



## National Association of Enrolled Agents Frequently Asked Questions

**Policy Number:** ME 07336201  
**Insurer:** Interstate Fire & Casualty Company  
**Policy Period:** July 1, 2010 – July 1, 2011

### 1. Who is Interstate Fire & Casualty Company (a member of Allianz of America)?

The policy is issued by Interstate Fire & Casualty Insurance Company in all states. Interstate Fire is rated "A" by AM. Best.

"The information obtained from AM Best dated January 12, 2010 is not in any way CalSurance'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 67 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 of California ("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 of California, 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](http://www.calsurance.com/taxprep)

CalSurance Customer Service (877) 242-5998



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### 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 Interstate Fire or Fireman's Fund 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. Agents 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. 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.

### 9. Where do I report Claims?

Claims should 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](mailto:FirstReports@CalSurance.com)

**Fax:** 714-978-8023

**Via Mail:** First Reports Desk  
Lancer Claims Services  
681 S. Parker Street  
Orange, CA 92868

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### 10. 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
- 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.

### 11. 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.

### 12. 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 not subject to a deductible. This means the insurer will pay for the first dollar of your Defense Costs if the Claim is covered under this policy.

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.



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### 12. Does the policy pay for expense to defend a Claim? (cont'd)

Defense costs are paid in addition to your Limits of Liability. However, please be aware 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.

### 13. How does my deductible work?

Your deductible is applicable to Damages only. This means that your deductible does not apply if the only cost paid under this policy is related to your defense costs. There is a \$500 deductible.

### 14. 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.

### 15. 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;
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.

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 3 of this definition, above.

**There is no coverage for audits.**



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### 16. 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 purposes.

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

No

### 18. Can the insurance company cancel my coverage?

The insurance company can not 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

### 19. 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.

### 20. 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.

### 21. 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.

# Program



# Highlights

**Insurer:**

Interstate Fire & Casualty Company, a Fireman's Fund Company Rated A (Excellent): XV by AM Best\*

*\*The information obtained from A.M. Best dated January 12, 2010 is not in any way CalSurance's warranty or guaranty of the financial stability of the insurer in question, and that the information is current only as of the date of the publication.*

**Claim Administration:**

Brown & Brown of California, Inc. dba Lancer Claim Services

**Named Insured:**

Named Insured means the individual identified in the Certificate of Insurance issued to them. To qualify as a Named Insured the individual must:

1. Maintain active membership in the National Association of Enrolled Agents as of the Inception Date of this Policy;
2. Have elected to enroll for coverage under this Policy, and whose enrollment is on file with the National Association of Enrolled Agents, Us, or Our authorized agent; and
3. Have paid his or her premium for coverage under this Policy.

**Limits of Liability:**

\$500,000 Each Claim/ \$1,000,000 Aggregate

or

\$1,000,000 Each Claim / \$2,000,000 Aggregate

or

\$2,000,000 Each Claim / \$4,000,000

**Defense Costs:**

In addition to the Limits of Liability

**Retention:**

\$500 Each Per Claim

Applies to damages and defense costs

**Territory:**

This policy applies to Wrongful Acts committed by an Insured anywhere in the world, provided the Suit is brought within the United States of America, its territories or Puerto Rico.

**Coverage:**

Acts, errors or omissions arising out of rendering or failure to render Professional Services.

**Professional Services:**

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 such services on any date on which any Wrongful Act involving such services is alleged to have occurred:

1. Tax advice;
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 Service, and if permitted, any State or local tax authority; or
4. Bookkeeping.

**No coverage for audits.**

**Endorsements available for Life Agents and Registered Representatives (see policy for details).**

**Extended Reporting Period:**

If the policy is cancelled or non-renewed by the Carrier, there is a basic extended reporting period of sixty (60) days after policy termination or the end of the policy period, whichever is earlier.

A supplemental extended reporting period is available for an additional premium and for up to 3 years. Supplemental Extended Reporting Period Endorsements must be purchased within 60 days of termination of coverage.

If you should have any questions regarding this program, please contact CalSurance at 877-242-5998 or email [NAEAInsuranceProgram@calsurance.com](mailto:NAEAInsuranceProgram@calsurance.com)

This information is a summary of coverage provided. All statements contained herein are subject to all of the terms, conditions and exclusions of the actual policy. Copy of policy available by calling CalSurance 877-242-5998

Risk Purchasing Group: By applying for this insurance, Agents are applying for membership in the Financial Sales Professionals Risk Purchasing Group, a group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.). There is no additional charge for membership.

**Exclusions: (including, but not limited to)**

We shall not be liable to make any payment in connection with any **Claim** based upon, arising out of, or in any way related to

