

# SPECIMEN



## SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS LIABILITY INSURANCE COVERAGE

### NOTICE – THIS IS A “CLAIMS MADE AND REPORTED” POLICY.

COVERAGE APPLIES ONLY TO A **CLAIM** FIRST MADE AGAINST THE **INSURED** AND REPORTED DURING THE **POLICY PERIOD** OR, IF APPLICABLE, DURING THE EXTENDED REPORTING PERIOD, EXCEPT TO THE EXTENT THAT COVERAGE MAY OTHERWISE BE PROVIDED IN THE POLICY.

Read this entire Policy carefully to determine **Your** rights and duties, **Our** rights and duties and what is and is not covered. Various provisions in this Policy restrict coverage.

This Policy provides insurance to the **Agent** shown on the Certificate of Insurance issued pursuant to the **Master Policy** issued to the **Policyholder**. Unless otherwise stated, the word Policy refers to the insurance evidenced by the Certificate of Insurance and not to the **Master Policy** Declarations.

Throughout this Policy the words **You** and **Your** refer to the **Insured**. The words **We**, **Us** and **Our** refer to the Company providing this insurance. Other words and phrases that appear in bold-faced print have special meaning. Refer to Section III. DEFINITIONS

In consideration of the payment of the premium, **Your** promise to pay the Deductible shown on the Certificate of Insurance, and in reliance on all statements made and information **You** furnished to **Us**, including the statements made in the Application and subject to the Limit of Insurance on the Certificate of Insurance, and all of the terms and conditions of this Policy, **We** and **You** agree as follows:

#### I. COVERAGE

##### A. Insuring Agreements

###### 1. Agents Errors and Omissions Liability

**We** will pay on the **Agent's** behalf all **Loss** which such **Agent** is legally obligated to pay as a result of a **Claim** first made against such **Agent** or its **Agency/Agency Staff** and reported to **Us** during the **Policy Period** in accordance with Subsection VI.I.2. (Authorizations Clause/Notices), provided that such **Claim** is for a **Wrongful Act** in the rendering of or failure to render **Professional Services** in connection with a **Covered Product** if that **Wrongful Act** occurs wholly after the **Retroactive Date**.

###### 2. Sponsoring Company Vicarious Liability

**We** will pay on behalf of the **Sponsoring Company** all **Loss** which the **Sponsoring Company** is legally obligated to pay as a result of a **Claim** first made against the **Sponsoring Company** and reported to **Us** during the **Policy Period** in accordance with Subsection VI.I.2. (Authorizations Clause/Notices), provided that such **Claim** is solely for a **Wrongful Act** of an **Agent** or its **Agency/Agency Staff** in the rendering of or failure to render **Professional Services** in connection with a **Covered Product** if that **Wrongful Act** occurs wholly after the **Retroactive Date**. No coverage is provided for any actual or alleged act, error or omission of the **Sponsoring Company**.

##### B. Extensions

###### 1. Estates and Legal Representatives

This Policy shall afford coverage for a **Claim** for the **Wrongful Act** of a natural person **Insured** made against the estates, heirs or legal representatives of such **Insured** who is deceased, or against the legal representatives of such **Insured** who is incompetent or bankrupt to the extent that in the absence of such death, incompetence, or bankruptcy, such **Claim** would have been covered by this Policy.

###### 2. Spousal Liability

If a **Claim** against a natural person **Insured** includes a claim against such **Insured's** lawful spouse solely by reason of such person's legal status as a spouse of such **Insured**, including a claim that seeks damages recoverable from marital community property, property jointly held by

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the natural person **Insured** and the spouse, or property transferred from the natural person **Insured** to the spouse, all loss which such spouse becomes legally obligated to pay by reason of such claim shall be treated for purposes of this Policy as **Loss** which such **Insured** becomes legally obligated to pay. All terms and conditions of this Policy, including without limitation the Deductible, shall apply to such spousal loss. This coverage extension shall not apply to any act, error, omission, or **Personal Injury** committed by such **Insured's** spouse.

## C. Defense, Investigation and Settlement of a Claim

1. With respect to insurance provided by this Policy, **We** have the right and duty to defend **You**, including the right to select counsel for any civil proceeding brought against you. **We** shall have the right to conduct any investigation or negotiation and make any settlement of any **Claim**.

For any **Claim** to which this Policy applies:

2. In addition to the Limit of Insurance, **We** shall pay all **Claim Expenses** that **We** incur in any such **Claim** until the Limit of Insurance shown on the Certificate of Insurance is exhausted. **We** have no obligation to pay **Claim Expenses**, to defend, or to indemnify, once the Limit of Insurance is exhausted.
3. **Our** obligation to defend **You** and to pay **Claim Expenses** ends when the Limit of Insurance shown on the Certificate of Insurance is exhausted by payment of **Loss** or by deposit or tender of the Limit of Insurance into Court.
4. **You** may not incur any **Claim Expenses** or admit liability for or settle any **Claim** without **Our** prior written consent, which shall not be unreasonably withheld. **We** shall not be liable for any expense, settlement, assumed obligation or admission to which **We** have not consented.
5. **You** agree to cooperate with **Us** in the defense, investigation, and settlement of any **Claim** and agree, as a condition of coverage under this Policy, to submit to **Us** upon request such information and documentation as **We** may require in the investigation and defense of any **Claim**.

## D. Supplemental Payments

In addition to the Limit of Insurance, **We** shall pay:

1. Any premium for appeal bonds for the covered part of the judgment; provided however, that **We** have no obligation to apply for, furnish, or have any court approve such bonds, or provide any collateral for such bonds;
2. Pre-judgment interest awarded against the **Insured** on that part of the judgment **We** pay. If **We** make an offer to pay the applicable Limit of Insurance, **We** will not pay any pre-judgment interest based on that period of time after the offer; and Post judgment interest;
3. All reasonable expenses incurred by the **Insured** at **Our** request to assist **Us** in the investigation or defense of any **Claim**, including actual loss of earnings because of time off work, up to \$500 per day; and
4. The reasonable attorney's fees, costs and expenses incurred in responding to an investigation of an **Insured** by a state licensing board, professional regulatory agency, or a governmental agency with authority to regulate **Professional Services**, resulting from the **Insured's** performance of **Professional Services**. The maximum **We** will pay for all **Insureds** regardless of the number of investigations is \$25,000 per **Policy Period**. However,
  - a. **We** have the right to appoint legal counsel;
  - b. the **Professional Services** leading to the investigation must take place during the **Policy Period**;
  - c. the **Insured** must be first notified of the investigation during the **Policy Period** and must provide **Us** with written notice not later than 30 days after the **Insured** has been notified of the investigation. If the **Insured** fails to give **Us** such written notice, **We** are not required to pay under this provision; and

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d. **We** are not required to pay under this provision for any subsequent appeals; provided however, **We** have no obligation to make any Supplemental Payment once the Limit of Insurance shown on the Certificate of Insurance is extinguished by payment of **Loss**.

## II. TERRITORY

This insurance applies to **Wrongful Acts** committed by an **Insured** anywhere in the world, provided the entire **Claim** is made within the United States of America, its territories and possessions.

## III. DEFINITIONS

A. **Agent** means any natural person or entity that:

1. Is a licensed life and health insurance agent who maintains an active affiliation with the **Policyholder**;
2. Has elected to enroll for coverage under this Policy and whose enrollment is on file with the **Policyholder** or **Us** and evidenced on the Certificate of Insurance; and
3. Has paid his or her premium for coverage.

B. **Agency/Agency Staff** means the following persons or entities, but solely while acting on behalf of the **Agent**:

1. Any corporation, partnership or other business entity owned and controlled by such **Agent**;
2. Any natural person who was, now is, or shall be a duly elected or appointed director, officer, manager, member, partner or employee of such **Agent** or a duly elected or appointed director, officer, manager or employee of any entity identified in subparagraph 1. above; or
3. Any employee of any business entity of which the **Agent** is also an employee.

C. **Claim** means:

1. Any written demand **You** receive for compensatory damages or services for a **Wrongful Act**, including but not limited to, the institution of arbitration proceedings against **You**, or
2. Any civil proceeding seeking compensatory damages against **You** for a **Wrongful Act**, commenced by the service of a complaint or similar pleading.

All **Claims** against the **Insured** arising out of the same **Wrongful Act** or **Interrelated Wrongful Acts** whether such **Wrongful Acts** involve just the **Insured** or others for whose acts the **Insured** may be legally responsible, or the same or different claimants, will be considered one **Claim**. All **Claims** arising out of **Interrelated Wrongful Acts** will be considered first made at the time the earliest such **Claim** was made against the **Insured**.

D. **Claim Expenses** means reasonable fees and costs incurred in the defense, investigation or appeal of a **Claim** incurred by any lawyer that **We** retain or any lawyer that **You** retain with **Our** written consent. **Claim Expenses** shall not include any remuneration, salaries, regular or overtime wages, or benefits of the **Insured** that are associated with the defense and investigation of a **Claim**, except as provided in Supplemental Payments, Subsection I. D. (Supplemental Payments) above.

E. **Client** means any entity or natural person to whom the **Agent** has agreed to render **Professional Services**, including any appointed administrator, beneficiary, executor, receiver, or trustee of such natural person or entity.

F. **Covered Product** shall have the meaning set forth in the applicable Coverage Election Endorsement (Level I - V) elected by the **Agent** and evidenced on the Certificate of Insurance.

G. **Insured** means:

1. The **Agent**, but solely while performing **Professional Services**;
2. The **Agent's Agency/Agency Staff**, but solely while performing **Professional Services**; or

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3. The **Sponsoring Company**, but solely with respect to the coverage provided under Subsection I.A.2. (Sponsoring Company Vicarious Liability).

**Insured** shall not include the **Policyholder**.

**H. Interrelated Wrongful Acts** means **Wrongful Acts** that arise out of, flow from, whether directly or indirectly, one in a series of the same, common, related or repeated facts, matter, events, circumstances, transactions, practices, statements, or decisions, whether such **Wrongful Acts** involve just the **Insured** or others for whose acts the **Insured** may be legally responsible, or the same or different claimants.

**I. Loss** means compensatory damages, whether part of an award or settlement, and any punitive or exemplary damages awarded against an **Insured**, but only to the extent such punitive or exemplary damages are insurable under the applicable law most favorable to such **Insured**. **Loss** shall not include:

1. Civil or criminal fines or penalties, or taxes;
2. The multiplied portion of any multiple damages award;
3. Non-monetary relief, including any costs incurred in complying with a request, order, judgment or settlement agreement to provide non-monetary relief;
4. The return or withdrawal of fees, commissions, or brokerage charges; or
5. Any matter deemed uninsurable under the law pursuant to which this Policy shall be construed.

**J. Master Policy** means the Master Policy Declarations issued to the **Policyholder**. The **Master Policy** provides no coverage separate and apart from the coverage evidenced by the Certificate of Insurance issued to the **Agent** or coverage afforded to the **Sponsoring Company** under Subsection I.A.2 (Sponsoring Company Vicarious Liability).

**K. Personal Injury** means:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy;
4. Oral or written publication of material that slanders or libels a person or organization or that disparages a person's or organization's goods, products or services; or
5. Oral or written publication of material that violates a person's right of privacy.

**L. Plan Administration** means, with respect to any Group Employee Benefit Plan, Life, Accident and Health Plan or Disability Plan that is a **Covered Product**:

1. Giving advice, counsel or interpretation to employees;
2. Handling records; or
3. Effecting enrollment, termination or cancellation of employees.

**M. Policyholder** means the entity shown as such on the **Master Policy** Declarations.

**N. Policy Period** means the period of time from the Inception Date of this Policy to the Expiration Date shown on the Certificate of Insurance, or if applicable, any earlier cancellation date. The **Policy Period** does not include the Extended Reporting Period, if any.

**O. Product Provider** means an insurance company that offers **Covered Products**, if such insurance company was authorized to transact such business in the state or jurisdiction in which such business was conducted and at the time such business was conducted; provided however, **Product Provider** does not include a reinsurance company or a wholly or partially self-insured plan, trust or risk retention group.

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P. **Professional Services** means the following services rendered in connection with a **Covered Product** by the **Agent** or its **Agency/Agency Staff** to a **Client** in the conduct of such **Agent's** profession as a Life or Accident and Health Insurance Agent, General Agent or Broker, or Notary Public, so long as such **Agent** is properly licensed to render such services on any date on which a **Wrongful Act** involving such services is alleged to have occurred:

1. Soliciting (whether directly or indirectly), negotiating, placing, recommending, selling or servicing a **Covered Product** but not including the sale, surrender, conversion or any alteration of a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**; provided however, **Professional Services** shall not include the **Agency/Agency Staff** directly soliciting or selling products; or
2. Providing advice or consulting solely related to a **Covered Product**, including financial planning or consulting solely related to a **Covered Product** but not including any advice or recommendation to, in any way, sell, convert, surrender, or alter a **Covered Product** in order to acquire or invest in anything other than a **Covered Product**.

