

# Registered Investment Advisors

## Members of the Financial Sales Professionals Purchasing Group Errors & Omissions Program

### Frequently Asked Questions

#### Highlights of this E&O plan

- Rates as low as \$1,250 policy Registered Investment Advisor.
- Eligible Registered Investment Advisors may enroll by selecting from limit options and paying the corresponding rate by electronic check or credit card. This easy access to E&O insurance is something all professionals' desire. Go to: [www.calsurance.com/ria](http://www.calsurance.com/ria) for coverage highlights, E&O enrollment material and a copy of the specimen policy.
- Coverage for activities performed as a Registered Investment Advisor and Life/Health Agent.
- Coverage is available at an additional premium for your prior activity as a Registered Representative provided such activities took place before the inception date of your first Investment Advisor E&O policy and you maintained continuous coverage from your prior E&O (subject to a sub-limit and higher deductible).
- Cost of Corrections/Trade Error Coverage included (subject to a sub-limit and higher deductible).
- Definition of Insured includes coverage for the RIA and Associated Persons.
- Coverage included for Data Incident Response Expense (\$25,000 Sub-Limit). Coverage may be added for an additional premium for higher sublimits and Network Security and Privacy at the Insured's elected limits of liability.
- Coverage for Fidelity/Theft by Employee may be added for an additional premium.
- Coverage for Social Engineering may be added for an additional premium.

#### Program Eligibility:

Those RIAs falling outside of the following criteria will be considered on an individual basis:

- The applicant or any Associated Person has never been convicted of a felony or had a professional license or registration denied, suspended, revoked, non-renewed, or restricted by any agency.
- The applicant or any Associated Person has never been formally reprimanded by or had a complaint filed with any court, administrative, or regulatory agency.
- No Advisor in the firm is an advisor to a Taft-Hartley State, municipal or federal union employee benefit plan, or advises an Investment Company, REIT, Limited Partnership, or Private Placement.
- The RIA does not have any Proprietary Products.
- The Applicant or any Associated Person has had no E&O Claims.
- Client funds invested in alternative investments represent 10% or less total revenue for any firm or individual.
- The applicant does not have any liens or judgments filed against him/her.
- The Applicant or any Associated Person has never been accused of violating any professional code of ethics.
- AUM and AUA combined total \$300,000,000 or less.

RIAs who cannot answer all statements "**AFFIRMATIVELY**" are strongly encouraged to contact CalSurance Associates with additional information for underwriting review on their behalf for an exception to the enrollment rules. If approved, they may be enrolled at different terms/rates/conditions.

#### Who or what is rated for premium determination purposes?

The rate is per Registered Investment Advisor (RIA) entity and based upon assets under management (AUM) and Assets Under Advisement (AUA) combined. All Investment Advisors of the firm and staff are included for coverage under the entity. For an additional premium, coverage is available for prior Registered Representative activity.

#### Is staff covered?

Licensed and unlicensed staff of the RIA are included with no additional premium solely while acting on behalf of the enrolled RIA.

#### Does it matter if the individual is an employee or independent contractor?

No. Whether compensated by W2 or 1099 makes no difference.

#### Is the sale and/or servicing of property/casualty products covered?

No.

#### How are Prior Acts addressed?

Coverage is on a "Claims Made and Reported" basis. Claims must be made against you and reported to Lancer Claims Services in writing during the Policy Period for the coverage to be triggered. "Prior Acts" coverage for RIA activity is provided as long as this requirement is satisfied and in addition:

- A. You had no knowledge of any claims or potential claims prior to enrollment in the policy;
- B. You have no other coverage for any such claim;
- C. The act or personal injury occurred after your retroactive date (Retroactive date means the effective date of the first claims made professional liability policy from which date coverage has been maintained by the insured without interruption, covering the particular product/service for which the insured is covered under the policy).

#### I currently have E&O coverage elsewhere. What should I do prior to my enrollment in this E&O program about incidents of which I am aware that could give rise to a claim?

Most E&O policies include an "Awareness Provision" similar to that described below. Therefore, we strongly suggest that you report any incident which you feel could give rise to an E&O claim to your current carrier. Failure to do so could leave you without coverage for such claims if it is discovered that you had knowledge of such an incident prior to your enrollment in this E&O Program.

#### How do I report a claim?

The agent has the following duties in the event of a claim or suit:

1. As soon as practicable during the policy period, but in no event more than 60 days after end of the policy, give to the Insurance Company written notice.
2. Immediately forward every demand, notice, summons or other process received to: Lancer Claims Services First Reports, 681 S. Parker Street #300, Orange, CA 92868. 1-800-821-0540
3. Cooperate with the Insurance Company and do whatever it takes to its secure and affect any rights of indemnity, contribution or appointment.
4. The Insured cannot demand or agree to arbitration of any claim nor make any payment, admit any liability, settle any claims, assume any obligation or incur any expenses without the written consent of the Insurance Company.

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/ria](http://www.calsurance.com/ria). 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.