



**National Association of Insurance and Financial Advisors  
Individual Life & Health Agent Program**



**E&O Program - Outline of Coverage**

**Insurer:**

Berkley Insurance Company  
A W.R.Berkley Corporation Company  
2017 AM Best A+(Superior): XV

*The information obtained from A.M.Best dated May 25, 2017 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.*

**Risk Purchasing Group Membership:**

Participation in the program requires membership in the NAIFA risk purchasing group. NAIFA Association members are automatically included in the risk purchasing group without additional charge. The NAIFA risk purchasing group, a group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.)

**Sponsoring Organization:**

NAIFA Risk Purchasing Group

**Insureds:**

- An "Agent"
- Agents business entity for acts of the "Agent"
- Employees acting on behalf of the "Agent" rendering or failing to render professional services
- Heirs, executors, administrators or legal representatives of an "agent"
- Lawful Spouse or domestic partner

**Limits of Liability**

\$1,000,000 per Claim/\$1,000,000 Aggregate or  
\$1,000,000 per Claim/\$2,000,000 Aggregate or  
\$2,000,000 per Claim/\$2,000,000 Aggregate or  
\$1,000,000 per Claim/\$3,000,000 Aggregate

*A master policy aggregate of \$100,000,000 applies. This aggregate is not applicable to Insureds who are residents of or practice in New York.*

**Deductibles:**

\$500 per claim – Life, Accident & Health or Long Term Care products  
\$1,000 per claim for Indexed or Fixed Annuities  
\$2,500 per claim for Disability Income Insurance products  
\$5,000 per claim for Variable Annuities/Insurance products and Mutual Funds

Deductible only applies to Payment of Damages (loss only deductible).

**Retroactive Date**

Date of first continuous claims made Life Insurance Agents Errors & Omissions Liability policy.

**Professional Services includes the sale and service of:**

- Level I:** Life, Accident and Health, Disability income and Long Term Care insurance
- Level II:** Adds Fixed Annuities and Indexed annuities (if purchased)
- Level III:** Adds Variable life insurance, variable annuities, flexible and scheduled premium annuities and Mutual funds registered with the U.S. Securities and Exchange Commission and sold by a licensed "Registered Representative" through a Financial Industry Regulatory Authority licensed broker (if purchased)

\*Financial planning, advice and consultation solely in connection with covered products.

\*Personal Injury included

**Coverage extensions**

\$10,000 for Disciplinary proceedings  
\$10,000 Subpoena Compliance  
\$25,000 Privacy Breach Coverage

**Extended Reporting Period:**

1. Automatic 90 day ERP if Master policy is cancelled
2. Automatic 90 day ERP if certificate holder is cancelled or non-renewed.

Optional ERP is available for purchase in the event of disability, retirement or death.

1 year – 100% of expiring premium  
3 years – 200% of expiring premium  
5 years – 300% of expiring premium

**Claims Administration:**

Lancer Claim Services  
A Division of Brown & Brown Program Insurance Services, Inc.  
681 S. Parker Street, Suite 300  
Orange, CA 92869  
(800) 821-0540

**Program Administration:**

CalSurance Associates  
A Division of Brown & Brown Program Insurance Services, Inc.  
Domiciled in California  
CA License Number OB02587



## EXCLUSIONS

### Exclusions, including but 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;
- F. Any willful violation of the rules or regulations of the National Association of Securities Dealers, 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;  
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- 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"
  - 1. Has placed or obtained a client's coverage;
  - 2. Has placed a client's funds; or
  - 3. 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:
  - 1. an "Insured";
  - 2. any insurance company or "Broker/Dealer";
  - 3. any insurance agent or broker;
  - 4. 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";
  - 5. any enterprise that owns, operates, controls or manages an "Insured";
  - 6. an enterprise which an "Insured" owns, operates, controls or manages; or
  - 7. any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, National Association of Securities Dealers, 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:
  - 1. any confidential or private information by an "Insured", including but not limited to such use for the purpose of replacement of coverage;
  - 2. or non-public information in a manner prohibited by the laws of the United States, including, but not limited to:
    - a. 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;
    - b. 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;
    - c. 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
    - d. 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 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:
  - 1. 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
  - 2. Any other federal, state or local statute, regulation or ordinance that imposes liability for the:



**EXCLUSIONS**

- a. Unlawful use of telephone, electronic mail, internet, computer, facsimile machine or other communication or transmission device; or
- b. 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":
  - 1. Sustained by any "Insured" or "Sponsoring Organization";
  - 2. 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";
  - 3. Arising out of oral or written publication of material, if done or at the direction of the "Insured" with knowledge of its falsity;
  - 4. 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
  - 5. 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;
- X. Any failure to comply with any governmental or administrative order or regulation;
- Y. Any "Professional Services" for which the "Agent" is not properly licensed; or
- Z.
  - 1. the actual, alleged, or threatened discharge, dispersal, disposal, seepage, migration, release or escape of "Pollutants";
  - 2. 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";
  - 3. nuclear fission, nuclear fusion or radioactive contamination or emission;
  - 4. electromagnetic frequency radiation or emission.

