

**A+ (A Plus)**  
**Agents' E&O Insurance Program**  
**Coverage Outline**

**Policy Period:**

November 1, 2023 to November 1, 2024

**Insurer:**

Berkley Insurance Company  
Rated A+ (Superior): XV by A.M. Best & Company

The information obtained from A.M. Best 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, June 1, 2023.

**Policy Number:**

BPRO8100816

**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 this membership.

**Limit of Liability:**  
**(Defense Costs are inside the Limits of Liability)**

Option 1	\$1,000,000 each Claim \$1,000,000 Aggregate
Option 2	\$1,000,000 each Claim \$2,000,000 Aggregate
Option 3	\$2,000,000 each Claim \$2,000,000 Aggregate

**Policy Aggregate Limit of Liability:**

\$10,000,000

**Deductible (applies to Damages and Defense Costs):**

\$500	applicable to each claim involving Insurance Products, Medicare Advantage Plans, or Medicare Supplemental Insurance.
\$2,500	applicable to each claim involving Disability Income Insurance, Fixed or Indexed Annuities
\$5,000	applicable to each claim involving Employee Benefit Plans, Mutual Funds, and Variable Annuities.

**Coverage (included by not limited to):**

The Insurer shall pay on behalf of the Insured all Damages and Defense Costs in excess of the deductible amount identified in the Insured's Certificate of Insurance which the Insured shall become legally obligated to pay because of a Claim first made against the Insured during the Policy Period or an Extended Reporting Period, if applicable, for a Wrongful act committed on or after the Retroactive Date by the Insured solely in the rendering or failing to render Professional Services.

**Retroactive Date:**

means the inception date of the Agent's first claims-made insurance agents professional liability policy from which date coverage has been maintained in force without interruption. The "Retroactive Date" for the Insureds shall be the same as applicable to the Agent whose Wrongful act gave rise to the Claim or the Agent who is responsible for the Wrongful act of such other Insureds.

**Extended Reporting Period (ERP):**

Automatic 1 year from termination of membership with the sponsoring organization.  
Optional 2 years at 200% of last premium if the agent becomes disabled or retires. Must purchase within 60 days of termination.

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**Insured Includes:**

1. an "Agent";
2. a corporation, partnership or other business entity owned and controlled by an "Agent" or on whose behalf the "Agent" provides "Professional Services" for others 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 include:**

Coverage Level I

The sale or servicing of:

- a. Life insurance, accident and health insurance, disability income insurance, indexed annuities and fixed annuities, Medicare Advantage and Medicare Supplemental Insurance;
- b. Notary Public services;

Coverage Level II (Includes Coverage Level I)

The sale or servicing of:

- c. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance (if purchased);
- d. Employee Benefit Plans, the sale of such Plans only. However, "Professional Services" shall not include the servicing or administration of such Plans (if purchased);
- e. 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" (if purchased); and
- f. Financial planning, advice and consultation solely in connection with any of the products listed in Subsection 1.

**Duty to Defend?**

Yes, to those claims for which coverage applies

**Program Administration:**

CalSurance Associates, a Division of Brown & Brown Program Insurance Services, Inc.

**Claims Administration:**

Berkley Professional Liability, LLC

**Exclusions (included by not limited to):**

This Policy does not apply to any Claim based upon, arising out of, directly or indirectly, or in any way involving:

- A. 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. Any "Wrongful act" 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 "Wrongful act" which could reasonably be expected to result in a "Claim";
- C. 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. 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 "Defense Costs", subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication adverse to an Insured. In such event, the "Insured" shall reimburse the Insurer for all "Defense Costs" incurred by the Insurer;
- E. Any "Insured" gaining, in fact, any profit, remuneration or pecuniary advantage to which the "Insured" was not legally entitled;

