



## PARTICIPATING AGENTS OF GOLDENCARE USA

### 2008 – 2009 ERRORS & OMISSIONS INSURANCE PROGRAM ENROLLMENT FORM

**I elect to participate in the E&O plan, as follows (see attached Program Highlights for coverage terms)**

The rates below do not apply to NY domiciled agents, please contact Arthur J. Gallagher directly for rating information

Please provide the following information for enrollment (please print clearly):

Agent's Name: \_\_\_\_\_ Premium Option # (see premium schedule): \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax Number: \_\_\_\_\_ Email Address: \_\_\_\_\_

#### Instructions for enrollment in the E&O Program:

- Complete attached Agent Scottsdale Insurance Company Application. *Note: Underwriting approval is required, if your revenue exceeds \$250,000 or if you have had a claim.*
- Complete the 2008-2009 Enrollment Form
- Mail application, enrollment form and payment to Susan Simonsen at Arthur J. Gallagher 15 Enterprise, Ste 200, Aliso Viejo, CA 92656 **or fax to 949/349-9955**

Upon receipt of application, enrollment form and payment, a Certificate of Insurance will be sent via e-mail within 24 hours of receipt. Should you have any questions regarding the E&O program, please call Paige Nabavian or Susan Simonsen at (800) 532-0327.

#### You have a choice of three payment options (check one):

- \_\_\_ 1. *Payment in full by check. The check should be made payable to Arthur J. Gallagher & Co.*
- \_\_\_ 2. *Payment in full by credit card (Visa or Mastercard), or*
- \_\_\_ 3. *Monthly installments via monthly credit card (Visa or Mastercard) deductions (if this option is chosen, a down payment is required and an additional \$20.00 processing fee will be charged, see attached premium schedule).*

*If choosing payment option 2 or 3, please complete the following:  
( ) VISA or ( ) Mastercard*

Credit Card #: (16 Digits) \_\_\_\_\_ Name on Credit Card: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

Cardholder's  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

#### Complete only for Payment Option 3 - Authorization Agreement for Monthly Credit Card Deductions:

*I (we) hereby authorize Arthur J. Gallagher & Co. Insurance Brokers of California to initiate a credit card charge or effect a charge by any other commercially accepted method to my credit card indicated below. I (we) hereby authorize the credit card financial institution to debit the same to such account. This authority is to remain in full force and effect throughout the policy ending 4/1/09. Deductions are scheduled for the 1<sup>st</sup> business banking day of the month (see premium schedule for dates).*

*I (we) agree to a one time \$20.00 processing fee for the monthly transactions.*

Cardholder's  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_



## PARTICIPATING AGENTS OF GOLDENCARE USA

### Premium Schedule

#### Option 1

\$1,000,000 each wrongful act / \$1,000,000 each agent aggregate / \$5,000,000 policy aggregate  
 \$500 retention for GoldenCare Products/\$2,500 for non-GoldenCare Products  
 Life, Accident & Health, Disability, Long Term Care Insurance and Fixed Products

Check Here ✓	Enrollment Period	Premium	Credit Card Down Payment	Monthly Installment
	4/1/08 – 6/30/08	\$470.00	\$119.00	\$39 starting 7/1/08 to 3/1/09
	7/1/08 – 9/30/08	\$375.00	\$129.00	\$41 starting 10/1/08 to 3/1/09
	10/1/08 – 12/31/08	\$260.00	N/A	N/A
	1/1/09 – 3/31/09	\$150.00	N/A	N/A

#### Option 2

\$1,000,000 each wrongful act / \$1,000,000 each agent aggregate / \$5,000,000 policy aggregate  
 \$500 retention for GoldenCare Products/\$2,500 for non-GoldenCare Products  
 Life, Accident & Health, Disability, Long Term Care Insurance, Fixed Products, Variable Products & Mutual Funds

Check Here ✓	Enrollment Period	Premium	Credit Card Down Payment	Monthly Installment
	4/1/08 – 6/30/08	\$635.00	\$158.00	\$53 starting 7/1/08 to 3/1/09
	7/1/08 – 9/30/08	\$485.00	\$167.00	\$53 starting 10/1/08 to 3/1/09
	10/1/08 – 12/31/08	\$340.00	N/A	N/A
	1/1/09 – 3/31/09	\$185.00	N/A	N/A

#### Option 3

\$2,000,000 each wrongful act/\$2,000,000 each agent aggregate/\$5,000,000 policy aggregate  
 \$500 retention for GoldenCare Products/\$5,000 for non-GoldenCare Products  
 Life, Accident & Health, Disability, Long Term Care Insurance and Fixed Products