**Professional Services** shall not include in any way, whether or not by an **Insured**, the ownership, creation, formation, operation, or administration of claims for:

- a. Any Multiple Welfare Arrangement;
- b. Any health maintenance organization or preferred provider organization;
- c. Any pool, syndicate, association or other combination formed for the purpose of providing insurance or benefits; or
- d. Any risk retention group, purchasing group, captive or self -insurance program.

Q. **Retroactive Date** means:

1. The Inception Date of the **Agent's** first claims-made life insurance agents professional liability policy from which date coverage has been maintained in force without interruption; or
2. The **Retroactive Date**, if any, shown on the **Agent's** Life Insurance Agent's Errors and Omissions Liability Policy:
  - a. Which immediately preceded the first policy issued by **Us** or **Our** predecessor or affiliate, to the **Agent**; or
  - b. Which immediately preceded the date the **Agent** was first added to **Our** policy, if the **Agent** was added after the inception date of the first policy, provided that there is no lapse in coverage between the termination date of that other policy and the inception date of coverage for the **Agent** under a Policy issued **Us** or **Our** predecessor or affiliate.

If a lapse in coverage exists, the **Retroactive Date** shall be:

- (1) The inception date of the first policy issued by **Us** or **Our** predecessor or affiliate, to the **Agent**; or
- (2) The inception date of coverage when the **Agent** was first added to the policy issued by **Us** or **Our** predecessor or affiliate, if the **Agent** was added after the inception date of the first policy issued by **Us** or **Our** predecessor or affiliate.

When making claim for coverage for a **Wrongful Act** which occurred before the effective date of this Policy, the **Agent** will be required to provide documentary evidence to establish the **Retroactive Date**, if any, applicable to this Policy. Such documentary evidence shall consist of a copy of the Policy which immediately preceded this Policy or any preceding policy issued by **Us** or affiliated company policy of which this is a renewal.

The **Retroactive Date** for the **Sponsoring Company** shall be the same as is applicable to the **Agent** whose **Wrongful Act** gave rise to the **Claim** against the **Sponsoring Company** and the **Retroactive Date** for the **Agency/Agency Staff** shall be the same as is applicable to the **Agent** who is responsible for such **Agency/Agency Staff**.

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R. **Sponsoring Company** means the entity(ies) shown as such in the **Master Policy** Declarations. **Sponsoring Company** shall not include the **Policyholder**.

S. **Subsidiary** means any corporation in which the respective **Sponsoring Company** owns, on or prior to the **Policy Period**, more than fifty percent (50%) of the outstanding stock representing the present right to vote or select a majority of the board of directors, whether directly or indirectly through one or more of its **Subsidiaries**.

If the respective **Sponsoring Company** creates or acquires a corporation during the **Policy Period**, such that the respective **Sponsoring Company** owns more than fifty percent (50%) of the outstanding stock representing the present right to vote or select a majority of the board of directors, whether directly or indirectly through one or more of its **Subsidiaries**, then such corporation shall automatically be deemed a **Subsidiary** as of the time of such creation or acquisition, provided the number of the agents of such corporation is less than twenty percent (20%) of the total number of **Agents** of the respective **Sponsoring Company** as of the inception of this Policy.

If the respective **Sponsoring Company** creates or acquires a corporation during the **Policy Period**, such that the respective **Sponsoring Company** owns more than fifty percent (50%) of the outstanding stock representing the present right to vote or select a majority of the board of directors, whether directly or indirectly through one or more of its **Subsidiaries**, then such corporation shall be deemed a **Subsidiary** as of the time of such creation or acquisition, provided that:

1. The number of the agents of such corporation is twenty percent (20%) or more of the total number of **Agents** of the respective **Sponsoring Company** as of the inception of this Policy; and
2. The respective **Sponsoring Company** provides **Us** with full particulars of such corporation within sixty (60) days of such creation or acquisition, agrees to any additional amendment of the Policy that **We** require and pays any additional premium **We** require.

T. **Wrongful Act** means:

1. Any actual or alleged negligent act, error or omission, or negligent misstatement or misleading statement by any **Agent** or its **Agency/Agency Staff** in the rendering of or failure to render **Professional Services**; or
2. Any actual or alleged negligent **Personal Injury** arising out of any **Agent's** or its **Agency/Agency Staff's** rendering of or failure to render **Professional Services**.

IV. **EXCLUSIONS**

**We** shall not be liable to make any payment for **Loss** in connection with any **Claim**:

- A. Based upon or arising out of any dishonest, fraudulent, criminal, malicious, intentional or willful act or omission by any **Insured**; provided however, this exclusion shall not apply unless there is a judgment, final adjudication or admission adverse to such **Insured** establishing that such **Insured** committed such conduct; provided however, this exclusion only applies to any **Insured** who participated in, acted with knowledge of, or acquiesced to, such conduct.
- B. Based upon or arising out of any **Insured** gaining in fact any personal profit or advantage to which such **Insured** was not legally entitled.
- C. Based upon, arising out of or in any way involving any actual or alleged:
  1. Bodily injury, including sickness, injury, disease or death of any person; provided however, this exclusion shall not apply to emotional distress or mental anguish solely based upon or arising out of the **Insured's** rendering of or failure to render **Professional Services**; or
  2. Damage to or destruction of any property, including loss of use thereof.
- D. Based upon, arising out of or in any way involving any actual or alleged infringement of copyright, patent, trademark, trade name, trade dress, service mark or misappropriation of ideas or trade secrets, piracy or plagiarism.

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- E. Based upon, arising out of or in any way involving:
  - 1. Any pension, welfare or benefit plan organized for the benefit of employees of the **Insured**;
  - 2. Any **Insured's** obligations or services as a fiduciary or trustee for any pension, welfare or benefit plan organized for the benefit of employees of any **Insured** under ERISA, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the Pension Benefits Act, Pension Protection Act of 2006 (PPA), including any amendments, rules or regulations promulgated under any of the foregoing, or any similar provisions of any state or local statutory or common law; or
  - 3. Any services performed by any **Insured** as the Named Fiduciary, as defined by ERISA, as amended, or trustee of any Employee Benefits Plan. Named Fiduciary shall mean any individual who assumes discretionary authority for the Plan Sponsor's responsibilities, and as that term is defined in Section 402(a) of the Employee Retirement Income Security Act of 1974, as may be revised. However, Named Fiduciary does not include any individual acting in the capacity of Investment Manager, as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974, as may be revised.
- F. Based upon, arising out of or in any way involving any **Insured's** actions, activities, responsibilities or duties as a third party administrator of any plan, whether insured or self-insured.
- G. Based upon, arising out of or in any way involving any:
  - 1. Liability of others assumed by any **Insured** in a written or oral contract or agreement; or
  - 2. Actual or alleged liability of any **Insured** under any written or oral contract or agreement; provided however, this exclusion shall not apply to liability of any **Insured** which would exist in the absence of such contract or agreement.
- H. Based upon, arising out of or in any way involving any actual or alleged warranty, promise, guarantee or representation as to the value or yield of any **Covered Products** or as to non-guaranteed interest rates or future premium payments.
- I. Based upon, arising out of or in any way involving any **Insured's**:
  - 1. actual or alleged employment-related practices, acts or omissions, whether in violation of contract or statutory or common law, including without limitation: the refusal to employ; wrongful termination of employment; discrimination or harassment of any kind; breach of employment contract; wrongful demotion, evaluation, reassignment or discipline; defamation, slander or libel; invasion of privacy; infliction of emotional distress; retaliation; malicious prosecution or abuse of process; but only to the extent that coverage is specifically provided by endorsement to this Policy;
  - 2. violation of any statutes or regulations related to wage and hour laws, including but not limited to the refusal, failure or inability of any **Insured** to pay wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered or time spent in connection with work-related activities (including conversion, unjust enrichment, failure to reimburse expenses, violations of unfair business practices or trade practices); misclassification of employees; improper deduction from pay taken by any **Insured** from any employee or purported employee; or failure to provide or enforce legally required meal or rest break periods;
  - 3. the unauthorized use, release of or collection of any confidential or private information pertaining to any employee, or the loss, theft, accidental release or accidental publication of non-public personal information. This exclusion shall apply whether the **Insured** may be liable as an employer or in any other capacity; or
  - 4. Discrimination or harassment of any kind, other than any discrimination or harassment excluded in subparagraph 1. above, against any person or entity.
- J. Based upon, arising out of or in any way involving any services performed by the **Insured**, whether or not the **Insured** is licensed as such, as:

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1. an accountant, architect, actuary, tax preparer or advisor (except for tax advice provided directly concerning a **Covered Product**), attorney, real estate agent or broker;
2. an engineer, a financial planner or registered investment adviser, except as to services directly related to a **Covered Product**; or
3. securities broker or dealer.

K. Based upon, arising out of:

1. The collection, payment or return of, or the failure to collect, pay or return, any commission, fee, tax, or premium;
2. Any dispute with another insurance agent or broker, including, but not limited to, any dispute concerning commissions, fees, client lists or entitlements; or
3. Any commingling, misappropriation or conversion of **Client** funds.

L. Based upon, arising out of or attributable to any:

1. unauthorized access to, collection of or use of any personal information, personal data or confidential information (other than information that is lawfully available in the public domain or to the general public unless such information which had been publicly available became uniquely identifiable through collection or processing) while under the care, custody, or control of any of the following: a) an **Insured**; b) an independent contractor; or c) an outsourced service provider of an **Insured**; or
2. violation of breach of laws and regulations pertaining to privacy and resulting in the activity described in subparagraph 1. above;

provided however, this exclusion shall not apply to the extent coverage for such events is afforded to the **Agent** by endorsement.

M. Based upon, arising out of or in any way involving any bankruptcy, receivership, conservatorship, insolvency, or financial inability to pay of any entity, including but not limited to a **Product Provider**, regardless of when the financial impairment of such entity began and whether or not any **Insured** was aware or could have been aware of the financial impairment of such entity. However, this exclusion shall not apply if at the time of the placement or renewal of coverage the **Product Provider** was:

1. An admitted insurance company rated B+ or better by A.M. Best Company;
2. A non-admitted insurance company rated A- or better by A.M. Best Company that is also authorized to conduct business in the applicable state in which the **Covered Product** involved was sold, placed or obtained, or;
3. The **Product Provider** was guaranteed or operated by a governmental body or bodies (including, but not limited to assigned risk plans, Joint Underwriting Association's, State or Federal Flood, Wind or FAIR pools or plans, or guarantee funds) or was a County Mutual reinsured by carriers rated B+ or better by A.M. Best Company.

N. Based upon, arising out of or in any way involving the direct or indirect placement of, or any recommendation to place, any **Client's** insurance, coverage, funds, premium, or product with or in any **Product Provider**, entity or vehicle not licensed to transact such business in the state or jurisdiction in which such business was conducted; provided however, this exclusion shall not apply with respect to any **Product Provider** authorized or approved as a surplus lines insurer or carrier in the state or jurisdiction in which such business was conducted.

O. Based upon, arising out of or in any way involving any:

1. Promissory notes;
2. Viatical or life settlements as investments, or investments in viatical investment pools;

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- 3. Securities (as defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940, and any amendments thereto);
- 4. Commodities, futures contracts, or option contracts; or
- 5. Stranger or Investor Originated or Owned Life Insurance (STOLI), Corporate Owned Life Insurance (COLI) or any similar transactions.

P. Based upon, arising out of or in any way involving the offering, sale or servicing of any structured settlement; provided however, this exclusion shall not apply to a **Claim** solely based upon or arising out of the selling or servicing of a **Covered Product** utilized to fund a structured settlement.

Q. Based upon or arising out of:

- 1. Any **Wrongful Act** or any fact, circumstance or situation which has been the subject of any notice given under any insurance policy prior to the Inception date of this Policy;
- 2. Any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** which has been the subject of such notice described in subparagraph 1., would constitute **Interrelated Wrongful Acts**; or
- 3. Any **Wrongful Act** of which the **Insured** had actual or constructive knowledge as of the Inception of this Policy and which could have reasonably been expected to result in a **Claim**.

R. For **Personal Injury** based upon or arising out of:

- 1. The oral or written publication of material, if done by or at the direction of the **Insured** with knowledge of its falsity; or
- 2. The oral or written publication of material whose first publication took place before the **Retroactive Date**.

S. By or on behalf of the **Sponsoring Company** or any **Agent**; provided however, this exclusion shall not apply to a **Claim** brought in the form of a cross-claim or third-party claim arising from a **Claim** made against such **Sponsoring Company** or **Agent** that is otherwise covered under this Policy.

