

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

Policy Period: August 1, 2025 to August 1, 2026

Policy Number: MKLM7PLCA00125

Insurer: Markel American Insurance Company

An admitted carrier

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

The information obtained from A.M. Best effective November 22, 2024 is not in any way CalSurance Associate's 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.

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.

Limits of Liability (including Claims Expenses*):

\$1,000,000 Each Claim

\$1,000,000 Aggregate each Producer

-or-

\$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*

Sub-limits of Liability (included within and not in addition to the Limits of Liability shown above):

- Broker/Dealer Coverage: \$2,000,000 each Claim / \$3,000,000 Policy Aggregate
- Broker/Dealer Selling Away Coverage: \$750,000 Broker/Dealer each Claim / \$750,000 Broker/Dealer Aggregate
- Disciplinary Proceedings Coverage: \$10,000 each Agent or Registered Representative regardless of the number of disciplinary proceedings
- Subpoena Compliance Coverage: \$25,000 each Agent or Registered Representative regardless of the number of subpoenas
- Settlement Authority Coverage: \$20,000 each Claim
- Private Placements, Limited Partnerships, Non-Trade Real Estate Investment Trusts ("REITS"), Tennant-In-Common/IRS 1031 Exchanges or Hedge Funds Coverage: \$1,000,000 each Claim / \$10,000,000 Policy Aggregate
- MEWA (Multiple Employer Welfare Arrangement) Coverage: \$500,000 each Claim / \$500,000 Agent Aggregate
- Claim Expenses Coverage: Capped at \$1,000,000 each Claim / each Insured

Sub-limits of Liability (included within and not in addition to the Limits of Liability shown above)(Continued):

- Cyber Management Coverage:
 - \$250,000 each Claim / \$500,000 Insured Aggregate / \$1,000,000 Policy Aggregate
 - Extortion Coverage:
 - \$250,000 each Claim / \$500,000 Insured Aggregate / \$1,000,000 Policy Aggregate
 - First Party Loss Coverage: \$250,000 each Claim / \$500,000 Insured Aggregate / \$1,000,000 Policy Aggregate
 - Total Policy Aggregate as to all Cyber Management Claims, Extortion Demands, Exploits and Network Impairments: \$1,000,000
- Social Engineering Coverage: \$250,000 each Claim / \$500,000 Insured Aggregate / \$1,000,000 Coverage Aggregate

Claim Expenses:

Outside the Limits of Liability capped at \$1,000,000

Deductibles (applicable to payment of Damages only):

\$1,500 each Claim each Agent for all products of Penn Mutual, its subsidiaries, affiliates and "non-life brokered in products";

\$2,000 each Claim each Agent for non-proprietary products sold through Horner, Townsend & Kent, Inc.;

\$3,000 each Claim each Agent for all other products;

\$1,500 each Claim Cost of Corrections/Trade Error for products of Penn Mutual, its subsidiaries, and "non-life brokered in products";

\$2,000 each Claim Cost of Corrections/Trade Error for Securities through Horner, Townsend & Kent, Inc.;

\$5,000 each Claim involving MEWAs where the plan is not funded, wholly or partially, by coverage which is issued by Penn Mutual Life Insurance Company and is sold in accordance with such insurance company's procedures for Placement of Coverage with Multiple Employer Welfare Arrangements;

Other Deductibles:

- Broker/Dealer Coverage: \$100,000 each Broker/Dealer Claim (Damages and Defense Costs)
- Broker/Dealer Selling Away Coverage: \$100,000 Broker/Dealer each Claim (Damages and Defense Costs)
- MEWA (Multiple Employer Welfare Arrangement) Coverage: \$5,000 each Claim (Damages Only)
- Cyber Management Coverage: \$5,000 each Claim (Damages and Defense Costs)
- Extortion Coverage: \$5,000 each Extortion Demand (Damages and Defense Costs)
- First Party Loss Coverage: \$5,000 each Exploit or Network Impairment (Damages and Defense Costs)
- Social Engineering Coverage: \$5,000 each Claim (Damages and Defense Costs)

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.

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Outline of Coverage

Coverage (Professional Liability):

The Insurer shall pay, on behalf of an Insured, Damages which an Insured becomes legally obligated to pay because of a Claim that is both made against an Insured and reported to the Insurer in writing during the Certificate Period (as to an Agent or Registered Representative), the Policy Period (as to the Broker-Dealer), or as allowed by Section XI – Notice Of Claim below, or during an Extended Reporting Period, if applicable, for a Wrongful Act or Interrelated Wrongful Act committed solely in the rendering of or failing to render Professional Services by an Insured, provided:

1. Such Wrongful Act or any Interrelated Wrongful Act occurred on or after the Retroactive Date and before the end of the Certificate Period (as to an Agent or Registered Representative) or the Policy Period (as to the Broker-Dealer); and
2. As of the inception date of this Policy as shown in the Master Policy Declarations, no Insured had knowledge or reasonable basis upon which to anticipate that the Wrongful Act or any Interrelated Wrongful Act could result in a Claim.

