

Affiliated Agents of Titan Marketing Group E&O Program - Outline of Coverage

Policy Period:

July 1, 2011 to July 1, 2012

Insurer:

American Automobile Insurance Company
A Fireman's Fund Insurance Company
2011 A.M. Best's: A (Excellent): XV
Admitted

"The information obtained from A.M. Best dated December 23, 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 publication."

Policy Number:

ME07318445

Risk Purchasing Group Membership:

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

Limit of Liability (including Defense Costs):

\$1,000,000 Per Claim
\$1,000,000 Annual Aggregate each Agent

Deductible (Applicable to Damages and Defense):

\$1,000 per Claim
Deductible reduced by 50% after you have continuously insured in the program for 24 months.

Retroactive Date:

Date of first continuous claims made Life Insurance Agents' Errors & Omissions Liability Policy

Additional Insureds:

Insured Agent's Business Entity
Administrators
Partners

Coverage

Agents Errors and Omissions Liability: The carrier 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 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.

Professional Services:

Those services identified below rendered in connection with a Covered Product by the Agent or its Agency/Staff to a Client in the conduct of such agent's profession as a properly licensed life or A&H insurance agent, general agent or broker.

1. Soliciting, 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;

Professional Services: (cont'd)

2. Providing advice or consultation 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;
3. Assisting a client to secure premium financing for a Covered Product through an Equity not affiliated with any Insured.

Covered Products

Level I:

1. Life Insurance, other than Variable Life Insurance products;
2. Accident & Health Insurance;
3. Long Term Care Insurance;
4. Medicare Supplemental Insurance;
5. Disability Income Insurance;
6. Group Life, Accident & Health or Disability Plans provides 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.

Level II adds:

1. Fixed Annuities;
2. Equity Indexed Annuities;

Covered Products do 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).

Extended Reporting Period:

An optional ERP is available for an additional premium charge for agents who were terminated for any reason other than cause. The optional ERP begins when the automatic ERP ends, but will not go into effect unless the additional premium is paid when due and is deemed fully earned at the inception date of the optional ERP. One to five years and a ten year ERP options are set forth in the Extended Reporting Period Endorsement.

- 1 year at 100% of expiring annual premium;
- 2 years at 150% of expiring annual premium;
- 3 years at 200% of expiring annual premium;
- 4 years at 250% of expiring annual premium;
- 5 years at 300% of expiring annual premium; or
- 10 years at 500% of expiring annual premium.

Claims Administration:

Lancer Claim Services
681 S. Parker Street, Suite 300
Orange, CA 92869
(800) 821-0540

Program Administration:

Brown & Brown of California, Inc. dba CalSurance Associates
(dba CalSurance Brokerage in New York)
California License Number 0B02587

Please review the attached program materials. A complete copy of the specimen policy is available by calling 800-745-7189 or by visiting www.calsurance.com/titan.

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** or any loss expected or intended 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;
- 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:
 - 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;
- 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**; or
 - 2. Any **Insured's** obligations or services as a fiduciary or trustee under the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Pension Benefits Act, including any rules or regulations promulgated under any of the foregoing, or any similar provisions of any state statutory law or common law;
- 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 actual or alleged:
 - 1. Liability for any employment-related practices, acts or omissions, whether in violation of contract or statutory or common law, including without limitation: 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; invasion of privacy; or retaliation; or
 - 2. Discrimination or harassment of any kind, other than any discrimination or harassment excluded in 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:
 - 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. engineer, a financial planner or registered investment adviser, except as to services directly related to a **Covered Product**.
 - 3. securities broker or dealer;
- K. Based upon, arising out:
 - 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 in any way involving any actual or alleged unauthorized use or release of any confidential or private information pertaining to any Client, any director, manager, partner, member, officer or employee of any Client or any family member of any such person;
- M. Based upon, arising out of or in any way involving any bankruptcy, receivership, conservatorship, insolvency, or financial inability to pay of any organization, including but not limited to a Product Provider, regardless of when the financial impairment of such organization began and whether or not any **Insured** was aware or could have been aware of the financial impairment of such organization; provided, however, this exclusion shall not apply if at the time of the Wrongful Act the Product Provider was:
 - 1. An admitted Property Casualty Insurance Company Rated B+ or better by A.M. Best Company, or a Life Insurance/Accident and Health Insurance Company rated A- 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 by a governmental body or bodies or operated by a governmental body or bodies (including but not limited to assigned risk plans, Joint Underwriting Association's, or fair plans) or was a County Mutual reinsured by carriers rated B+ or better by A.M. Best Company, or was part of the Iowa Communities Assurance Pools (ICAPS);
- 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 promissory notes, viatical or life settlements a investments or contracts or viatical investment pools or any 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) backed by viatical settlements, commodities, commodity future contracts, or option contracts;
- 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 **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** which has been the subject of such notice, 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 other wise 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; or
- 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.

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