T. Based upon, arising out of or in any way involving any actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous, thermal, or aural irritant, pollutant, contaminant, including but not limited to, noise, lead, asbestos, smoke, vapors, soot, fumes, acids, alkalis, chemicals, or waste materials (including those that are or are to be stored, recycled, reconditioned or reclaimed), into or upon land, air, water or property.

U. Based upon, arising out of or in any way involving any nuclear reaction, radiation, radioactive contamination or radioactive substance, in any form, no matter how emitted.

V. Based upon or arising out of or in any way involving any claim or dispute between **Insureds** under this Policy. However, this exclusion shall not apply if the **Wrongful Act** arises out of **Professional Services** by an **Insured** rendered to such other **Insured** as a **Client** provided the **Insured** rendering such **Professional Service** does not have an equity interest in the property to be insured.

W. Based upon, arising out of or in any way involving the design, purchase, sale, advice or consultation regarding any of the following:

- 1. Internal Revenue Code Section 412(i) defined benefit plans; or
- 2. Internal Revenue Code Section 419 and 419A welfare benefit plans or trusts, including but not limited to those described in Section 419(e), Section 419A(f)(5) and Section 419A(f)(6); and
- 3. any subsequent conversion of the plans referenced above to any other IRS Code sections.

X. Based upon, arising out of, or in any way involving any sale, attempted sale, or servicing of any life insurance policy in which the payment or financing of any premium, in whole or in part, for such life insurance policy, whether secured from or through any premium financing company, financial institution

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or any other premium financing mechanism; or any representations made in connection with such premium financing.

- Y. Based upon, arising out of, or in any way involving any actual or alleged violation of:
  1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
  2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
  3. The Junk Fax Prevention Act of 2005 (JFPA), including any amendment of or addition to such law;
  4. The Fair and Accurate Credit Transactions Act of 2003 (FACTA), part of the Fair Credit Reporting Act (FCRA), 15 USC 1681 et. Seq., including any amendment of or addition to such law; or
  5. Any statute, ordinance or regulation other than the TCPA, JFPA, FACTA, FCRA or CAN-SPAM Act of 2003 that prohibits or limits the sending, transmitting, communicating, or distribution of material or information, or the inclusion of full credit card numbers or credit card expirations dates on any receipts provided to customers at the time of a credit card transaction or handling of or dissemination of personal financial or other information; or to such law, and any rules or regulations promulgate pursuant to such law.
- Z. Based upon, arising out of, or in any way involving any actual or alleged intentional misleading or manipulation of an employee by a third party through the use of a means of communication, including but not limited to, electronic, telegraphic, cable, teletype, facsimile, telephone or written instruction which is received by an employee that directs the employee to transfer, pay, or deliver money, securities, or other property.

## V. LIMIT OF INSURANCE AND DEDUCTIBLE

- A. Subject to Subsection V.C., the Limit of Insurance shown on the Certificate of Insurance as applicable to each **Agent** each **Claim** shall be **Our** maximum liability for **Loss** resulting from each **Claim** made against each **Agent** and its **Agency/Agency Staff** and shall apply in excess of the Deductible.
- B. The Limit of Insurance shown on the Certificate of Insurance as applicable in the Aggregate to each **Agent** shall be **Our** maximum liability for all **Loss** resulting from all **Claims** made against each **Agent** and its **Agency/Agency Staff**.
- C. No additional Limit of Insurance is provided to the **Sponsoring Company**; the Limit of Insurance applicable to the **Sponsoring Company** shall be that Limit of Insurance applicable to the **Agent** whose **Wrongful Acts** gave rise to the **Claim** against the **Sponsoring Company**, and **Loss** paid on behalf of the **Sponsoring Company** shall reduce and may exhaust the Limit of Insurance applicable to such **Agent**.
- D. No Limit of Insurance is afforded to the **Policyholder**.
- E. **We** shall only be liable to pay **Loss** in excess of the Deductible shown on the Certificate of Insurance, which Deductible shall apply to each and every **Claim**.  
If **You** have been continuously insured by **Us** and have not had a claim made against **You** during the prior five years, the Deductible shall be waived for the first covered **Claim** made during the current **Policy Period**.
- F. Before **We** pay any claim under this policy, **We** will subtract the Deductible shown on the Certificate of Insurance as applying to Each **Claim** for **Loss** that is incurred with respect to a single **Claim**. **We** will only pay the lesser of that part of such **Loss** which exceeds the Deductible, or the Limit of Insurance that applies.  
If **We** pay part or all of the Deductible to effect settlement of any **Claim**, **We** will notify **You** of **Our** payment of the Deductible. **You** shall reimburse **Us** for the part of the Deductible that **We** paid within 30 days of **Our** notification.

# SPECIMEN



All the terms of this Policy, including conformance with Subsection I.C.5, (Defense, Investigation, and Settlement of a Claim) shall apply with respect to the applicability of the Deductible pursuant to this Subsections V.E. and V.F.

## VI. CONDITIONS

### A. Entire Agreement

It is agreed that this Policy together with the **Master Policy** Declarations, Certificate of Insurance, and any endorsements constitute the entire agreement existing between **You** and **Us**.

### B. Policy Extended Reporting Period

1. If the **Policyholder** or **We** cancel or non-renew this Policy for any reason other than for non-payment of premium, the **Policyholder** shall have the right, to purchase an Extended Reporting Period upon payment of the additional premium for the respective duration.
2. The Extended Reporting Period applies only to a **Claim** first made against **You** and reported to **Us** during the Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the end of the **Policy Period** and that would have been covered by this Policy if such **Claim** had been first made during the **Policy Period**.
3. As a condition precedent to subparagraphs 1. and 2. above, all of the following apply:
  - a. The total premium due for this Policy must have been paid.
  - b. The Extended Reporting Period is available to the **Policyholder** by Endorsement for the elected duration and additional premium shown on the Declarations. The right to purchase an Extended Reporting Period will lapse unless **We** receive written notice of such election, together with payment of the additional premium due within ninety (90) days of the effective date of the:
    - (1) Cancellation of the Policy; or
    - (2) Expiration of **Policy Period** in the event of non-renewal.
  - c. The Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided by this Policy.
  - d. The Extended Reporting Period is not cancelable, and the premium will be deemed fully earned at the inception date of such Extended Reporting Period.
  - e. The Extended Reporting Period will be subject to the remaining Limit of Insurance, if any, and the purchase of the Extended Reporting Period will not reinstate or increase any Limit of Insurance provided by this Policy.

### C. Agent Extended Reporting Period / Agent Affiliation or Contract Termination

1. This Extended Reporting Period applies only to a **Claim** first made against the **Agent** or its **Agency/Agency Staff** and reported to **Us** during the Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the effective dates shown in Subsection VI.C.5.a.(1) – (5) and otherwise covered by this Policy.
2. If the:
  - a. **Agent** terminates its affiliation with the **Policyholder**; or
  - b. agency or general agency contract between the **Sponsoring Company** and any **Agent** terminates for any reason other than the **Sponsoring Company** terminating such contract for cause;

then the insurance under this Policy shall continue until the end of the **Policy Period** as shown on the Certificate of Insurance or any amendments thereto. Termination of an **Agent's** affiliation or contract shall also include death, total permanent disability or retirement of such **Agent** from providing **Professional Services**.

# SPECIMEN



3. In the event that the **Agent** transfers the majority of its assets to another individual or entity via sale, merger, or consolidation (hereinafter "Selling **Agent**") to another individual or entity (hereinafter "Change of Control"), coverage for the Selling **Agent** under this Policy shall continue until the expiration of the **Policy Period** for any actual or alleged **Wrongful Acts** of the Selling **Agent**, but only with respect to **Wrongful Acts** occurring prior to the Change of Control. The Selling **Agent** may elect an Extended Reporting Period described in Subsection VI.C.5. below.
4. If the agency or general agency contract between the **Sponsoring Company** and any **Agent** terminates because the **Sponsoring Company** terminates such contract for cause, the **Agent** and its **Agency** shall automatically receive an extension of the insurance afforded by this Policy to apply to any **Claim** first made against the **Agent** or its **Agency** and reported to **Us** during the thirty (30) days immediately following the effective date of the termination of such contract, but only for a **Wrongful Act** committed or allegedly committed before the effective date of the termination of such contract and otherwise covered by this Policy.
5. In the event of termination described in Subsection VI.C.2., Change of Control described in Subsection VI.C.3., cancellation, or non-renewal, the **Agent** shall have the right to purchase an Extended Reporting Period by Endorsement upon payment of the additional premium for the respective duration shown on the Declarations.
  - a. Such Extended Reporting Period will take effect only if, within ninety (90) days after the effective date of the:
    - (1) Cancellation of the Policy;
    - (2) Expiration of the **Policy Period** in the event of non-renewal, Termination of the **Agent's** affiliation with the **Policyholder**; or Termination of the contract with the **Sponsoring Company**
    - (3) Change of Control; or
    - (4) **Agent's** death, total permanent disability or retirement;the **Agent**, or, if applicable, the **Agent's** estate elects such Extended Reporting Period. The right to purchase an Extended Reporting Period will lapse unless **We** receive written notice of such election, together with payment of the additional premium due,
  - b. The Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided by this Policy.
  - c. The Extended Reporting Period is not cancelable, and the premium will be deemed fully earned at the inception date of such Extended Reporting Period.
  - d. The Extended Reporting Period will be subject to the remaining Limit of Insurance, if any, and the purchase of the Extended Reporting Period will not reinstate or increase any Limit of Insurance provided by this Policy.

## D. Documentation Requirements For Prior Acts Coverage

If an **Insured** tenders a **Claim** to **Us** for a **Wrongful Act** that allegedly occurred before the effective date of that **Insured's** coverage under this Policy such **Insured** shall provide written evidence satisfactory to **Us** that there has been in force an uninterrupted claims-made Life Insurance Agents' Errors and Omissions Liability Insurance Policy, from the Inception Date of the first such claims-made policy to the effective date of coverage for the **Insured** under this Policy.

## E. Reporting of Potential Claims

If during the **Policy Period**, **You** first become aware of a **Wrongful Act** which might reasonably be expected to give rise to a **Claim** and, during the **Policy Period** or within sixty (60) days after the end of the **Policy Period**, give written notice to **Us** of such **Wrongful Act** as required below, then any **Claim** subsequently made against **You** by reason of such **Wrongful Act** shall be deemed to have been first made during the **Policy Period**.

# SPECIMEN



Written report of a potential **Claim** shall include:

1. The specific facts or circumstances which constitute the **Wrongful Act**, including the date(s) thereof, and the **Insured** involved;
2. The date and circumstances by which **You** became aware of such **Wrongful Act**; and
3. The **Loss** that may reasonably result.

## F. Subrogation and Assignment

1. When **We** pay under this Policy, **We** receive **Your** rights against third parties and may subrogate against third parties. **You** are required to execute and deliver any instruments and papers and do whatever else is necessary to secure **Our** rights. **You** agree not to prejudice **Our** subrogation rights.
2. **You** may not assign any interest in this Policy unless **We** give **Our** prior written consent.

## G. Changes

The terms of this Policy shall not be waived or changed, except by endorsement issued by **Us** to form a part of this Policy. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person shall not effect a waiver or change in any part of this Policy or stop **Us** from asserting any right under the terms of this Policy.

## H. Action Against Us

1. No one shall sue **Us** unless the following conditions precedent are met:
  - a. There has been full compliance with all the terms of this Policy; and
  - b. The amount of the **Your** obligation to pay shall have been finally determined either by judgment against **You** after actual and contested trial on the merits, or by written agreement of the **You**, the claimant, and **Us**.
2. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy.
3. Nothing contained in this Policy shall give any person or organization any right to join **Us** as a co-defendant in any action against **You** to determine **Your** liability. **Your** bankruptcy or insolvency shall not relieve **Us** of any obligation hereunder.

## I. Authorization Clause/Notices

1. By acceptance of this Policy by payment of premium, **You** agree that the **Sponsoring Company** shall act on **Your** behalf with respect to the giving and receiving of notice of any cancellation, non-renewal, the payment of premiums, the receiving of any return premiums that may become due under this Policy, or any other notices regarding coverage or other matters.
2. **You** shall provide notice to **Us** as soon as practicable after a **Claim** is first made against **You** but in no event later than ninety (90) days after the **Policy Period**. This notice shall be deemed sent to **Us** only if it is received by **Us** via facsimile or electronic mail or sent by the **Insured** by prepaid registered or return-receipt-requested mail properly addressed to **Us** as shown on the Declarations. Notwithstanding the requirement that the **Claim** must first be made and reported to **Us** during the **Policy Period**, if continuous coverage is in effect pursuant to consecutive policies issued by **Us**, a **Claim** may be first made against the **Insured** during one **Policy Period** and may be reported to **Us** in writing during the consecutive, immediately following **Policy Period** without constituting a violation of this provision.
3. No insurance agent or broker is appointed or authorized by **Us** to receive the notice required by the Policy. **Your** notice to any insurance broker or agent shall not be notice to **Us**, unless and until **We** receive actual notice at the above address.

