

**Policy Period:** July 1, 2011 to July 1, 2012

**Issuing Carrier:**

Zurich American Insurance Company, an Admitted Carrier

Rated: A+ (Superior): XV by A.M. Best

*"The information obtained from A.M. Best dated November 19, 2010 is not in any way CalSurance's warranty or guaranty of the financial stability of the insurer in question, and that the information is current only as of the date of the publication."*

**Program Administrator:**

Brown & Brown of California, Inc. dba CalSurance

(dba CalSurance Brokerage in New York)

P. O. Box 7048, Orange, CA 92863-7048

800-745-7189 Phone; 800-607-6875 Fax

CA License #0B02587

**Claims Administrator:**

Brown & Brown of California, Inc. dba Lancer Claims

681 South Parker Street, Suite 200, Orange, CA 92868

Phone: 800-821-0540

**Insured (includes but is not limited to):**

1. The Agents and/or General Agents of Assurity Life Insurance Company who have enrolled for coverage and have paid the appropriate premium for the coverage selected (includes Agents who have submitted all contracting requirements in the "Just in Time" appointment process);
2. Any corporation, partnership or other business entity which engages in "Professional Services" and which is owned by the Insured Agent and then only with respect to those operations of the business entity related to the "Professional Services" provided by the Insured Agent;
3. Any person acting on behalf of the Insured Agent, who was or is an employee of the Insured Agent or the Insured Agent's business entity, or a partner, officer, director or stockholder of the Insured Agent's business entity and then only with respect to "Professional Services" provided by the Insured Agent; and
4. The heirs, executors, administrators or legal representatives of the Insured Agent in the event of death, incapacity or bankruptcy.

**Coverage:**

The Company shall pay, subject to the deductible, Damages and Defense Costs from a Claim first made and reported in writing during the Certificate Period, or any applicable Extended Reporting Period, provided that:

1. The Claim arises out of a negligent act, error or omission of an Insured rendering or failing to render "Professional Services" for others in the conduct of the Insured Agent's profession as an Agent, General Agent, notary public, or Registered Representative; or
2. The Claim is for a Personal Injury caused by an offense arising out of rendering or failing to render "Professional Services" for others in the conduct of the Insured Agent's profession identified above.

**Professional Services (Includes but is not limited to):**

**Basic Coverage:**

- The sale or servicing of:
  - a. Life, accident, health and disability income insurance and fixed annuities made available through the sponsor; or
  - b. Single employer employee benefit plans funded with those products listed in a. above;
- The placement of coverage with The SFL EPIC or the Section 79/RGL/GEAR multiple employer welfare arrangements (MEWAs);
- The supervision and training by a General Agent of any Insured Agent.

**Level I Coverage: In addition to Basic Coverage (above),**

- The sale or servicing of Life, accident, health and disability income insurance and fixed annuities made available through any company;
- Financial planning services incidental to the above, including recommending and preparing a financial program for a client concerning the client's present and anticipated assets, liabilities, savings, investments, insurance or employee benefits.

**Professional Services (Includes but is not limited to):**

**Level II Coverage: In addition to Level I Coverage (above),**

- The sale or servicing of:
  - a. Variable insurance products, including but not limited to variable annuities, flexible and scheduled premium annuities and variable life insurance;
  - b. Mutual funds sold; and
  - c. Single employer benefit plans funded with those products listed above.

**Level III Coverage: In addition to Level II Coverage (above),**

- The sale of securities by a Registered Representative through a Broker/Dealer registered with the NASD.

**Limits Available (Defense Costs Outside Limits):**

\$1,000,000 each Claim

\$1,000,000 aggregate each "Named Certificate Holder"

**OR**

\$2,000,000 each Claim

\$2,000,000 aggregate each "Named Certificate Holder"

No Policy Aggregate

**Deductibles: (applicable to Damages Only)**

\$1,000 each Claim for products of Assurity Life Insurance Company

\$2,500 for all other covered products or services

**Retroactive Date:**

The earlier of the inception date of the Insured Agent's first: (1) claims made agent's professional liability policy from which date coverage has been maintained in force without interruption; or (2) contract with Assurity Life Insurance Company which has been maintained in force without interruption.

