

PROGRAM HIGHLIGHTS



Insurer

Markel American Insurance Company,
Rated A: XV (Excellent) by A.M. Best*

*The information obtained from A.M. Best dated December 13, 2019 is not in any way CalSurance Associates' warranty or guaranty of the financial stability of the insurer in question, and that the information is current only as of the date of publication.

Producer & Program Administrator

CalSurance Associates

A Division of Brown & Brown Program Insurance Services, Inc.

California License # 0B02587

Phone: (800) 745-7189 Fax: (800) 607-6875

Email: alliance@calsurance.com

Monday through Friday Hours: 7:00 a.m. To 5:00 p.m. (PST)

Direct Online Enrollment: www.calsurance.com/CMS

Risk Purchasing Group

By applying for this insurance Agents are applying for membership in the Financial Sales Professionals 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.

Claims Administration

Lancer Claims Services

A Division of Brown & Brown Program Insurance Services, Inc.

Named Insured

Member Agencies who have paid the premium and whose names are on file with the insurer.

Limits of Liability

\$1,000,000 Per Claim/\$3,000,000 Aggregate; or

\$2,000,000 Per Claim/\$4,000,000 Aggregate; or

\$3,000,000 Per Claim/\$3,000,000 Aggregate; or

\$5,000,000 Per Claim/\$5,000,000 Aggregate.

Important Note: Each enrolled agency is provided their own Limits of Liability just as if they had purchased a stand alone policy. This program has no policy aggregate Limits of Liability.

Deductibles

\$1,000,000/\$3,000,000 Limit Option:

\$2,500 per Claim/\$7,500 Aggregate

All other Limit Options:

\$5,000 per Claim/\$15,000 Aggregate

Deductible is applicable to damages only.

Defense Costs

In Addition to the Limits of Liability subject to a maximum of \$1,000,000

CalSurance Associates

A Division of Brown & Brown

Program Insurance Services, Inc.

681 S. Parker St., #300 Orange, CA 92868

800-745-7189 M-F 7:00AM - 5:00 PM PST

Retroactive Date

The Retroactive Date will be the inception Date of the Agent's first claims-made property and casualty insurance agent's professional liability policy from which date coverage has been maintained in force without interruption or the Retroactive Date shown on the Agent's P&C Professional Liability policy which immediately preceded the first policy Markel American Insurance Company issued to the Agent.

Coverage

- Acts, errors or omissions arising out of the rendering or failure to render Professional Services.
- Personal Injury caused by an offense arising out of rendering or failing to render Professional Services.

Covered Professional Services

1. The solicitation, sale or servicing of the following:
 - a. Life insurance, accident and health insurance, disability income insurance and annuities;
 - b. Workers' compensation as part of a 24-hour accident and health product;
 - c. Property and Casualty insurance (including crop);
 - d. Financial planning, advice and consultation solely in connection with any of the products listed in a. - c.; or
 - e. Notary Public.

Professional Services shall not include the solicitation, sale or administration of the following:

- a. Multiple Employer Welfare Arrangements or Voluntary Employee Beneficiary Associations, as defined by the Employee Retirement Income Security Act of 1974 and any amendments thereto; or
- b. Section 79, 83, 412, 419 Plans or any other plans developed to provide tax deductions and advantages under the Internal

Duty to Defend Yes, to those claims for which coverage applies.

Territory Worldwide; suit must be brought in U.S., its territories or possessions.

Extended Reporting Period

If an Agent or Managing Agent becomes disabled, retires from the business of providing Professional Services in accordance with the formal retirement procedures of the Sponsoring Company, (this includes the sale of an agency's book of business), or dies, then such Insured or the estate of the deceased Insured shall have an automatic Extended Reporting Period of 2 years commencing on the date of the Insured's disability, retirement or death and ending 24 months thereafter during which to report Claims for Wrongful Acts or Management Wrongful Acts occurring on or after the Retroactive Date but before the Insured's disability, retirement or death. A Claim reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of a Wrongful Acts or Management Wrongful Acts that may result in Claims may not be reported during this Extended Reporting Period.