Check Here ✓	Enrollment Period	Premium	Credit Card Down Payment	Monthly Installment
	4/1/08 – 6/30/08	\$680.00	\$167.00	\$57 starting 7/1/08 to 3/1/09
	7/1/08 – 9/30/08	\$520.00	\$178.00	\$57 starting 10/1/08 to 3/1/09
	10/1/08 – 12/31/08	\$360.00	N/A	N/A
	1/1/09 – 3/31/09	\$200.00	N/A	N/A

#### Option 4

\$2,000,000 each wrongful act/\$2,000,000 each agent aggregate/\$5,000,000 policy aggregate  
 \$500 retention for GoldenCare Products/\$5,000 for non-GoldenCare Products  
 Life, Accident & Health, Disability, Long Term Care Insurance, Fixed Products, Variable Products & Mutual Funds

Check Here ✓	Enrollment Period	Premium	Credit Card Down Payment	Monthly Installment
	4/1/08 – 6/30/08	\$880.00	\$223.00	\$73 starting 7/1/08 to 3/1/09
	7/1/08 – 9/30/08	\$670.00	\$232.00	\$73 starting 10/1/08 to 3/1/09
	10/1/08 – 12/31/08	\$460.00	N/A	N/A
	1/1/09 – 3/31/09	\$250.00	N/A	N/A

(1) The above rates include a \$10.00 processing fee, a 2.250% WA State Surplus Lines Tax and Prosurance Group fee (the MGA for Scottsdale Insurance Company)

**PROFESSIONAL LIABILITY INSURANCE PROGRAM FOR AGENTS OF GOLDENCARE USA**

**APPLICATION FOR "CLAIMS-MADE" E&O INSURANCE FOR LIFE INSURANCE AGENTS AND SERIES 6 REGISTERED REPRESENTATIVES**

Limits of Liability: \$5,000,000 annual policy aggregate

E&O Plan Sponsor:  
GoldenCare USA  
10700 County Road 15, Suite 450  
Plymouth MN 55441  
(800) 842-7799 FAX 866-863-8608

Program Agent:  
Arthur J. Gallagher & Co.  
15 Enterprise, Ste. 200  
Aliso Viejo, CA 92656  
(800) 532-0327 FAX (949) 349-9955

Insurance Company:  
Scottsdale Insurance Company  
c/o ProSurance Group, Inc.  
2685 Marine Way, Suite 1408  
Mountain View, California 94043

The undersigned, hereinafter referred to as **Applicant**, hereby makes application for claims-made Professional Liability Insurance coverage, and in connection therewith furnishes Scottsdale Insurance Company ("the Company") the following information.

I. Applicant			
Name:		Office Telephone	
Mailing Address:		FAX Number	
Social Security Number:	Insurance Licenses Held: <input type="checkbox"/> Life <input type="checkbox"/> Accident & Health <input type="checkbox"/> Other - Specify:	Securities Licenses Held: <input type="checkbox"/> Series 6 <input type="checkbox"/> Series 7 <input type="checkbox"/> Other - Specify:	Email:
Years of Experience:			Broker-Dealer:

II. Insurance Coverage	
2a. Current Professional Liability Insurance: <input type="checkbox"/> Yes <input type="checkbox"/> No	Inception Date: _____ Retroactive Date: _____
2b. Desired Policy Inception Date: _____	
2c. Desired Limit (per wrongful act / agent's annual aggregate):	2d. Desired Coverage:
\$1,000,000/\$1,000,000 <input type="checkbox"/>	Fixed Insurance and Fixed Annuity Products Only <input type="checkbox"/>
\$2,000,000/\$2,000,000 <input type="checkbox"/>	Fixed and Variable Insurance and Annuities Products and Mutual Funds <input type="checkbox"/>

III. Revenue			
3a. List <b>Applicant's</b> gross revenue for the past year and estimates for the current year and next year:			
Prior Year:	Current Year:	Next Year:	
3b. Split <b>Applicant's</b> estimated current year's gross revenue into percentages by the following categories as indicated:			
Fixed Insurance & Fixed Annuity Sales:		Securities Sales:	
Through GoldenCare USA: _____%		Mutual Fund Sales: _____%	
Other Fixed Insurance and Fixed Annuity Products: _____%		Variable Life Insurance & Variable Annuity Sales: _____%	
Sub Total: _____%		Other Security Sales: _____%	
Other Services (Describe): _____%		Sub Total: _____%	
		Total: _____%	100 %