# SPECIMEN



## J. Transactions Changing Coverage

### 1. Change of Control of Sponsoring Company

If during the Policy Period any of the following events occur, subject to the other terms of this Policy, coverage under this Policy shall continue as to **Wrongful Acts** occurring prior to the effective date of such event, but there shall be no coverage afforded under this Policy for any **Wrongful Act** occurring after the effective date of such event:

- a. The respective **Sponsoring Company** consolidating with or merging into, or selling all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert, or
- b. Any person or entity or group of persons and/or entities acting in concert that acquire more than fifty percent (50%) of the outstanding stock representing the present right to vote or select a majority of the board of directors of the respective **Sponsoring Company**.

This Policy may not be canceled after the effective time of such event and the entire premium for this Policy shall be deemed earned as of such time. The respective **Sponsoring Company** shall give **Us** written notice of such event as soon as practicable but not later than thirty (30) days after the effective date of such event.

### 2. Cessation of Subsidiaries

If an entity ceases to be a **Subsidiary**, coverage with respect to such **Subsidiary** and its **Agents** and such **Agent's Agency/Agency Staff**, subject to the other terms of this Policy, coverage under this Policy shall continue as to **Wrongful Acts** occurring prior to the effective date of such entity ceasing to be a **Subsidiary**, but there shall be no coverage afforded under this Policy for any **Wrongful Act** occurring after the effective date of such entity ceasing to be a **Subsidiary**.

## K. Cancellation and Nonrenewal

### 1. Cancellation

- a. The **Policyholder** may cancel this Policy by mailing or delivering to **Us** advance written notice of cancellation. The **Policy Period** will end on the effective date requested.
- b. The **Agent** may cancel the Certificate of Insurance at any time by advising **Us** or **Our** authorized agent, on or before the effective date of cancellation.
- c. **We** may cancel only in the event of non-payment of premium by the **Policyholder**, with respect to the Policy, or **Agent**, with respect to the Certificate of Insurance.
  - (1) If **We** cancel for non-payment of premium, **We** will mail by first class or certified mail, to the **Policyholder** or **Agent**, as applicable, and its agent or broker of record, at their last address known to **Us**, written notice stating the reason for cancellation, at least:
    - (a) twenty (20) days before the effective date of cancellation of the Policy; or
    - (b) ten (10) days before the effective date of cancellation of the Certificate of Insurance.
  - (2) Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on the date of cancellation. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
- d. If this Policy is cancelled, **We** will send the **Policyholder** any premium refund due.
  - (1) If **We** cancel, the refund will be the pro rata unearned premium.
  - (2) If the **Policyholder** or **Agent** cancels, earned premium shall be computed in accordance with the customary short-rate table and procedure. The cancellation will be effective even if **We** have not made or offered a refund.

# SPECIMEN



## 2. Non-renewal by Us

- a. We are not required to renew this Policy when it expires.
- b. If We elect not to renew this Policy, We will mail by first class or certified mail, to the **Policyholder** and the agent or broker of record, at their last address known to Us, written notice stating the reason for non-renewal, at least sixty (60) days but not more than one hundred and twenty (120) days before the effective date of non-renewal.
- c. If the policy is evidenced by a Certificate of Insurance issued to the **Agent**, identical Non-renewal provisions apply to the **Agent** and, if applicable, the **Sponsoring Company**.
- d. Notice of non-renewal will state the effective date of non-renewal. The **Policy Period** will end on the date of non-renewal.
- e. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

## L. Other Insurance

1. The insurance provided by this Policy shall apply only in excess of any other insurance available to You and shall not contribute with other such insurance.

If You have other insurance against the **Loss** covered by this Policy, this Policy shall be excess over any other valid and collectible insurance and then shall apply only in the amount by which the applicable Limit of Liability of this Policy exceeds the sum of the applicable Limit of Liability of all such other insurance.

This provision will not apply if the **Insured** has similar coverage with Us, or one of Our affiliates. In this event, the **Insured** must elect under which policy the claim will be made and the other policy will be void and any premium will be refunded.

2. You shall provide notice to all other insurers which reasonably might provide coverage as soon as practicable after the Your receipt of a **Claim** or obtaining information regarding a potential **Claim**.

## M. Enrollment Audit

In the event that the **Policyholder** is keeping on file the enrollment of **Agents** for coverage under this Policy, then the **Policyholder** shall, upon Our request at reasonable times and places that We designate, submit all documents, files and records pertaining to such **Agent** enrollment to Our examination and subscribe to the same under oath and cooperate with Us in all matters relating to such examination.

## N. Conformance With State Statutes

Terms of this Policy that are in conflict with the statutes of the state or province in which this Policy is issued and delivered to You are hereby amended to conform to such statutes.

## O. Arbitration

All disputes between the **Policyholder** and Us relating to or arising from amounts owed to the **Policyholder** by an **Agent** or **Agency/Agency Staff** which may be payable under this Policy, amounts We may owe under this Policy on the **Agent's** or **Agency's/Agency Staff's** behalf or vicarious liability coverage provided to the **Sponsoring Company** by this Policy, shall be determined by arbitration. Any such dispute shall be submitted to the American Arbitration Association ("AAA") under the AAA's Commercial Arbitration Rules, and shall be decided by a panel of three arbitrators, each party choosing one arbitrator qualified to arbitrate such dispute within ten (10) calendar days after notification of the intent to arbitrate, and the two arbitrators shall choose a third arbitrator. If the first two arbitrators fail to agree on a third arbitrator within ten (10) calendar days thereafter, the AAA shall choose such arbitrator. Upon the third arbitrator's acceptance of the appointment, the Arbitration Panel for the dispute will be deemed fixed. And the third arbitrator shall be the Chairman of the Arbitration Panel. Each of the parties will bear the expense of its, his or her own arbitrator, and will share equally any remaining expenses.

# SPECIMEN



**P. Liberalization**

If **We** adopt a change in **Our** forms or rules during the term of this Policy which would broaden the coverage provided by any form that is a part of this policy without an extra premium charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

**Q. Sanctions Clause**

Any Claims or transactions uninsurable under the laws or regulations of the United States concerning trade or economic sanctions or export control laws are not covered under this policy.

**R. Titles/Plurals/Headings**

The descriptions in the headings and titles of this Policy are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular shall include the plural and vice versa. In this Policy, words in **bold** typeface have special meaning and are defined. Words that are not specifically defined in this Policy have the meaning normally attributed to them.

# SPECIMEN



Endorsement Number: 1

Policy Number: USF011507260001

Policyholder: The Financial Sales Professional Purchasing Group on behalf of affiliated Life and Health Agents

Endorsement Effective Date: January 1, 2026

## Cap on Losses from Certified Acts of Terrorism

This Endorsement modifies insurance provided under policies affording the following coverages:

Contractors Pollution Liability Coverage

Cyber Coverage

Directors and Officers Liability Coverage

Employment Practices Liability Coverage

Fiduciary Liability Coverage

It is agreed that:

- 1 If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and the Insurer (the company providing coverage under this Policy) has met its Insurer deductible under the Terrorism Risk Insurance Act, the Insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**Certified Act of Terrorism** means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act, as amended. The criteria contained in the Terrorism Risk Insurance Act for a **Certified Act of Terrorism** include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  1. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- 2 The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any "loss" that is otherwise excluded under this Policy.

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 2

## California Amendatory Endorsement

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

It is agreed that:

- I. The Definitions Section, Subsection III.I. **Loss** is amended to add the following to the end thereof:  
However, and notwithstanding anything to the contrary contained in this definition, if California law governs the interpretation of this Policy, directly assessed punitive, exemplary and multiple damages are uninsurable in the state of California.
- II. Subsection VI.J Cancellation and Nonrenewal is deleted and replaced with the following:
  - J. **Cancellation and Nonrenewal**
    1. **Cancellation**
      - a. The **Policyholder** may cancel this Policy by mailing or delivering to **Us** advance written notice of cancellation. The **Policy Period** will end on the effective date requested.
      - b. The **Agent** may cancel the Certificate of Insurance at any time by advising **Us** or **Our** authorized agent, on or before the effective date of cancellation.
      - c. **We** may cancel only in the event of non-payment of premium by the **Policyholder**, with respect to the Policy, or **Agent**, with respect to the Certificate of Insurance.
        - (1) If **We** cancel for non-payment of premium, **We** will mail by first class or certified mail, to the **Policyholder** or **Agent**, as applicable, and its agent or broker of record, at their last address known to **Us**, written notice stating the reason for cancellation, at least:
          - a. twenty (20) days before the effective date of cancellation of the Policy; or
          - b. ten (10) days before the effective date of cancellation of the Certificate of Insurance.
        - (2) Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on the date of cancellation. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
      - d. If this Policy is cancelled, **We** will send the **Policyholder** any premium refund due.
        - (1) If **We** cancel, the refund will be the pro rata unearned premium.
        - (2) If the **Policyholder** or **Agent** cancels, earned premium shall be computed in accordance with the customary short-rate table and procedure. The cancellation will be effective even if **We** have not made or offered a refund.
        - (3) **We** will send the return premium described above within eighty (80) business days after the **Policyholder** provides the necessary audit information to **Us**. **We** will not be required to refund the unearned premium within eighty (80) business days if the final unearned premium cannot be determined because of a breach of a policy requirement, failure to cooperate with the audit, or audit remains disputed.
        - (4) If **We** fail to send the applicable return premium within the prescribed time period interest will accrue at a rate of 10% per annum from and after the date the return premium was to be refunded. If requested by the **Insured** or the producer of record, **We** must provide an accounting and explanation of how the amount of return premium was calculated.

# SPECIMEN



(5) Refunding of the unearned premium to the **Policyholder** is complete upon depositing the unearned premium in the U.S. mail, prepaid, addressed to the **Policyholder** at the last known address.

2. **Non-renewal by Us**

- a. **We** are not required to renew this Policy when it expires.
- b. If **We** elect not to renew this Policy, **We** will mail by first class or certified mail, to the **Policyholder** and the agent or broker of record, at their last address known to **Us**, written notice stating the reason for non-renewal, at least sixty (60) days but not more than one hundred and twenty (120) days before the effective date of non-renewal.
- c. If the policy is evidenced by a Certificate of Insurance issued to the **Agent**, identical Non-renewal provisions apply to the **Agent** and, if applicable, the **Sponsoring Company**.
- d. Notice of non-renewal will state the effective date of non-renewal. The **Policy Period** will end on the date of non-renewal.
- e. **We** are not required to send notice of non-renewal in any of the following situations:
  - (1) If the transfer of, or renewal of, a policy, without a change in its terms or conditions or the rate on which the premium is based between **Us** and a member of the same insurance group;
  - (2) If the policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with the nonrenewal notice requirements noted above;
  - (3) If the **Agent** has obtained replacement coverage or has agreed, in writing, within sixty (60) days of the termination of the policy, to obtain that coverage;
  - (4) If the policy is for a period of no more than sixty (60) days and the **Agent** is notified at the time of issuance that it may not be renewed;
  - (5) If the **Agent** requests a change in the terms or conditions or risks covered by the policy within sixty (60) days of the end of the **Policy Period**; or
  - (6) If **We** have made a written offer to the **Agent**, in accordance with the timeframes shown in non-renewal requirements above, to renew the policy under changed terms or conditions or at a changed premium rate, when the increase exceeds twenty five percent (25%).

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 3

## New York Amendatory Endorsement

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

It is agreed that:

I. The Declarations is amended as follows:

A. The Claims Made and Reported provision is deleted and replaced by the following:

**NOTICE: THIS IS A CLAIMS MADE POLICY. PLEASE REVIEW THE POLICY CAREFULLY. THE POLICY IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF APPLICABLE.**

**WITH RESPECT TO THE EMPLOYMENT PRACTICES LIABILITY ENDORSEMENT [EPL], 144938, IF PURCHASED, AMOUNTS INCURRED AS CLAIM EXPENSES SHALL REDUCE AND MAY EXHAUST THE EPL LIMIT OF INSURANCE. IN THE EVENT THAT THE EPL LIMIT OF INSURANCE IS EXHAUSTED BY THE PAYMENT OF CLAIMS EXPENSES, WE SHALL NOT BE LIABLE FOR CLAIMS EXPENSES OR FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT AFTER THE EXHAUSTION OF THE EPL LIMIT OF INSURANCE. AMOUNTS INCURRED AS CLAIM EXPENSES ARE SUBJECT TO THE EPL DEDUCTIBLE.**

B. The following is added to the end thereof:

**New York Addendum**  
**CONSUMER INFORMATION NOTICE - PLEASE READ CAREFULLY**  
**Claims Made Coverage**  
[11 NYCRR 73 (Reg. 121)]

With respect to coverages afforded pursuant to this Policy on a claims-made basis, no coverage is available for claims which took place prior to the retroactive date, if any, stated in this policy.