This is a group sponsored Errors & Omissions program. Coverage is underwritten by Markel American Insurance Company. Please review the policy and program materials. A complete copy of the specimen policy is available by calling 800-745-7189 or by visiting www.calsurance.com/CMS. 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. In all circumstances the actual policy language will prevail.

EXCLUSIONS (including, but not limited to): This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for any **Claim**:

- A. For any actual or alleged sickness, disease, death or other bodily injury, including, but not limited to, emotional distress and mental anguish, or damage to or destruction of property, including loss of use thereof;
- B. Against an **Insured**:
 - 1. By or on behalf of any other **Insured**, any enterprise that owns, operates or controls an **Insured** or any enterprise that an **Insured** owns, operates or controls, provided, however, that this Exclusion shall not apply to any **Claim** otherwise covered under Section I – Insuring Agreement **B. Managing Agents Management Liability**;
 - 2. By or on behalf of any individual, company or entity that is not a client of the **Insured**, including, but not limited to, an insurance company or insurance agent or broker; provided, however, that this exclusion shall not apply to a **Claim** brought by or on behalf of an actual or alleged beneficiary of a product referenced in Paragraph 1. of Definition **P. Professional Services** above;
- C. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving:
 - 1. Any **Wrongful Act** or **Management Wrongful Act** alleged in any **Claim** which has been reported, or any circumstance of which notice has been given, prior to the **Policy Period**, or before the effective date of the **Insured's** enrollment for coverage, under any other policy; or
 - 2. Any other **Wrongful Act** or **Management Wrongful Act**, whenever occurring, which together with a **Wrongful Act** or **Management Wrongful Act** which has been the subject of such **Claim** or notice, would constitute **Interrelated Wrongful Acts** or **Interrelated Management Wrongful Acts**, regardless of the legal grounds upon which such **Claim** is predicated upon any:
 - a. **Claim**, demand, suit, proceeding or investigation of which the **Insured** had knowledge, pending on or prior to the inception date of the **Policy Period**, or before the effective date of the **Insured's** enrollment for coverage hereunder; or
 - b. Fact, matter, circumstance, situation, transaction or event underlying or alleged in such demand, suit, proceeding, **Claim** or investigation, regardless of the legal grounds upon which such **Claim** is predicated;
- D. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any:
 - 1. Actual or alleged dishonest, purposeful, malicious, fraudulent or criminal act or willful violation of any federal, state or local statute, by, at the direction of or with the knowledge of any **Insured**; or
 - 2. Gaining of profit, remuneration or monetary advantage to which an **Insured** is not legally entitled.However, the **Insurer** shall continue to defend a **Claim** alleging any of the foregoing conduct until there is a judgment, final adjudication, adverse admission or finding of fact against any **Insured** as to such conduct, at which time the **Insured** shall reimburse the **Insurer** for the costs of defending the **Claim**. Moreover, an actual or alleged dishonest, purposeful, malicious, fraudulent or criminal act or willful violation of any federal, state or local statute of one **Agent** or **Managing Agent** will not be imputed to another **Agent** or **Managing Agent**;
- E. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged conversion, commingling, use, handling, entrustment, safeguarding, inability to pay or failure to pay premiums, funds or any form of money;
- F. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged liability of others assumed by any **Insured** under an agreement, contract, guarantee or warranty unless the **Insured** would be liable in the absence of such agreement, contract, guarantee or warranty;
- G. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged rendering of services as an actuary, accountant, attorney, real estate agent, real estate broker, third-party claims administrator or expert witness, regardless of whether such services are incidental to the rendering of **Professional Services**; however, this exclusion shall not apply to tax advice provided to a client as a necessary part of rendering **Professional Services**;
- H. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged placement of a client's coverage or funds, directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed or authorized to do business in the state or jurisdiction with authority to regulate such business; however, this exclusion shall not apply to a **Claim** based upon or arising out of the placement of insurance or coverage with an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;
- I. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged insolvency, receivership, conservatorship, liquidation, bankruptcy, failure or inability to pay of any company, organization, entity, vehicle or arrangement of any nature in which an **Insured** placed, recommended to be placed or obtained coverage or in which an **Insured** placed, recommended to be placed funds or an investment of any nature; however, this exclusion shall not apply to a **Claim** based upon or arising out of the placement, recommendation for placement or obtaining coverage with an insurance company rated by A.M Best's as B+ or better at the time when coverage is placed, recommended or obtained;
- J. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any pension plan, profit sharing plan, health and welfare or any other employee benefit plan or trust sponsored by an **Insured**, in which an **Insured** is a participant, trustee or named fiduciary;
- K. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any pension plan, profit sharing plan, health and welfare or any other employee benefit plan or trustor which are self-funded, in whole or in part;
- L. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any ownership, formation, operation or administration of any insurance company, captive, risk retention group, self-insurance program or purchasing group;
- M. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged:
 - 1. Unfair competition;
 - 2. Anti-competitive acts;
 - 3. Restraint of trade;