IV. Claims and Complaints (If any of the following are answered "yes", you may not be eligible for the Program. Provide complete explanations in Section VI.)	
4a. Has any claim, suit or arbitration for alleged malpractice, error, omission, mistake or other wrongful acts been made against <b>Applicant</b> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4b. After a review of <b>Applicant's</b> records, does <b>Applicant</b> have any knowledge or information of any fact situation, allegation or incident which may result in a complaint, claim, suit or arbitration against <b>Applicant</b> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4c. Is <b>Applicant</b> aware of or involved in any fee dispute with a client?	<input type="checkbox"/> Yes <input type="checkbox"/> No

V. Disciplinary Action (If any of the following are answered "yes", you may not be eligible for the Program. Provide complete explanations in Section VI.)	
5a. Has any professional license or registration of <b>Applicant</b> ever been denied, suspended, revoked, non-renewed or restricted in any way?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5b. Has <b>Applicant</b> ever been disciplined, fined, or suspended by the SEC, NASD, a state securities, corporation or insurance department or other regulatory body, or formally reprimanded by any court or administrative agency?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5c. Has any complaint ever been filed against <b>Applicant</b> with a consumer agency, <b>Applicant's</b> broker/dealer, the SEC, NASD, a state insurance, corporation or securities department or other regulatory body? Is <b>Applicant</b> currently under investigation by any of these authorities?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5d. Has <b>Applicant</b> ever been formally accused of violating any professional association's code of ethics?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5e. Has <b>Applicant</b> ever been convicted of a criminal offense other than minor traffic violations?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5f. Has any contract between <b>Applicant</b> and his/her insurance company, broker/dealer or others been suspended, terminated, non-renewed or restricted for cause?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5g. Has <b>Applicant</b> ever had a professional liability insurance policy or fidelity bond declined, canceled, issued on special terms, renewal refused or had a request that an application for insurance or for a bond be withdrawn?	<input type="checkbox"/> Yes <input type="checkbox"/> No





**ERROR & OMISSIONS INSURANCE COVERAGE HIGHLIGHTS  
FOR PARTICIPATING AGENTS OF  
GoldenCare USA, Inc.**

**Policy Period:** 4/1/08 – 4/1/09

**Insurer:** Scottsdale Insurance Company (part of the Scottsdale Group, a subsidiary of Nationwide Mutual Insurance Company) – A non-admitted carrier. Scottsdale has an A.M. Best rating of “A+”, XV.

**Policy Limits:** *Inclusive of defense costs - dependent on which option chosen*

\$1,000,000 or \$2,000,000 per Wrongful Act  
\$1,000,000 or \$2,000,000 annual aggregate per agent/registered representative  
\$5,000,000 policy aggregate for all Insureds

**Retention:** *Applicable to Defense Costs & Damages, each Wrongful Act or series of continuous, repeated and interrelated Wrongful Acts.*

\$500 applies to an Agent/Rep named in a claim involving products sponsored by **GoldenCare USA**.

\$2,500 applies to an Agent/Rep named in a claim involving all other products.

\$5,000 applies if the \$2MM limit of liability options are chosen to an Agent/Rep named in a claim involving all other products.

**Coverage Options:** See enrollment form

**Premium Calculation:** See enrollment form. **NY domiciled Agent/Reps have a separate rating model contact Arthur J. Gallagher for more information.** If your contract effective date is mid policy year, your premium is calculated on a pro-rata quarterly basis. There are no provisions for monthly premium payments or refunds if you decide to drop from the program or your contract is terminated with **GoldenCare USA**.

**Eligibility/Enrollment:** Agents/Reps who are contracted with **GoldenCare USA** are qualified to enroll in this program for Errors & Omissions Insurance.

**Agent/Rep Termination:** In the event that your agent contract with **GoldenCare USA** is terminated, a mini-extended reporting period (“tail”) will be provided until the end of the policy period to cover your professional services prior to your termination date with **GoldenCare USA**. All coverage automatically ceases for terminated agents/ reps at the conclusion of the policy period and there will be no return premium. If you retire or become disabled you would be entitled to purchase an Extended Reporting Period Endorsement (“tail” coverage).

**Extended Reporting Period (“tail” coverage):** If an Agent/Rep retires or becomes disabled, a 3 year Extended Reporting Period Endorsement can be purchased for an additional premium. To request coverage contact Arthur J. Gallagher & Co.

**Coverage:**

**I.** Coverage is on “Claims Made & Reported” basis, which covers claims first presented to an Insured Agent/Rep and reported to the Insurer during the policy period.

**II.** Coverage extends to an Insured Agent/Rep business entity but only with respect to those operations of the business entity related to the covered Professional Services provided by an Insured Agent/Rep.