Solely with respect to such claims made coverages, this Policy covers only claims actually made against the insured while the policy remains in effect, and all coverage under the policy ceases upon the termination of the policy. Claims may, however, be reported to the **Insurer** during an automatic ninety (90) day Basic Extended Reporting Period, or any additional Supplemental Extended Reporting Period purchased by the Agent.

During the first several years of the claims made relationship, claims made rates are comparatively lower than occurrence rates. Be advised that substantial annual premium increases, independent of overall rate level increases, should be expected if the **Agent** is written at a less than mature rate. This disparity lessens the longer the claims made relationship exists.

There is a potential for coverage gaps that may arise upon expiration of any Extended Reporting Period.

Coverage under this Policy may apply for acts, errors, or omissions which occurred prior to the effective date of this Policy, if a **Claim for Loss, or Damages** resulting therefrom, is first reported during the **Policy Period** or during any applicable Extended Reporting Period; provided, however that on or before such date the **Insured** did not know or could not have reasonably foreseen that such **Wrongful Act** could lead to a **Claim**.

**Defense Costs: Limit of Insurance and Deductible**  
[11 NYCRR 71 (Reg. 107)]

Depending upon the coverage purchased by the **Agent**, solely with respect to the liability claims made coverages, if **Claim Expenses** are part of, and not in addition to, the Limit of Insurance, then such limit

# SPECIMEN



may be exhausted by amounts incurred as legal defense costs. **We** will not be liable for further legal defense costs or for the amount of any judgment or settlement after exhaustion of the Limit of Insurance.

Such liability claims made coverage may also contain a Deductible applying to both damages and **Claim Expenses**.

The **Agent**, on behalf of all **Insureds** has a right to an accounting, upon request, of legal defense costs actually expended.

II. The SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS LIABILITY INSURANCE COVERAGE, 144931 (01 23), is amended as follows:

A. The Notice provision on is deleted and replaced with the following:

**NOTICE: THIS IS A CLAIMS MADE POLICY**

B. The first paragraph of the Preamble is deleted and replaced with the following:

COVERAGE APPLIES ONLY TO A **CLAIM** FIRST MADE AGAINST THE **INSURED** DURING THE **POLICY PERIOD** OR, IF APPLICABLE, DURING THE EXTENDED REPORTING PERIOD, EXCEPT TO THE EXTENT THAT COVERAGE MAY OTHERWISE BE PROVIDED IN THE POLICY.

C. The Coverage Section is amended as follows:

1. Subsections A1. and 1 in the Coverage Section are deleted and replaced with the following:

1. **Agents Errors and Omissions Liability**

**We** will pay on the **Agent's** behalf all **Loss** which such **Agent** is legally obligated to pay as a result of a **Claim** first made against such **Agent** or its **Agency/Agency Staff** during the **Policy Period**, provided that such **Claim** is for a **Wrongful Act** in the rendering of or failure to render **Professional Services** in connection with a **Covered Product** if that **Wrongful Act** occurs wholly after the **Retroactive Date**.

2. **Sponsoring Company Vicarious Liability**

**We** will pay on behalf of the **Sponsoring Company** all **Loss** which the **Sponsoring Company** is legally obligated to pay as a result of a **Claim** first made against the **Sponsoring Company** during the **Policy Period**, provided that such **Claim** is solely for a **Wrongful Act** of an **Agent** or its **Agency/Agency Staff** in the rendering of or failure to render **Professional Services** in connection with a **Covered Product** if that **Wrongful Act** occurs wholly after the **Retroactive Date**. No coverage is provided for any actual or alleged act, error or omission of the **Sponsoring Company**.

2. Subsections C.1 and C3 are deleted and replaced with the following:

1. With respect to insurance provided by this Policy, **We** have the right and duty to defend **You** even if the allegations are groundless, false, or fraudulent. **We** shall have the right to select counsel for any civil proceeding brought against you, the right to conduct any investigation, and the right to negotiate and make any settlement of any **Claim**.

3. Subject to the Transfer of Duties When a Limit of Insurance is Exhausted Subsection in the Conditions Section of this Endorsement, **Our** obligation to defend **You** and to pay **Claim Expenses** ends when the Limit of Insurance shown on the Certificate of Insurance is exhausted by payment of **Loss** or by deposit or tender of the Limit of Insurance into Court.

D. The Definitions Section is amended as follows:

1. The following definition is added:

**Termination of Coverage** means:

a. any cancellation or nonrenewal of the Policy, whether by the **Us** or **You**; or

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- b. a decrease in limits, reduction of coverage, increased deductible or retention, new exclusion, or any other change in coverage less favorable to **You**.
- 2. Subsection III.I. **Loss** is amended to add the following to the end thereof:

However, and notwithstanding anything to the contrary contained in this definition, if New York law governs the interpretation of this Policy, directly assessed punitive, exemplary and multiple damages are uninsurable in the state of New York.

E. The Exclusion Section, Subsection IV.A. is deleted and replaced with the following:

Based upon or arising out of any dishonest, fraudulent, criminal, malicious, intentional or willful act or omission by any **Insured**; provided however, this exclusion shall not apply unless there is a judgment, final adjudication or admission adverse to such **Insured** establishing that such **Insured** committed such conduct; provided however, this exclusion only applies to any **Insured** who participated in, acted with knowledge of, or acquiesced to, such conduct. As to any **Claim** for vicarious liability that falls within any Insuring Agreement, this exclusion shall not apply unless there is a final non-appealable judgment or determination establishing that such acts or omissions were dishonest, fraudulent, criminal, or malicious, or that the **Insured** approved, consented to or had knowledge of such conduct. The conduct or knowledge of one **Insured** shall not be imputed to another **Insured**.

F. The Conditions Section is amended as follows:

- 1. Subsection VI.B, the Policy Extended Reporting Period Subsection, is deleted and replaced with the following:

## **Policy Extended Reporting Period**

- 1. Basic Extended Reporting Period

- a. Upon any **Termination of Coverage** for reasons other than nonpayment of premium or fraud on the part of the **Insured**:
  - (1) within the first year of claims made coverage, a Basic Extended Reporting Period is automatically provided without additional charge. This period starts at the date of Policy termination or the end of the **Policy Period**, whichever is earlier, and lasts for ninety (90) days; and
  - (2) **We** will not be required to provide a premium quotation for an Supplemental Extended Reporting Period unless requested by the **Policyholder**.
- b. **We** shall provide the **Policyholder** notice in writing of the Basic Extended Reporting Period and the availability of, the premium for, and the importance of purchasing, the Supplemental Extended Reporting Period. This notice will be sent no earlier than the date of notification of **Termination of Coverage**, and no later than thirty (30) days after the effective date of the **Termination of Coverage**.
- c. The Basic Extended Reporting Period applies only to a **Claim** first made against **You** and reported to **Us** during the Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the end of the **Policy Period** and that would have been covered by this Policy if such **Claim** had been first made on the last day of the **Policy Period**.
- d. The Basic Extended Reporting Period does not in any way reinstate or increase the Limit of Insurance.
- e. The Basic Extended Reporting Period shall be included within the Supplemental Extended Reporting Period, if such Supplemental Extended Reporting Period is purchased.
- f. If similar insurance is in force covering any **Claims** first made during the Basic Extended Reporting Period, coverage provided by this Policy shall be excess over any other valid and collectible insurance.

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2. Supplemental Extended Reporting Period
  - a. Upon any **Termination of Coverage** for reasons other than nonpayment of premium, the **Policyholder** shall have the right, to purchase a Supplemental Extended Reporting Period by Endorsement upon payment of the additional premium for the respective duration. The Supplemental Extended Reporting Period terms and corresponding additional premium are shown on the Declarations. **We** shall not charge a different premium for the Supplemental Extended Reporting Period endorsement due to any rate change in our rates, rating plans or rating rules subsequent to issuance of the last renewal of this Policy.
  - b. The Supplemental Extended Reporting Period applies only to a **Claim** first made against **You** and reported to **Us** during the Supplemental Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the end of the **Policy Period** and that would have been covered by this Policy if such **Claim** had been first on the last day of the **Policy Period**.
  - c. As a condition precedent to subparagraphs 2.a. and 2.b. above, all of the following apply:
    - (1) The total premium due for this Policy must have been paid.
    - (2) The **Policyholder** shall notify **Us** in writing of its intent to purchase a Supplemental Extended Reporting Period. The **Policyholder** shall have the greater of the following in which to submit such notice to **Us**:
      - (a) ninety (90) days after the effective date of **Termination of Coverage**; or
      - (b) thirty (30) days after the date that the **Insurer** mails notice advising the **Policyholder** of the availability of the Supplemental Extended Reporting Period.

If the **Policyholder** elects to purchase the Supplemental Extended Reporting Period, the Supplemental Extended Reporting Period coverage will not take effect until the premium owed for the Policy is paid in full, and the premium owed for the Supplemental Extended Reporting Period coverage is paid in full and promptly when due. Where premium is due to **Us** for coverage under this Policy, any monies received by **Us** from the **Policyholder** as payment for the Supplemental Extended Reporting Period shall first be applied to such premium owing for the Policy. All premiums paid with respect to the Supplemental Extended Reporting Period shall be deemed fully earned as of the first day of the Supplemental Extended Reporting Period.

- (3) The Supplemental Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided by this Policy.
- (4) The Supplemental Extended Reporting Period is not cancelable, and the premium will be deemed fully earned at the inception date of such Supplemental Extended Reporting Period.
- (5) The Supplemental Extended Reporting Period will be at least equal to one hundred percent (100%) of the Limit of Insurance for the **Policy Period**.
- (6) The insurance provided by the Supplemental Extended Reporting Period will be excess over any other valid and collectible insurance whether primary, excess, and contingent or any other basis, whose policy begins or continues after the Supplemental Extended Reporting Period.

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2. Subsection VI.C, the Agent Extended Reporting Period/ Agent Affiliation or Contract Termination Subsection is deleted and replaced with the following:

## **Agent Extended Reporting Period / Agent Affiliation or Contract Termination**

### 1. Agent Basic Extended Reporting Period

- a. Upon any **Termination of Coverage** for reasons other than nonpayment of premium or fraud on the part of the **Insured**:
  - (1) within the first year of claims made coverage, a Agent Basic Extended Reporting Period is automatically provided without additional charge. This period starts at the date of Policy termination or the end of the **Policy Period** shown on the Certificate of Insurance, whichever is earlier, and lasts for ninety (90) days; and
  - (2) **We** will not be required to provide a premium quotation for an Agent Supplemental Extended Reporting Period unless requested by the **Agent**.
- b. The Agent Basic Extended Reporting Period applies only to a **Claim** first made against **You** and reported to **Us** during the Agent Basic Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the end of the **Policy Period** and that would have been covered by this Policy if such **Claim** had been first made on the last day of the **Policy Period**.
- c. The Agent Basic Extended Reporting Periods does not in any way reinstate or increase the Limit of Insurance.
- d. The Basic Extended Reporting Period shall be included within the Supplemental Extended Reporting Period, if such Supplemental Extended Reporting Period is purchased.
- e. If similar insurance is in force covering any **Claims** first made during the Basic Extended Reporting Period, coverage provided by this Policy shall be excess over any other valid and collectible insurance.

### 2. Agent Supplemental Extended Reporting Period

The Agent Extended Reporting Period applies only to a **Claim** first made against the **Agent** or its **Agency/Agency Staff** and reported to **Us** during the Agent Supplemental Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the effective dates shown in Subsection VI.C.2.c.(1) and otherwise covered by this Policy.

#### a. **Termination of Coverage**

- (1) Upon any **Termination of Coverage** for reasons other than nonpayment of premium, the **Agent** shall have the right, to purchase an Agent Supplemental Extended Reporting Period by Endorsement upon payment of the additional premium for the respective duration. The Agent Supplemental Extended Reporting Period terms and corresponding additional premium are shown on the Declarations. **We** shall not charge a different premium for the Agent Supplemental Extended Reporting Period endorsement due to any rate change in our rates, rating plans or rating rules subsequent to issuance of the last renewal of this Policy.
- (2) The Agent Supplemental Extended Reporting Period applies only to a **Claim** first made against **You** and reported to **Us** during the Agent Supplemental Extended Reporting Period, but only for a **Wrongful Act** committed or allegedly committed before the end of the **Policy Period** and that would have been covered by this Policy if such **Claim** had been first on the last day of the **Policy Period**.