**Extended Reporting Period:**

If a contract is terminated between an Insured Agent/ Registered Representative and the sponsor, coverage continues until the expiration date of the policy. In the event such contract terminates within 90 days of the end of the Policy Period the insured Agent/Registered Representative shall have a free Automatic Extended Reporting Period from the end of the Policy Period until 90 days after the date of contract termination to report in writing any Claim that is first made during such period and arises out of a negligent act, error or omission or Personal Injury which occurred before the end of the Policy Period and on or after the Retroactive Date.

A Two Year automatic Extended Reporting Period (ERP) is provided to Insured Agents who retire, or become disabled or deceased during the Policy Period.

An Optional non-cancelable Extended Reporting Period (ERP) is available to Insured Agents who retire or become disabled or deceased during the Policy Period for a period of 3 years, 5 years or an unlimited amount of time for 200%, 300% or 400% respectively of the last annual premium. All optional ERPs are inclusive of any free and/or automatic ERP and not in addition to the free and/or automatic ERPs. Your written request and applicable premium must be received by CalSurance within 60 days from the date of termination of such contract.

Extended Reporting Periods do not reinstate or increase the Limit of Liability nor do they extend the policy period. No coverage shall be provided in the event the Insured Agent has any other applicable insurance or if I cancel my policy prior to the expiration date of the policy

This document is a summary of the coverage provided.  
All statements contained herein are subject to all terms, Conditions and Exclusions of the actual policy.  
A copy of the policy is available by calling CalSurance at 800-745-7189.

## Exclusions:

The Policy does not apply to any Claim:

