



Smart Choice E&O Program Outline of Coverage

Policy Period

April 1, 2023 to April 1, 2024

Insurer

Markel American Insurance Company.

Rated A: XV (Excellent) by A.M. Best*

*The information obtained from A.M. Best dated September 30, 2022 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
Monday through Friday Hours: 7:00 a.m. to 5:00 p.m.
(PST) Direct Online Enrollment:
www.calsurance.com/smchoice

Risk Purchasing Group

By purchasing this insurance, agents become members of the Financial Sales Professional 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 premium for membership.

Claims Administration Lancer Claims Services
A Division of Brown & Brown Program Insurance Services, Inc.

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 standalone policy. This program has no policy aggregate Limits of Liability.

Deductibles – (Apply to Damages Only)

\$2,500 Each Claim – for all covered products; or
\$5,000 Each Claim – for all covered products
\$5,000 Sub-Retention for Cyber Management
\$5,000 Sub-Retention for Social Engineering

Defense Costs

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

Retroactive Date

The Retroactive Date will be 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.

Cyber Management, Extortion, First Party Loss and Social Engineering (wire transfer fraud) coverage – Sub-Limit

\$100,000 Each Claim
\$100,000 Insured Aggregate
\$1,000,000 Aggregate

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 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 Insureds 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; Puerto Rico or Canada

Covered Professional Services

Level I

The sale or servicing of

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

Level II:

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

- e. Group Benefit Plans or Disability Plans provided such Plans are fully insured at all times but not including



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Covered Professional Services

Level II – *Continued*

- Group or Ordinary Pension or Profit Sharing Plans; or
- f. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance; and
- g. 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*



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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;



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

- 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;
 - 4. Price fixing; Monopolization;
 - 5. Misuse of confidential or proprietary information;
 - 6. Copyright, patent, trade mark or trade secret infringement;
 - 7. Piracy, theft or conversion of ideas, employees, contacts or business methods; or
 - 8. 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;



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

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, GPB Capitals Holdings, LLC, TRX (a gold exploration company stock) GWG L Bonds;
- Y. 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.
- Z.
 1. The exposure to, presence of, formation of, existence of or actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any "Pollutants" or any microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast or other toxins, allergens, infectious agents, wet or dry rot or rust, or materials of any kind containing them at any time, regardless of the cause of growth, proliferation or secretion.
 2. a request, demand order, statutory or regulatory requirement that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of any "Pollutants" or any microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast or other toxins, allergens, infectious agents, wet and dry rot or rust, or any materials containing them at any time, regardless of growth, proliferation or secretion.
 3. a request, demand, order by or on behalf of a governmental for testing, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of any "Pollutants" or any microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast, or other toxins, allergens, infectious agents, wet and dry rot or rust, or any materials containing them as any time, regardless of growth, proliferation or secretion;
- AA. 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, its employees, physician, or other practitioner, of any Health Maintenance Organization or other Healthcare provider;
- BB. Employment Practices including but not limited to discrimination or termination of employment;
- CC. The theft, loss, mishandling or misuse of client information in any manner;
- DD. Any ownership, formation, operation or administration of any health maintenance organization or preferred provider organization; or
- EE. Any (1) failure of health maintenance organization or preferred provider organization to pay the salaries or fees of any practitioner; (2) insolvency, receivership or liquidation of any health maintenance organization or preferred provider organization or; (3) quality of care rendered by, or any alleged malpractice of a participation provider of services of, any health maintenance organization or preferred provider organization.
- FF. This Policy shall not apply to, and the **Insurer** shall pay neither **Cyber Management Expenses, Credit Monitoring Costs, Damages, Claim Expenses, Extortion Payments** nor **First Party Loss**:
 1. Arising out of, based upon or in consequence of, directly or indirectly resulting from of in any way involving any actual or alleged:
 - a. Costs or expenses for the reprinting, reposting, recall, removal or disposal of any online content or any other information, content or media, including any media or products containing such online content, information, content or media;



