

# Signator<sup>®</sup>

## Errors & Omissions Highlights Guide



This guide has been prepared to provide general information regarding the coverage provided by the Signator Investors, Inc. E&O program. Certain policy terms and conditions may vary for Insureds domiciled in or who have a primary place of business in the state of New York. This guide is not part of the policy, nor does it modify or serve as a conclusive statement of policy terms. It is not intended to interpret the terms of the Policy nor be legal advice. In any event, the actual policy language will prevail.

### **Policy Period**

**January 1, 2017 to January 1, 2018**

### **Insurer**

**Continental Casualty Company (CNA)**

### **Broker**

**Aon Risk Services Northeast, Inc.**

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# Program Highlights

## Insurer

Continental Casualty Company (member company of the CNA Insurance Companies)

40 Wall Street, New York NY 10005

An Admitted Carrier, Rated A (Excellent): XV by A.M. Best\*

Policy No. 596404107

*\*A.M. Best Rating provided above are current only as of the publication date and are not in any way Aon's guarantee of the Insurer's financial strength, stability, or solvency.*

## What's new this year?

- Coverage Enhancement to include first and third party losses due to Privacy Events. Sub-limits vary by coverage part and are subject to a per Rep aggregate of \$100,000 per Policy Period for Privacy Injury Liability and Privacy Regulatory Proceedings and \$25,000 per Privacy Event with a \$5,000 retention. Certain restrictions apply – request a coverage summary for applicable exclusions.
- Fiduciary Services coverage amended to include the Department of Labor (DOL) "Conflict of Interest" provisions are they relate to retirement investment advice.



## Limits of Liability

Option 1: \$1,000,000 Each Claim  
\$2,000,000 Aggregate per Insured

Option 2: \$3,000,000 Each Claim  
\$3,000,000 Aggregate per Insured

Option 3: \$5,000,000 Each Claim  
\$5,000,000 Aggregate per Insured

\$100,000,000 Policy Aggregate All Insureds (not applicable to NY Insureds)

**Defense Costs  
are included  
within the  
limits of  
liability**

## Sub-Limits of Liability

### Covered Regulatory Actions

- \$ 50,000 Each Claim
- \$ 50,000 Aggregate per Insured

### Covered Privacy Protection Events

- \$ 25,000 Each Privacy Event
- \$ 100,000 Each Privacy Injury Liability/Privacy Regulation Proceeding
- \$ 100,000 Aggregate per Insured

### Subpoena Expense

- \$ 15,000 Each Insured per Policy Period

Note: Sub-limits are part of and not in addition to the Each Claim and Aggregate limits

## Retentions

- \$ 500 Each Claim for claims involving John Hancock insurance products
- \$ 1,000 Each Claim all other covered products
- \$ 5,000 Each Claim for all claims involving the Privacy Protection coverage extension
- \$ 5,000 Each Cost of Correction demand

There is no deductible for the Regulatory Action coverage extension.

**Retentions  
apply to the  
payment of  
Loss only**

## Coverage

The Insurer shall pay on behalf of the Insureds that Loss which the Insureds become legally obligated to pay resulting from a Claim for a Wrongful Act solely in rendering or failing to render Professional Services. Coverage for a Claim for a Wrongful Act applies only if the Wrongful Act giving rise to such Claim with respect to any Agent, General Agent or Registered Representative occurred on or after the Prior Acts Date and before the earlier of the date such Agent, General Agent, or Registered Representative ceased enrollment in the program, or the end of the Policy Period, and while their enrollment was on file with Signator.

## Insureds

1. An Agent, General Agent, or Broker contracted with Signator Investors, Inc.;
2. A Registered Representative or Investment Adviser Representative registered with Signator Investors, Inc.;
3. A natural person who is a former or current secretarial, clerical or administrative employee of the Agent, General Agent, Broker, Registered Representative or Investment Adviser Representative but solely for services performed in their capacity as such and on behalf of such Agent, General Agent, Broker, Registered Representative or Investment Adviser Representative;
4. A corporation, partnership, or other business entity which owned or controlled by such Agent, General Agent, Broker, Registered Representative, or Investment Adviser Representative, but solely with respect to the liability of such entity as it arises out of the rendering or failing to render Professional Services by an Insured Agent, General Agent, Broker, Registered Representative or Investment Advisor Representatives;
5. Estates, heirs, legal representatives, assigns, spouses or Domestic Partners of Insureds but only for a Claim arising solely out of their status as such, and not for any actual or alleged Wrongful Act; and
6. Any Retired or Disabled Agent or General Agent, Broker, Registered Representative or Investment Adviser Representative who becomes Retired or Disabled during the Policy Period.

