

**National Association of Insurance and Financial Advisors**  
**E&O Program — Outline of Coverage**  
**Master Policy Period: December 1, 2023 to December 1, 2024**

**Insurer:**

Berkley Insurance Company, an admitted carrier  
Rated A+ (Superior): XV by A.M. Best

*The information obtained from A.M. Best dated June 1, 2023 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 Professional Purchasing Group Membership:**

The National Association of Insurance and Financial Advisors is a risk purchasing group, formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901 et seq.). NAIFA members are automatically members of the risk purchasing group and there is no additional charge for the risk purchasing group membership. Non-NAIFA members will be charged a \$40 fee for membership in the risk purchasing group. This fee does not convey any other member benefits that NAIFA provides to members of the association.

**Sponsoring Organization:**

National Association of Insurance and Financial Advisors (NAIFA)

**Insureds:**

- An "Agent"
- Agent's owned and controlled 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"

**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.  
\$250,000 each Claim/Aggregate is provided for Defense Costs in addition to the Limits above.*

**Deductibles:**

\$500 each claim — Life, Accident & Health or Long Term Care products (that do not require a Securities license)  
\$1,000 each claim for Indexed or Fixed Annuities  
\$2,500 each claim for Disability Income Insurance products  
\$5,000 each claim for Variable Annuities/Insurance

**Retroactive Date**

The inception date of the Agent's first claims-made Insurance Agents Professional Liability policy from which date coverage has been maintained in force without interruption.

**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/dealer, Section 529 plans and individual retirement plans (if purchased)

\*Financial planning, advice and consultation solely in connection with covered products is included with all Levels

**Sublimits of Liability**

\$10,000 for Disciplinary proceedings  
\$10,000 Subpoena Compliance  
\$25,000 Privacy Breach Coverage (subject to a \$5,000 deductible)

**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

Please review the policy and program materials. A complete copy of the specimen policy is available by calling 800-745-7189 or by visiting [www.calsurance.com/naifaeo](http://www.calsurance.com/naifaeo). 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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**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 Financial Industry Regulatory Authority, 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;
- 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, managed healthcare organization, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name) that was:

1. An admitted Property Casualty Insurance company rated **B++** or better by A.M. Best or Life Insurance Company rated as A- or better by A.M. Best Company at the time the business was placed, obtained or recommended;

2. A non-admitted Insurance Company rated A- or better by A.M. Best at the time the business was placed, obtained or recommended and was authorized to conduct business in the state in which the product was sold, placed or obtained;
- 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 0.4. 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, Financial Industry Regulatory Authority, 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;

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- 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:
    - 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;
- 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.
- 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 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;
- 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";
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;

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- 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
- 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.
- 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;
- MM. 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.
- UU. Any ownership, formation, operation, or administration of any health maintenance organization or preferred provider organization; or
- UU – Privacy: Any "Privacy Event" resulting from failure of the "Insured":
  - 1. to use, maintain and update, when necessary, client data protection measures and security standards;
  - 2. to use, maintain and updated, when necessary, security software, encryption software, anti-spyware and firewall software on all connections to the Internet and software security patches; or
  - 3. to comply with all data protection measures, encryption requirements and security standards issued or required by companies, credit card issuers or financial institutions with whom the "Insured" transacts business, if the "Insured" processes, stores or handles credit card information or banking information; or
- VV. Any (1) failure of a 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 participating provider of services of, any health maintenance organization or preferred provider organization.
- VV – Privacy: Any "Privacy Event" resulting from an "Insured" intentionally committing an unauthorized disclosure.
- WW. Based upon, directly or indirectly arising out of, or in any way involving any pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the "Insured" or any entity owned or controlled by the "Insured" or which the "Insured" is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; however, this exclusion shall not apply to investment advice provided as a Section 3(38) investment manager; or
- YY. Based upon, directly or indirectly arising out of, or in any way involving administration of Employee Benefit Plans of any kind.