

ERROR & OMISSIONS INSURANCE COVERAGE QUESTIONS FOR PARTICIPATING AGENTS

Who is an Insured under the program?

- Any Agent/Rep enrolled in the NAILBA E&O Program.
- Any business entity that is owned or controlled by an Insured Agent/Rep, but only with respect to those operations of the business entity related to the covered Financial Services provided by an Insured Agent/Rep.
- Any secretarial, clerical or administrative employees of the Insured Agent/Rep while acting within their capacity as such, solely while acting by or on behalf of an Insured Agent/Rep as long as they work solely in that capacity and do not produce or sell insurance.

What type of policy is this?

This policy is a "Claims-Made and Reported" policy, which means the policy only covers those Claims against you that are both made and reported to the Insurer during the same policy period.

Claims made against you must be report immediately to Clarendon America Insurance Company, in written form along with supporting documents, in order to be recognized by your E&O carrier. Additionally, you must report incidents or circumstances, which may result in a Claim against you, provided (1) you do so while an Insured under this policy and (2) you first become aware of the incident or circumstance during the policy period.

Am I required to report all circumstances that could give rise to a Claim?

The policy requires you to report circumstances involving a Wrongful Act, which may reasonably give rise to a future claim. Clarendon America Insurance Company will determine what Claims are covered under the policy.

What activities are covered under this policy?

Sale or attempted sale or servicing of:

- Life Insurance
- Accident & Health Insurance
- Long Term Care Insurance
- Disability Insurance
- Fixed Annuities
- Employee Benefit Plans, Individual Retirement Arrangements, IRAs and KEOGH Retirement Plans (see below)
- Administration of Employee Benefit Plans (see below)

Additionally, the following optional activities are covered if chosen by the insured:

- Variable Products
- Mutual Funds
- Financial Planning incidental to the sale of the above products

What exactly am I covered for in the sale and/or servicing of Employee Benefit Plans?

You are covered for the sale and/or attempted sale of Employee Benefit Plans, IRA's and KEOGH Retirement Plans. In addition, you are covered for your administration of Employee Benefit Plans (consultation with participants in an employee benefit plan in order to explain the provisions of such plan, enrollment, record keeping and filing reports with governmental agencies). There is no coverage for the design or implementation of employee benefit plans or for third party claims administration.

Does the policy cover claims arising out of tax advice to the clients?

The policy will cover claims against you for rendering tax advice as long as it was incidental advice given in conjunction with covered Financial Services.

What if I have sold an insurance product from an insurance company that becomes insolvent?

The policy has an insolvency exclusion, so no coverage would apply.

How do I determine if something is qualified as a Claim?

A claim means a written notice or demand, including "suit", signed by or on behalf of a "client" of a named insured who is alleged to have suffered monetary loss as a result of or in conjunction with the provision of "financial services" by a named insured and asserting that the insured is liable for said monetary loss. A report made to the carrier for any reason, including, without limitation, loss control or risk management purposes, shall not be considered a "claim".

Who should I report claims to?

In event of a Claim you must report to Clarendon America Insurance Company immediately in writing, along with supporting documents to: North American Risk Services – Attn: Harry Keith, Claims Examiner at 2600 Westhall Lane, Ste 400, Maitland, FL 32751, Phone: (800) 315-6090, ext. 1381 and Fax: (407) 875-8781.