**Remember!**  
Insureds described under 3 through 7 share the same limit with the Insured Agent, Rep or IAR



## Prior Acts

### For Claims involving Insurance Products, Variable Products, and Mutual Funds

The prior acts date shall be the earlier of the Insured's (including Brokers) first date of continuously maintained professional liability coverage, or date of contract with Signator.

### For Claims involving Securities

The prior acts date shall be the Insured's date of contract with Signator.

**Note:** In the event of a Claim, proof of continuously maintained E&O coverage must be submitted to the Insurer to establish the Prior Acts Date.

## Professional Services

### Life Only Agents

With respect to an Agent or General Agent, or Broker only the following services to the extent they are provided in the course and scope of the Insured's business as an Agent or General Agent and such Agent or General Agent has the appropriate license in both the Client's resident state or jurisdiction and the state or jurisdiction in which the business is conducted:

1. sale, attempted sale or servicing of life insurance, accident and health insurance, managed health care organization contracts, disability income insurance, fixed annuities, and 24 hour care coverage (as defined by statutory law);
2. Administration of Employee Benefit Plans;
3. sale, attempted sale or servicing of employee benefit plans, individual retirement plans and KEOGH retirement plans;
4. financial planning activities in conjunction with services described in paragraphs 1. through 3. above, whether or not a separate fee is charged;
5. supervision, management and training of an Agent by a General Agent with respect to activities otherwise covered by the Policy;
6. services as a notary public.

### Registered Representatives & Investment Adviser Representatives

Provided always the Insured is properly licensed in the state or jurisdiction in which the business is conducted and in the state of the client (for Registered Insureds), Professional Services shall include the sale, attempted sale or servicing of:

1. the sale, attempted sale or servicing of variable annuities, variable life insurance and mutual funds that are registered with the Securities Exchange Commission, if required, through a Broker/Dealer that is a member of the Financial Industry Regulatory Authority;
2. Investment Advisory Services;
3. the sale or attempted sale or servicing of securities (other than variable annuities, variable life insurance and mutual funds) approved by Signator;
4. financial planning activities in conjunction with services described in paragraphs 1. through 3. of this definition, whether or not a separate fee is charged;
5. Services performed as a Fiduciary Adviser as defined in section 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA), or the Pension Protection Act of 2006, or the Department of Labor's Conflict of Interest provisions as they relate to retirement investment advice, as amended;
6. the supervision, management and training of a Registered Representative by a registered principal who is also an Insured under the Policy with respect to activities otherwise covered by the Policy;
7. the sale, attempted sale or servicing of a business development company which is approved for sale by Signator, and which is registered with the Securities and Exchange Commission or issues annual audited financial statements;

### Optional Accounting Services coverage extension

Professional Services also means Accounting Services but only when such services are performed for Clients for compensation. Accounting Services includes:

1. bookkeeping;
2. issuing compilation reports;
3. reviewing unaudited financial statements;
4. managing, advising or consulting services with respect to improving business efficiency;
5. providing tax advice;
6. preparing tax returns; and
7. acting as an enrolled agent or CPA representing Clients before the Internal Revenue Service.

Accounting Services shall not include any audit services, other restrictions apply – request Accounting Services summary for applicable exclusions.



## Extended Reporting Periods

### Automatic Extended Reporting Period (ERP)

A one (1) year ERP is provided at no cost to Agents/Reps who terminate their contract voluntarily and applies to claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to contract termination and occurring on or after your Prior Acts Date.

### Automatic Extended Reporting Period (ERP) for Retired, Disabled, or Deceased Agents/Reps

An unlimited ERP is provided at no cost for Agents/Reps who terminate their contract for reason of retirement, disability, or death and applies to claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to contract termination and occurring on or after your Prior Acts Date.

