



ASSURANT
Health

**AGENT ERRORS & OMISSIONS INSURANCE PROGRAM
FOR AGENTS AFFILIATED WITH
ASSURANT HEALTH
May 1, 2007 To May 1, 2008**

INDIVIDUAL AGENT PLAN FEATURES

- **Option A:** Limit of liability \$1,000,000 each claim subject to an annual aggregate of \$3,000,000 each agent each policy period.
- **Option B:** Limit of liability \$2,000,000 each claim subject to an annual aggregate of \$3,000,000 each agent each policy period.
- Monthly pre-authorized check (PAC) payment option.
- First dollar defense and investigative expenses are provided and are in addition to the limit of liability.
- Basic coverage includes the sale and servicing of mutual funds, variable life and variable annuities (Series 6) through any NASD-registered broker/dealer.
- Coverage includes financial planning activities as long as the financial planning took place in conjunction with the sale or attempted sale of insurance or Series 6 security product defined as covered under the terms of the policy.
- \$15,000,000 total annual aggregate policy liability limit. This does not apply in NY.
- Deductibles:
 - \$ 250 for each claim arising out of the sale of life, annuity, accident or health insurance products offered by Assurant Health.
 - \$2,500 for claims arising out of the sale of life, accident and health insurance, or Series 6 products of other companies.
- Policy provides coverage for liability imposed by law for damages caused by any negligent act, error or omission by the insured for which the insured is legally liable while rendering services for others as a licensed life and accident & health insurance agent or broker or Series 6/22 registered representative as respect to the claims first made against the insured agent and reported to the Corporation during the policy period. Coverage will include:
 - (a) any employee of the insured agent while acting within the scope of their duties as such, however, such coverage does not include employees acting as agents, sub-agents, brokers or sub-brokers who are licensed by any insurance or other regulatory authority to sell Life and Accident & Health Insurance;
 - (b) any heir, executor, administrator, assignee or legal representative of the agent in the event of the agent's death, incapacity or bankruptcy; an insured agent's estate will also be covered for acts committed while the agent was covered;
 - (c) the corporation, partnership or sole proprietorship under which the agent is doing business or is employed, but **only as respects such corporation's, partnership's or sole proprietorship's liability as it might arise out of the insured agent's activities specified as covered elsewhere in this policy.**
- Prior acts coverage granted if:
 - (i) such Prior Acts must have been committed while the insured agent was covered by life, accident and health insurance agents professional liability or errors or omissions insurance which was continuously in force from the date of the Prior Acts until the date of claims first made against the insured and reported to Westport Insurance;
 - (ii) the insured agent shall provide to Westport Insurance a copy of the continuously in force prior life, accident and health insurance agents professional liability or errors or omissions insurance or other proof of such insurance;
 - (iii) no insured shall have any knowledge of a claim arising out of any Prior Acts as of the inception date of coverage for the insured agent provided by this policy; and
 - (iv) there is no other applicable professional liability or errors and omissions coverage in effect at the time the claim is made against the insured.
- If the agent's affiliation with Assurant Health is terminated midterm, they will be covered up to the policy anniversary date for acts committed during the period the agent had coverage under this policy but prior to the termination date of the agent subject to the terms of the policy. **Accordingly, there is no premium refund. All premium is earned as of the insured's coverage inception date.**
- A one-year extended reporting period (ERP) is available for agents who terminate. This ERP covers acts committed during the period the agent had coverage under this policy but prior to the date of termination and will remain in force for so long as this policy remains continuously in force. If an extended discovery period is desired, the agent shall

contact Affinity Insurance Services, the program administrator, and pay a premium equal to 100% of the last annual premium within 30 days of termination. Affinity Insurance Services, in turn, will retain the agent's name on the subsequent Discovery Period roster.

- See enrollment form for applicable premium and pro-rata premiums on mid-term enrollment.

ANSWERS TO COMMONLY ASKED QUESTIONS

1. Who is covered?

The licensed agent who is included on the roster maintained by Assurant Health while there is in effect an appointment or contract between Assurant Health. Coverage is extended to the insured agent's employee who is acting on behalf of the insured agent but not as an agent, sub-agent, broker or sub-broker who is licensed to sell life and accident & health insurance. An insured agent's estate will also be covered for acts committed while the agent was covered.

