

# **Messer Financial Group**

## **Errors & Omissions Insurance Outline of Coverage**

**Underwritten by:** Arch Insurance Company  
Rated: A+ (Superior) XV A.M. Best\*

\*The information obtained from A.M. best date December 4, 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 the publication.

**Policy Number:** CAP0064733-01

### **Risk Purchasing Group Membership:**

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 3901et seq.). There is no additional charge for this membership.

### **Limits of Liability (no policy aggregate):**

\$1,000,000 Each Claim  
\$1,000,000 Aggregate each Agent; or  
\$1,000,000 Each Claim  
\$3,000,000 Aggregate each Agent; or  
\$2,000,000 Each Claim  
\$2,000,000 Aggregate each Agent

**Defense Costs:** Included in the Limits of Liability

### **Deductibles: (applies to Damages & Defense Costs)**

\$ 500 each Claim each Agent for Messer Financial Group carriers' products  
\$1,500 each Claim each Agent for all other covered products

### **Insureds:**

1. Agents affiliated with Messer Financial Group who have enrolled in the program and paid their premium;
2. a corporation, partnership or other business entity owned and controlled by an Agent but solely with respect to the liability of such organization as it arises out of the Agent rendering or failing to render Professional Services;
3. an employee acting in his or her capacity as such and on behalf of an Agent but solely with respect to liability of such employee as it arises out of the Agent rendering or failing to render Professional Services; and
4. heirs, executors, administrators or legal representatives of an Agent in the event of death, incapacity or bankruptcy.

### **Professional Services:**

1. The solicitation, sale or servicing of:  
**Level I:** Fixed life, accident and health, long-term care, disability income and Medicare Supplement insurance;  
**Level II:** Level I products above plus Fixed and Equity Indexed Annuities;  
**Optional:** Property and Casualty Insurance (additional premium applies);

### **Professional Services: (continued)**

2. The solicitation, sale or servicing of group life, accident and health plans, provided such plans are fully insured at all times;
3. Financial planning, advice and consultation solely in connection with any of the products listed in paragraph 1 and 2 above.
4. Services as a Notary Public.

### **Network Security Breach and Privacy Coverage:**

\$25,000 Limit; \$5,000 Deductible

### **Crisis Management Expense, Credit Monitoring and Data Restoration Costs:**

\$10,000 Limit; \$5,000 Deductible

### **Retroactive Date/Prior Acts:**

Date of Agent's first continuously maintained Life Insurance Agents E&O policy. Proof of such coverage satisfactory to the carrier will be required in the event of a claim.

### **Extended Reporting Period (ERP):**

If an agent's contract with all affiliated companies of Messer Financial Group, Inc. terminates for any reason, coverage will cease as of date of termination.

A One-year automatic ERP is provided to Insured Agents whose contract becomes terminated during the policy year, as long as not for disciplinary reasons, at no additional premium charge.

A Two-year automatic ERP is provided to Insured Agents who become retired, disabled or deceased during the policy year at no additional premium charge.

If such termination is in conjunction with retirement, disability or death, the following ERP options are available for purchase:

- 3 year at 200% of expiring annual premium;
- 5 year at 300% of expiring annual premium; or
- Unlimited at 400% of expiring annual premium.

### **Program Administration:**

CalSurance Associates  
A Division of Brown & Brown Program Insurance Services, Inc.  
California License Number: 0B02587  
Phone: (800) 745-7189

### **Claims Administration:**

Lancer Claim Services  
A Division of Brown & Brown Program Insurance Services, Inc.  
681 S. Parker Street  
Suite 300  
Orange, CA 92868  
Phone: (800) 821-0540

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

This Policy does not apply to any Claim:

- A. based upon, arising out of or in any way involving any fact, circumstance or situation which has been the subject of any written notice given under any policy of which this Policy is a direct or indirect renewal or replacement or which preceded this Policy;
- B. based upon, arising out of or in any way involving any act, error or omission occurring prior to the date of the Agent's initial enrollment as an Insured under this Policy or a previously issued policy by the Insurer if on the date of initial enrollment the Agent had knowledge of any act, error or omission which could reasonably be expected to result in a Claim;
- C. based upon, arising out of or in any way involving any prior or pending litigation against any Insured filed on or before the inception date of this Policy or under any other policy of which this Policy is a renewal, whichever is earlier, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- D. based upon, arising out of or in any way involving any dishonest, fraudulent, criminal, malicious or purposeful act, error or omission committed by or at the direction of an Insured; however, notwithstanding the foregoing, the Insured shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the Insured shall reimburse the Insurer for all Defense Costs incurred by the Insurer;
- E. based upon, arising out of or in any way involving an Insured gaining, in fact, any profit, remuneration or pecuniary advantage to which the Insured was not legally entitled;
- F. based upon, arising out of or in any way involving a willful violation of the rules or regulations of the National Association of Securities Dealers, Securities and Exchange Commission, Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, or the Investment Advisors Act of 1940 and any amendments thereto, or of any state securities statute or state regulatory agency;
- G. based upon, arising out of or in any way involving any commingling of or improper use of client funds;
- H. based upon, arising out of or in any way involving investment products partially or totally owned by the Insured;
- I. based upon, arising out of or in any way involving bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;
- J. based upon, arising out of or in any way involving discrimination as defined by federal, state or local statute, regulation, law or ordinance;
- K. based upon, arising out of or in any way involving the liability of others assumed by the Insured under any contract or agreement unless such liability would have attached to the Insured even in the absence of such agreement;
- L. based upon, arising out of or in any way involving any pension, profit sharing, health and welfare, or other employee benefit plan or trust sponsored by the Insured as an employer;
- M. based upon, arising out of or in any way involving any professional services performed by the Insured as an actuary, accountant, attorney, real estate agent or real estate broker, property/casualty insurance agent or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section III. M. 1; and
- N. based upon, arising out of or in any way involving insolvency, receivership, conservatorship, liquidation, bankruptcy, inability or refusal to pay of any organization, entity or vehicle of any kind, nature or structure in which the Insured has placed, recommended to be placed or obtained coverage or in which an Insured has placed or recommended to be placed the funds of a client or account; however, this Exclusion shall not apply if such organization, entity or vehicle is an insurance company that was rated B++ at the time the Insured placed, recommended to be placed or obtained such coverage for a client in such insurance company or in which an Insured has placed such funds of a client or account;
- O. based upon, arising out of or in any way involving the Insured's inability or refusal to pay or collect premium, claim or tax monies;
- P. brought or maintained, directly or indirectly, by or on behalf of:
  - 1. an Insured, however, this Exclusion shall not apply to a Claim covered under Section 1. B;
  - 2. any insurance company or Broker/Dealer;
  - 3. any insurance agent or broker;
  - 4. any individual or entity that is not a client of an Insured; however, this Exclusion shall not apply to a Claim brought by an individual or entity who is an alleged beneficiary or heir, executor or administrator of a deceased client of an Insured;
  - 5. any enterprise that owns, operates, controls or manages an Insured;
  - 6. an enterprise which an Insured owns, operates, controls or manages; or
  - 7. any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, National Association of Securities Dealers, the Securities Investor Protection Corporation, or any state or federal securities or insurance commission or agency; however, this Exclusion shall not apply to a Claim brought by or on behalf of such official or entity in its capacity as a client of an Insured;
- Q. based upon, arising out of or in any way involving the use of confidential information by an Insured, including but not limited to such use for the purpose of replacement of coverage;