### Conditional Automatic Extended Reporting Period (ERP)

A conditional unlimited ERP is provided at no cost to you for claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to the termination date of your contract and occurring on or after your Prior Acts Date so long as the Signator program remains insured by Continental Casualty or another CNA member company.

### Optional Extended Reporting Period (ERP)

For Agents who do not terminate for reason of retirement, disability, or death, you may purchase an optional ERP to extend the provided automatic one (1) year ERP for an additional 3 years, 5 years, or an unlimited period of time for an additional premium of 150%, 200%, or 225% of your last annual premium respectively. The optional ERPs must be requested in writing along with the full additional premium within 60 days of termination. Contact Affinity for additional details.

**Note:** Neither the automatic or optional ERPs shall be provided/available if: a) you have any other applicable insurance; or b) you were terminated by Signator Investors, Inc. for disciplinary reasons.



# Exclusions

The Insurer shall not be liable to pay any Loss in connection with any Claim:

**A. Prior Litigation**

based upon, directly or indirectly arising out of, or in any way involving facts alleged in any litigation against the Insured pending on or prior to the inception date of the Policy, or renewal thereof;

**B. Prior Wrongful Acts of Broker/Dealers**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged Wrongful Acts or Interrelated Wrongful Acts by, or liability of, any Broker/Dealer acquired by an Insured, where such Wrongful Acts or Interrelated Wrongful Acts were committed, attempted, or allegedly committed or attempted prior to such acquisition;

**C. Claims by Specified Persons or Entities**

by or on behalf of, or for the benefit of, whether directly or indirectly,

1. any parent, spouse, Domestic Partner, or child of the Insured
2. an entity in which one or more Insureds, at the time of the Wrongful Act giving rise to a Claim:
  - i. had a total of ten percent (10%) or more equity interest, or
  - ii. operated, controlled, or managed;
3. an individual or entity which has, or did have at the time of the Wrongful Act, a total of ten percent (10%) or more equity interest in an entity Insured or operates, controls or manages an entity Insured;
4. any past or present Insured, whether it be an individual, class or derivative action, except and to the extent that such Claim is by an Insured in his or her capacity as a Client;
5. any clearing agency or arising out of any function of any Insured as a clearing agency;
6. any Broker/Dealer other than one which buys, sells or trades in securities exclusively as a principal for its own account;
7. any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency, in any capacity; however, this exclusion shall not apply subject to the Insurer's maximum Limit of Liability of \$50,000 for all Loss for all such Claims made against an Insured, subject to the Insured's elected limit of liability, no deductible shall apply;
8. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation, in any capacity; however, this exclusion shall not apply subject to the Insurer's maximum Limit of Liability of \$50,000 for all Loss for all such Claims made against an Insured, which amount shall be part of and not in addition to the Insured's elected limit of liability, no deductible shall apply,

Paragraphs 7. and 8. above shall not apply to any Claim by an official of such agency or organization if such official is bringing the Claim in his or her capacity as a direct Client of an Insured and not as an official of such agency or organization;

**D. Intentional Acts**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, error or omission, or any actual or alleged willful violation of any statute or law as determined by a final adjudication in the underlying action or in a separate action or proceeding; however, the Wrongful Act of any Insured individual shall not be imputed to any other Insured individual; and only the Wrongful Act of any executive officer shall be imputed to an Insured entity;

**E. Bodily Injury/Property Damage**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged bodily injury, sickness, disease, emotional distress, mental anguish or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;

**F. Contractual Liability/Promises/Guarantees**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged

1. liability of others assumed by an Insured under any contract or agreement; provided, however, that this paragraph shall not apply to the extent that the liability would attach to an Insured in the absence of such contract or agreement; or
2. making or stating of any promises or guarantees as to interest rates or fluctuations in interest rates, the market value of any investment or insurance product, or future premium payments;

**G. Specified Services**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged:

1. performance of or failure to perform services by the Insured as:
  - a. an actuary, accountant, attorney, property or casualty agent, real estate agent, or third party administrator; or
  - b. a market maker or specialist in any securities; or
2. tax advice provided by the Insured except to the extent that such tax advice is an incidental part of the Professional Services being rendered;