- A. Any criminal, malicious, fraudulent, knowingly wrongful, or dishonest act or omission, or willful violation of any statute or regulation committed by the **Insured** or with the knowledge, consent or approval of the **Insured**. This exclusion shall not apply unless there is a judgment or other final ruling adverse to the **Insured** in any judicial, administrative or alternative dispute resolution proceeding establishing that such acts or omissions were criminal, malicious, fraudulent, knowingly wrongful or dishonest, or that the **Insured** approved, consented to or had knowledge of such conduct. The conduct or knowledge of one **Insured** shall not be imputed to another **Insured**.
- B. The **Insured's** unjust enrichment, or obtaining any profit, remuneration or advantage to which such **Insured** was not legally entitled. However, this exclusion shall not apply unless a judgment or other final ruling adverse to the **Insured** in any judicial, administrative or alternative dispute resolution proceeding establishes that there was in fact unjust enrichment or obtaining of profit, remuneration or advantage to which such **Insured** was not legally entitled. For the purposes of this exclusion, the conduct of one **Insured** shall not be imputed to another **Insured**.
- C. Any liability assumed by the **Insured** under any contract or agreement, whether written or oral, except to the extent the **Insured** would have been legally liable in the absence of such contract or agreement.
- D. Any actual or alleged direct or indirect infringement or use of any copyright, patent, trademark, trade name, trade dress, service mark, trade secret, misappropriation of ideas, or any other infringement or misappropriation or use of any other intellectual property right.
- E. Failure to procure, place or maintain any bond or insurance or appropriate or adequate bond or insurance.
- F. Libel, slander, oral or written publication of defamatory or disparaging material, invasion of privacy, wrongful entry or eviction, violation of rights of occupancy, false arrest, false imprisonment, malicious prosecution, malicious use of or abuse of process, assault, battery, loss of consortium or any disability, shock, humiliation, embarrassment, mental injury or anguish, emotional distress or injury to personal or business reputation or character.
- G. Any **Claim** by any **Employee, Leased Worker, Temporary Worker** or any other person alleging an employment relationship with any **Insured** for any actual or alleged injury, damage or sums due of any kind arising out of any actual or alleged employment by any **Insured**, including any liability, obligation or responsibility the **Insured** may have to them as their actual or alleged employer, whether based in contract, equity, common law, statute, law, ordinance or regulation of any kind. This exclusion applies to **Claims** brought by heirs or representatives of the **Employee, Leased Worker or Temporary Worker** or to any obligation of the **Insured** to share **Damages** with or repay someone else who must pay **Damages** because of the **Claim**, or injury or damage to the actual or purported employee. However, this exclusion shall not apply to requests by any **Employee, Leased Worker or Temporary Worker** seeking defense or indemnity in any **Claim** being made against them for **Damages** arising out of the performance of **Professional Services** for or on behalf of the **Named Insured**.
- H. Any actual or alleged discrimination on any basis or harassment of any kind.
  - I. The sale, supply or distribution of any goods or products designed or manufactured by the **Insured** or by others under license or trade name from the **Insured**, including, but not limited to, computer programs and software. This exclusion does not apply to computer software designed or modified for and sold or supplied to a client of the **Insured** in connection with the **Insured's** rendering of **Professional Services** for that client.
- J. Any **Claim** made against any **Insured** by any other **Insured** or by any entity
  - 1. That is operated, managed or controlled by the **Insured** or in which the **Insured** has an ownership interest in excess of 49%; or
  - 2. In which the **Insured** is an officer or director; or
  - 3. Which wholly or partly owns, operates, or manages the **Insured**.
- K. Any express warranties and guarantees. However, this limitation does not apply to a warranty or guarantee by the **Insured** that the **Insured's Professional Services** are in conformity with the standard of care applicable to that **Professional Service**.
- L. The **Insured's** unauthorized recording, use of or dissemination of confidential, privileged or non-public material or information for any purpose whatsoever.
- M. Any actual or alleged
  - 1. Bodily injury, including sickness, injury, disease or death of any person, provided, however, this exclusion shall not apply to emotional distress or mental anguish solely based upon or arising out of the **Insured's** rendering of or failure to render **Professional Services**, or
  - 2. Trespass, nuisance, inverse condemnation, temporary or permanent taking, adverse possession or dedication by adverse use involving any real property; or the destruction, loss, theft, conversion, loss of use, diminution in value of, or injury to, any real or personal property; provided, however, this exclusion shall not apply to client records that an **Insured** has in their care, custody or control, or over which an **Insured** is exercising physical control for any reason.
- N. For any actual or alleged violation of
  - 1. the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940 or any state securities or Blue Sky statutes, including any rules or regulations promulgated under any of the foregoing, or,
  - 2. The rules or regulations of
    - a. Any self-regulating organization, including but not limited to, FINRA or its predecessors, or
    - b. Any state insurance or securities department, commission or agency.
- O. Any actual or alleged violation of
  - 1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
  - 2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
  - 3. The Fair and Accurate Credit Transaction Act of 2003 (FACTA), part of The Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681 et. seq., including any amendment of or addition to such law;
  - 4. Any statute, ordinance or regulation other than the TCPA, FACTA, FCRA or CAN-SPAM Act of 2003 that prohibits or limits the sending, transmitting, communicating, or distribution of material or information, or the inclusion of full credit card numbers or credit card expiration dates on any receipts provided to customers at the time of a credit card transaction or handling of or dissemination of personal financial or other information;
  - 5. The Health Insurance Portability Accountability Act of 1996 (HIPAA), including any amendment of or addition to such law, and any rules or regulations promulgated pursuant to such law; or
  - 6. The Employee Retirement Income Security Act of 1974, (ERISA) including any amendments or additions to such law, and any rules or regulations promulgated pursuant to such law.
- P. Any breach of a data-security system, or unauthorized access or use of or tampering with data or systems.
- Q. Notary services performed in the absence of the physical presence of the person whose signature is notarized.
- R. Any **Insured's** obligations or services as a fiduciary or trustee under the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Pension Benefits Act, including any rules or regulations promulgated under any of the foregoing, or any similar provisions of any state statutory law or common law.
- S. Any **Insured's** actions, activities, responsibilities or duties as a third party administrator of any benefit plan, whether insured or self-insured.