



PROFESSIONAL LIABILITY INSURANCE FOR INSURANCE AGENTS AND BROKERS

THIS IS A CLAIMS MADE AND REPORTED POLICY. THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE CLAIM MUST BE REPORTED IMMEDIATELY IN WRITING TO THE COMPANY DURING THE POLICY PERIOD UNLESS AN EXTENDED CLAIM REPORTING PERIOD APPLIES. DEFENSE EXPENSES ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. PLEASE REVIEW THIS POLICY CAREFULLY.

A. DEFINITIONS

Whenever used in this policy, the term:

1. **Claim** means any demand received by **you** for money, services or any other thing of value arising out of **your** acts, errors or omissions in providing **professional services**.
2. **Defense expenses** means:
 - a. Fees charged and expenses incurred by attorneys designated by **us** to represent **you**;
 - b. All other fees, costs and expenses incurred at our request in connection with a **pre-claim incident, claim or disciplinary action**.

Defense expenses do not include salaries, compensation or overhead paid or incurred by **us** or **you**.

3. **Damages** means a monetary judgment or monetary award which **you** are legally obligated to pay, including punitive damages where insurable by law, or a monetary settlement to which **we** agree on **your** behalf, but does not include fines, penalties, court-imposed monetary sanctions, or return of commissions, fees, premiums or taxes.
4. **Disciplinary action** means an action brought against **you** by any insurance regulatory agency, disciplinary board, peer review committee or similar entity alleging misconduct in providing **professional services**. **Disciplinary action** does not include criminal charges.
5. **Named Insured** means the person or entity designated in the Declarations as the **Named Insured**.
6. **Our, us, we** means the insurance company whose name appears in the Declarations of this policy.
7. **Policy period** means the period from the effective date and time of this policy to the policy expiration date and time as set forth in the Declarations, unless the policy is terminated earlier, in which event the **policy period** shall end on the date, and time, of such earlier termination.
8. **Pre-claim incident** means an act, error or omission in providing **professional services** which is reported to **us** before it is a **claim**.
9. **Professional services** means services **you** perform for a client in **your** capacity as a licensed insurance agent or broker including:
 - a. marketing, selling and servicing of insurance policies;
 - b. insurance or employee benefits consulting and risk management or loss control services provided in conjunction with policies **you** place or seek to place;
 - c. services as an expert witness on insurance related matters;

- d. premium financing activities;
- e. services as a notary.

10. **You, your or Insured** means:

- a. The **Named Insured**;
- b. Any past or present partner, principal, shareholder, officer, director, member, employee or independent contractor of the **Named Insured**, but only for claims arising from **professional services** rendered in the course and scope of their duties on behalf of the **Named Insured**;
- c. The representatives of the estate of a deceased **Insured** but only for **claims** arising from **professional services** rendered in the course and scope of their duties on behalf of the **Named Insured**;
- d. The guardian, trustee or other fiduciary of a bankrupt **Insured** or an **Insured** who has been judicially declared incompetent but only for **claims** arising from **professional services** rendered in the course and scope of their duties on behalf of the **Named Insured**;

B. WHAT IS COVERED

Subject to all terms and conditions of this policy, **we** will pay on **your** behalf all **damages** and **defense expenses** arising out of a **claim** or **pre-claim incident** that **you** first become aware of and report to **us** in writing during the **policy period**.

C. SUPPLEMENTARY PAYMENTS

1. **Defense Of Disciplinary Actions**

We will provide for the defense of any **disciplinary action** brought against **you** during the **policy period**. **We** will pay **defense expenses** up to a maximum of \$25,000 per **policy period**, regardless of the number of **disciplinary actions** brought against **you**. The Deductible is not applicable to the **defense expenses** for **disciplinary actions**, and payments of **defense expenses** for **disciplinary actions** will not reduce the Limits of Liability.

2. **Subpoena Expenses**

We will pay expenses **we** incur in assisting **you** in responding to a subpoena **you** first receive and report to **us** during the **policy period** resulting from **professional services**. The most **we** will pay for subpoena expenses is \$7,500. The Deductible is not applicable to these expenses and payments will not reduce the Limits of Liability.

3. **Other Payments**

We will reimburse **you** for actual loss of earnings and reasonable expenses incurred at **our** request for attendance at trial or court-ordered hearing, arbitration or mediation. **Our** obligation to reimburse **you** under this provision is limited to \$500 per day and \$7,500 per claim and \$25,000 per **policy period**. The Deductible is not applicable to these payments and payments made under this provision will not reduce the Limits of Liability.

D. DEFENSE AND SETTLEMENT

We will provide for the defense of **claims** against **you** seeking **damages**. While **we** may seek **your** input in selecting defense counsel, **we** retain the right to make that selection.

When **we** have paid **our** Limits of Liability, **our** obligation to defend **you** ends.