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

- R. based upon, arising out of or in any way involving the 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 to do business in the state or jurisdiction with authority to regulate such business; however, this Exclusion shall not apply to any Claim arising from or contributed to by the placement of a client's coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;
- S. based upon, arising out of or in any way involving the offering, sale or servicing of structured settlements; however, this Exclusion shall not apply to a Claim arising out of the selling or servicing of the underlying covered product;
- T. based upon, arising out of or in any way involving the ownership, formation, operation, or administration of a health maintenance organization, preferred provider organization, captive, risk retention group, self-insurance program or purchasing group;
- U. based upon, arising out of or in any way involving the placement of coverage with a Multiple Employer Welfare Arrangement;
- V. Based solely upon a loss alleged to have been sustained through fluctuation in market value of any security;
- W. based upon, arising out of or in any way involving any Securities (other than variable annuities, variable life insurance and mutual funds) that were not authorized or approved by the Broker/Dealer subsidiary of the Sponsoring Company or Securities that were not processed through the Broker/Dealer subsidiary of the Sponsoring Company
- X. based upon, arising out of or in any way involving:
1. any function of an Insured as a specialist or market maker for any Securities;
  2. an Insured failing to make a market for any Securities; or
  3. the purchase, sale or failure to purchase or sell Securities when the Insured is a specialist or market maker for such Securities;
- Y. based upon, arising out of or in any way involving any activities in connection with any equity securities priced under five dollars (\$5.00) at the time of purchase; however, this Exclusion shall not apply if the security is: (1) registered or approved for authorization upon notice of issuance on a national exchange; (2) authorized or approved for authorization upon notice of issuance, for quotation in the NASDAQ system; or (3) issued by an investment company registered under the Investment Company Act of 1940 and any amendments thereto. For the purposes of this Exclusion, any equity security which is listed on the NASDAQ bulletin board or pink sheets shall not be considered approved for authorization upon notice of issuance for quotation in the NASDAQ system.
- Z. based upon, arising out of or in any way involving the purchase, sale or the giving of advice regarding promissory notes, viatical or life settlements or any Security backed by viatical settlements, commodities, commodity future contracts, or option contracts other than covered call options; or
- AA. based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding "junk bonds" or "high yield bonds". For purposes of this Exclusion, "junk bonds" or "high yield bonds" shall mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency (including but limited to Moody's rated bonds of Ba or lower or S&P rated bonds of BB or lower);
- BB. based upon, arising out of or in any way involving any Professional Services in which a life insurance policy premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;
- CC. based upon, arising out of or in any way involving, in whole or in part, the solicitation, sale, servicing, recommendation, advice, consultation and/or financial planning with respect to investments, offerings, purported loans, advances, income streams, products, contracts and/or agreements of any type or nature issued or provided by Future Income Payments, LLC and/or any affiliated or related company, organization or entity, including, but not limited to:
- FIP LLC;  
Cash Flow Investment Partners LLC  
Pension Advance LLC  
BuySellAnnuity LLC  
Cash Flow Investment Partners East LLC;  
Cash Flow Investment Partners MidEast LLC;  
Lumpsum Pension Advance Atlantic LLC'  
Lumpsum Pension Advance Southeast, LLC'  
Lumpsum Pension Advance West LLC;  
PAS California LLC;  
PAS Great Lakes LLC;  
PAS Northeast LLC;  
PAS Southwest LLC;  
Pension Advance Carolina LLC;  
Pension Advance Midwest LLC; and/or  
Pension Loans South LLC;
- and/or any other company, organization or entity that provides investments, offerings, purported loans, advances, income streams, products, contracts and/or agreements of any type or nature similar to those issued or provided by FIP, in connection with the acceleration or lump sum payments of pension or retirement benefits (hereinafter "FIP," collectively).