INDIUM EXCLUSIONS (including, but not limited to): This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for any **Claim** (continued):

4. Price fixing;
 5. Monopolization;
 6. Misuse of confidential or proprietary information;
 7. Copyright, patent, trade mark or trade secret infringement;
 8. Piracy, theft or conversion of ideas, employees, contacts or business methods; or
 9. Illegal, improper or deceptive advertisement;
- N. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged actual or alleged discrimination or harassment in any form or manner;
- O. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any failure, malfunction or breakdown of any computers, electrical, electronic or mechanical systems or machines;
- P. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged notarization of documents without authorization or without the signatory's actual presence before an **Insured**;
- Q. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged guarantee, promise or warranty as to interest rates, market values, earnings, future values or future premiums or payments in connection with variable life insurance, variable annuities, scheduled premium annuities, mutual funds or **Securities**;
- R. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any **Securities** (other than variable life insurance, variable annuities and mutual funds) that were not authorized or approved by and actually processed through the **Broker/Dealer**;
- S. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any function of an **Insured** as a specialist or market maker for any **Securities**, an **Insured** failing to make a market for any **Securities**, or the purchase, sale or failure to sell **Securities** when the **Insured** is a specialist or market maker for such **Securities**;
- T. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving an **Insured's** actual or alleged exercise of discretionary authority over a client's assets, funds or liabilities, undertaking of trades or transactions on a discretionary basis or any trading or transactions without the express authority of a client; however, this exclusion shall not apply to an **Insured** providing asset allocation services pursuant to a written contract for a client's account that is funded exclusively with no-load mutual funds, no-load variable annuities, no-load variable life insurance or any investment for which no **Insured** received a commission;
- U. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving:
1. Promissory notes, viatical or life settlements, or any **Securities** backed by either viatical or life settlements;
 2. Commodities, commodity futures and option contracts, except for option contracts that are covered by ownership of the underlying **Securities**, cash or cash equivalent, not including margin;
 3. Any "junk bonds" or "high yield bonds" (for purposes of this exclusion, "junk bonds" or "high yield bonds" mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency, including, but not limited to, Moody's bonds of Ba or lower or S&P bonds of BB or lower);
 4. Any **Securities** sold exclusively outside of the United States of America or Canada;
 5. Actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, fairness opinions, spin-offs, primary or secondary offerings of **Securities** (regardless of whether the offering is a public offering or a private placement) or other efforts to raise or furnish capital or financing for any company, corporation, enterprise or entity or disclosure requirements in connection with any of the foregoing, as well as any other investment banking activities;
 6. Structured settlements; however, this exclusion shall not apply to a **Claim** arising out of or based upon the sale or servicing of the underlying product, if otherwise covered by this Policy; and
 7. Any **Securities** that are wholly or partially owned by any **Insured**; and
- V. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving actual or alleged use or disclosure, aiding or abetting use or disclosure or participation after the fact in use or disclosure of non-public or insider information as prohibited by any federal, state or local laws, statutes, regulations or ordinances, including but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Securities Exchange Commission Rule 10b-5 thereunder;
- W. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving, actual or alleged advice, consultation or recommendations of any type of mortgage, including, but not limited to, a reverse mortgage, regardless of whether an incidental part of the rendering of **Professional Services**.
- X. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving Callable CD's, ETS/ATM payphones, Debentures, CDO's, CMO's, 412(i), 419 Plans, unregistered securities, Medical Capital Note Programs, Desert Capital REIT, Provident Royalties, DBSI Management Products, Black Diamond Program, Shale Royalties, IMH Secured Loan, LLC, Geneva Exchange, LLC/The Geneva Organization;
- Y. Any **Claim** based upon or arising out of water intrusion, condensation or other accumulation of moisture that results directly or indirectly in the presence of 1. any FUNGUS(I) or SPORE(S); or 2. any substance, vapor or gas produced by or arising out of any FUNGUS(I) or SPORE(S).