This endorsement modifies insurance provided under the Sponsored Insurance Agents Errors and Omissions Liability Policy.

In consideration of the premium paid for this Policy, it is understood and agreed that:

- 1. **Section II. Definitions**, Items A. and R. are deleted in their entirety and replaced by the following:
  - A. "Agent" means an individual as shown in Item 1. of the "Certificate of Insurance", who has complied with all of the following:
    - 1. is currently or was at the time of enrollment, a member of the "Sponsoring Organization";
    - 2. has or had elected to enroll for coverage under this Policy or any Policy issued by the Insurer of which this Policy is a renewal;

- 3. has paid his or her premium;
- 4. is licensed by the appropriate authorities to solicit and sell life insurance products and services; and
- 5. when required in rendering "Professional Services", is properly registered as a registered representative with the Financial Industry Regulatory Authority (FINRA).

Such individuals shall be specifically designated by name and their names shall be on file with the "Sponsoring Organization".

- R. "Professional Services" mean:
  - 1. The sale or servicing of:
    - a. Life insurance, Accident and Health insurance, Disability income insurance and Long Term Care insurance;
    - b. Fixed annuities and Indexed annuities (if purchased);
    - c. Variable life insurance, variable annuities, flexible and scheduled premium annuities and 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
    - d. Financial planning, advice and consultation solely in connection with any of the products listed in Subsection 1.a.-c.

This endorsement modifies insurance provided under the Sponsored Insurance Agents Errors and Omissions Liability Policy.

In consideration of the premium paid for this Policy, it is understood and agreed that:

- 2. **Section II. Definitions** is amended to add the following:
  - W. The term "Securities" is added to this Policy and shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisors Act of 1940, and any amendments thereto, as applicable, or any state securities laws, so long as such securities are offered for sale on a United States securities exchange.
- 3. **Section III. Exclusions** is amended to add the following:
  - This Policy does not apply to any "Claim" based upon, arising out of, directly or indirectly, or in any way involving:
    - AA. 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. R. 1 of the Professional Services Endorsement;
    - BB. 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;
    - CC. 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;
    - DD. Any loss alleged to have been sustained solely through fluctuation in market value of any security;



**EXCLUSIONS**

- EE. Any "Securities" (other than variable annuities, variable life insurance and mutual funds) that were not authorized or approved by the "Broker/Dealer" "Subsidiary" of the "Sponsoring Organization" or "Securities" that were not processed through the "Broker/Dealer" "Subsidiary" of the "Sponsoring Organization";
- FF. 1. Any function of an "Insured" as a specialist or market maker for any "Securities";  
2. an "Insured" failing to make a market for any "Securities"; or  
3. the purchase, sale or failure to purchase or sell "Securities" when the "Insured" is a specialist or market maker for such "Securities";
- GG. Any activities in connection with any equity security priced under five dollars (\$5.00) at the time of purchase; however, this Exclusion shall not apply if the security is: (1) registered or approved for registration upon notice of issuance on a national exchange; (2) authorized or approved for authorization upon notice of issuance, for quotation in the NASDAQ system; or (3) issued by an investment company registered under the Investment Company Act of 1940 and any amendments thereto. For the purposes of this Exclusion, any equity security which is listed on the NASDAQ bulletin board or pink sheets shall not be considered approved for authorization upon notice of issuance for quotation in the NASDAQ system;
- HH. The purchase, sale or the giving of advice regarding:
  - 1. Commodities, commodity future contracts, warrants, forward contracts, interest rate swaps or option contracts other than covered call option contracts or auction rate securities;
  - 2. Promissory notes or other non-securitized evidence of debt;
  - 3. Viatical settlements, life settlements, stranger owned life insurance policies, or any security backed by viatical settlements, life settlements, or stranger owned life insurance policies.
  - 4. Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
  - 5. ETS pay phones or pay phone investments;
  - 6. "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);
  - 7. 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;
  - 8. 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;
  - 9. 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; or
- II. 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;
- JJ. 1. 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  
2. 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";
- KK. 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;
- LL. 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;  
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;
- NN. Investment advice provided by an "Agent" as a named fiduciary per the Employee Retirement Income Security Act (ERISA).
- OO. An "Insured's" "Professional Services" as a Registered Investment Advisor or financial planning for a fee;
- PP. Employment Practices including but not limited to discrimination or termination of employment;
- QQ. Any proprietary fund or investment products in which an "Agent" has any ownership interest;
- RR. The theft, loss, mishandling or misuse of client information in any manner;
- SS. Class Action lawsuit or Mass Tort litigation; or
- TT. Property and Casualty insurance.
- 10. 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.
- 11. 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.



