

**The American Fraternal Alliance
Sponsored Agents' E&O Program
Outline of Coverage**

Policy Period: January 1, 2024 to January 1, 2025

Insurer:

Zurich American Insurance Company
(a member of the Zurich Financial Services Group)
A.M. Best's Rating: A+ (Superior): XV
"The information obtained from A.M. Best dated November 22, 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."

Policy Number: EOC3781264-23

Risk Purchasing Group Membership:

By applying for this insurance, agents are applying for membership in the Financial Sales Professionals Risk Purchasing Group, a group formed and operating pursuant to the Liability Risk Retention Act of 1986 (15 USC 3901et seq.). There is no additional charge for this membership.

Limit of Liability (exclusive of "Defense Costs"):

\$2,500,000 each "Claim" / Aggregate each "Named Certificate Holder"
\$5,000,000 each "Claim" / Aggregate each "Named Certificate Holder"

Deductible (applicable to payment of "Damages" only):

Each "Claim"/each "Named Certificate Holder"
\$0 for Claims involving products of a member Fraternal Society that participates in the American Fraternal Alliance E&O program.
\$1,000 for Claims involving outside covered products and products of societies that do not participate in the American Fraternal Alliance E&O program.

Retroactive Date:

The earlier of the "Named Certificate Holder's" date of first continuous contract with the member Fraternal Society or date of first continuous claims made E&O coverage.

Coverage:

Claims Made and Reported coverage for negligent acts, errors or omissions arising in the rendering of or failure to render "Professional Services" as a licensed life, accident and health agent or general agent, or properly registered representative.

Named Certificate Holder:

Individual shown in Item 1 of the "Certificate of Insurance" provided they are party to a contract with the Sponsor and are licensed by the appropriate authority to solicit and sell life, accident and health insurance products or services.

Insureds (share the limit of the "Named Certificate Holder"):

Corporation/Partnership/Business Entity
Partners/Officers/Directors/Stockholders
Employees acting in an administrative capacity
Heirs/Executors/Administrators or Legal Representatives in the event of death, incapacity or bankruptcy

Professional Services Means:

1. The sale and/or servicing of:
 - a. Life insurance, accident and health insurance, disability income insurance and annuities;
 - b. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities, and variable life insurance;
 - c. Employee benefit plans funded with products listed in 1. a or b above;
- Optional: With election and payment of the applicable additional payment:
- d. 529 Plans sold through any "Broker/Dealer"; or
 - e. 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".
2. The supervision and training by a "General Agent" over the conduct of any "Insured".

Duty to Defend?

Yes, to those "Claims" for which coverage applies

Claims Administration:

Lancer Claims Services, A Division of Brown & Brown Program Insurance Services, Inc.

Program Administration:

CalSurance Associates
A Division of Brown & Brown Program Insurance Services, Inc.
Domiciled in California, CA License Number: 0B02587

This outline of coverage is not a complete reflection of the policy. Certain coverages may be not apply. Please refer to your certificate of insurance as evidence of your coverage selections. Please be advised that if the outline of coverage sent to you includes coverage you did not purchase, the inclusion of such coverage does not confirm that coverage applies to you.

Please review the policy and program materials. A complete copy of the specimen policy is available by calling 800-745-7189 or emailing info@calsurance.com. 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.

Exclusions (including, but not limited to): This Policy does not apply to any "Claim":

