Personal Lines Insurance Agents Professional Liability

**WHY YOU NEED TO BUY PROFESSIONAL LIABILITY COVERAGE NOW:**
- Insurance agents and brokers are uniquely exposed to both claims frequency and claims severity
- Over 10 carriers have recently exited this line of business; Professional Liability coverage for Insurance Agents and Brokers is increasingly difficult to find in today’s marketplace
- Claims against insurance agents are on the rise due to the difficulty in obtaining some coverages in the hard insurance market
- Reduction in capacity due to the hard market exposes insurance agents to claims for inadequate coverage
- Terrorism and other catastrophic exposures present new and unforeseen challenges for today’s insurance agents and brokers
- Insurance agents and brokers are being held to a higher standard of care than ever before

**WHY UNITED STATES LIABILITY INSURANCE GROUP IS THE RIGHT CHOICE:**
The following are important coverages to have in your policy. Check to make sure you have all of these features

<table>
<thead>
<tr>
<th>COVERAGE FEATURES</th>
<th>OUR GROUP</th>
<th>COMPETITORS’ POLICY</th>
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</thead>
<tbody>
<tr>
<td>Defense costs outside the limit of liability</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Coverage for both property and casualty and life insurance sales</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Optional financial planning coverage available</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Personal Injury coverage</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Automatic coverage for independent contractors</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Duty to defend wording</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>A.M. Best rated A++ carrier</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Professional office product provides professional liability, general liability and business property coverage under ONE policy</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>First dollar deductible available in selected states</td>
<td>✔️</td>
<td>?</td>
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<tr>
<td>Preferred package available in selected states</td>
<td>✔️</td>
<td>?</td>
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**WHY CHOOSE TO BE INSURED WITH USLI?**
- One of only 20 A++ rated insurance groups in the United States by A.M. Best.
- A proud member of the Berkshire Hathaway Group, recently voted the #1 most admired Property & Casualty Company in the world (Fortune Magazine).

Insure your financial well-being with a stable Company that will be there to pay your claim.
Personal Lines Insurance Agents & Brokers
Errors & Omissions

We are excited to announce enhancements to the insurance agents errors and omissions product. Our policy targets start ups as well as established agencies generating $10,000,000 in premium volume comprised primarily of personal lines property and casualty and/or individual life and health.

**Coverage Features:**
- Defense costs outside the limit of liability
- Optional coverage for financial planning available
- Coverage for personal injury
- Duty to defend wording
- Automatic coverage for independent contractors
- Full prior acts coverage available

**Limits of Liability:**
- Primary limits available up to $2,000,000/$2,000,000

**Additional Advantages:**
- A.M. Best rated A++ carrier
- Various deductible options
  - Starts at $2500
  - First dollar defense available in selected states
- Preferred package available in selected states
- Professional office product provides professional liability, general liability and business property coverage under ONE policy
- Direct billing availability
- Web quote capability
- Quick turnaround time guaranteed on complete submissions
- Competitive pricing

**Product Availability:**
- Contact us for an application and specimen policy

This document does not amend, extend or alter the coverage afforded by the Policy. For a complete understanding of any insurance you purchase, you must first read your Policy, Declaration Page and any Endorsements and discuss them with your Broker. A specimen policy is available from an Agent of the Company. Your actual Policy Conditions may be amended by Endorsement or affected by State Laws.
Personal Lines Insurance Agents Professional Liability

Claim Examples

► **Personal Injury:** A startup moving company finds a local insurance agent, comes into the agent's office and purchases a commercial auto policy to cover its fleet of vehicles. A month later, the insurance agent receives a claim from the moving company involving an accident and one of its trucks and forwards it to the carrier. The insurance carrier denies coverage, saying that this particular truck is not covered under the policy. The owner of the moving company vehemently insists that, although this truck was not in the original list of vehicles, he requested it be added later and was told by the insurance agent that it would be covered. The agent has no recollection of this conversation, and when pressed by the carrier for an explanation of the discrepancy, the matter-of-fact said that the owner of the moving company “must be lying.” The moving company brings suit for negligence and defamation. Although the agent is found not liable, he accumulates $10,000 in defense costs.

► **Negligence:** An insurance agent places a routine general liability policy for an upscale mens formal clothing store, but fails to inform the store owner that the general liability policy has an employment practices liability exclusion, and, furthermore, fails to inform the store owner that employment practices coverage was available for purchase. Six months after the policy, the clothing store is sued for discrimination when a woman is not hired based on a long-standing tradition of hiring male tailors only. The store’s lawyer immediately looks for an employment practices policy, but found none. The store pays $100,000 in defense costs and damages, which they recover from the insurance agent for failing to inform the store about employment practices liability coverage.