- A. Arising out of any act, error or omission of the Insured committed with dishonest, fraudulent, malicious or knowingly wrongful purpose or intent; however, notwithstanding the foregoing, the Insured shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the Insured shall reimburse the Company for all Defense Costs incurred by the Company;
- B. Alleging bodily injury, sickness or death of any person, or to injury or destruction of any tangible property, including loss of use thereof;
- C. Alleging the liability of others assumed by the Insured under any contract or agreement unless such liability would have attached to the Insured even in the absence of such agreement;
- D. By an enterprise which one or more Insureds own, operate, control or manage; or any Claim by an enterprise which owns, operates, controls or manages an Insured;
- E. Based upon or arising out of any Pension, Profit Sharing, Health and Welfare or other Employee Benefit Plan or Trust sponsored by the Insured as an employer;
- F. Arising out of the Insured making promises or guarantees as to the future value of any investment including but not limited to promises or guarantees as to interest rates, fluctuation in interest rates, future premium payments or market value(s);
- G. Arising out of services performed by the Insured as an actuary, accountant, attorney, real estate agent or real estate broker, named fiduciary or third party claims administrator;
- H. Arising out of, or contributed to by, any commingling of, or use of client funds;
- I. Arising out of, directly or indirectly, the insolvency, receivership, bankruptcy, or inability to pay of any organization in which the Insured
  1. Has placed or obtained a client's coverage;
  2. Has placed a client's funds; or
  3. Has recommend a client invest.However, this exclusion shall not apply if the Claim is based upon the insolvency, receivership, liquidation or inability to pay of any insurance company that was rated as A- or better by A.M. Best Company at the time the business was placed, obtained or recommended;
- J. Arising out of the Insured's activities in computer programming or processing if the resulting programs or software are sold or distributed or if a fee is charged for use of such program or software;
- K. Made against any Insured or the Sponsor by:
  1. Any Insured;
  2. Any Sponsor;
  3. Any Broker Dealer;
  4. Any other insurance company;
  5. Any other insurance agency; or
  6. Any person or entities who in the past were, but are not currently, parties to an agent contract with the Sponsor;
- L. Arising out of the use of unauthorized confidential information by an Insured, including but not limited to such use for the purpose of replacement of coverage;
- M. Arising out of the Insured's inability or refusal to pay or collect premium, claim or tax monies, including surcharges or assessments of any kind;
- N. Arising out of or involving investment products partially or totally owned by the Insured;
- O. Arising from or contributed to by the placement of client's coverage or funds directly or indirectly with any organization which is not licensed to do business in the state or jurisdiction with authority to regulate such business. However, this exclusion does not apply to any Claim arising from or contributed to by the placement of client's coverage or funds directly or indirectly with any organization which is an eligible surplus lines insurance company in the state or jurisdiction with authority to regulate such business;
- P. Arising out of the brokering of structured settlements; however, this exclusion does not apply to any Claim arising from or contributed to the sale of annuity products used to fund the structured settlements;
- Q. Arising out of the ownership, formation, operation or administration of, or advice regarding, referral to, recommendation of or placement of coverage with any health maintenance organization (HMO), preferred provider organization (PPO), risk retention group, self insurance program or purchasing group; provided, however, that this exclusion shall not apply to advice regarding, referral to, recommendation of or placement of coverage with any HMO or PPO that are fully insured through an insurance company rated A- or better by A.M. Best;
- R. Arising out of or based upon:
  1. The Federal Telephone Consumer Protection Act (47 U.S.C. sec 227), Drivers Privacy Protection Act (18 U.S.C. sec. 2721-2725) or Controlling the Assault of Non-Solicited Pornography and Marketing Act (15 U.S.C. sec. 7701, et seq.); or
  2. Any other federal, state or local statute, regulation or ordinance that imposes liability for the:
    - a. Unlawful use of telephone, electronic mail, internet, computer, facsimile machine or other communication or transmission device; or
    - b. Unlawful use, collection, dissemination, disclosure or redisclosure of personal information in any manner by an Insured or on behalf of any Insured;
- S. Arising out of the purchase, sale or the giving of advice regarding:
  1. Commodities, commodity future contracts, or option contracts other than covered call option contracts;
  2. Any security priced under five dollars (\$5.00) at the time of purchase;
  3. Promissory notes or other non-securitized evidence of debt; or
  4. Viatical settlements, life settlements or any security backed by either viatical or life settlements;
- T. Brought by, or on behalf of, the Securities Investor Protection Corporation, or any governmental, quasi-governmental, regulatory, or self-regulatory entity, whether directly or indirectly; however, this exclusion shall not apply to any Claim by such entity to enforce its rights as a direct customer of the Insured or Sponsor;
- U. Brought by, or on behalf of, any clearing agency or arising out of any function of any Insured or Sponsor as a clearing agency;
- V. Arising out of the Insured's activities in exercising discretionary authority, management or control over a customer's account;
- W. Arising out of or based upon infringement of patent, copyright, trademark, service mark, trade dress or trade name, unfair competition or piracy, theft or wrongful taking of concepts including using another's advertising ideas or other intellectual property;
- X. For Personal Injury:
  1. Sustained by any Insured or Sponsor;
  2. Caused by or at the direction of the Insured with the knowledge that the offense would violate the rights of another and would inflict Personal Injury;
  3. Arising out of oral or written publication of material, if done or at the direction of the Insured with knowledge of its falsity;
  4. Arising out of an electronic chatroom or bulletin board the Insured hosts, owns or over which the Insured exercises control; or
  5. Arising out of the unauthorized uses of another's name or product in the Insured's email address, domain name or metatag, or any other similar tactics to mislead another's potential customer;
- Y. Arising out of alleged discrimination of any kind;
- Z. Prior to the first effective date of coverage issued to the Insured Agent, no Insured had any basis:
  1. To believe that any Insured had knowledge of any negligent act, error or omission or Personal Injury;
  2. To foresee that any such negligent act, error or omission or Personal Injury or any related negligent act, error or omission or Personal Injury might reasonably be expected to be the basis of a claim;