NAEA POWERING AMERICA'S TAX EXPERTS

National Association of Enrolled Agents
Frequently Asked Questions

Policy Number:	USF 00304719
Insurer:	Allianz Global Risks US Insurance Company
Policy Period:	July 1, 2019 - July 1, 2020

1. **Who is Allianz Global Risks US Insurance Company (a member of Allianz Global Corporate & Specialty)?**
   This group master policy is issued by Allianz Global Risks US Insurance Company in all states. Allianz Global Risks US Insurance Company is rated "A+: XV" by AM. Best. Allianz Global Risks US Insurance Company is an admitted insurer.

   "The information obtained from AM Best dated August 30, 2018 is not in any way CalSurance Associate's warranty or guaranty of the financial stability of the insurer in question, and that the information is current as of the date of publication."

2. **What is the Financial Sales Professional Risk Purchasing Group?**
   Certain states require that a group policy must be purchased through a Risk Purchasing Group (RPG). At no additional charge, NAEA provides for your membership in "Financial Sales Professional Risk Purchasing Group," a RPG formed by CalSurance® and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 39012 et seq.) for the benefit of Financial Professional insured under the CalSurance® programs.

3. **Who is Brown & Brown?**
   Brown & Brown is one of the largest and most respected independent insurance intermediaries in the nation, with over 70 years of continuous service. The company is ranked as the seventh largest such organization in the United States by Business Insurance magazine.

   CalSurance Associates, a Division of Brown & Brown Program Insurance Services, Inc. ("CalSurance®"), is the broker who has been selected to administer and place the coverage with the underwriting marketplace on behalf of the agents of NAEA. Questions regarding coverage, when to file a Claim, or copies of your Certificate of Insurance can be obtained from CalSurance®.

   Lancer Claims Service, a Division of Brown & Brown Program Insurance Services, Inc., has been selected by Interstate Fire & Casualty Company as the administrator of all Claims that occur under the NAEA Professional Liability Policy. Lancer Claims Services handles professional liability claims. Questions regarding when or how to file a claim or inquires on claims already submitted under this program should be directed to Lancer Claims Services.

4. **Important Contact Information**
   These resources are available to agents seeking information regarding professional liability coverage:

   Certificates of Insurance and Coverage Questions

   Visit the CalSurance® website at www.calsurance.com/taxprep
   CalSurance® Customer Service (877) 242-5998

5. **What do the limits $500,000/$1,000,000 mean?**
   The first limit stated is a per Claim limit and the second limit is the total aggregate per Policy Period for each Named Certificate Holder. This means the insurer will pay up to $500,000 on any single claim made against a Named Certificate Holder. The total limit available to the Named Certificate Holder regardless of the number of claims made against the Named Certificate Holder during the Policy Period is $1,000,000.

6. **Can I purchase additional Limits of Liability?**
   Yes. Members of NAEA may purchase a $1,000,000 each Claim / $2,000,000 annual aggregate or $2,000,000 each Claim / $4,000,000 annual aggregate* for an additional premium.

   These options are only available at the time you enroll.

7. **What is the Certificate Period?**
   The Certificate Period means the period of time from the effective date shown on the Certificate of Insurance issued to you which evidences your coverage under the Policy to the date of the expiration date shown on the Certificate of Insurance.

8. **How is my premium determined if I enroll after the group master policy effective date?**
   Premium is pro-rated based upon your individual effective date and the group master policy expiration date.

9. **What is a Claim?**
   A claim is defined as a written demand by the Insured seeking Damages. Some examples of what may be considered a Claim include:

   - A letter from a client stating you made a mistake and they are requesting money to "fix" the mistake or to compensate them for loss due to your alleged mistake; or
   - Service of suit (summons and/or complaint); or
   - Institution of arbitration proceedings; or
   - FINRA statement of Claim.

10. **Where do I report Claims?**
    Notice of each incident, claim or suit should immediately be reported to Lancer Claims Services. See the "Claim Reporting Form" on the website. All Claims should be submitted via one of the following methods:

    Electronically: FirstReports@CalSurance.com
    Fax: 714-978-8023
    Phone: 1-800-821-0540
    Via Mail: First Reports Desk
    Lancer Claims Services, a Division of Brown & Brown Program Insurance Services, Inc.
    681 S. Parker Street, Suite 300
    Orange, CA 92868

11. **Where do I report Cyber Coverage and Personal Data Compromise Claims?**
    If you suspect a Cyber Breach, please contact the 24-hour Breach Coach Hotline: 1-800-454-9068.