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

- b. Wear and tear or gradual deterioration of any data saved on an Insured's Computer System or a Network;
 - c. Costs or expenses incurred by any Insured or others:
 - (1) To recall, repair, withdraw, replace, upgrade, supplement or remove the Insured's online content, products or services from the marketplace, including but not limited to products or services which incorporate the Insured's online content, products or services; or
 - (2) For any loss of use by any Insured or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplement or removal.
 - d. Failure to use best efforts to install commercially available software product updates and releases or to apply security related software patches, to computers and other components of the Insured's Computer System or a Network;
 - e. Seizure, confiscation, destruction or nationalization of Insured's Computer System or a Network; or any data accessed by or on behalf of any governmental or public authority;
 - f. Interruption, suspension, failure or outage of any component of the internet, including without limitation any hardware or software infrastructure supporting the Internet;
 - g. Fine or penalty arising out any agreement by any **Insured** to comply with or follow the PCI Standard or any Payment Card Company rules, or to implement, maintain or comply with any security measure(s) or standards related to any payment card data;
 - h. Unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" Internet advertising or fax-blasting, direct mailing or telemarketing, or actual or alleged violations of the Telephone Consumer Protection Act, of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other federal, foreign or state anti-spam statutes, or federal, foreign or state statute, law or regulation relating to a person's right to seclusion; or
 - i. Unauthorized or illegal collection of Personal Information, including but not limited to the collection of Personal Information using cookies, spyware, or other malicious code, or the failure to provide adequate notice that Personal Information is being collected;
- 2. Arising out of, based upon or in consequence of, directly or indirectly resulting from of in any way involving any section 605 (requirements relating to information contained in consumer reports) or Section 616 (civil liability for willful noncompliance) of the Fair Credit Reporting Act, or any other similar federal, state or local laws or regulations, including but not limited to any laws or regulations requiring truncation of payment card numbers on, or the removal of the expiration date from, payment card receipts; or
 - 3. Covered in whole or in part under any other insurance.
- GG.** This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for any **Social Engineering Claim**:
- 1. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged:
 - a. Costs or expenses for the reprinting, reposting, recall, removal or disposal of any online content or any other information, content or media, including any media or products containing such online content, information, content or media;
 - b. Costs or expenses incurred by any **Insured** or others:
 - (1) To recall, repair, withdraw, replace, upgrade, supplement or remove the **Agent's** online content, products or services from the marketplace, including but not limited to products or services which incorporate the **Agent's** online content, products or services; or
 - (2) For any loss of use by any **Insured** or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplement or removal;
 - c. Fine or penalty arising out of any agreement by any **Insured** to comply with or follow the PCI Standard or any Payment Card Company rules, or to implement, maintain or comply with any security measure(s) or standards related to any payment card data; or
 - d. Unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, pop-up or pop-under Internet advertising or fax-blasting, direct mailing or telemarketing, or actual or alleged violations of the Telephone Consumer Protection Act of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other federal, foreign or state anti-spam statutes, or federal, foreign or state statute, law or regulation relating to a person's right to seclusion;



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

- e. Unauthorized or illegal collection of any data or information, including but not limited to the collection of any data or information using cookies, spyware, or other malicious code, or the failure to provide adequate notice that data or information is being collected; or
- f. Liability of the **Sponsoring Company**.
- 2. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any Section 605 (requirements relating to information contained in consumer reports) or Section 616 (civil liability for willful noncompliance) of the Fair Credit Reporting Act, or any other similar federal, state or local laws or regulations, including but not limited to any laws or regulations requiring truncation of payment card numbers on, or the removal of the expiration date from, payment card receipts; or
- 3. Covered in whole or in part under any other insurance.
- HH. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving, in whole or in part, individually or in conjunction with other matters, **Crypto Currency** and/or **NFT**; however this Exclusion shall not apply to mutual funds or securities registered with the Securities and Exchange Commission that are publicly traded on a national exchange.