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(3) As a condition precedent to subparagraphs 2.a.(1) and 2.a.(2), above, all of the following apply:

- (a) The total premium due for this Policy must have been paid.
- (b) The **Agent** shall notify **Us** in writing of its intent to purchase an Agent Supplemental Extended Reporting Period. The **Agent** shall have the greater of the following in which to submit such notice to **Us**:
  - i. ninety (90) days after the effective date of **Termination of Coverage**; or
  - ii. thirty (30) days after the date that the **We** mail notice advising the **Policyholder** of the availability of the Supplemental Extended Reporting Period.
- (c) The Agent Supplemental Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided by this Policy.
- (d) The Agent Supplemental Extended Reporting Period is not cancelable, and the premium will be deemed fully earned at the inception date of such Agent Supplemental Extended Reporting Period.
- (e) The Agent Supplemental Extended Reporting Period will be at least equal to one hundred percent (100%) of the Limit of Insurance for the **Policy Period**.
- (f) The insurance provided by the Agent Supplemental Extended Reporting Period will be excess over any other valid and collectible insurance whether primary, excess, and contingent or any other basis, whose policy begins or continues after the Agent Supplemental Extended Reporting Period.

b. Change of Control

In the event that the **Agent** transfers the majority of its assets to another individual or entity via sale, merger, or consolidation (hereinafter "Selling **Agent**") to another individual or entity (hereinafter "Change of Control"), coverage for the Selling **Agent** under this Policy shall continue until the expiration of the **Policy Period** for any actual or alleged **Wrongful Acts** of the Selling **Agent**, but only with respect to **Wrongful Acts** occurring prior to the Change of Control. The Selling **Agent** may elect an Agent Supplemental Extended Reporting Period described in Subsection VI.C.c. below.

c. In the event of **Termination of Coverage** described in Subsection VI.C.a., Change of Control described in Subsection VI.C.b., or Agent Affiliation or Contract Termination described in Subsection V.C.3 or V.C.4., the **Agent** shall have the right to purchase an Agent Extended Reporting Period by endorsement upon payment of the additional premium for the respective duration shown on the Declarations.

- (1) Such Agent Supplemental Extended Reporting Period will take effect only if, within ninety (90) days after the effective date of the:
  - (a) **Termination of Coverage**;
  - (b) Termination of the **Agent's** affiliation with the **Policyholder**; or termination of the contract with the **Sponsoring Company**
  - (c) Change of Control; or
  - (d) **Agent's** death, total permanent disability or retirement;

the **Agent**, or, if applicable, the **Agent's** estate elects such Agent Supplemental Extended Reporting Period. The right to purchase an Agent

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Supplemental Extended Reporting Period will lapse unless **We** receive written notice of such election, together with payment of the additional premium due.

- (2) The Agent Supplemental Extended Reporting Period does not extend the **Policy Period** or change the scope of coverage provided by this Policy.
- (3) The Agent Supplemental Extended Reporting Period is not cancelable, and the premium will be deemed fully earned at the inception date of such Agent Supplemental Extended Reporting Period.
- (4) The Agent Supplemental Extended Reporting Period will be at least equal to one hundred percent (100%) of the Limit of Insurance for the **Policy Period**.

3. Agent Affiliation or Contract Termination

If the:

- (1) **Agent** terminates its affiliation with the **Policyholder**; or
- (2) agency or general agency contract between the **Sponsoring Company** and any **Agent** terminates for any reason other than the **Sponsoring Company** terminating such contract for cause;

then the insurance under this Policy shall continue until the end of the **Policy Period** as shown on the Certificate of Insurance or any amendments thereto. Termination of an **Agent's** affiliation or contract shall also include death, total permanent disability or retirement of such **Agent** from providing **Professional Services**.

4. If the agency or general agency contract between the **Sponsoring Company** and any **Agent** terminates because the **Sponsoring Company** terminates such contract for cause, the **Agent** and its **Agency** shall automatically receive an extension of the insurance afforded by this Policy to apply to any **Claim** first made against the **Agent** or its **Agency** and reported to **Us** during the thirty (30) days immediately following the effective date of the termination of such contract, but only for a **Wrongful Act** committed or allegedly committed before the effective date of the termination of such contract and otherwise covered by this Policy.

3. The Action Against Us Subsection is deleted and replaced by the following:

**Action Against Us**

1. No one shall sue **Us** unless the following conditions precedent are met:
  - a. There has been full compliance with all the terms of this Policy; and
  - b. The amount of the **Your** obligation to pay shall have been finally determined either by judgment against **You** after actual and contested trial on the merits, or by written agreement of the **You**, the claimant, and **Us**.
2. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. In the event that a judgment against an **Insured** is not satisfied within thirty (30) days, an action may be brought against **Us**.
3. Nothing contained in this Policy shall give any person or organization any right to join **Us** as a co-defendant in any action against **You** to determine **Your** liability. **Your** bankruptcy or insolvency shall not relieve **Us** of any obligation hereunder.

4. The Authorization Clause / Notices Subsections is amended as follows:

- a. Subsection VI.I.2. is deleted and replaced with the following:

**You** shall provide notice to **Us** as soon as practicable after a **Claim** is first made against **You** during the **Policy Period**. This notice shall be deemed sent to **Us** only if it is received

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by **Us** via facsimile or electronic mail or sent by the **Insured** by prepaid registered or return-receipt-requested mail properly addressed to **Us** as indicated in this Policy. Notwithstanding the foregoing, if continuous coverage is in effect pursuant to consecutive policies issued by **Us**, a **Claim** may be first made against the **Insured** during one **Policy Period** and may be reported to **Us** in writing during the consecutive, immediately following **Policy Period** without constituting a violation of this provision.

- b. Subsection VI.I.3. is deleted.
5. The Cancellation and Nonrenewal Subsection is deleted and replaced with the following:

## **Cancellation and Nonrenewal/Conditional Renewal**

### **1. Cancellation**

- a. The **Policyholder** may cancel this Policy by mailing or delivering to **Us** advance written notice of cancellation. The **Policy Period** will end on the effective date requested.
- b. The **Agent** may cancel the Certificate of Insurance at any time by advising **Us** or **Our** authorized agent, on or before the effective date of cancellation.
- c. **We** may cancel subject to the following:
  - (1) If this Policy has been in effect for sixty (60) days or less, and is not a renewal of a policy previously issued by **Us**, **We** shall specify the reason for cancellation at least twenty (20) days before the effective date of cancellation.
  - (2) After this Policy has been in effect for more than sixty (60) days or after the effective date of renewal, this Policy may only be cancelled for one of the following reasons:
    - (a) nonpayment of premium;
    - (b) conviction of a crime arising out of acts increasing the hazard insured against;
    - (c) discovery of fraud or material misrepresentation in obtaining the Policy or in the presentation of a **Claim** thereunder;
    - (d) after issuance of this Policy or after the last renewal date, discovery of an act or omission, or a violation of any Policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current **Policy Period**;
    - (e) a determination by the Superintendent that **Our** continuation of the present premium volume would jeopardize **Our** solvency or be hazardous to the interests of **Our** policyholders, **Our** creditors or the public; or
    - (f) a determination by the Superintendent that the continuation of the Policy would violate, or would place the Insurer in violation of New York law; or
    - (g) where **We** have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the **Insured** will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If **We** cancels for this reason, the **Agent** may make a written request to the Department of Financial Services, within ten (10) days of receipt of this notice, to review **Our** cancellation decision. Also, **We** will simultaneously send a copy of this cancellation notice to the Department of Financial Services.
  - (3) Only in the event of non-payment of premium by the: (i) **Policyholder**, with respect to the Policy; or (ii) **Agent**, with respect to the Certificate of Insurance,

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**We** will mail by first class or certified mail, to the **Policyholder** or **Agent**, as applicable, and its agent or broker of record, at their last address known to **Us**, written notice stating the reason for cancellation, at least:

- (a) twenty (20) days before the effective date of cancellation of the Policy; or
- (b) ten (10) days before the effective date of cancellation of the Certificate of Insurance.
- (4) Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on the date of cancellation. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.
- d. If this Policy is cancelled, **We** will send the **Policyholder** any premium refund due. If **We**, **Policyholder** or **Agent** cancels, the refund will be the pro rata unearned premium. A cancellation by the **Policyholder** or **Agent** shall be effective even if **We** have not made or offered a refund.

2. **Non-renewal / Conditional Renewal by Us**

- a. **We** are not required to renew this Policy when it expires.
- b. If **We** elect not to renew this Policy or condition its renewal upon a change in limits, change in type of coverage, reduction in coverage, increase in retention or deductible, the addition of any exclusions, or an increase in premium in excess of ten percent (10%), then **We** will mail by first class or certified mail, to the **Policyholder** and the agent or broker of record, at their last address known to **Us**, written notice stating the reason for non-renewal, at least sixty (60) days but not more than one hundred and twenty (120) days before the effective date of non-renewal. Such notice shall contain the specific reasons for the nonrenewal or the conditional renewal and shall set forth the amount or a reasonable estimate of any premium increase and describe any additional proposed changes.
- c. If the policy is evidenced by a Certificate of Insurance issued to the **Agent**, identical Non-renewal provisions apply to the **Agent** and, if applicable, the **Sponsoring Company**.
- d. The provisions regarding conditional renewal shall only apply to the **Master Policy**, not to the individual Certificates of Insurance.
- e. Notice of non-renewal will state the effective date of non-renewal. The **Policy Period** will end on the date of non-renewal.
- f. If **We** do not provide notice of nonrenewal or conditional renewal as provided in this Subsection:
  - (1) coverage will remain in effect at the same terms and conditions of this Policy at the lower of the current rates or the prior period's rates until sixty (60) days after such notice is mailed or delivered unless the **Agent**, during this 60-day period, has replaced the coverage or elects to cancel in which event such cancellation shall be on a pro rata premium basis; provided, however, that if **We** elect to renew on the basis of the conditional renewal notice, then such terms, conditions and rates shall govern the Policy upon expiration of such sixty (60) day period unless such notice was provided at least thirty (30) days prior to the expiration date of the Policy, in which event the terms, conditions and rates set forth in the conditional renewal notice shall apply as of the renewal date; and
  - (2) such coverage shall not create a new annual Limit of Insurance (if any) for the covered policy, except that the annual Limit of Insurance of the expiring policy shall be increased in proportion to the policy extension; provided, however, that if the **Agent** elects to accept the terms, conditions and rates of the conditional renewal notice; a new annual aggregate limit (if any) shall become effective as of the

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inception date of the renewal, subject to regulations promulgated by the Superintendent.

3. Upon written request of the **Agent**, loss information shall be provided for the period of years specified by the Superintendent or the period of time coverage has been provided by **Us**, whichever is less.
- B. The following Subsections is added:

## **Failure to Provide Timely Notice of Claim – Prejudice Requirement**

1. Notice of any **Claim** or potential **Claim** given by or on behalf of the **Insured** to **Our** licensed agent in the state of New York, with particulars sufficient to identify the **Insured**, shall be deemed notice to **Us**. Failure to give notice to **Us** as required under this Policy shall not invalidate any **Claim** made against an **Insured** by the injured person or any other claimant, unless the failure to provide such timely notice has prejudiced **Us**. However, no **Claim** made against an **Insured** by an injured person or other claimant will be invalidated if it shall be shown not to have been reasonably possible to give such timely notice and that notice was given as soon as was reasonably possible thereafter.
2. If **We** disclaim liability or deny coverage based upon the failure to provide timely notice with respect to a **Claim** arising out of death or personal injury of any person, then the injured person or other claimant may maintain an action directly against **Us**, in which the sole question is the **Our** disclaimer or denial based on the failure to provide timely notice, unless within sixty (60) days following such disclaimer or denial, **We** or the **Insured** initiate an action to declare the rights of the parties under this Policy and named the injured person or other claimant as a party to the action.

## **Transfer of Duties When a Limit of Insurance is Exhausted**

1. If **We** conclude that, based on incidents, occurrences, offenses, **Claims** which have been reported to **Us** and to which this insurance may apply, that any limit (each **Claim**, each incident, each occurrence, aggregate, or other) under the Policy is likely to be exhausted in the payment of covered amounts, including but not limited to judgments, settlements or **Claim Expenses**, **We** will notify the **Agent** and **Policyholder**, in writing, to that effect.
2. When a Limit of Insurance described in Section V Limit of Insurance and Deductible has actually been exhausted in the payment of judgments, settlements or **Claim Expenses**:
  - a. If **We** conclude that, based on incidents, occurrences, offenses, claims or suits which have been reported to **Us** and to which this insurance may apply, that any limit (each claim, each incident, each occurrence, aggregate, or other) under the policy is likely to be exhausted in the payment of judgments or settlements and/or
  - b. **We** will notify the **Agent** and **Policyholder**, in writing, as soon as practicable, that:
    - (1) such a limit has actually been exhausted; and
    - (2) **Our** duty to defend suits seeking damages subject to that limit has ended.
      - (a) **We** will initiate, and cooperate in, the transfer of control, to any appropriate **Agent**, of all **Claims** seeking damages which are subject to that limit and which are reported to **Us** before that limit is exhausted. That **Agent** must cooperate in the transfer of control of said **Claims**.