**H. Premium/claim/tax monies**

based upon, directly or indirectly arising out of, or in any way involving:

1. the Insured's inability or refusal to pay or collect premium, claim or tax monies; or
2. a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this paragraph 2. shall not apply to surrender charges;

**I. Commingling/Illegal Profit**

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged commingling or use of Client funds; or
2. any actual or alleged profit, remuneration or pecuniary advantage gained by any Insured, to which the Insured was not legally entitled as determined by a final adjudication in the underlying action or in a separate action or proceeding

For purposes of determining the applicability of this Exclusion:

1. the facts pertaining to and knowledge possessed by any natural person Insured shall not be imputed to any other natural person Insured; and

2. only facts pertaining to and knowledge possessed by any executive officer shall be imputed to the Insured entity;

**J. Insolvency**

based upon, directly or indirectly arising out of, or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy or inability to pay of a natural person, entity, benefit plan, insurance company, managed health care organization, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name), or limited partnership in which the Insured has placed business or obtained insurance coverage, or placed or recommended placement of the funds of a Client; however, this exclusion shall not apply if such Claim arises from the Insured's placement of coverage with an insurance company with an A.M. Best financial strength rating of "B+" or better at the time of placement.

**K. Employee Benefit Plans**

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the Insured or any entity owned or controlled by the Insured or in which the Insured is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; or
2. the actual or alleged design or implementation of any employee benefit plan; however, this exclusion shall not apply to the implementation of employee benefit plans offered or approved by Signator Investors, Inc.

**L. Sale or Servicing of Certain Products**

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, attempted sale or servicing of any:

1. coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefits plan involving self funding in whole or in part, by any employer, union, or employment related entity;
2. products or services not approved by Signator;
3. commodities, commodities futures contracts, or any type of option contract with the exception of covered call or protective put writing;
4. promissory notes; however this exclusion shall not apply to Claims involving the sale, attempted sale or servicing of promissory notes issued by a publicly traded company and sold through Signator;
5. ETS pay phone investments or other similar type investments;
6. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;
7. "Stranger Originated Life Insurance (STOLI)" or "Speculator Initiated Life Insurance (SPINLIFE);"
8. Structured settlements, structured notes, principal protected notes, or reverse convertible notes; however this exclusion shall not apply to the sale, attempted sale or servicing of fixed annuities used to fund a structured settlement;
9. Life Settlements; Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
10. issuer callable certificates of deposit and/or equipment sale-lease-buy-back transactions of any kind;
11. Leveraged or Inverse Products, including but not limited to Exchange Traded Funds or Mutual Funds, or Exchange Traded Notes; however, subject to a retention of \$50,000 for each Claim, this exclusion shall

not apply to Claims involving the sale, attempted sale or servicing of Leveraged or Inverse Products which have been approved by Signator and in which such products do not comprise more than 10% of a Client's portfolio at any time. The Insurer's limit of liability for such Claims shall be as follows: \$250,000 for each Claim; \$250,000 Policy Aggregate Limit of Liability for all such Claims, regardless of the number of Claims or Insureds. Sublimits are included within and not in addition to the Insured's Limits of Liability;

12. life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company; however, this exclusion shall not apply to the sale of a life insurance policy approved by the Policyholder provided that the death benefits of such life insurance policy are \$10,000,000 or less.

**M. Discretionary Authority**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets (whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character); however, this exclusion shall not apply to the activities of the Insured when exercising discretionary authority as an Investment Adviser Representative;

**N. Nuclear/Pollution**

based upon, directly or indirectly arising out of, or in any way involving:

1. any nuclear reaction, radiation or contamination; or
2. any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, Pollutants; any request, direction or order that any of the Insureds test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of Pollutants or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the Insureds, their security holders, or their creditors resulting from any of the aforementioned matters;

**O. Anti-trust**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct; however, the knowledge of any such act by any Insured individual shall not be imputed to any other Insured individual; and only such knowledge of an executive officer shall be imputed to an Insured entity.