2. When does my coverage become effective?

On the first of the month following receipt of your enrollment form and payment if you are already licensed and appointed with Assurant Health. If you are in the process of licensing with Assurant Health, please select an effective date at least 30 days from the date of completing your enrollment form.

3. If I am a general agent, does coverage extend to my agents?

No, each licensed agent must have his or her own policy.

4. What activities are covered?

Any negligent act, error or omission by the insured or any person for whose acts the insured is legally liable, arising out of the conduct of the business of the insured in rendering services for others as a licensed life, accident and health insurance agent, licensed life, accident and health insurance general agent, licensed life, accident and health insurance broker or Series 6/22 registered representative as respects claims first made against the insured and reported to the Corporation during the policy period.

The policy will cover the sale and servicing of all life, accident and health insurance products with Assurant Health. Mutual funds and variable product sales included in base coverage. Any marketing arrangements entered into by Assurant Health are covered as well. Coverage is also extended for the sale and servicing of product(s) offered by Pre-Paid Legal Services. Coverage also extends to life, accident & health insurance products placed with carriers outside of Assurant Health but the higher deductible will apply.

5. What are the Policy Limits of Liability and what does it mean?

The limit of liability is \$1,000,000 each claim subject to an annual aggregate of \$3,000,000 each agent/each policy period. There is also an optional \$2,000,000 each claim subject to an annual aggregate of \$3,000,000 each agent/each policy period. The limits of liability are shared with those individuals to whom coverage is also extended under the policy. The total policy liability limit of \$15,000,000 is the carriers' limit of all damages to be paid in a policy year.

6. What are the deductibles and how will they be applied?

There is no deductible applicable to the costs of defense. A \$250 deductible applies only toward payment of loss per claim arising from the sale of a life and health product of Assurant Health as well as the product(s) of Pre-Paid Legal Services and any marketing arrangements entered into by Assurant Health and a \$2,500 deductible applies per claim arising from the sale/servicing of a life or health product or Series 6/22 security from all other companies.

7. Is my partnership, corporation or agency covered?

Yes, the corporation, partnership or agency under which the insured is doing business or is employed is covered, **but only as respects such corporation's, partnership's or agency's liability as it might arise out of the individual insured's activities specified as covered in the policy.**

8. Would I be covered for the sale of Life, Accident and Health Insurance products through insurance companies other than Assurant Health?

Yes, but subject to a higher deductible as explained in question #6.

9. Am I covered for the sale of mutual funds and variable products?

Yes, but only for the sale and servicing of these products through a NASD-registered broker/dealer.

IMPORTANT COVERAGE LIMITATIONS:

- Coverage under this program is offered on a claims made basis. The policy will only cover claims first made against the insured and reported during the policy period. The agent must not have had knowledge of the claim or circumstances likely to result in a claim at the effective date of his/her coverage.
- This policy applies to an act, error or omission which takes place anywhere in the world, provided that the claim is made and suit is brought against the Insured in the United States of America, its territories or possessions and the District of Columbia, Puerto Rico or Canada.
- If the Insured has other insurance against the loss covered by this policy, this policy shall be excess over any other valid and collectible insurance and shall then 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 Westport Insurance Corporation, or one of its affiliates. In this event only one limit of liability shall be available to the Insured, and such limit shall be the greater of the available limits irrespective of under which policy such limit is provided.

**APPLICABLE EXCLUSIONS TO THE SALE AND SERVICING OF
LIFE AND A&H INSURANCE PRODUCTS:**

This policy does not apply to:

- (a) any intentional, dishonest, fraudulent, criminal or malicious act, or assault or battery committed by or contributed to by any insured;
- (b) bodily injury to, or sickness, disease or death of any person arising out of the acts of the insured;
- (c) injury to or destruction of any property, including the loss of use thereof;
- (d) any liability assumed by the insured under contract, unless the insured would have been legally liable in the absence of such contract;
- (e) any claim arising out of or in connection with the financial inability to pay, insolvency, receivership, bankruptcy or liquidation of any insurance company, any reinsurer, any IPA, HMO, PPO, DSP or any pool, syndicate, association or any healthcare provider;
- (f) any claim for commissions, taxes, fees, reimbursement or the failure to collect, pay or return premium, or commingling of, or use of, client funds;
- (g) any loss arising out of any insured's promises or guarantees as to:
 - 1. interest rates, or
 - 2. fluctuations in interest rates, or
 - 3. future premium payments, or
 - 4. market values;
- (h) any claim arising out of services performed by the insured as an actuary, accountant, attorney, tax advisor, tax preparer, real estate agent or real estate broker or property and casualty insurance agent or property and casualty insurance broker, advisor or consultant;
- (i) any claims arising out of wrongful employment practices, act of discrimination or business competition;
- (j) any claim arising out of any duties or activities assumed under contract by an insured as a plan administrator or fiduciary 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, regulations or enabling statutes pursuant thereto, or any other similar federal, state or provincial statute or regulation;
- (k) any claim made against the insured based upon or arising out of any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by the insured as an employer;
- (l) any claim based on the insured's status as a named fiduciary or under power of attorney;
- (m) any proceedings against or fines or penalties levied against the insured by a local, state, provincial or federal regulatory agency or self-regulatory body;
- (n) any penalties, statutory multiple damages or any form of non-money damages, including but not limited to specific performance or injunctive relief;
- (o) any claim made against the insured arising out of the insured's activities as the third party administrator of any plan whether insured or self-insured and whether the insured performs such activities for a fee or for no fee;

- (p) any claim arising out of the unauthorized use of intellectual property, copyright, trade secrets, confidential or proprietary information, or unfair business competition;
- (q) any claim brought against the insured by a securities broker/dealer;
- (r) any claim arising out of the development, placement or sale of structured settlements;
- (s) any claim arising out of or in connection with a fraudulent or nonexistent entity;
- (t) any claim arising out of the referral of individuals or entities to individuals or entities selling or servicing or purporting to sell or service property and casualty insurance or securities products;
- (u) any claim arising out of or based upon:
 - 1. the quality of care rendered by or lack of care rendered by or the alleged malpractice of a participating provider of services, its employees, physician, or other practitioner, of any other health care provider; or
 - 2. the failure of a health care provider to pay the salaries or fees of any practitioner;
- (v) any claim arising out of, based upon, or in connection with a viatical investment product.
- (w) any claim arising out of, based upon, or in connection with any actual or potential failure of any system, electronic device, software, or program to advance to or register the year 2000 A.D., or subsequent years. This exclusion also applies regardless of the cause or source of any such actual or potential failure, and regardless of whether the system, electronic device, software, or program is that of an Insured, a client, or other person or entity.

**ADDITIONAL APPLICABLE EXCLUSIONS TO THE SALE AND
SERVICING OF MUTUAL FUNDS (SERIES 6)**

- (a) Any act, error or omission if, at the time of such act, error or omission, the Insured Agent is engaged in the sale of mutual funds other than through any NASD-registered broker/dealer organization;
- (b) Any claim for loss sustained or alleged to have been sustained by any person, firm or organization that is not either a customer of the Insured Agent or a customer's appointed administrator, executor, receiver or trustee in bankruptcy;
- (c) A willful violation of any statute or any rule or regulation of any federal, provincial or state securities regulatory agency;
- (d) Any claim brought against the Insured Agent by a broker/dealer organization or any investment company;
- (e) Any claim based upon a loss or alleged loss sustained from fluctuations in the market value of any security;
- (f) Any loss arising out of the Insured Agent making promises or guarantees as to the future value of any fund;
- (g) Any claim arising out of the insolvency, receivership, bankruptcy, liquidation or financial inability to pay liability of any company, entity or other investment vehicle in which any customer has invested.

Additional applicable exclusions for coverage for financial planning/consulting.