**We** agrees to take such steps, as **We** deems appropriate, to avoid a default in, or continue the defense of, such **Claims** until such transfer is completed, provided the appropriate **Agent** is cooperating in completing such transfer. **We** have no obligation to take any action whatsoever with respect to any **Claim** seeking damages that would have been subject to that limit, had it not been exhausted, if the **Claim** is reported to **Us** after that Limit of Insurance has exhausted.

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- (b) The **Agent** involved in a **Claim** seeking damages subject to that limit, must arrange for the defense of such **Claim** within such time period as agreed to between the appropriate **Agent** and **Us**. Absent any such agreement, arrangements for the defense of such **Claim** must be made as soon as practicable.
- (c) The **Agent** will reimburse **Us** for expenses **We** incur in taking those steps **We** deems appropriate in accordance with subparagraph (2)(b) above.
- (d) The duty of the **Agent** to reimburse **Us** will begin on:
  - i. the date on which the applicable Limit of Insurance is exhausted, if **We** sent notice in accordance with subparagraph (1) above; or
  - ii. the date on which **We** sent notice in accordance with subparagraph (2)(b) above, if **We** did not send notice in accordance with subparagraph (1) above.

The exhaustion of any Limit of Insurance by the payment of covered amounts, including but not limited to judgments, settlements or **Claim Expenses**, and the resulting end of **Our** duty to defend, will not be affected by **Our** failure to comply with any of the provisions of this condition.

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

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Endorsement #: 4

## Coverage Election Endorsement (Level I)

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible: \$500 Each **Claim**

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: \$500,000	Each <b>Claim</b> / Aggregate
	Each <b>Agent</b>

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

II. The Definitions Section, the definition of **Covered Product** is deleted in its entirety and replaced with the following:

**Covered Product** means the following products offered by a **Product Provider**:

1. Medicare Supplemental Insurance;
2. Mortgage Life Insurance; or
3. Final Expense.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

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Endorsement #: 5

## Coverage Election Endorsement (Level II)

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible: \$500 Each **Claim**

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: [Limit of Insurance elected at Enrollment] Each **Claim** / Aggregate  
Each **Agent**

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

A. The Definitions Section, the definition of **Covered Product** is deleted in its entirety and replaced with the following:

**Covered Product** means the following products offered by a **Product Provider**:

1. Medicare Supplemental Insurance;

2. Mortgage Life Insurance;

3. Final Expense;

4. Individual Health Insurance; or

5. Group A&H plans provided such plans are fully insured at all times, but not including Group or Ordinary Pension or Profit Sharing Plans, Individual Retirement Accounts, Keogh Plans, 401(k) or 501(b) Plans.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

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Endorsement #: 6

## Coverage Election Endorsement (Level III)

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible: \$500 Each **Claim**

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: [Limit of Insurance elected at Enrollment] Each **Claim** / Aggregate  
Each **Agent**

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

II. The Definitions Section, the definition of **Covered Product** is deleted in its entirety and replaced with the following: is amended as follows:

**Covered Product** means the following products offered by a **Product Provider**:

1. Medicare Supplemental Insurance;
2. Mortgage Life Insurance;
3. Final Expense;
4. Individual Health Insurance;
5. Group A&H plans provided such plans are fully insured at all times, but not including Group or Ordinary Pension or Profit Sharing Plans, Individual Retirement Accounts, Keogh Plans, 401(k) or 501(b) Plans; or
6. Individual and Group Life Insurance (other than Variable Life Insurance products), Long Term Care Insurance and Disability Income Insurance.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 7

## Coverage Election Endorsement (Level IV)

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible: \$500 Each **Claim**

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: [Limit of Insurance elected at Enrollment] Each **Claim** / Aggregate  
Each **Agent**

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

II. The Definitions Section, the definition of **Covered Product** is deleted in its entirety and replaced with the following:

**Covered Product** means the following products offered by a **Product Provider**:

1. Medicare Supplemental Insurance;
2. Mortgage Life Insurance;
3. Final Expense;
4. Individual Health Insurance;
5. Group A&H plans provided such plans are fully insured at all times, but not including Group or Ordinary Pension or Profit Sharing Plans, Individual Retirement Accounts, Keogh Plans, 401(k) or 501(b) Plans;
6. Individual and Group Life Insurance (other than Variable Life Insurance products), Long Term Care Insurance and Disability Income Insurance; or
7. Fixed and Indexed Annuities.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 8

## Coverage Election Endorsement (Level V)

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

A. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Per the Deductible Type for the applicable **Covered Product** shown in the SCHEDULE below:

SCHEDULE			
Deductible Type		Covered Product	
Deductible Type "A"	\$500	Each Claim	<ul style="list-style-type: none"><li>Mortgage Life Insurance;</li><li>Final Expense;</li><li>Individual Health Insurance;</li><li>Group A&amp;H plans provided such plans are fully insured at all times, but not including Group or Ordinary Pension or Profit Sharing Plans, Individual Retirement Accounts, Keogh Plans, 401(k) or 501(b) Plans;</li><li>Individual and Group Life Insurance (other than Variable Life Insurance products), Long Term Care Insurance and Disability Income Insurance;</li><li>Fixed and Indexed Annuities.</li></ul>
Deductible Type "B"	\$2,500	Each Claim	<ul style="list-style-type: none"><li>Variable Life Insurance, Variable Annuities and Mutual Funds</li></ul>

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: [Limit of Insurance elected at Enrollment] Each **Claim** / Aggregate  
Each **Agent**

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

# SPECIMEN



II. The Definitions Section, the definition of **Covered Product** is deleted in its entirety and replaced with the following:

**Covered Product** means the following products offered by a **Product Provider**:

1. Medicare Supplemental Insurance;
2. Mortgage Life Insurance;
3. Final Expense;
4. Individual Health Insurance;
5. Group A&H plans provided such plans are fully insured at all times, but not including Group or Ordinary Pension or Profit Sharing Plans, Individual Retirement Accounts, Keogh Plans, 401(k) or 501(b) Plans;
6. Individual and Group Life Insurance (other than Variable Life Insurance products), Long Term Care Insurance and Disability Income Insurance;
7. Fixed and Indexed Annuities;
8. Variable Life Insurance or Variable Annuities sold or serviced by the **Insured** as a properly licensed Registered Representative or Registered Investment Advisor or Investment Advisor Representative; or
9. Mutual Funds whether or not offered by a **Product Provider**, which are registered with the Securities and Exchange Commission and sold or serviced by the **Insured** as a properly licensed Registered Representative or Registered Investment Advisor or Investment Advisor Representative.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

III. The Exclusions Section is amended as follows:

A. The following Exclusion is added with respect to all **Covered Products**:

Based upon, arising out of, or in any way involving any **Insured's** activities in exercising discretionary authority or control with regard to the management or disposition of assets (whether for individuals, groups, plans or other entities); provided however, this exclusion shall not apply to any **Insured** providing an asset allocation service with respect to any **Covered Products** pursuant to a written asset allocation plan executed by the **Client**.

B. The following is added with respect to Mutual Funds:

1. Subsection IV.O.3 is deleted in its entirety and replaced with the following:

- a. Solely for any actual or alleged violation of:
    - (1) The Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, or any state securities or Blue Sky statutes, including any rules or regulations promulgated under any of the foregoing; or
    - (2) The rules and regulations of:
      - (a) Any self-regulating organization, including but not limited to, FINRA or its predecessors; or
      - (b) Any state insurance or securities department, commission or agency except as provided in Subsection I.D.4 (Supplemental Payments);

- b. Based upon, arising out of, or in any way involving:
    - (1) any Securities transaction which has not been approved by a broker dealer (as defined in the Securities Exchange Act of 1934, as amended); or
    - (2) the purchase of, or advice concerning the purchase of any bonds which, at the time of purchase were unrated or rated below investment grade by any rating agency

# SPECIMEN



2. The following Exclusion is added:

Based upon, arising out of, or in any way involving the formation, syndication, operation, administration, dissolution or roll-up of any limited partnership or limited partnership interest, any real estate syndicate or investment trust or any interest therein

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

## SPECIMEN



Endorsement #: 9

## Property & Casualty Insurance Products Coverage Extension Endorsement (Personal Lines Only)

Sponsored Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the premium paid, it is agreed that:

The coverage provided by this Endorsement shall only apply to each **Agent** who has elected such coverage. Such **Agent** shall be specifically designated by name and their names shall be on file with the Company.

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible: \$2,500 Each Claim

B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance: \$250,000      Each **Claim** / Aggregate  
Each **Agent**

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

II. The Definitions Section is amended as follows:

A. The definition of **Covered Product** is amended to add the following to the end thereof:

**Covered Product** shall include Personal Property & Casualty Insurance offered by a **Product Provider**.

**Covered Product** does not include any 412(i) or 419 plans or any plan or arrangement operating as a Multiple Employer Welfare Arrangement (as defined in ERISA, as amended).

B. The definition of **Professional Services** is amended as follows:

1. The first paragraph is deleted in its entirety and replaced with the following:

**Professional Services** means the following services rendered in connection with a **Covered Product** by the **Agent** or its **Agency/Agency Staff** to a **Client** in the conduct of such **Agent's** profession as a: (i) Life or Accident and Health Insurance Agent, General Agent or Broker, or Notary Public; or (ii) Property/Casualty Agent or Broker, so long as such **Agent** is properly licensed to render such services on any date on which a **Wrongful Act** involving such services is alleged to have occurred:

2. The following paragraph is added after subparagraph 2:

Solely with respect to such **Agent's** profession as a Property/Casualty Agent or Broker, **Professional Services** also means the following services rendered in connection with a **Covered Product** by the **Agent** or its **Agency/Agency Staff** to a **Client**, so long as such **Agent** is properly licensed to render such services on any date on which a **Wrongful Act** involving such services is alleged to have occurred:

1. Incidental **Claims** adjusting in connection with first party Property claims draft authority;

# SPECIMEN



2. Appraising real or personal property in connection with soliciting, placing selling, or servicing a **Covered Product**;

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 10

## Limited Employment Practices Liability Coverage Endorsement

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

In consideration of the additional premium paid, it is understood and agreed that the Policy is amended solely with respect to the coverage afforded by this Endorsement as follows.

It is agreed that:

I. The Declarations are amended as follows:

A. The Deductible is deleted and replaced with the following:

Deductible:	\$2,500	Each <b>Claim</b> Applicable to <b>Claim Expenses</b> and <b>Loss</b>
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B. The Limit of Insurance is deleted and replaced with the following:

Limit of Insurance:	\$250,000	Each <b>Claim</b> / Aggregate Each <b>Agent</b>
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Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

The coverage elected, including the Deductible and Limit of Insurance are shown on the **Agent's** Certificate of Insurance.

II. The Coverage Section, Insuring Agreements Subsection is amended by adding the following:

#### **Limited Employment Practices Liability**

**We** will pay on the **Agent's** behalf all **Loss** which such **Agent** is legally obligated to pay as a result of a **Claim** first made against such **Agent** or its **Agency/Agency Staff** and reported to **Us** during the **Policy Period** in accordance with Subsection VI.I.2. (Authorizations Clause/Notices), provided that such **Claim** is for a **Wrongful Act** in the rendering or failing to render **Professional Services** in connection with a **Covered Product** if that **Wrongful Act** occurs wholly after the **Retroactive Date**, and provided that:

- As of the effective date of this Policy, the **Agent** or its **Agency/Agency Staff** does not have actual or constructive knowledge of any circumstances or **Wrongful Act** which could reasonably be expected to result in a **Claim**; and
- There is no other valid and collectible insurance available to the **Agent** or its **Agency/Agency Staff** for any such prior **Wrongful Act**.

III. The Definitions Section is amended as follows:

A. The following definitions are added:

**Employee** shall mean any person within the course and scope of his or her duties and responsibilities in the regular service of the **Agent** or its **Agency** whom the **Agent** or **Agency** compensates by salary, wages and/or commissions and has the right to govern and direct in the performance of such service, including part-time, seasonal, temporary and leased workers, whether in a supervisory, co-worker, subordinate or other position. **Employee** shall not mean any person who is contracted to perform work for the **Agent** or its **Agency** or any person who is an independent contractor for the **Agent/Agency**.

**Wrongful Termination** means any actual or alleged negligent act, error or omission, or negligent misstatement or misleading statement by an **Agent** or its **Agency/Agency Staff** in connection with the termination of the employment relationship between the **Agent** or **Agency** and an **Employee**.