**P. Confidential or non-public information**

based upon, directly or indirectly arising out of or in any way involving the actual or alleged use, misuse or disclosure of:

1. confidential information, including but not limited to such use for the purpose of replacement of coverage; or
2. Non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;

**Q. Unlicensed entity**

based upon, directly or indirectly, arising out of or in any way involving the placement of a Client's coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; however, this Exclusion shall not apply to any Claim arising from or contributed to by the placement of a Client's coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;

**R. Investment Banking Activities**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged underwriting, syndicating, or investment banking work, or associated counseling or investment activities, including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a Private Placement), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing; provided, however, that this exclusion shall not apply to Claims arising from sales by an Insured of securities in connection with an offering thereof where such Claims relate solely to conduct by the Insured detrimentally relied upon by particular clients of Signator and do not arise from facts or circumstances affecting the offering generally such as, but not limited to, actual or alleged misrepresentations or omissions in the formal written offering materials, including registration statements, offering memoranda and circulars;

**S. Securities below Minimum Capitalization Levels**

based upon, directly or indirectly arising out of, or in any way involving any equity security priced under five dollars (\$5.00) at the time of purchase; however, this exclusion shall not apply if the security is:

1. registered or approved for registration upon notice of issuance on a national exchange; or
2. authorized or approved for authorization upon notice of issuance, for quotation in the NASDAQ system;  
or
3. issued by an investment company registered under the Investment Company Act of 1940 and any amendments thereto.

For the purposes of this exclusion, any equity security which is listed on the NASDAQ bulletin board or pink sheets shall not be considered approved for authorization upon notice of issuance, for quotation in the NASDAQ system;

**T. Owned funds or investment products**

based upon, directly or indirectly arising out of, or in any way involving any proprietary fund or investment products in which an Agent or General Agent or Registered Representative has any ownership interest;

**U. Investment in Specified Securities or Funds**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in:

1. any security that is not registered with the Securities and Exchange Commission; however, this Exclusion shall not apply to securities which are both exempt from registration with the Securities and Exchange Commission and approved by the Broker Dealer; or
2. any hedge fund, whether it is registered or not with the Securities and Exchange Commission, unless specifically endorsed onto the Policy.

**V. Limited Partnerships, REITS**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in any Limited Partnership, Real Estate Investment Trusts (REIT's), issuer callable certificates of deposit, equipment sale-lease-buy-back transactions of any kind and/or any security that is not registered with the Securities and Exchange Commission; however, this exclusion shall not apply to the sale attempted sale or servicing of Private Placements, Limited Partnerships or REIT's which:

- a. are not Oil & Gas Products;
- b. are compliant with all applicable Blue Sky Laws that exist from time to time in the various states;
- c. with respect to Private Placements, are sold only to Accredited Investors; and
- d. with respect to publicly registered Limited Partnerships and/or REIT's, are sold only to investors who meet the various state minimum suitability standards outlined in their respective Blue Sky Laws.

**W. Wrongful Employment Practices**

based upon, directly or indirectly arising out of, or in any way involving employment practices including but not limited to discrimination or termination of employment.

**X. Unsolicited Communications**

Based on or arising out of:

1. any actual or alleged violation of any federal anti-spam statute or regulation, including the CAN-SPAM Act of 2003;
2. any actual or alleged violation of any federal statute or regulation prohibiting the dissemination of unsolicited communications, including any violation of the Telephone Consumer Protection Act of 2001; or
3. any actual or alleged violation of any federal, state, or local anti-spam statute, ordinance or other regulation that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating, or distribution of material or information including any statute or regulation prohibiting the dissemination of unsolicited communication.

**Y. Junk Bonds**

Based upon, directly or indirectly arising out of, or in any way involving Junk Bonds; however, this exclusion shall not apply subject to the Insurer's maximum limit of liability for all Loss of:

\$500,000 for each Claim;

\$500,000 for each Insured for all Claims made against such Insured, regardless of the number of Claims;

\$500,000 Policy Aggregate Limit of Liability for all such Claims in the aggregate, regardless of the number of Claims or Insureds

These amounts are sub-limits of insurance which are included within and not in addition to the Limits of Liability set out in the Declarations.