- (a) any claim for loss sustained or alleged to have been sustained by any person, firm, or organization that is not either a customer of the Agent or a customer's appointed administrator, executor, receiver, or trustee in bankruptcy;
- (b) a willful violation of any statute or any rule or regulation of any federal, provincial, or state securities regulatory agency;
- (c) any claim brought against the Agent by a broker/dealer or any investment company;
- (d) any claim based upon a loss alleged to have been sustained through fluctuations in the market value of a security;
- (e) any claim arising out of the Insured making promises or guarantees as to the future value of any security;
- (f) any claim arising out of or in connection with the insolvency, receivership, bankruptcy, liquidation, or financial inability to pay of any entity or investment vehicle in which any customer has invested;
- (g) any claim arising out of or based upon the actual or alleged insolvency, receivership, bankruptcy, liquidation, re-organization, rehabilitation, or financial inability to pay of a clearing house;
- (h) any claim arising out of management of an account for a client under an actual or implied agreement or under any power of attorney which gives the insured discretion in buying or selling securities or other investments for such account;
- (i) any claim brought by or against the Insured as a beneficiary of any trust or estate, or any claim brought against the Insured as a trustee;
- (j) claims arising out of the underwriting or distribution of securities or investment interests, or any participation in such activities, regardless of whether or not any registration statement is filed with any federal, state, or local government authority;
- (k) claims arising out of or based upon:
Any actual or alleged failure, malfunction, or inadequacy of:
 - 1. Any of the following, whether belonging to any insured or to others:
 - a) Computer hardware, including microprocessors;
 - b) Computer application software;
 - c) Computer operating systems and related software;
 - d) Computer networks;
 - e) Microprocessors (computer chips) not part of any computer system; or
 - f) Any other computerized or electronic equipment or components; or
 - 2. Any other products, and any services, data, or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 1;
due to the inability to correctly recognize process, distinguish, interpret or accept the year 2000 and beyond.

DATA Exclusion Endorsement

The following is added to SECTION V - DEFINITIONS:

- (I) DATA means representations of information or concepts, in any form.

The following is exclusion is added to SECTION VI - EXCLUSIONS:

- (Y) any CLAIM for:
 - (1) erasure, destruction, corruption, misappropriation, misinterpretation of DATA;
 - (2) erroneously creating, amending, entering, deleting, or using DATA;
 - (3) any inability to gain access to, to receive, to transmit, or to use DATA, including any loss of use arising therefrom;

For the avoidance of doubt this exclusion does not apply to the erroneous transmission or non transmission by the Insured of any DATA in the normal course of the Insured's business as stated in SECTION 1 - COVERAGE A except where the cause of the CLAIM or circumstance is directly or indirectly attributable to a computer virus, unauthorized access to the Insured's data processing and telephonic systems of any kind, malicious or inappropriate email use, or any breach of a statute, law, or regulation.

If you have any questions regarding these exclusions, please call Affinity Insurance Services, the Plan Administrator who can forward you a copy of the specimen policy for your review.

NOTE: This brochure is not intended to be a legal interpretation of the policy provisions, but merely to present highlights of the more important provisions of the program. This is intended only to provide an overview of standard policy features on any endorsements. The terms of the policy itself control.

The Underwriter:

Westport Insurance Corporation
A Swiss Re Company
Overland Park, KS
Rated A+ by AM Best

Plan Administrator:

Affinity Insurance Services
159 E. County Line Road
Hatboro, PA 19040-1218
Phone: (800) 621-0711
Fax (877)443-9183

In the event that you have a claim, you should immediately forward notice to:

Claims Administrator:

Employers Reinsurance Corporation
Professional Liability Claims
5200 Metcalf - P.O. Box 2991
Overland Park, KS 66201
Phone: (800) 255-6931

**2007 –2008 ENROLLMENT FORM
ASSURANT HEALTH ERRORS AND OMISSIONS PLAN**

Please enroll me in the Errors & Omissions (E&O) Program for Assurant Health General Agents and Agents for the policy period of May 1, 2007 to May 1, 2008. **Enrollees:** Put a check mark in front of the desired effective date. If you are in the process of licensing with Assurant Health, please select an effective date at least 30 days from the date of completing your enrollment form. The required premium is shown in the column on the right. The payment **must be received** by the 15th of the month of the effective date chosen. **Complete this form and send it with your payment to Affinity Insurance Services, 159 E. County Line Road, Hatboro, PA 19040**

Payment Options:

1. **Payment in full by check** (The check is made payable to Affinity Insurance Services.)

