

NABIP Sponsored Errors & Omissions Insurance Program

Outline of Coverage

Program Administered by: CalSurance Associates, A Division of Brown & Brown Program Insurance Services, Inc.

Master Policy Effective Dates: January 1, 2024 to December 31, 2024

Issuing Carrier:

Markel American Insurance Company, an admitted carrier
Rated A (Excellent): XV 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 the publication

Policy Number: MKLM7PLCA00083

Limits of Liability:

\$1,000,000 Each Claim, \$3,000,000 Aggregate, **or**
\$2,000,000 Each Claim, \$3,000,000 Aggregate, **or**
\$3,000,000 Each Claim, \$3,000,000 Aggregate, **or**
\$5,000,000 Each Claim, \$5,000,000 Aggregate

Defense Costs:

Outside the Limits of Liability

Program Administration:

Brown & Brown Program Insurance Services, Inc. d/b/a Calsurance Associates
CA License # 0B02587
Phone: (800) 745-7189
Email: info@calsurance.com

Claims Administration:

Brown & Brown Program Insurance Services, Inc. d/b/a Lancer Claims Services
Phone: (800) 821-0540
Email: firstreports@lancerclaims.com

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 Retention Act of 1986 (15 USC 3901 et seq.) There is no additional charge for membership.

Deductible (Applicable to Damages Only):

\$1,000 Each Claim, **or**
\$5,000 Each Claim, **or**
\$10,000 Each Claim, **or**
\$25,000 Each Claim

Named Insured:

Enrolled Agents/Agencies

Insureds:

- An Agent;
- Agents Owned Business Entity, Corporation or Partnership
- Employee and Independent Contractors of the Agent for Professional Services rendered by the Agent
- Heirs/Executors/Administrators/Legal Representatives;
- Neophyte Agents;

Coverage (Claims Made and Reported):

The Insurer shall pay, on behalf of an Agent, Damages which an Agent becomes legally obligated to pay because of a Claim that is both made against an Agent and reported to the Insurer in writing during the Certificate Period or during an Extended

Coverage (Cont.)

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 Agent 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; and
2. As of the inception date of this Policy, or the effective date of the Agent's enrollment for coverage, 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:

The earlier of:

- The Agent's first continuously renewed life insurance agent's 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
- The retroactive date from the declarations page of the agent's professional liability policy which this Policy replaces.

Professional Services Includes:

The solicitation, sale or servicing of:

- Life Insurance, Long Term Care Insurance, Accident & Health Insurance, Workers Compensation as part of a 24-hour accident and health insurance product, Disability Income Insurance, Fixed and Indexed Annuities, Variable annuities, flexible and scheduled premium annuities and variable life insurance;
- The solicitation, sale or administration of Employee Benefit Plans (Other than MEWAs), including group or ordinary pensions or profit sharing plans, retirement annuities and life, accident and health or disability plans provided that such employee benefit plans are funded with the products set forth in above paragraphs.
- Financial Planning.
- Services rendered as a Notary Public.
- Mutual funds that are registered with the SEC and authorized or approved by and distributed through a broker or dealer that is a member of FINRA. (Optional)
- Property & Casualty Insurance (Optional)

Coverage Extensions

The following Sub-Limits of liability are included in and are not in addition to the Limits of Liability:

Crisis Management (Network Security) – Subject to Sub-Limits of \$100,000 Each Claim/ \$100,000 Agent Aggregate / \$1,000,000 Coverage Aggregate and a \$5,000 sub-retention for the individual representative.

Social Engineering (wire transfer fraud) – Subject to Sub-Limits of \$100,000 Each Claim/ \$100,000 Agent Aggregate / \$1,000,000 Coverage Aggregate and a \$5,000 sub-retention for the individual representative.

Regulatory Actions Coverage – Subject to Sub-Limits of \$50,000 Each Claim/ \$50,000 Agent Aggregate and a \$2,500 sub-retention for the individual representative.

Pre-Claim Assistance and Subpoena Assistance – Subject to Sub-Limits of \$10,000 Each Claim/ \$10,000 Agent Aggregate

Extended Reporting Period

The policy provides an automatic 1 year extended reporting period upon termination of Agent's coverage. Disabled, retired or deceased agents will have optional reporting periods of 3 year, 5 years or unlimited for 200%, 300% or 400% of expiring annual premium, respectively.

EXCLUSIONS (including but not limited to)

- A.** Against an **Insured** 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, except as in its capacity as a client of an **Insured**;
- B.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving:
1. Any **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**, whenever occurring, which together with a **Wrongful Act** which has been the subject of such **Claim** or notice, would constitute **Interrelated 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;
- C.** 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** will not be imputed to another **Agent**;
- D.** 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;
- E.** 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;
- F.** 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, , 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**;
- G.** 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;
- H.** 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:
1. an insurance company rated by A.M Best's as B+ or better at the time when coverage is placed, recommended or obtained; or
 2. a self-funded health and welfare plan that is backed by reinsurance or stop loss coverage;
- I.** 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;
- J.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving the rendering of, or failure to render Professional Services involving any multiple employer welfare arrangements, multiple employer trusts, or any pension, welfare or other employee benefit plan, provided that this exclusion will not apply to such plans that are fully funded by insurance, reinsurance, or annuities issued by an insurance company.
- K.** 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, risk retention group, or purchasing group;
- L.** 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;
 5. Monopolization;
 6. Misuse of confidential or proprietary information;
 7. Copyright, patent, trade mark or trade secret infringement;
 8. Piracy, theft or conversion of ideas, employees, contacts or business methods; or
 9. Illegal, improper or deceptive advertisement;
- M.** 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;
- N.** 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;
- O.** 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**;
- P.** 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**;
- Q.** 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**;

R. 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**;

S. 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;

T. 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 buyouts, 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;
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**;

U. 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 nonpublic 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;

V. 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**;

W. 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, TRX (a gold exploration company stock), GWG L Bond, ARC Hospitality Trust and Exclude GPB Capital Holdings, LLC and/or any company, corporation, parent, subsidiary, partnership or other business entity directly or indirectly owned or controlled by or associated or affiliated with GPB Capital Holdings, LLC or any employee, partner, officer, director, agent, or other person associated with any of the foregoing GPB Capital Holdings, LLC.

X. This Policy shall not apply to, and the **Insurer** shall pay neither **Cyber Management Expenses**, **Credit Monitoring Costs**, **Damages** nor **Claim Expenses**:

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. Wear and tear or gradual deterioration of any data saved on an **Agent's Computer System**;
 - c. 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;
 - d. Failure to use best efforts to install commercially available software product updates and releases, or to apply security related software patches, to the **Agent's Computer System**;
 - e. Seizure, confiscation, destruction or nationalization of **Agent's Computer System**; 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 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;
 - 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;

Y. 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; or

- 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;
- Z. 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.