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- F. Any willful violation of the rules or regulations of the Financial Industry Regulatory Authority, 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. Any commingling of or improper use of client funds;
- H. Any investment products partially or totally owned by the "Insured";
- I. Any bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;
- J. Any alleged discrimination as defined by federal, state or local statute, regulation, law or ordinance;
- K. Any 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. Any pension, profit sharing, health and welfare, or other employee benefit plan or trust sponsored by the "Insured" as an employer;
- M. Any insolvency, receivership, bankruptcy, or inability to pay of any organization in which the "Insured"
  - a. Has placed or obtained a client's coverage;
  - b. Has placed a client's funds; or
  - c. Has recommended a client invest.
 However, this exclusion shall not apply if the "Claim" is based upon the insolvency, receivership, liquidation or inability to pay of any insurance company that was rated as A- or better by A.M. Best Company at the time the business was placed, obtained or recommended;
- N. Any "Insured's" inability or refusal to pay or collect premium, claim or tax monies;
- O. Or brought or maintained by or on behalf of:
  - a. an "Insured";
  - b. any insurance company or "Broker/Dealer";
  - c. any insurance agent or broker;
  - d. any individual or entity that is not a client of an "Insured"; however, this Exclusion O.4. 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";
- e. any enterprise that owns, operates, controls or manages an "Insured";
- f. an enterprise which an "Insured" owns, operates, controls or manages; or
- g. any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, Financial Industry Regulatory Authority, 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";
- P. The actual or alleged use, misuse or disclosure of:
  - a. any confidential or private information by an "Insured", including but not limited to such use for the purpose of replacement of coverage;
  - b. or non-public information in a manner prohibited by the laws of the United States, including, but not limited to:
    - i. The Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;
    - ii. The Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) ("HIPAA"), and the rules and regulations promulgated thereunder as they currently exist and as amended;
    - iii. The Gramm-Leach-Bliley Act of 1999 ("G-L-B"), and the rules and regulations promulgated thereunder as they currently exist and as amended; or
    - iv. State privacy protection laws, as they currently exist now or in the future.
- Q. Any 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

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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;

- R. Any "Insured" violation of:
- a. The Federal Telephone Consumer Protection Act (47 U.S.C. sec 227), Drivers Privacy Protection Act (18 U.S.C. sec. 2721-2725) or Controlling the Assault of Non-Solicited Pornography and Marketing Act (15 U.S.C. sec. 7701, et seq.); or
  - b. Any other federal, state or local statute, regulation or ordinance that imposes liability for the:
    - i. Unlawful use of telephone, electronic mail, internet, computer, facsimile machine or other communication or transmission device; or
    - ii. Unlawful use, collection, dissemination, disclosure or redisclosure of personal information in any manner by an "Insured" or on behalf of any "Insured";
- S. Any "Insured's" activities in exercising discretionary authority, management or control over a customer's account;
- T. Any infringement of patent, copyright, trademark, service mark, trade dress, trade secret or trade name, unfair competition or piracy, theft or wrongful taking of concepts including using another's advertising ideas or other intellectual property;
- U. Any "Personal Injury":
- a. Sustained by any "Insured" or "Sponsoring Organization";
  - b. Caused by or at the direction of the "Insured" with the knowledge that the offense would violate the rights of another and would inflict "Personal Injury";
  - c. Arising out of oral or written publication of material, if done or at the direction of the "Insured" with knowledge of its falsity;
  - d. Arising out of an electronic chatroom, social networking site, or bulletin board the "Insured" uses, hosts, owns or over which the "Insured" exercises any control; or
- e. Arising out of the unauthorized use of another's name or product in the "Insured's" email address, domain name or metatag, or any other similar tactics to mislead another's potential customer;
- V. Any ownership, formation, operation, administration, advice, referral, recommendation or placement of coverage with any health maintenance organization, preferred provider organization, risk retention group, "Multiple Employer Welfare Arrangement", self insurance program or purchasing group;
- W. Any failure to comply with any governmental or administrative order or regulation;
- X. Any "Professional Services" for which the "Agent" is not properly licensed; or
- a. the actual, alleged, or threatened discharge, dispersal, disposal, seepage, migration, release or escape of "Pollutants";
  - b. any direction or request to test for, monitor, cleanup, remove, contain, treat, detoxify, or neutralize "Pollutants" or in any way respond to or assess the effects of "Pollutants";
  - c. nuclear fission, nuclear fusion or radioactive contamination or emission;
  - d. electromagnetic frequency radiation or emission.
- Y. Any professional services performed by the "Insured" as an actuary, accountant, attorney, real estate agent or real estate broker, or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section II. Q. 1 and 2 of the Professional Services Endorsement;
- Z. Any 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;
- AA. Any ownership, formation, operation, administration, advice, referral, recommendation or placement of coverage with any risk retention group, "Multiple Employer Welfare Arrangement", self insurance program or purchasing group;
- BB. Any loss alleged to have been sustained solely through fluctuation in market value of any security;