12. **What is a "Claims Made and Reported" Policy?**
    - Coverage is provided to you on a "Claims Made and Reported" basis. This means the policy applies to negligent acts, errors or omissions or Personal Injury provided that:
    - The Claim is first made against the insured during the Certificate Period (that is defined in question 7) and is reported to the Insurer in writing during the same Certificate Period, or any applicable Extended Reporting Period; and
    - The act, error or omission or Personal Injury occurred on or after the Retroactive Date and before the end of the Certificate Period.
    - Prior to the effective date of this policy, you did not have knowledge of any act, error or omission or Personal Injury which could reasonably be expected to result in a Claim; or

12. What is a "Claims Made and Reported" Policy? (continued)

- If the act, error or omission or Personal Injury occurred prior to the effective date of this Policy Period, there is no other E&O Insurance available to you.

13. What is the Prior Acts Coverage under this policy?

The prior acts coverage (Retroactive Date) provided under this policy is the inception date of the Named Insured's first claims-made Errors and Omissions Liability Policy from which date coverage has been maintained in force without interruption.

The Policy does not apply to any claim prior to the effective date of coverage issued to the Named Insured if an Insured had any basis to believe that any Insured had knowledge of any negligent act, error or omission or Personal Injury or to foresee that such negligent act, error or omission or Personal Injury or any related negligent act, error or omission or Personal Injury might reasonable be expected to be the basis of a Claim.

If the Claim arises out of a negligent act, error or omission or Personal Injury that occurred before the Certificate Period and the Insured is covered by any other valid and collectible insurance, then there shall be no coverage under this Policy for such Claim.

14. Does the policy pay for expense to defend a Claim?

The Insurer has the right and duty to defend you when a Claim is made against you seeking Damages for a negligent act, error or omission while rendering or failing to render Professional Services.

The cost to defend you is paid in addition to your per Claim and per Aggregate Limit of Liability and is subject to the deductible. This means that after the deductible requirement is met damages and defense costs are covered until your Limits of Liability have been exhausted.

You may not without the written consent of the Insured:

- Incur any expense; or
- Demand or agree to arbitration of any Claim; or
- Make any payment, admit liability, settle any Claim or assume any obligation.

Defense costs are subject to the deductible. Any additional defense costs are outside the limits of liability. However, please be aware that there is no obligation to defend or continue to defend any claim or suit, after the per Claim Limit of Liability has been exhausted by payment of Damages or Defense Costs.

15. How does my deductible work?

Your deductible is applicable to Damages and Defense Costs. This means that your deductible applies on a first dollar basis regardless of the outcome of your claim. There is a $500 deductible.

16. What happens if my membership with NAEA is terminated during the Policy Period?

If your membership with NAEA is terminated during the policy period, your coverage with remain in effect until the expiration date shown on the certificate of insurance.

17. What is the definition of Professional Services?

Professional Services means the following services rendered by the Insured to a client in the conduct of the Named Insured's profession as an Enrolled Agent, as long as the Insured is properly licensed or otherwise legally entitled to render services on any date on which any Wrongful Act involving such services is alleged to have occurred

1. Tax advice;

17. What is the definition of Professional Services? (continued)

2. Tax preparation and filing
3. The representation of clients in connection with tax collection or audit actions, including appeals, before the Department of Treasury, the Internal Revenue Services and if permitted, any State and local tax authority; or
4. Bookkeeping.
5. Service as a Notary Public.
6. Payroll Services and Processing.

However, Professional Services shall not include

a. The conduct or testing or auditing for any client;
b. The preparation or certification of financial statements for any publicly traded or privately held companies trading stocks;
c. The recommendation to purchase, or the sale of, any products to any party;
d. The design, implementation, placement, sale or administration of any benefit, welfare, pension, or investment program;
e. Investment advice; or
f. Services as an attorney or accountant beyond those services listed in items 1 thru 4 of this definition, above.