**National Association of Insurance and Financial Advisors  
2017 Application**



**Claims Made and Reported Errors and Omissions Coverage**

**Instructions:** Complete ALL sections of this form and include your signature at the bottom. Return this form along with payment to: CalSurance Associates, P.O. Box 7048, Orange, CA 92863-7048. **Coverage Questions:** Call CalSurance Associates at (800) 745-7189 or email at [info@calsurance.com](mailto:info@calsurance.com). **Reminder:** ALL sections must be completed. Incomplete forms will take additional time to process. **Certificates of Insurance:** Call CalSurance Associates at (800) 745-7189 or Go online: [www.calsurance.com](http://www.calsurance.com) - Certificate Reprint - Sponsoring Company - National Association of Insurance and Financial Advisors

*By purchasing this insurance, agents become members of 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 membership*

**1. Eligibility Requirements**

(If you answer "No/Disagree" to any questions 2 through 10 below, you are not eligible for this E&O Program): **Note : This program is only for Life Agents with less than \$500,000 in revenue.**

1. I am a NAIFA member.  Yes/Agree  No/Disagree  
Association Member ID : \_\_\_\_\_  
Your association membership expiration : \_\_\_\_\_
2. I have not had any E&O claims in the last 5 years.  
 Yes/Agree  No/Disagree
3. I am not aware of any incident or circumstance that may give rise to an E&O claim.  Yes/Agree  No/Disagree
4. I have never been the subject of a reprimand, a regulatory or disciplinary action or criminal action by any federal, state or local authority, or by any self-governing, regulatory body or bodies, as a result of my professional services.  
 Yes/Agree  No/Disagree
5. I do not operate as a marketing organization or wholesaler.  
 Yes/Agree  No/Disagree
6. I have never had an insurance company terminate my agent or general agent contract for "cause", as that term is defined by the insurance company or agent contract, including contract termination as a result of a regulatory or disciplinary action or criminal action by any federal, state or local authorities or by any self-governing, regulatory body or bodies, as a result of my professional services.  
 Yes/Agree  No/Disagree
7. My revenue has not exceeded \$500,000 in the past 12 months nor do I anticipate it to exceed \$500,000 in the next 12 months.  
 Yes/Agree  No/Disagree
8. I am not a Property & Casualty agent.  
 Yes/Agree  No/Disagree
9. I am not a Registered Investment Advisor or Fee based financial planner.  Yes/Agree  No/Disagree
10. I have never placed or recommended a life settlement.  
 Yes/Agree  No/Disagree

**2. Your Information (Please Print Clearly)**

Name (first, middle initial and last):

Street Address:

City:

State:  Zip:

Daytime Phone:  
 -  -

Fax:  
 -  -

E-Mail:

**3. Selection of Options**

Effective Date of Coverage  /  /   
(MM/DD/YYYY):

**Notice:** Effective date of coverage cannot be backdated to a prior month. Coverage expires 12 months after effective date.

Check appropriate boxes for your Limit and Coverage elections below.

Limits Per Claim/ Aggregate per Agent	<input type="checkbox"/> Coverage Level I Sale of Life Health & Disability Insurance	<input type="checkbox"/> Coverage Level II Adds Fixed & Indexed Annuities	<input type="checkbox"/> Coverage Level III Adds Variable Products and Mutual Funds
<input type="checkbox"/> \$1,000,000/\$1,000,000	\$445	\$585	\$700
<input type="checkbox"/> \$1,000,000/\$2,000,000	\$495	\$645	\$770
<input type="checkbox"/> \$2,000,000/\$2,000,000	\$575	\$705	\$850
<input type="checkbox"/> \$1,000,000/\$3,000,000	\$545	\$685	\$820

Above annual rates include a \$35 administration fee.  
Please refer to the policy for actual terms and conditions.

If you checked the "No/Disagree" box in Part 1 Question 1, add \$30 for your NAIFA fee.

NAIFA Fee (if applicable)  
\$

**TOTAL DUE:** \$

**4. Payment Options**

- Installation Options via Credit Card and ACH (Debit to Checking) are only available online: [www.NAIFAE0.com](http://www.NAIFAE0.com)
  - Make check payable to CalSurance Associates for the total due.
- Mail Check and Enrollment Form to:** CalSurance Associates  
P.O. Box 7048, Orange, California 92863-7048

**5. Notices & Warranty Statement (Signature Required)**

**NOTICE:** I must be a currently licensed insurance Agent to be eligible for this program. Otherwise, I will not be considered an Insured under this program and no claims made against me will be covered.

I warrant that I am a currently licensed insurance Agent.

**NOTICE:** This is a claims made and reported policy. If I have knowledge of any claim or incident that could give rise to a claim under the proposed policy and any claim or action arises therefrom, it is excluded from coverage for which this form applies. A potential gap in coverage may occur if I elect an effective date that is not continuous with my prior expiration date, and may result in the denial of a claim.

I warrant that I have no knowledge of any pending claim or incident that could give rise to a claim under the proposed policy.

I acknowledge that the specimen policy and program materials have been delivered to me via [www.naifae0.com](http://www.naifae0.com) and I have reviewed these documents prior to enrolling in the program.

I warrant and represent that the above statements are true and that I have not suppressed or misstated any material facts and I agree that this application shall be the basis of the contract with the company issuing the policy. It is understood that completion of this application does not bind the company to issue nor the applicant to purchase the insurance.

Premium paid for this coverage is subject to a 10% short rate penalty should I decide to cancel for any reason.

Agents Signature: \_\_\_\_\_

Today's Date: \_\_\_\_\_