency Owner Agreement
Exhibit 1 to AAO Agreement: Guaranty of AAO's Undertakings
Exhibit 3 to AAO Agreement: Collateral Assignment of Lease
Exhibit 4 to AAO Agreement: Forms of Initial Fee Note & Guaranty
Exhibit 6 to AAO Agreement: Site Selection Addendum
Exhibit 7 to AAO Agreement: Confidentiality and Non-competition Agreement
Exhibit 8 to AAO Agreement: Conditional Assignment of AAO's Telephone Numbers, Facsimile Numbers, and Domain Names
Exhibit 9 to AAO Agreement: Electronic Funds Withdrawal Authorization
- Exhibit C: Conversion Addendum.
- Exhibit D: Sample Termination and Release

ITEM 23 RECEIPTS

The last two pages of this Disclosure Document are detachable receipts acknowledging your receipt of this Disclosure Document. Please sign and date both Receipts (as of the date you received this Disclosure Document), return one Receipt to us and retain one for your records. If you are missing these Receipts, please contact us at the following address or telephone number:

Brightway Insurance, Inc.
3733 West University Boulevard, Suite 100
Jacksonville, Florida 32217
(904) 764-9554