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- CC. Any "Securities" (other than variable annuities, variable life insurance and mutual funds);
- DD. 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 purchase or sell "Securities" when the "Insured" is a specialist or market maker for such "Securities";
- EE. Any activities in connection with any equity security priced under five dollars (\$5.00) at the time of purchase;
- FF. The purchase, sale or the giving of advice regarding:
- a. Commodities, commodity future contracts, warrants, forward contracts, interest rate swaps or option contracts other than covered call option contracts or auction rate securities;
  - b. Promissory notes or other non-securitized evidence of debt;
  - c. Viatical settlements, life settlements, stranger owned life insurance policies, or any security backed by either viatical settlements, life settlements, stranger owned life insurance policies.
  - d. Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
  - e. ETS pay phones or pay phone investments;
  - f. "Junk Bonds" or "High Yield Bonds". For the 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 rated bonds of Baa3 or lower or S&P rated bonds of BBB- or lower);
  - g. A qualified retirement plan (intended to be a plan) described in Section 412(i) of the Internal Revenue Code of 1986, as amended (the "Code") (prior to the amendments by the Pension Protection Act of 2006) or Section 412(e)(3) of the Code (after the amendments by the Pension Protection Act of 2006) or any successor thereto;
  - h. A single employer welfare benefit fund (intended to be a welfare benefit fund) described in Section 419(e) of the Internal Revenue Code of 1986, as amended or any successor thereto;
  - i. A multiple employer welfare benefit fund (intended to be a welfare benefit fund) described in Section 419(A)(f)(6) of the Internal Revenue Code of 1986, as amended or any successor thereto;
  - j. A Ponzi Scheme or Pyramid Scheme. Herein, "Ponzi Scheme" means an investment program in which investors are paid returns primarily out of the money paid by subsequent investors in the program. Herein, "Pyramid Scheme" means an investment program in which investors are paid returns primarily through the enrollment of others into the program; or
  - k. A beneficial interest of a life insurance policy for the purpose of an investment, or the creation of Trusts to give the appearance of an insurable interest and used to initiate policies for investors, or the transfer for investment of an investment in a Trust holding beneficial interest in a life insurance policy.
- GG. Brought by, or on behalf of, any clearing agency or arising out of any function of any "Insured" or "Sponsoring Organization" as a clearing agency;
- HH. The actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of "Pollutants" into or on real or personal property, water or the atmosphere; or Any direction or request that the "Insured" tests for, monitors, cleans up, removes, contains, treats, detoxifies or neutralizes "Pollutants", or any voluntary decision to do so. This pollution exclusion applies whether or not such "Pollutants" have any function in the "Insured's" business, operations, premises, site or location and regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to any "Damages" and "Defense Costs" associated with such "Pollutants"; or
- II. Based upon, arising out of, or attributable to the quality of care rendered by, lack of care rendered by, or the alleged malpractice of a participating provider of health-related services,

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its employees, physician, or other practitioner, of any Health Maintenance Organization or other Healthcare provider;

- JJ. The sale, servicing or investment in any Limited Partnership, Tenant in Common investments (pursuant to Section 1031 of the Internal Revenue Code), Real Estate Investment Trusts (REITS), issuer callable certificates of deposit, equipment sale—lease-buy-back transactions of any kind or security that is not registered with the Securities and Exchange Commission;
- KK. Any life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;
- LL. Retirement investment advice provided by an "Agent" as a Fiduciary Advisor if such investment advice is not provided pursuant to and in accordance with all of the requirements of the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006, or the Department of Labor's Best Interest Contract Exemption (BICE) provisions, as amended;
- MM. Employment Practices including but not limited to discrimination or termination of employment;
- NN. Any proprietary fund or investment products in which an "Agent" has any ownership interest;
- OO. The theft, loss, mishandling or misuse of client information in any manner.
- PP. Class Action lawsuit or Mass Tort litigation;
- QQ. Property and Casualty insurance;
- RR. Any ownership, formation, operation, or administration of any health maintenance organization or preferred provider organization; or
- SS. Any (1) failure of a health maintenance organization or preferred provider organization to pay the salaries or fees of any practitioner; (2) insolvency, receivership or liquidation of a health maintenance organization or preferred provider organization or; (3) quality of care rendered by, or any alleged malpractice of a participating provider of services of, any health maintenance organization or preferred provider organization.

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