Retroactive Date:

1. With respect to a Claim arising out of or based upon the rendering of or failing to render any Professional Services defined in Paragraphs U.1. (Subsections a., b., c., d., g. and h.), U.2., U.3., U.5., U.7. and U.8. of the definition of Professional Services above, the earlier of the date of the Agent's and/or Registered Representative's first:
 - a. Continuously renewed life insurance agents or registered representatives professional liability coverage, which was in effect without interruption from the date of the Wrongful Act or first Interrelated Wrongful Act related to the Claim to the date when the Claim is first made, subject to submission of proof of such coverage to the Insurer; or
 - b. First uninterrupted and continuously effective agent contract with the Sponsoring Company or Broker/Dealer.
2. With respect to a Claim arising out of or based upon the rendering of or failing to render any Professional Services as defined in Paragraphs U.1. (Subsections e. and f.) and U.4. of the definition of Professional Services above, the date of the Agent's and/or Registered Representative's first uninterrupted and continuously effective contract with the Broker/Dealer.
3. With respect to a Claim against a Managing Agent for a Management Wrongful Act, the date of the Managing
4. Agent's first uninterrupted and continuously effective general agent, compliance officer, registered principal or manager contract with the Sponsoring Company.
5. With respect to the Broker/Dealer, July 31, 1995.

Professional Services:

1. The solicitation, sale or servicing of the following:
 - a. Life insurance, accident and health insurance, workers' compensation insurance as part of a 24-Hour accident and health insurance product, managed care organization contracts, long term care products, disability income insurance and fixed annuities;
 - b. Variable insurance products, including, but not limited to, variable annuities, flexible and scheduled premium annuities and variable life insurance through a broker-dealer;
 - c. Mutual funds and unit investment trusts that are registered with the SEC and authorized or approved by and distributed through a broker-dealer;
 - d. 529 plans sold through a broker-dealer that is a member of FINRA;

Professional Services (Continued):

- e. Registered Securities (other than variable annuities, variable life insurance and mutual funds) that are authorized or approved by and actually processed through the Broker/Dealer, except for those products specifically referenced in Subsection f., below;
- f. Private Placements, limited partnerships, non-trade Real Estate Investment Trusts ("REITS"), Tennant-In-Common/IRS 1031 Exchanges or hedge funds, all of which are approved in writing at the time of the transaction and sold through the Broker/Dealer, provided that Registered Representative who solicited, sold or serviced such product was specifically authorized in writing to do so by the Broker/Dealer at the time of the transaction;
 - i. In addition, coverage for Claims based upon, arising out of or in any way involving, in whole or in part, the solicitation, sale or servicing of the foregoing products shall be subject to the following Sub-Limits of Liability (which are part of and not in addition to, the other Limits of Liability provided by the Policy):
 - ii. Each Claim: \$1,000,000
 - iii. Policy Aggregate: \$10,000,000
- g. Employee benefit plans, including, but not limited to, Placement of Coverage with Multiple Employer Welfare Arrangements, Self-Funded Plans, group plans, group or ordinary pension or profit sharing plans, retirement annuities, KEOGH retirement plans, life, accident and health and/or disability plans; However, coverage for Claims based upon, arising out of or in any way involving, in whole or in part, Placement of Coverage with Multiple Employer Welfare Arrangements is subject to the following Sub-Limits of Liability (which are part of and not in addition to the other Limits of Liability provided by the Policy) and Deductible, unless Placement of Coverage with Multiple Employer Welfare Arrangements is made in accordance with the Sponsoring Company's written procedures for such placement and same is funded in whole or in part, by insurance products issued by the Sponsoring Company:
 - Each Claim: \$500,000
 - Agent Aggregate: \$500,000
 - Deductible (Damages only): \$5,000
 - In addition, coverage for Claims based upon, arising out of or in any way involving Self-Funded Plans is applicable to Claims Expenses only, and not Damages; and
- h. Pharmacy benefit management plans either approved by the Centers for Medicare and Medicaid Services or that are sold in conjunction with a group or individual medical plan;
2. Providing advice, consultation, administration and/or services in connection with any of the products listed in Paragraph 1., above, whether or not a separate fee is charged;
3. 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, but not limited to, enrollment, record keeping and filing reports with governmental agencies;