- A. Arising out of any act, error or omission of the "Insured" committed with dishonesty, fraudulent, malicious or knowingly wrongful purpose or intent; however, notwithstanding the foregoing, the "Insured" shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the "Insured" shall reimburse the Company for all "Defense Costs" incurred by the Company;
- B. Alleging bodily injury, sickness or death of any person, or injury or destruction of any tangible property, including loss of use thereof;
- C. Alleging the 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;
- D. By an enterprise which one or more "Insureds" own, operate, control or manage; or any "Claim" by an enterprise which owns, operates, controls or manages an "Insured";
- E. Arising out of services performed by the "Insured" as an actuary, accountant, attorney, real estate agent or real estate broker, named fiduciary or third party claims administrator;
- F. Arising out of, or contributed to by, any commingling of, or use of client funds;
- G. Arising out of, directly or indirectly, the insolvency, receivership, bankruptcy, inability to pay of any organization in which the "Insured" has placed or obtained coverage or in which an "Insured" has placed the funds of a client or account; however, the exclusion shall not apply if:
 1. the "Claim" is based upon the insolvency, receivership, liquidation, or inability to pay of any insurance company that was rated "B+" or better by A.M. Best Company at the time the business was placed; or
 2. if the "Claim" is based upon the "Additional Insured(s)" insolvency, receivership, liquidation or inability to pay;
- H. Arising out of the "Insured's" activities in computer programming or processing if the resulting programs or software are sold or distributed or if a fee is charged for use of such program or software;
- I. Made against any "Insured" or the "Additional Insured" by:
 1. Any "Insured";
 2. Any "Additional Insured";
 3. Any "Broker/Dealer";
 4. Any other insurance company;
 5. Any other insurance agency, brokerage or intermediary;
 6. Any person or entities who in the past were, but are not currently, parties to an agent contract with the "Additional Insured"; or
 7. Any subsidiary or affiliate of the "Insured", "Additional Insured" or "Named Insured";
- J. Arising out of the use of confidential information by an "Insured", including but not limited to such use for the purpose of replacement of coverage;
- K. Arising out of the "Insured's" inability or refusal to pay or collect premium, claim or tax monies, including surcharges or assessments of any kind;
- L. Arising from, or contributed to by, the placement of client's coverage or funds directly or indirectly with any organization which is not licensed to do business in the state or jurisdiction with authority to regulate such business. However, this exclusion does not apply to any "Claim" arising from or contributed to by the placement of client's coverage or funds directly or indirectly with any organization which is an eligible surplus lines insurance company in the state or jurisdiction with authority to regulate such business;
- M. Arising out of the ownership, formation, operation, or administration of, or advice regarding, referral to, recommendation of or placement of coverage with any self-insured health maintenance organization (HMO), self-insured preferred provider organization (PPO), risk retention group, self insurance program or purchasing group;
- N. Arising out of or based upon:
 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";
- O. Arising out of 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. Any security priced under five dollars (\$5.00) at the time of purchase;
3. Promissory notes or other non-securitized evidence of debt;
4. Viatical settlements, life settlements, stranger owned life insurance policies, or any security backed by either viatical, settlements, life settlements or stranger owned life insurance policies;
5. Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
6. ETS pay phones or pay phone investments;
7. "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 Ba or lower or S&P rated bonds of BB or lower);
8. 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;
- P. Brought by, or on behalf of, the Securities Investor Protection Corporation, or any governmental, quasi-governmental, regulatory, or self-regulatory entity, whether directly or indirectly; however, this exclusion shall not apply to any "Claim" by such entity to enforce its rights as a direct customer of the "Insured" or "Additional Insured";
- Q. Brought by, or on behalf of, any clearing agency or arising out of any function of any "Insured" or "Additional Insured" as a clearing agency;
- R. Arising out of the "Insured's" activities in exercising discretionary authority, management or control over a customer's account;
- S. Arising out of or based upon 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;
- T. For "Personal Injury":
 1. Sustained by any "Insured" or "Additional Insured";
 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 or bulletin board the "Insured" hosts, owns or over which the "Insured" exercises 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;
- U. Arising out of alleged discrimination of any kind;
- V. Prior to the first effective date of coverage issued to the "Named Certificate Holder", provided no "Insured" had any basis:
 1. To believe that any "Insured" had knowledge of any negligent act, error or omission or "Personal Injury";
 2. To foresee that any such negligent act, error or omission or "Personal Injury" or any related negligent act, error or omission or "Personal Injury" might reasonably be expected to be the basis of a "Claim";
- W. Based upon, arising out of, or attributable to:
 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"; or
- Y. This Policy does not apply to any "Claim":
 1. Based upon or arising out of any Pension Profit Sharing, Health and Welfare or other Employee Benefit Plan or Trust sponsored by the "Insured" as an employer;
 2. Arising out of the "Insured" making representations, promises or guarantees as to the future value of any investment including but not limited to, representations, promises or guarantees as to interest rates, fluctuation in interest rates, future premium payments or market value(s);
 3. Arising out of or involving investment products partially or totally owned by the "Insured"; or
 4. Arising out of the brokering of structured settlements; however, this exclusion does not apply to any "Claim" arising from or contributing to the sale of annuity products used to fund the structured settlements.
- Z. This Policy does not apply to any "Claim" or circumstance which may be expected to give rise to a "Claim" based upon, arising out of, or attributable to "Virtual Currency";