# SPECIMEN



B. The definition of **Wrongful Act** is amended to include the following:

**Wrongful Act** also means **Wrongful Termination**.

IV. The Exclusions Section is amended to add the following:

Based upon or arising from, or in any way involving breach of any agreement, whether written or oral, to limit grounds for termination of employment to specific causes, or

Based upon or arising from, or in any way involving breach of any express contract, whether written or oral, to pay any set wages or benefits, overtime, bonuses, commissions, severance payments or any similar payments, or to provide or continue benefits of any kind.

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

## SPECIMEN



Endorsement #: 11

## Personal Data Compromise Coverage Endorsement

Sponsored Insurance Agents Errors and Omissions Liability Insurance Coverage

It is agreed that:

Solely with respect to the coverage afforded by this Endorsement:

I. The Declarations is amended as follows:

A. The Deductible is replaced with the following:

Deductible: \$2,500 Each Personal Data Compromise Incident

B. The Limit of Insurance is replaced with the following:

Limit of Insurance: \$50,000 For all **Personal Data Compromise Loss** arising from all **Personal Data Compromise Incidents**, each **Agent**, occurring during the **Policy Period**.

Such limits are part of, and not in addition to, the **Agent's** aggregate Limit of Insurance for all **Claims** to which the Certificate of Insurance applies.

II. The following is added to Section I. Coverage A, Insuring Agreement:

Subject to the Limit of Insurance and Deductible stated above, and all other terms and conditions of this Endorsement and the Policy, **We** will pay on behalf of the **Agent or Agency/Agency Staff** those sums qualifying as **Personal Data Compromise Loss** arising out of a **Personal Data Compromise Incident** occurring during the **Policy Period** and reported to **Us** during the **Policy Period**, and in accordance with the requirements of the Duties in the Event of a **Personal Data Compromise Incident** Condition, below.

III. Section III Definitions, B, **Agency/Agency Staff** is deleted in its entirety and replaced with the following:

B. **Agency/Agency Staff** means the following persons or entities, but solely while acting on behalf of the Agent:

1. Any corporation, partnership or other business entity owned and controlled by the **Agent**;
2. Any natural person who was, now is, or shall be a duly elected or appointed director, officer, manager, member, partner, or employee of such **Agent** or a duly elected or appointed director, officer, manager or employee of any entity identified in 1. Above;
3. Any employee of any business entity of which the **Agent** is also an employee; or
4. Any natural person who was, now is or shall be a leased or loaned worker to the **Agent**.

IV. The following definitions are added to Section III. Definitions:

A. **Detrimental Code** means any computer virus, program, routine, sub-routine, Trojan Horse, worm, script or other code string that destroys, alters or corrupts or causes a **Personal Data Compromise**, regardless of how the **Detrimental Code** was introduced or acquired.

B. **Identity Theft** means the fraudulent or illegal use of **Personal Information**, including the fraudulent or illegal use of such information to establish credit accounts, secure loans, enter into contracts, or commit crimes. However, **Identity Theft** does not include:

1. The fraudulent or illegal use of a business name or any other method of identifying a business or business activity; or
2. The fraudulent or illegal direct use of a valid credit card, credit account or bank account, but not including the fraudulent or illegal alteration of account profile information.

# SPECIMEN



C. **Personal Data Compromise Incident** means the loss, theft, accidental release or accidental publication of a **Client's Personal Information** by an **Agent or Agency/Agency Staff** in the course of providing **Professional Services**, if such loss, theft, accidental release or accidental publication has or could reasonably result in the fraudulent or illegal use of such information, provided, however, that at the time of the loss, theft, accidental release or accidental publication, the **Personal Information** was in the **Agent or Agency/Agency Staff's** direct care, custody or control.

**Personal Data Compromise Incident** does not include:

1. The loss, theft, release or publication of information that is in the care, custody or control of any party who is not an **Insured** to whom **Agent or Agency/Agency Staff** have directly or indirectly delivered such information for storage, processing, transmission or transportation;
2. The abandonment or disposal of **Personal Information** that does not take place during the **Policy Period**; or
3. Any intentional, deliberate or reckless failure to use appropriate safeguards such as shredding or destruction in the disposal or abandonment of **Personal Information**.

D. **Personal Data Compromise Loss** means

1. The reasonable and necessary costs for the following legal and forensic information technology review **We** authorize and which is provided by vendors **We** select or approve:
  - a. Legal counsel review of the **Personal Data Compromise Incident** and recommendations regarding the most appropriate response by counsel **We** select; and,
  - b. As deemed to be reasonably necessary, professional information technology review to determine the nature and extent of the **Personal Data Compromise Incident** and the number and identities of **Clients** whose **Personal Information** may be involved in the **Personal Data Compromise Incident**;
2. The reasonable and necessary costs **We** authorize to provide notification of the **Personal Data Compromise Incident** to the **Clients** whose **Personal Information** is involved in the **Personal Data Compromise Incident** by a vendor **We** select; and,
3. The reasonable and necessary costs **We** authorize to provide the following services to **Clients** whose **Personal Information** is involved in the **Personal Data Compromise Incident**, with such services to be provided by a vendor **We** select:
  - a. A packet of loss information and customer support;
  - b. A toll-free telephone line for the fielding of questions and requests for information by **Clients** involved in the **Personal Data Compromise Incident**;
  - c. When a **Client** involved in the **Personal Data Compromise Incident** enrolls in the program provided by the vendor **We** select, a credit report and electronic credit monitoring services; and,
  - d. When a covered **Personal Data Compromise Incident** leads to a **Client's Identity Theft**, the services of an identity restoration professional **We** select to assist with the correction of the **Client's** credit and other records, and as may be reasonably possible, the restoration of the **Client's** control over their identity.

However, **Personal Data Compromise Loss** does not include:

- i. Any **Loss or Claim Expenses**;
- ii. Any fines or penalties levied against any party;
- iii. Any cost associated with any **Claim** for non-monetary relief, or the cost of any criminal investigation or proceeding;
- iv. Any response or payment in response to any threat, extortion or blackmail, including any ransom or the cost of private or other security;

# SPECIMEN



- v. Any fees or surcharges charged by any financial institution; or,
- vi. Any cost, expense or payment of any kind to detect or research or repair or remedy any deficiency in any systems, procedures, processes, policies, internal or external security or any other condition or situation that caused or contributed to any **Personal Data Compromise Incident**.
- vii. Any cost, expense or payment of any kind to retrieve or prevent the use of **Client's Personal Information** by a former **Agent or Agency/Agency Staff**.

E. **Personal Information** means a **Client's** name in combination with any one or more of the following:

- 1. Social Security number;
- 2. Driver's license number or state identification number;
- 3. Account numbers, credit card numbers, debit card numbers, access codes or passwords that would permit access to that **Client's** financial account; or
- 4. Other nonpublic **Personal Information** that could be used to facilitate **Identity Theft**.

Provided that **Personal Information** shall not include information that is lawfully made available to the general public for any reason, including information from federal, state, or local government records.

V. Section III. Definition E, is deleted in its entirety and replaced with the following:

E. **Client** means any natural person for whom the **Agent or Agency/Agency Staff** has agreed to render **Professional Services**. **Client** does not include any business, organization or entity, but does include individuals connected to that business, organization or entity whose **Personal Information** is involved in a covered **Personal Data Compromise Incident** because of the **Agent or Agency/Agency Staff's** rendering or failure to render **Professional Services** to that business, organization or entity.

VI. Except as provided otherwise in this Endorsement, Section IV. Exclusions is amended to also apply to all **Personal Data Compromise Incident** and **Personal Data Compromise Loss** with the addition of the following lead in language:

**We shall not be liable to make any payments for any **Personal Data Compromise Loss** or **Personal Data Compromise Incident**:**

VII. Section IV Exclusions is amended by the deletion of Exclusion L, but only to the extent of the specific coverage provided by this Endorsement.

VIII. The following exclusions are added to Section IV. Exclusions:

- A. Based upon, arising out of or in any way involving any **Detrimental Code** that is or becomes named and recognized by the CERT Coordination Center, McAfee, Secunia, Symantec, or other comparable vendor or monitor of **Detrimental Code** activity.
- B. Based upon, arising out of, or attributable to an mechanical or electrical failure or interruption caused by a third party, acting independently of the **Agent or Agency/Agency Staff**, or by events outside the **Agent or Agency/Agency Staff's** control, including any electrical power interruption or surge, brownout, blackout, short circuit, over voltage, or power fluctuations;
- C. Based upon, arising out of, or attributable to the maintenance of a chat room, bulletin board or other open forum;
- D. Based upon, arising out of, or attributable to fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other similar physical event however caused.

# SPECIMEN



IX. With respect to coverage provided by this Endorsement, Section V. Limits of Insurance and Deductible is amended as follows:

- A. The Limit of Insurance shown in Subsection I.B. above, is the most **We** will pay for all **Personal Data Compromise Loss** arising from all **Personal Data Compromise Incidents** occurring during the **Policy Period**.
- B. **We** shall only be liable to pay **Personal Data Compromise Loss** arising from each **Personal Data Compromise Incident** which is in excess of the Deductible shown in Subsection I.A. above, as applicable to each **Personal Data Compromise Incident**.
- C. All **Personal Data Compromise Incidents** that are related, including all **Personal Data Compromise Incidents** that occur or are discovered at the same time or arise from the same cause regardless of the number of **Clients** involved will be considered one **Personal Data Compromise Incident** and subject to the Limit of Insurance and Deductible in effect at the time the first **Personal Data Compromise Incident** occurs and is reported to **Us** during the **Policy Period**.

X. The following conditions are added to Section VI. Conditions:

- A. Due Diligence  
**Agent or Agency/Agency Staff** agree to use due diligence to prevent and mitigate any **Personal Data Compromise Incident** covered under this Endorsement, including complying with reasonable and industry accepted protocols for providing and maintaining the following:
  1. Physical security for **Agent or Agency/Agency Staff's** premises, computer system and hard copy files;
  2. Computer and internet security, including security and access controls for personal computers and laptops;
  3. Periodic backups of computer files;
  4. Protections for transactions, including processing credit card, debit card and check payments; and
  5. Control, storage and disposal of, and access to, any electronic or physical files containing any **Personal Information**, including shredding physical files and destroying physical media used to store physical media.
- B. Duties In the Event Of a **Personal Data Compromise Incident**  
In the event of a **Personal Data Compromise Incident**, **You** agree to:
  1. Notify the police and any other authorities requiring notification;
  2. Take all reasonable steps to protect all **Personal Information** remaining in **Agent or Agency/Agency Staff's** care, custody or control;
  3. Give **Us** prompt written notice of the **Personal Data Compromise Incident**, providing details of how, when and where the **Personal Data Compromise Incident** occurred, and to the extent possible, and as soon as practicable, no later than thirty (30) days after the expiration of the **Policy Period**, whichever comes first. Notice must include names and contact information of the **Clients** whose **Personal Information** is involved in a **Personal Data Compromise Incident**;
  4. Cooperate with **Us** in the investigation, handling and settlement of any **Personal Data Compromise Incident** and **Personal Data Compromise Loss**, including access to books and records as may be necessary; and
  5. Consult with **Us** prior to the notification of **Clients** whose **Personal Information** may be involved in any **Personal Data Compromise Incident**.

# SPECIMEN



XI. With respect to coverage provided by this Endorsement, Section VI. Condition B, Policy Extended Reporting Period is deleted in its entirety.

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 12

## Extended Reporting Period Term Options Endorsement

### Sponsored Life Insurance Agents Errors and Omissions Liability Insurance Coverage

It is agreed that:

In accordance with Subsection VI.B. Policy Extended Reporting Period and Subsection VI.C. Agent Extended Reporting Period / Agent Affiliation or Contract Termination, the optional terms are as follows:

Term (Years)	Rate (% of Expiring Annual Premium)
1	100%
2	150%
3	200%
4	250%
5	300%
10	500%

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.

# SPECIMEN



Endorsement #: 13

## Claim Notice Address Endorsement

### Sponsored Insurance Agents Errors and Omissions Liability Insurance Coverage

It is agreed that:

Subsection VI.I.2. is amended to add the following to the end thereof:

For a notice pursuant to this Subsection VI.I.2. to be effective, such notice shall be deemed sent to **Us** only if it is received by **Us** via electronic mail or sent by the **Insured** or by any licensed agent of **Ours** by prepaid registered or return-receipt-requested mail properly addressed to **Us** at:

Allianz Global Risks US Insurance Company  
c/o Lancer Claims Services  
P.O. Box 7048  
Orange, CA 92868-7048  
Phone: 800-821-0540  
Email: [FirstReports@lancerclaims.com](mailto:FirstReports@lancerclaims.com)

ALL OTHER TERMS, CONDITIONS, AND LIMITATIONS REMAIN UNCHANGED.