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Professional Services (Continued):

4. Provision of financial, investment or economic advice as a: (a) Registered Investment Advisor or Associated Person while acting on behalf of the Sponsoring Company's Subsidiary Registered Investment Advisor or (b) an Outside Registered Investment Advisor or an affiliated Associated Person of an Outside Registered Investment Advisor; An Outside Registered Investment Advisor and affiliated Associated Person shall be specifically approved, and designated by name, by the Broker/Dealer, and in compliance with the outside investment advisory procedures of the Broker/Dealer;
5. Provision of financial planning services including, but not limited to, the recommendation or preparation of a financial program for a client involving the client's present and anticipated assets and liabilities, and shall include recommendations regarding savings, investments, insurance, anticipated retirement, estate planning or other employee benefits, whether or not a separate fee is charged;
6. Due Diligence Services and Supervisory Services by the Broker/Dealer;
7. Notary Public Services; or
8. The purchase, sale or giving advice regarding life settlements arranged through a provider approved by the Sponsoring Company provided:
 - a. On or before the life insurance policy is settled, the Insured obtained a signed and dated waiver from all beneficiaries of the life insurance policy acknowledging that the life settlement will occur;
 - b. On or before the life insurance policy is settled, the owner(s) of the life insurance policy has/have signed the provider's life settlement purchase and/or sale agreement;
 - c. The Insured was approved in writing by the Sponsoring Company or the Broker/Dealer to engage in life settlement transactions;
 - d. The life settlement transaction complies with the Sponsoring Company's or the Broker/Dealer's policies and procedures for life settlement transactions; and
 - e. The life settlement does not involve terminally ill clients in accordance with the definition of "terminally ill" by the relevant state.

Insured:

1. An Agent shown as such in a Certificate Of Insurance;
2. A Managing Agent shown as such in a Certificate Of Insurance;
3. A Registered Representative shown as such in a Certificate Of Insurance;
4. A corporation, partnership or other business entity owned by and in which an Agent, Managing Agent or Registered Representative has an ownership interest, or in which an Agent, Managing Agent or Registered Representative is an employee, but solely with respect to the liability of such organization as it arises out of an Agent, Managing Agent or Registered Representative rendering of or failing to render Professional Services; Coverage hereunder shall not be afforded for any actual or alleged Wrongful Act or Management Wrongful Act of such organization, but shall only apply to a Claim arising out of the actual or alleged Wrongful Act of an Agent or Registered Representative or the Management Wrongful Act of a Managing Agent;
5. A person acting on behalf of an Agent, Managing Agent or Registered Representative, who was or is a partner, officer, director, stockholder or an employee of an Agent, Managing Agent or Registered Representative, or the business entity of an Agent, Managing Agent or Registered Representative, provided such person is not a party to an agent, general agent or registered representative contract with any insurance company or broker-dealer and only with respect to the Professional Services of an Agent, Managing Agent or Registered Representative;

Insured (Continued):

6. Heirs, executors, administrators or legal representatives of an Agent, Managing Agent or Registered Representative, in the event of death, incapacity or bankruptcy;
7. A Pre-Contract Career Builder, but solely in connection with Professional Services provided by an Agent and while under an Agent's supervision;
8. Past enrollers of an Agent acting in his or her capacity as such on behalf of an Agent, but solely if such past enroller does not earn any commission under an agent/broker contract with any insurance company as a result of the provision of Professional Services provided by an Agent;
9. The lawful spouse or domestic partner of any individual who qualifies as an Insured under Subsections 1., 2., 3., 5., 6., 7., and 8., above, for a Claim arising solely out of his/her spousal or domestic partner status, and not any independent Wrongful Acts of such individual;
10. The Broker/Dealer;
11. Any former, current or future principal, partner, executive officer, director or employee of the Broker/Dealer, but solely in connection with Professional Services provided on behalf of the Broker/Dealer and any subsidiary or affiliate;
12. The Sponsoring Company shown as such in the Master Policy Declarations, but only with respect to coverage provided under Section I – Insuring Agreement C. Sponsoring Company Vicarious Liability;
13. An individual who makes referrals to an Agent through the Professional Advisors Alliance created by the Sponsoring Company, only for products approved in writing by the Sponsoring Company; Coverage shall be afforded only if such individual is named as a co-defendant with an Agent and such individual maintains his/her own professional liability insurance; and
14. An affiliated Associated Person of an Outside Registered Investment Advisor. The Outside Registered Investment Advisor shall be specifically approved, and designated by name, by the Broker/Dealer, and in compliance with the outside investment advisory procedures of the Broker/Dealer.

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