

# Smart Choice E&O Program Outline of Coverage



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

\*The information obtained from A.M. Best dated September 11, 2020 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.  
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**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.

**Effective Date:** April 1, 2021 - April 1, 2022

**Named Insured:** Agents/Agencies of Worldwide Insurance Network, Inc dba Smart Choice.

**Limits of Liability:**  
\$1,000,000/\$1,000,000; or  
\$2,000,000/\$2,000,000.

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 (Deductibles Applicable to Damages Only):**  
\$2,500 each Claim for all covered products; or  
\$5,000 each Claim for all covered products

**Defense Costs:** Outside the limit of liability capped at \$1,000,000

**Retroactive Date:** The earlier of: the date of first continuous contract with Smart Choice or the date of first continuous claims made E&O coverage for all other covered products.

**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.

**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, 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.

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

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

## Covered Professional Services

### Level I

The sale or servicing of:

- Property and Casualty Insurance;
- Workers Compensation Insurance;
- Life Insurance (other than Variable Life Insurance Products), Accident and Health Insurance, Disability Income Insurance or Fixed Annuities, including individual Retirement Annuities; or
- Expert witness testimony for the products listed herein in a., b., and c.

Professional Services does not include the sale or servicing of any plan or arrangement operating as Multiple Employer Welfare Arrangement (as defined in the Employee Retirement Income Security Act of 1974 including any amendments thereto).

### Level II

Includes all coverage provided in Level I above, plus the following for an additional premium:

- Group Benefit Plans or Disability Plans provided such Plans are fully insured at all times but not including Group or Ordinary Pension or Profit Sharing Plans; or
- Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance; and
- Mutual Funds registered with the U.S. Securities and Exchange Commission and sold by a licensed Registered Representative through a Financial Industry Regulatory Authority (FINRA) licensed Broker/Dealer.

*\*Important Note: Covered products specific to Coverage Level II are subject to sub-limits of \$1,000,000/\$1,000,000, regardless to limits elected.*

**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**

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/smchoice](http://www.calsurance.com/smchoice). 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;

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/schoice](http://www.calsurance.com/schoice). 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) (continued):

This Policy shall not apply to, and the Insurer shall pay neither Damages nor Claim Expenses for, any Claim:

- 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;
  - 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.

**EXCLUSIONS (including, but not limited to) (continued):**

This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for, any **Claim**:

- 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).