# Frequently Asked Questions

## 1. Who is Aon?

Aon has been appointed by Signator Investors, Inc. as the insurance broker responsible for the placement of the E&O program. Aon Risk Services Northeast, Inc. dba Aon Risk Solutions is part of Aon P.L.C., the second largest insurance broker in the world (according to Business Week's Report issued July 20, 2015). Aon is a leading global provider of risk management, insurance brokerage, and reinsurance brokerage solutions. Aon Risk Solutions has been brokering Life Agents' and Broker Dealer professional liability programs for over 35 years.

## 2. Who is our Insurer?

Continental Casualty Company, a member of the CNA Insurance Companies, is the insurer of this program; refer to page 2 for carrier A.M. Best rating. CNA is the ranked no. 2 by written premium in the Insurance Agents' and Broker Dealer E&O marketplace. They have been writing Life Agents' and Broker Dealer professional liability policies for over 25 years. CNA has one of the industry's largest dedicated underwriting and claims teams specific to this line of business.

## 3. What are my Limits of Liability?

Insureds have the option of electing one of the following limit options during the open enrollment: \$1,000,000 each Claim/\$2,000,000 Aggregate per Insured; \$3,000,000 each Claim/\$3,000,000 Aggregate per Insured; or \$5,000,000 each Claim/ \$5,000,000 Aggregate per Insured. The per-Claim limit is the maximum the Insurer will pay for any one claim and the aggregate limit is the maximum the Insurer will pay per Policy Period.

The total policy aggregate is \$100,000,000. The policy aggregate does not apply to Insureds who live in and practice in New York.

## 4. What is my retention?

The retention is \$500 each Claim if the Claim involves insurance products of John Hancock, \$1,000 each Claim for all other covered products, \$5,000 for Claims involving cost of corrections demands or privacy events. The retention applies to the payment of Loss only.

## 5. What does "Claims Made and Reported" mean?

Coverage is written on a Claims Made and Reported basis which means that the policy applies to claims first made against you, and reported to the Insurer, during the Policy Period. You may not select counsel or incur any defense expense prior to advising CNA, as this may jeopardize coverage under the policy. Please refer to "What to do in the Event of a Claim" for further details.

## **6. Does the Insurer have a duty to defend me?**

Yes, the Insurer has the right and duty to defend any Claim made against you within the terms of the policy. If a claim alleges dishonest, fraudulent or malicious acts, a defense will be provided only if there are covered allegations as well.

Please remember that your coverage under the policy could be jeopardized if you admit liability, agree to any settlement or incur any expense without the prior consent of the E&O Carrier.

Defense Costs are included in the Limits of Liability.

## **7. Does this policy cover Prior Acts?**

For Claims arising out of the sale of insurance products, variable products, mutual funds, the Prior Acts date is the earlier of: 1) your date of contract with Signator; or 2) your earliest date of continuously maintained Agent or Registered Representative Professional Liability coverage.

For Claims arising out of the sale or servicing of securities, your Prior Acts date is your date of contract with Signator.

The Prior Acts Date for Brokers is the date of first continuous professional liability maintained without interruption.

*Note: In the event of a Claim, proof of continuously maintained E&O coverage must be submitted to the Insurer to establish the Prior Acts Date.*

## **8. What happens if my Registered Representative's contract is terminated during the Policy Period?**

If your contract is terminated during the policy period, coverage automatically ceases on the date your contract terminates.

## **9. Is there an Extended Reporting Period available?**

Yes, provided your contract was not terminated for disciplinary reasons, there are automatic and optional extended reporting periods available depending on the reason for your termination.

### *Automatic Extended Reporting Period (ERP)*

A one (1) year ERP is provided at no cost to Agents/Reps who terminate their contract voluntarily and applies to claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to contract termination and occurring on or after your Prior Acts Date.

### *Automatic Extended Reporting Period (ERP) for Retired, Disabled, or Deceased Agents/Reps*

An unlimited ERP is provided at no cost for Agents/Reps who terminate their contract for reason of retirement, disability, or death and applies to claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to contract termination and occurring on or after your Prior Acts Date.



*Conditional Automatic Extended Reporting Period (ERP)*

A conditional unlimited ERP is provided at no cost to you for claims first made and reported during the ERP arising out of covered acts, errors or omissions committed or alleged to have been committed prior to the termination date of your contract and occurring on or after your Prior Acts Date so long as the Signator program remains insured by Continental Casualty or another CNA member company.

