

The Penn Mutual Life Insurance Company
Agents' E&O Program
Outline of Coverage

Policy Period: August 1, 2024 to August 1, 2025

Policy Number: MKLM7PLCA00104

Insurer: Markel American Insurance Company
(A member of The Markel Corporation)

2022 A.M. Best's: A (Excellent): XV

This information obtained from A.M. Best is not in any way CalSurance's warranty or guaranty of financial stability of the insurer. The information is current only as of October 27, 2023, the date of publication.

Risk Purchasing Group Membership:

By applying for this insurance, Producers 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 (including Claims Expenses*):

\$1,000,000 Each Claim

\$1,000,000 Aggregate each Producer

Optional Limits of Liability (subject to *eligibility* and payment of additional premium)**

\$2,000,000 Each Claim

\$2,000,000 Aggregate each Producer

-or-

\$3,000,000 Each Claim

\$3,000,000 Aggregate each Producer

-or-

\$5,000,000 Each Claim

\$5,000,000 Aggregate each Producer

*See the FAQs or policy for additional details on Claims Expenses and the Limit of Liability

** See the FAQs for more information regarding eligibility requirements.

Deductibles (applicable to payment of Damages only):

\$1,500 per Claim for products of Penn Mutual or its subsidiaries and affiliates and non-life brokered-in products

\$2,000 per Claim for non-proprietary products sold through Hornor, Townsend & Kent, Inc.

\$3,000 per Claim for all other covered products

Deductibles: (continued)

\$1,500 per Cost of Correction for products of Penn Mutual or its subsidiaries and affiliates, and non-life brokered-in products (excluding Securities)

\$2,000 per Cost of Correction for Securities (including variable products and mutual funds) sold through HTK

Coverage:

Claims Made and Reported coverage for negligent acts, errors or omissions arising out of the rendering of or failure to render Professional Services as a licensed life, accident and health agent, field manager of PML, financial planner, investment advisor of HTK, notary public, or registered representative.

Retroactive ("prior acts") Date:

For Claims involving products sold as a life, accident or health insurance agent or involving the sale of 529 Plans, Unit Investment Trusts and Mutual Funds, the earlier of the date of your first continuously maintained professional liability insurance policy or the date of your first continuously maintained contract with Penn Mutual (or registration with HTK if you do not have a contract with Penn Mutual)

For Claims involving Securities (other than Mutual Funds, Unit Investment Trusts, and Variable Products) the date of your first continuous registration with HTK.

Claims involving Prior Acts must arise out of negligent acts, errors or omissions or Personal Injuries in rendering or failing to render Professional Services as defined in the policy.

Duty to Defend?

Yes, for those Claims for which coverage applies

Eligible Participants/Insured:

- Full-time Producers (including CareerBuilders)
- Registered Representatives of HTK
- Field Managers and Eligible Field Staff of Penn Mutual and/or HTK

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Professional Services:

1. The solicitation, sale and/or servicing of:
 - Life Insurance and fixed annuities
 - A&H, Long Term Care and Disability Insurance
 - Workers' Compensation Insurance when issued as part of a 24-Hour Coverage Plan
 - Pharmacy benefit management plans either approved for Medicare and Medicaid Services or that are sold in conjunction with a group or individual medical plan;
 - Employee Benefit Plans, individual retirement arrangements and KEOGH plans including:
 - Group or Ordinary Pension and/or Profit Sharing Plans
 - Retirement Annuities
 - Group Life, A&H and/or Disability Plans
 - 419 plans placed in a MEWA (\$500,000 sub-limit and \$5,000 each Claim deductible applies if such plan is not funded, wholly or partially by coverage issued by Penn Mutual and sold in accordance with Penn Mutual's procedures in effect at the time of sale)
 - Variable Products sold through a FINRA broker/dealer, including Variable Annuities, Flexible and Scheduled Premium Annuities, Variable Life Insurance, and Variable Universal Life
 - Mutual Funds and UITs registered with the SEC and sold through a FINRA broker/dealer
 - 529 Plans sold through a FINRA Broker/Dealer
 - Securities sold through HTK except for those specifically covered under the Private Placement section, below;
 - Private Placements, Limited Partnerships, Non-Traded Real Estate Investment Trusts ("REITS"), Tenant-In-Common/IRS 1031 Exchanges, or hedge funds approved in writing at the time of the transaction and sold through HTK, provided that the Registered Representative was specifically authorized in writing to sell such product at the time of the transaction. Coverage for such products is subject to a sub-limit of \$1,000,000 each Claim.
2. Advice, consultation, administration and services in connection with any of the foregoing products;

Professional Services (continued):

3. The consultation with participants in an employee benefit plan in order to explain the provisions of such plan and the handling of day-to-day ministerial functions required by such plan, including without limitation; enrollment, record keeping and filing reports with governmental agencies;
4. The purchase or sale of or giving advice by approved Producers regarding life settlements arranged through a provider approved by PML/HTK and following PML/HTK's procedures;
5. Financial Planning;
6. Notary Public Services;
7. Investment Advisory Services for reg. reps. of HTK:
 - IAR activities conducted through HTK's RIA or
 - As an Independent Registered Investment Advisor provided you are in compliance with HTK's procedures for Independent Investment Advisors and have paid the additional premium

Additional Insureds:

- Entity owned or controlled by the Producer
- Partners/Officers/Directors/Employees/Stockholder acting in the scope of their capacity as such and who are not contracted as a soliciting agent or broker
- Professional Advisors Alliance (formerly known as Business Building Partners) when named as a co-defendant based on a referral to an Agent solely for Claims involving Penn Mutual approved products
- Heirs/Estates/Legal Representatives of a Producer
- Penn Mutual and its subsidiaries for any vicarious liability based upon Wrongful Acts of a Producer

Note: Additional Insureds do not have their own Limit of Liability. They share the Limit of Liability of the Producer.

Program Administration:

CalSurance Associates
A Division of Brown & Brown Program Insurance Services, Inc.
California License Number: 0B02587

Claims Administration:

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

Please review the policy and program materials. A complete copy of the specimen policy is available by calling 866-893-109 or by visiting www.calsurance.com/pmlhtk. 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.