We will not settle any **claim** without **your** consent. If **you** refuse to consent within a reasonable time or if **you** elect to contest the claim or to continue legal proceedings, then **our** liability for the **claim**, including ongoing **defense expenses**, will not exceed the settlement demand we were willing to pay, but for **your** refusal to consent.

E. LIMITS OF LIABILITY

1. For each **claim**, the limit shown in the Declarations as Per Claim is the maximum amount **we** are obligated to pay for the combined total of all covered **damages** and **defense expenses** arising out of or in connection with the same or related acts, errors, or omissions.
2. Subject to the Per Claim limitation above, the maximum amount **we** are obligated to pay for the combined total of all **damages** and **defense expenses** arising out of any and all **claims** during the **policy period** will be the amount shown in the Declarations as Aggregate.
3. **Defense expenses** we pay reduce the Limits of Liability.

F. DEDUCTIBLE

You are obligated to pay all **defense expenses** and **damages** up to the amount of the Deductible shown in the Declarations. The Deductible shall be payable as **defense expenses** are incurred or as **damages** are paid. Payment of the Deductible, or portions thereof, shall be made by the **Named Insured** within thirty (30) days of **our** request for payment.

If **you** purchase an aggregate Deductible option and an amount for the Annual Aggregate Deductible is entered in the Declarations the most **you** will be required to pay as the Deductible in any one **policy period** regardless of the number of **claims** will be the amount shown as Annual Aggregate Deductible.

G. EXCLUSIONS

This insurance does not apply to:

1. Any **claim** arising out of **your** activities as a third party administrator, whether or not **you** receive a fee or other consideration.
2. Any **claim** arising out of **your** activities as a fiduciary or plan administrator under the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act or the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments to each, or under any other similar governmental statute or regulation.
3. Any **claim** seeking **damages** for bodily injury or physical harm, sickness or death of any person.
4. Any **claim** seeking **damages** for the destruction, diminution in value or loss of use of tangible property.
5. Any **claim** made by or against any business enterprise not named in the Declarations:
 - a. Which **you** controlled or in which **you** maintained a pecuniary interest at the time of the act, error or omission that gives rise to the **claim**; or
 - b. Which arises out of **your** acts, errors, or omissions in **your** capacity as an officer, director, partner or employee of such enterprise.

You will be deemed to have a pecuniary interest in any enterprise in which **you** own or hold ten percent (10%) or more of the equity or in which **you** hold ten percent (10%) or more of all debt instruments issued by such enterprise.

6. Any **claim** by an **Insured** against another **Insured**.
7. Any **claim** arising out of acts, errors, or omissions that occurred prior to the effective date of this policy if, on or prior to such date, any **insured** knew or had a reasonable basis to believe either that a professional duty had been breached or that a **claim** might be made.

8. Any **claim** arising out of a criminal, intentionally wrongful, fraudulent or malicious act or omission.

This exclusion will not apply to any **Insured** who:

- a. Did not participate or acquiesce in such act, error or omission; and
 - b. Had no knowledge of or reason to suspect such act, error or omission; and
 - c. Immediately notified **us** in writing after obtaining knowledge of such act, error or omission.
9. Any **claim** alleging that **you** are liable for the cost of actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time. This includes any loss, cost or expense arising out of any requested, demanded, ordered or voluntary, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of a pollutant. Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acid, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
10. The liability of others which **you** assume under any contract or agreement, unless **you** would have been legally liable in the absence of such contract.
11. Any **claim** arising out of the loss or destruction of or diminution in the value of any asset in **your** care, custody or control, or out of the misappropriation of or failure to give an account of any asset in **your** care, custody, or control, including the commingling of funds.
12. Any **claim** arising from the insolvency or other legal or regulatory impairment resulting in the inability or failure of any insurer or other risk bearing entity for whom **you** sold policies to fulfill its obligations, financial or otherwise, to its policyholders. This exclusion will not apply if, at the time of the placement of coverage, the entity maintained an A.M. Best rating of B+ or higher.
13. Any **claim** arising from the placement or the alleged failure to place any reinsurance.
14. Any **claim** arising from any actual or alleged sale or failure to sell any securities other than variable life insurance.
15. Any **claim** arising from actual or alleged ownership, operation, administration or insolvency of any:

Healthcare organization including HMO's or PPO's; Risk Retention Group, Captive Insurer or Self Insurance Programs; or Multi-Employer Trusts.
16. Any **claim** arising from the guarantee of any future premium payment, or any investment result, yield or return, or any tax advice or consequence relating to any products **you** sell or advice **you** give.