Agents Affiliated with CMS Insurance

Program Period: July 1, 2020 - July 1, 2021

Claims Made and Reported Errors and Omissions Coverage



Instructions: Complete ALL sections of this form and include your signature at the bottom. Return this form along with payment to: CMS Insurance, 600 S. Church St., Ripley, WV 25271. Coverage Questions: Call CalSurance Associates at (800) 745-7189 or email at info@calsurance.com. Reminder: ALL sections must be completed. Incomplete forms will take additional time to process.

Certificates of Insurance: Call CalSurance Associates at (800) 745-7189 or Go online: www.calsurance.com/CMS - Certificate Reprint - Sponsoring Company - CMS Insurance

By purchasing this insurance, agents become members of the Financial Sales Professionals 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

1. Eligibility Requirements

If you answer "Yes" to any of Questions 2-8, please provide an explanation and/or documentation along with this form. Enrollment in this program is not guaranteed.

1. What is your agency's gross revenue over the last 12 month period?

2. Has your agency had more than 1 and/or \$25,000 in total incurred claims (paid + reserves) in the past 5 years?
 Yes/Agree No/Disagree
3. Have your agency's principals, officers, and/or employees ever been the subject of a complaint, reprimand, disciplinary, or criminal action by any federal, state, or local authorities as a result of their professional services? Yes/Agree No/Disagree
4. Does your agency derive revenue of more than 15% operating as an MGA, wholesaler, surplus lines broker, real estate agent/broker, or claims TPA? Yes/Agree No/Disagree
5. Does your agency own, operate, manage, administer, or place business in Alternative Risk Transfer arrangements, Captives, Risk Retention Groups, Risk Purchasing Groups, Professional Employer Organizations (PEO's) or partially or wholly self-insured groups or trusts? Yes/Agree No/Disagree
6. Is 15% or more of your agency's total annual commission derived from the sale/servicing of variable life, variable annuities, mutual funds, or any related financial planning activities?
 Yes/Agree No/Disagree
7. Is 15% or more of your agency's total annual commission derived from the sale/servicing of Long Haul Trucking, Aviation, Professional Liability/Medical Malpractice, and Crop Insurance?
 Yes/Agree No/Disagree
8. Is 60% or more of your agency' P&C total annual commission derived from Commercial Lines Insurance Products?
 Yes/Agree No/Disagree

2. Selection of Options

Effective Date of Coverage (MM/DD/YYYY):

		-	0	1	-				
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Notice: Effective date of coverage cannot be backdated to a prior month. Coverage expires on July 1, 2021. Premiums will be prorated accordingly.