*Optional Extended Reporting Period (ERP)*

For Agents who do not terminate for reason of retirement, disability, or death, you may purchase an optional ERP to extend the provided automatic one (1) year ERP for an additional 3 years, 5 years, or an unlimited period of time for an additional premium of 150%, 200%, or 225% of your last annual premium respectively. The optional ERPs must be requested in writing along with the full additional premium within 60 days of termination. Contact Affinity for additional details.

Note: Neither the automatic or optional ERPs shall be provided/available if: a) you have any other applicable insurance; or b) you were terminated by Signator Investors, Inc. for disciplinary reasons.

# What to do in the Event of a Claim

1. As soon as you become aware of any circumstances, regardless of whether a lawsuit has been commenced, which may lead to a claim being made, or as soon as an actual claim is made, complete a copy of the Claims Report Form located on the last page of this guide and email or mail it to the address on the form.
2. If a summons and complaint has been issued, send it along with the Claims Report (if not previously provided) by overnight express mail to:

Compliance Department  
Signator Investors, Inc.  
200 Berkeley Street (B-3)  
Boston, MA 02116

3. Once an incident has been identified or an errors and omissions claim has been made, great care should be exercised to avoid any disclosures or discussions of any facts or information relating to the claim with anyone, unless they identify themselves to be from Continental Casualty Company (or a designated representative appointed by CNA to handle your claim), from the compliance or legal department of Signator, or Aon Risk Services.
4. Should you have questions about the coverage afforded under the policy, call or email:

Jeanette Younger  
Aon Risk Services Northeast, Inc.  
Phone: (305) 961-6044  
Email: Jeanette.Younger@aon.com

Larry Trombino  
Aon Risk Services Northeast, Inc.  
Phone: 212-441-1247 | Toll Free: 888-592-9922  
Email: Lawrence.Trombino@aon.com

# Important Contacts

## Claim Reporting

Carolyn Daley, Director of Compliance  
Compliance Department, Signator Investors, Inc.  
200 Berkeley Street (B-3)  
Boston, MA 02116  
Phone: (617) 572-0634 | Fax: (617) 421-4252  
Email: CDaley@jhancock.com

## Coverage Questions

Jeanette Younger  
Aon Risk Services Northeast, Inc.  
199 Water Street, New York, NY 10038  
Phone: (305) 961-6044  
Email: Jeanette.Younger@Aon.com

## Enrollment, Premium Payment and Certificates of Insurance

Aon Affinity Insurance Services  
159 County Line Road  
Hatboro, PA 11040-1218  
Phone: (800) 845-5506 | Fax: (877) 443-9183  
Email: info@agents-eo.com

**Signator Investors, Inc. E&O**  
**January 1, 2017 – January 1, 2018**  
**CNA Claim Report Form**  
**Policy No. 596404107**

Today's Date:	Date you became aware of this Claim:
Name:	SII ID No.:
Business Address:	
Email Address:	
Phone Number:	Fax Number:
What type of business does this claim involve? If written through any company other than Signator or John Hancock, provide the name of the company, policy number, and policy dates:	
<b>Please attach a description of the circumstances leading to this Claim including copies of all pertinent correspondence. If you have been served with a lawsuit, a copy of the suit <u>must</u> be enclosed.</b>	
Alleged Amount in Controversy (if any): \$	
Who is making this Claim against you: Name: Address:	
If you have discussed this matter with anyone at Signator's Home Office, please identify the individual below: Name: Phone Number: Email Address:	
Besides the policy referenced above, do you have any other Errors and Omissions Insurance? If yes, provide requested details below:  Insurer Name: Policy Number: Limits of Liability:	
<b>SEND THIS COMPLETED FIRST REPORT FORM TO:</b> Compliance Department Signator Investors, Inc. 200 Berkeley Street (B-3) Boston, MA 02116 Fax: (617) 572-9161   Email: CDaley@jhancock.com	

**DO NOT DISCUSS THIS MATTER WITH ANYONE OTHER THAN A REPRESENTATIVE OF CNA, AON, OR SIGNATOR.**