2. **Payment in full by credit card (Visa/MasterCard/Discover only)**

If you chose this method, please complete the following:

() Visa () MasterCard () Discover

Credit Card # _____ Expiration Date: ____/____/____

Cardholder's Signature _____

3. **Monthly pre-authorized check (PAC).** To implement your payment mode, please attach a check for the first two months premium due plus administrative fee. The totals due for the various coverage options for the first two months are shown below: Make check payable to Affinity Insurance Services. Checking account withdrawals will begin two months after your policy effective date.

		\$1M/3M	\$1M/3M	\$1M/3M	\$2M/3M	\$2M/3M	\$2M/3M
		Annual Premium	PAC Down Payment	Monthly Draft	Annual Premium	PAC Down Payment	Monthly Draft
<input type="checkbox"/>	May 2007	\$615	\$123.33	\$49.17	\$918	\$173.83	\$74.42
<input type="checkbox"/>	June 2007	\$566	\$123.33	\$49.17	\$844	\$173.83	\$74.42
<input type="checkbox"/>	July 2007	\$517	\$123.33	\$49.17	\$769	\$173.83	\$74.42
<input type="checkbox"/>	August 2007	\$468	\$123.33	\$49.17	\$695	\$173.83	\$74.42
<input type="checkbox"/>	September 2007	\$418	\$123.33	\$49.17	\$620	\$173.83	\$74.42
<input type="checkbox"/>	October 2007	\$369	\$123.33	\$49.17	\$546	\$173.83	\$74.42
<input type="checkbox"/>	November 2007	\$320	\$123.33	\$49.17	\$472	\$173.83	\$74.42
<input type="checkbox"/>	December 2007	\$271	\$123.33	\$49.17	\$397	\$173.83	\$74.42
<input type="checkbox"/>	January 2008	\$222	N/A	N/A	\$323	N/A	N/A
<input type="checkbox"/>	February 2008	\$173	N/A	N/A	\$248	N/A	N/A
<input type="checkbox"/>	March 2008	\$123	N/A	N/A	\$174	N/A	N/A
<input type="checkbox"/>	April 2008	\$ 74	N/A	N/A	\$ 99	N/A	N/A

*\$25 administrative fee included

(Print) Name: _____

Address _____

City, State, Zip _____

Telephone # _____ Fax# _____

Assurant Health Agent # _____ SS or Tax ID # _____

I understand and acknowledge I am not eligible for coverage under the Assurant Health sponsored errors and omissions program unless I am legally contracted to represent Assurant Health and its covered affiliates as of my coverage effective date. I understand if my contract to represent Assurant Health or its covered affiliates is terminated, coverage under this program terminates on the same day. All premiums are fully earned under this program at the inception of coverage and I am responsible for the payment of the full premium even in the event my contract to represent Assurant Health is terminated. There will be no refund of premium. I authorize Affinity Insurance Services to process my enrollment.

Signature _____ Date _____

**PAC Authorization Form
Authorization Agreement for Pre-Authorized Payments (Debits)**

Assurant Health Sponsored Errors and Omission Program

Instructions: This form is to be used only if electing the pre-authorized checking payment option. Please complete the three sections below.

I (we) hereby authorize Affinity Insurance Services, to initiate electronic debit entries or effect a charge by any other commercially accepted method, to my (our) checking account indicated below. I (we) hereby authorize the financial institution named below to debit the same to such account.

I (we) agree that if premiums are not paid as due under the policy, as in the event withdrawals are dishonored, your coverage as an enrollee under the policy will terminate. I (we) also agree that a \$20 service charge will apply for all payments, which are returned from your banking institution.

1.
Name of Financial Institution _____
Address or Branch _____
City _____ State _____ Zip Code _____
Transit / ABA Number _____ Account Number _____

The checking account must be owned by the certificate holder listed on the enrollment or renewal form. We will not honor any requests to terminate bank drafts from any person or entity other than the certificate holder.

This authority is to remain in full force and effect until Affinity Insurance Services has collected the full annual premium, or received written notification from me (or either of us) of its termination in such time and in such manner as to afford Affinity Insurance Services and Financial Institution a reasonable opportunity to act on it. We must be notified within 48 hours of the intended deduction. Deductions are scheduled for the 1st business banking day of the month.

2.
Name: _____
Signature _____ Date _____
Signature _____ Date _____
(If account requires two signatures)

3. Please attach a voided check, or photocopy thereof applicable to the above account in this space.