There is no coverage for audits.

18. What is the definition of Bookkeeping?

1. The systematic recording of the financial transactions as an individual or business;
2. The maintenance of the current financial records of an individual or business; and
3. The compilation of a balance sheet or an income statement for the purposes of securing private credit.

However, Bookkeeping does not include the conduct of any testing or auditing for any claim or the preparation, certification, attestation to or filing of financial statements, notes or data for any publicly traded or privately held companies trading stock, or the valuation of any entity for investment purposed.

19. Is the sale and servicing of property/casualty products covered?

No

20. Can the insurance company cancel my coverage?

The insurance company cannot terminate your coverage other than for non-payment of premium unless the entire group is terminated. The insurance company must provide at least sixty (days) but not more than one hundred twenty (120) days notice if it intends to non-renew the group policy

21. Is the premium fully earned?

If an Enrolled Agent cancels their policy, we can refund the unearned premium. The premium will be short rated. If the Enrolled Agent retires, becomes disabled, or deceased, the unearned premium will be pro-rated.

22. What is the ERP?

A supplemental Extended Reporting Period is available by endorsement and for an additional charge. You must give us written notice for the endorsement within sixty (60) days after the end of the Policy Period, or Policy termination date, whichever is earlier.

23. Who is insured under my policy?

1. The Named Insured;
2. Any current or former Employee of the Named Insured, but only with respect to Professional Serviced rendered for or on behalf of the Named Insured;
3. Any past or present duly elected or appointed director, officer, trustee or governor of the Named Insured, but only with respect to Professional Services rendered by or for the Named Insured;

23. Who is insured under my policy? (continued)

4. Any Leased Worker but solely with respect to Professional Service performed within the scope of their duties as a Leased Worker for and on behalf of the Named Insured;
5. In the event of an Insured's death or incompetence, the administrators, executors, heirs, and legal representatives of the Insured, but only for a Claim arising out of the Professional Services performed by or on behalf of the Insured, for or on behalf of the Named Insured;
6. The business entity owned and controlled by the Named Insured, but only with respect to Professional Services rendered by or on behalf of the Named Insured;
7. The Predecessor Entity, but only with respect to Professional Services rendered by or on behalf of that Predecessor Entity.

Employee shall not mean a person who is contracted to perform work for You, or any person who is an independent contractor for you.

24. Do I get a return premium for employees who leave during the policy period?

The policy is non-auditable which means you may add and remove employees throughout the policy period. No additional premium will be charged to add additional employees and no premium will be returned for employees who leave the firm.

25. Who in my firm must enroll for coverage?

Any Enrolled Agents who are independent contractors and not employees, must be enrolled for their own coverage.

26. What is A.M. Best Rating?

Learn more at: http://www.ambest.com/ratings/guide/pdf

27. What is Personal Data Compromise Coverage?

Personal Data Compromise Coverage provides coverage for loss, theft, accidental release or accidental publication of client's personal information by or from insured in course of providing Professional Services. (See Endorsement for details.)

28. What is Cyber Coverage?

Cyber Coverage provides; First party and Third Party coverage (network security and regulatory proceedings fines and penalties). Cyber coverage Extensions; Subpoena Reimbursement, Reward Expenses, Loss Mitigation Expense, Coverage Extension – Industrial Control Systems, Supervisory Control and Data Acquisition (SCADA) Systems.

29. Should I rate for all staff that has a PTIN, including those that only prepare payroll reports?

Only include Enrolled Agents and Tax Preparers with PTINs who are providing tax preparation services under their own PTIN. If a staff member has a PTIN but is only completing payroll reports on behalf of the Enrolled Agent or other Tax preparer and not rendering tax advice or making determinations that affect tax liability, they do not need to be counted and may not need to have a PTIN - please contact the IRS for clarification.

30. Who needs a Preparer Tax Identification Number (PTIN)?

Please refer to the IRS for all guidance on PTIN requirements.

Additional scenarios can be found at http://www.irs.gov/taxpros/article/0,,id=218611,00.html#Scenarios.

This document is a summary of the coverage provided. All statements contained herein are subject to all terms, Conditions and Exclusions of the actual policy.