Please review the policy and program materials. A complete copy of the specimen policy is available by calling 800-745-7189 or emailing info@calsurance.com. 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.

Fraud Warning

NOTICE: ANY PERSON WHO, KNOWINGLY OR WITH INTENT TO DEFRAUD OR TO FACILITATE A FRAUD AGAINST ANY INSURANCE COMPANY OR OTHER PERSON, SUBMITS AN APPLICATION OR FILES A CLAIM FOR INSURANCE CONTAINING FALSE, DECEPTIVE OR MISLEADING INFORMATION MAY BE GUILTY OF INSURANCE FRAUD.

NOTICE TO ALABAMA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution or confinement in prison, or any combination thereof.

NOTICE TO ARKANSAS, NEW MEXICO, RHODE ISLAND AND WEST VIRGINIA APPLICANTS: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit, or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO CALIFORNIA APPLICANTS: WARNING – For your protection California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

NOTICE TO COLORADO APPLICANTS: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an Insurance Company for the purpose of defrauding or attempting to defraud the Company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any Insurance Company or agent of an Insurance Company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

NOTICE TO FLORIDA APPLICANTS: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete or misleading information is guilty of a felony in the third degree.

NOTICE TO KANSAS APPLICANTS: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral or telephonic communication statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

NOTICE TO KENTUCKY APPLICANTS: Any person who knowingly and with the intent to defraud any Insurance Company or other person files an application for insurance containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.

NOTICE TO LOUISIANA APPLICANTS: Any person who knowingly and with intent to deceive, presents a false or fraudulent claim for payment of a loss or benefit, or knowingly and with intent to deceive, presents false information, that is material to the risk, in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison. Fraud or misrepresentation with the intent to deceive made after the contract is formed is grounds to deny coverage for illegitimate claims and is reason for cancellation, but the insurer must supply coverage for legitimate claims until cancellation is effective.

NOTICE TO MAINE, TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: It is a crime to knowingly provide false, incomplete or misleading information to an Insurance Company for the purpose of defrauding the Company. Penalties include imprisonment, fines and denial of insurance benefits.

NOTICE TO MARYLAND APPLICANTS: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

NOTICE TO MINNESOTA APPLICANTS: A PERSON WHO FILES A CLAIM WITH INTENT TO DEFRAUD OR HELPS COMMIT A FRAUD AGAINST AN INSURER IS GUILTY OF A CRIME.

NOTICE TO NEW JERSEY APPLICANTS: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

NOTICE TO NEW YORK APPLICANTS: Any person who knowingly and with intent to defraud any Insurance Company or other person files an application for insurance or statement of claims containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

NOTICE TO OHIO APPLICANTS: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

NOTICE TO OKLAHOMA APPLICANTS: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony

NOTICE TO OREGON APPLICANTS: Any person who, knowingly and with intent to defraud or facilitate a fraud against any insurance company or other person, submits an application, or files a claim for insurance containing any false, deceptive, or misleading material information may be guilty of insurance fraud.

NOTICE TO PENNSYLVANIA APPLICANTS: Any person who knowingly and with intent to defraud any Insurance Company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.