Enter amount from Calculation Worksheet:

\$

3. Your Information (Please Print Clearly)

Agency Name: _____

Agency Principal Name (first, middle initial and last): _____

Street Address: _____

City: _____ State: _____ Zip: _____

Daytime Phone: _____ - _____ - _____

E-Mail: _____

4. Payment Options

Make check payable to CMS Insurance for the full premium. Mail Check, Enrollment Form and Premium Calculation Worksheet to: CMS Insurance, 600 S. Church St., Ripley, WV 25371

5. Notices & Warranty Statement (Signature Required)

NOTICE: I must be a currently licensed insurance Agent and carry an active agency agreement with CMS Insurance to be eligible for this program. Otherwise, I will not be considered an Insured under this program and no claims made against me will be covered.

I warrant that I am a currently licensed insurance Agent and carry an active agency agreement with CMS Insurance.

NOTICE: This is a claims made and reported policy. If I have knowledge of any claim or incident that could give rise to a claim under the proposed policy and any claim or action arises therefrom, it is excluded from coverage for which this form applies. A potential gap in coverage may occur if I elect an effective date that is not continuous with my prior expiration date, and may result in the denial of a claim.

I warrant that I have no knowledge of any pending claim or incident that could give rise to a claim under the proposed policy.

I acknowledge that the specimen policy and program materials have been delivered to me via www.calsurance.com/CMS. I have reviewed these documents prior to enrolling in the program.

I warrant and represent that the above statements are true and that I have not suppressed or misstated any material facts and I agree that this application shall be the basis of the contract with the company issuing the policy. It is understood that completion of this application does not bind the company to issue nor the applicant to purchase the insurance.

I acknowledge that I have reviewed the program materials prior to enrolling in this program.

Agency Principal Signature: _____

Today's Date: _____



CMS Insurance E&O Program



Program Period: July 1, 2020 - July 1, 2021

PREMIUM CALCULATION WORKSHEET

Annual Premium Matrix				
	\$1,000,000 Per Claim/ \$3,000,000 Aggregate Limits of Liability	\$2,000,000 Per Claim/ \$4,000,000 Aggregate Limits of Liability	\$3,000,000 Per Claim/ \$5,000,000 Aggregate Limits of Liability	\$5,000,000 Per Claim/ \$5,000,000 Aggregate Limits of Liability
	\$2,500 Per Claim/ \$7,500 Aggregate Deductible	\$5,000 Per Claim/ \$15,000 Aggregate Deductible	\$5,000 Deductible/ \$15,000 Aggregate Deductible	\$5,000 Per Claim/ \$15,000 Aggregate Deductible
Revenue				
Between \$0 and \$250,000	\$1,575	\$3,150	\$4,725	\$7,000
Between \$250,000 and \$500,000	\$2,100	\$3,150	\$4,725	\$7,000
Between \$500,000 and \$1,000,000	\$3,150	\$4,725	\$6,500	\$9,500
Between \$1,000,000 and \$1,500,000	\$5,250	\$7,000	\$10,000	\$15,000
Over \$1,500,000	Will be individually quoted.			

Effective Date	Mid-Term Enrollment Factor	Premium Calculation
July 1, 2020	1.000	A. Annual Premium from above matrix based on selected limits and Annual Revenue: \$
August 1, 2020	0.915	
September 1, 2020	0.830	
October 1, 2020	0.748	B. Mid-term Enrollment Factor from chart on the left based on selected Effective Date:
November 1, 2020	0.663	
December 1, 2020	0.581	
January 1, 2021	0.496	C. Premium to July 1, 2021: (A x B) \$
February 1, 2021	0.411	D. CalSurance Administrative Fee: \$ 35.00
March 1, 2021	0.334	
April 1, 2021	0.249	
May 1, 2021	0.167	E. Total Amount Due: (C + D) \$
June 1, 2021	0.082	