H. ADDITIONAL TERMS AND CONDITIONS

1. Claim or Pre-Claim Incident Reporting Requirements

If **you** become aware of a **claim** or report a **pre-claim incident**, **you** must:

- a. Advise **us** immediately in writing, giving **us** all details including the specific act, error or omission; the injury or damage which has or may result from such act, error or omission; the circumstances by which **you** first became aware of the act, error or omission; and, the names, addresses and telephone numbers of all persons who may have knowledge or relevant information;
- b. Preserve all documents and other evidence relating to the **claim** or **pre-claim incident**;
- c. Send **us** documents relating to the **claim** or **pre-claim incident** when requested;
- d. Cooperate with **us** and defense counsel in the investigation, defense and settlement of a **claim** and enforcement of contribution or indemnification actions against others;

e. Attend hearings, depositions, and trials if requested.

You must not admit liability, make any offer of settlement or payments, incur any expense; or assume any obligation arising out of or in any way connected with a **claim** without **our** written consent.

2. Claim Reporting Grace Period

If a **claim** is first made against **you** during the **policy period**, **you** can report it to **us** in writing up to and including sixty (60) days following the cancellation, non-renewal or natural expiration of this policy and **we** will consider it for coverage as if **you** had reported it in writing to **us** within the **policy period**, provided **you** are in compliance with all the terms and conditions of this policy, including payment of all premiums and Deductibles when due.

The Claim Reporting Grace Period does not extend the **policy period**.

3. Multiple Claims

Two or more **claims** arising out of the same or related transaction or event, or arising out of the same or related act, error or omission, will be considered a single **claim** and subject to the Per Claim Limits of Liability stated in the Declarations of the policy in effect at the time the first related **claim** was made against **you**.

4. Other Insurance

This policy is excess over any other insurance applicable to a **claim**, whether such other insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise. This provision will not apply to other insurance written specifically as excess of this policy.

5. Representations Of Insured

The **Insured** understands and acknowledges that the decision to issue this policy was based upon the information provided in the application, including any supplements, attachments and replies to underwriter's inquiries. The **Insured** represents and warrants that all such information is true, accurate and complete.

6. Extended Claim Reporting Options

a. If **you** or **we** cancel or do not renew this policy, the **Named Insured** may have the option to purchase an Extended **Claim** Reporting Endorsement that would extend the period of time during which **claims** may be reported. The Extended **Claim** Reporting Endorsement applies only to **claims** arising out of **professional services** rendered prior to the end of the **policy period** and otherwise covered by this policy.

The **Named Insured** may purchase an Extended **Claim** Reporting Endorsement only if:

- 1) Prior to cancellation, nonrenewal or expiration of this policy, the **Named Insured** was in compliance with all the terms and conditions of this policy, including payment of all premiums and deductibles when due; and
- 2) The **Named Insured** agrees that the additional premium paid for the Extended **Claim** Reporting Endorsement is non-refundable; and
- 3) The **Named Insured** made no material misrepresentation in the application, any supplements, attachments and replies to underwriter's inquiries; and
- 4) The **Named Insured** exercises this option and pays the additional premium within sixty (60) days following the cancellation, nonrenewal or expiration of this policy.

The additional premium for an Extended **Claim** Reporting Endorsement shall be:

- a) One hundred percent (100%) of the annual premium for a one-year extended reporting period;
- b) One hundred eighty-five (185%) of the annual premium for a three-year extended reporting period;
- c) Two hundred twenty-five percent (225%) of the annual premium for a six-year extended reporting period.

7. Cancellation

The **Named Insured** or **we** can cancel this policy by notifying the other in writing.

If **we** cancel, a written notice of cancellation will be sent to the **Named Insured** at the address shown in the Declarations. The notice will state the date on which the cancellation will become effective. The effective date of cancellation will be not less than sixty (60) days after notice is mailed to the **Named Insured** unless cancellation is for non-payment of premium in which case the effective date of cancellation will be not be less than ten (10) days after notice is mailed. The effective date of cancellation as stated therein will become the end of the **policy period** and return premium will be calculated on a pro rata basis.

If **you** cancel, return premium will be calculated at the industry standard short rate.

- 8. **Our** failure to enforce any terms, provisions or conditions, or **our** failure to exercise any right or privilege, shall not operate or be construed as a waiver of any terms, provisions, conditions, rights or privileges.
- 9. The first **Named Insured** in Item 1. in the Declarations is **your** sole agent and will act on behalf of all of **you** in connection with anything that relates to this policy.

10. Assignment

Your interests under this policy may not be assigned without **our** written consent.

11. Territory

This policy applies only to **claims** arising from **professional services** rendered worldwide, provided that the suit is brought or **claim** is made within the United States, its territories, its possessions, or in Canada.

This policy shall not apply to any **claim** arising from **professional services** which are in violation of the laws of the United States, including, but not limited to, U. S. economic or trade sanctions or export control laws administered by the U. S. Treasury, State Department or Commerce Department.