**III.** Coverage extends to licensed & unlicensed administrative staff for their activities in support of an Insured Agent/Rep, as long as they work solely in that capacity and do not produce or sell insurance.

**IV.** Coverage for Prior Acts is provided back to the date the Insured Agent/Rep maintained continuous Errors & Omissions insurance coverage. However, the policy excludes any claim arising out of any Wrongful Act occurring prior to the inception date of the policy if the Insured knew or could have foreseen that such an act might be the basis of a claim or suit. Evidence of continuous Errors & Omissions insurance is required at the time an actual claim or incident is reported.

**VI.** Coverage extends to the sale and/or servicing of individual or group Life, Accident & Health, Disability and Long Term Care Insurance, Employee Benefit Plans, Individual and Group Retirement Plans, including any independent appointments you may hold. **If Option 2 or 4 is chosen coverage extends to Variable Products and Mutual Funds.**

*For questions regarding the E&O Program, please contact:*

**Arthur J. Gallagher & Co. Insurance Brokers of California**  
**Attn: Paige Nabavian or Susan Simonsen**  
**15 Enterprise, Ste 200**  
**Aliso Viejo, CA 92656**  
**(800) 532-0327 x834**

*To request a Certificate of Insurance, please contact:*

**Susan Simonsen at x855**

*This outline provides general information on your Errors and Omissions Insurance Program. It is not intended to interpret the terms of the policy or to be legal advice, but rather summarizes our understanding of the coverage provided. It is not a part of the policy, nor does it modify or serve as a conclusive statement of its terms. For a copy of the policy, please contact Susan Simonsen or Paige Nabavian.*

**2008-2009 ERROR & OMISSIONS INSURANCE COVERAGE QUESTIONS  
FOR PARTICIPATING AGENTS OF  
GoldenCare USA**

**Who is an Insured under the program?**

- Any Agent/Rep contracted with **GoldenCare** and enrolled in the 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 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)
- Financial Planning services incidental to the sale of covered products

and if Option 2 or 4 is chosen:

- Variable Products
- Mutual Funds

**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.

**Am I covered for any activities related to Property and Casualty Insurance?**

No, you are not covered for the sale of Property and Casualty Insurance. You are covered for your referral of Property and Casualty Insurance.

**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.

**Does the policy cover products offered by other insurance companies?**

Yes, it provides coverage for the sale, attempted sale or servicing of **non-GoldenCare** sponsored products. The retention is higher for **non-GoldenCare** sponsored products.

**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 reported immediately to Scottsdale 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.

**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".

**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 during the policy period. Scottsdale Insurance Company will determine what claims are covered under the policy.

**Who should I report claims to?**

In event of a Claim you must report to Scottsdale Insurance Company immediately in writing, please submit along with supporting documents to: Attn: Donald Satterlee at Prosurance Group, Inc., 2685 Marine Way, Ste 1408 Mountain View CA 94043 – Phone: 800/310-4486 and Fax: 650/428-0860.

## IMPORTANT DISCLOSURES

### Proposal Disclaimer

**IMPORTANT:** The proposal is an outline of the coverages proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, conditions of the actual contract language. The policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

### Actuarial Disclaimer

The information contained in this proposal is based on the historical loss experience and exposures that were provided to Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.. This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.

### Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. For more information on Gallagher's compensation arrangements, please visit [www.ajg.com/compensation](http://www.ajg.com/compensation). In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of policies handled for a client's account. As permitted by law, Gallagher companies occasionally receive both commissions and fees.
2. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
4. In placing, renewing, consulting on or servicing any retail insurance policy, entities acquired by Gallagher companies may continue for three years after the acquisition date to participate in contingent commission agreements in place at the time of acquisition with insurance companies that provide for additional retail contingent compensation if underwriting, profitability, volume and retention goals are achieved.
5. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or send a letter to:

**AVC Compliance Officer, Arthur J. Gallagher & Co.- Two Pierce Place, Suite 1820, Itasca, IL 60143**

### Confidentiality Statement

We consider as confidential any information presented by Arthur J. Gallagher & Co. in our written response to your "request for proposal," as well as subsequent verbal and written communications between our organizations.

We ask that other brokers not have access to our material and that information presented in this proposal be shared only with those who have a need to know within your company.

We make our commitment to you that information already received from you, and additional to follow, will be treated with the same high level of respect and confidentiality.

#### ATTENTION

This proposal of coverage is intended to facilitate your understanding of the insurance program we have arranged on your behalf. It is **not** intended to replace or supersede your insurance policies.