► **Alleged failure to properly place auto coverage:** The parents of a newly licensed 16 year old son purchases a third vehicle for his use. The agent advises that due to the underwriting requirements of the parent's current auto carrier, they are unable to add their son's vehicle to their policy. The agent offers an alternative market to their son. Due to an emergency at home, the agent leaves the office and fails to place coverage through one of their nonstandard companies that will write the 16 year old. That night, the 16 year old decides to drive the vehicle to the local town convenience store. On the way, he ignores a red light at a busy intersection, resulting in an at-fault accident with two other vehicles. As a result of the agent's negligence, our policy serves at the auto carrier's policy to settle the bodily injury and property damage claims with the other vehicles. Total amount paid including defense costs was $98,000.

► **Alleged Failure to Properly Add an Additional Insured to a GL Policy:** An agent places general liability coverage for a roofing subcontractor and issues a certificate of insurance naming the general contractor as an additional insured but failed to follow through with the GL carrier to endorse the policy accordingly. On the jobsite, an accident occurs when an employee, a subcontractor of the roofing contractor falls four stories while working on the roof. The employee dies on the way to the hospital. The general contractor brings a third party suit against the agent's E&O policy. The E&O policy responds by dropping down and defending the general contractor because they were not properly placed as an additional insured on the subcontractor's policy. Total amount paid including defense costs was $150,000.

► **Alleged Failure to Place Proper Coverage:** A homeowner places coverage through an agent who secures a standard HO-3 policy. The home is located on lake front property. Since the home is not located in a flood zone, the agent advises that a separate flood policy is not needed and that they have adequate coverage with the HO-3. Heavy storms result in floodwater run-off from the lake, which enters the insured’s home damaging the contents of their finished basement. Because the plaintiff alleges that their agent told them they did not have a need for flood coverage, suit is filed for damages. The insured denies these allegations. As a result, the coverage is triggered and used to defend the agent during the trial. Total amount paid including defense costs was $45,000.

This document does not amend, extend or alter the coverage afforded by the Policy. For a complete understanding of any insurance you purchase, you must first read your Policy, Declaration Page and any Endorsements and discuss them with your Broker. A specimen policy is available from an Agent of the Company. Your actual Policy Conditions may be amended by Endorsement or affected by State Laws.
SECTION I. PROFESSIONAL LIABILITY UNDERWRITING INFORMATION

Name of applicant: ____________________________________________________________  DBA: ________________________________________
Location address: _________________________________________________________________________  □ Same as mailing address
City: ___________________________________________________________________
State: ________ Zip:__________________________
Web address: _____________________________  E-mail address of primary contact: __________________________
Number of locations _____

SECTION II. GENERAL LIABILITY UNDERWRITING INFORMATION

1. Any general liability claims against applicant (paid, reserved or pending) in the past five years?  □ Yes  □ No
   If “Yes,” please provide details. ____________________________________________________________________

2. Additional insured(s) to be included for general liability coverage:
   
<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Relationship to Applicant</th>
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<tbody>
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3. Has any general liability policy been cancelled or non-renewed by an insurance carrier?  □ Yes  □ No (Not applicable in Missouri)
   If “Yes,” please provide details: ____________________________________________________________________

4. Is the applicant the owner of the insured location?  □ Yes  □ No

SECTION III: PROPERTY SECTION

1. Construction:  □ Frame  □ Joisted masonry  □ Non-combustible  □ Masonry non-combustible
   □ Modified fire-resistive  □ Fire-resistive  □ Other ____________________

2. Protection class:  ___________________

3. Requested cause of loss:  □ Basic  □ Special

4. Requested valuation:  □ Replacement cost  □ Actual cash value

5. Deductible:  □ $1,000  □ $2,500  □ $5,000

6. Coinsurance:  □ 80%  □ 90%  □ 100%

7. Business personal property limit $ ________________________________

8. Business income with extra expense limit $ ________________________________

9. Do you have Functional & Operating Smoke detectors?  □ Yes  □ No

10. List your loss information for the past three years:

   Property Coverages  □ None, or provide detail below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Status</th>
<th>Incurred</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open/Closed</td>
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<td></td>
<td>Open/Closed</td>
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</tr>
</tbody>
</table>

11. Has your Insurance coverage been cancelled or non-renewed within the last three years? (not applicable in MO)  □ Yes  □ No

12. Have you gone bankrupt within the past three years?  □ Yes  □ No

13. For any building built prior to 1978, do any lack knob-and-tube or aluminum wiring on premises?  □ Yes  □ No

14. For any building built prior to 1978, is 100% of the wiring on functioning and operational circuit breakers?  □ Yes  □ No

SECTION IV: REQUIRED INFORMATION

A. USLI application
B. Supplemental application (for select classes)

FRAUD STATEMENTS

Arizona Notice: Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are; fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

Colorado Fraud Statement: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts
or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

**District of Columbia Fraud Statement:** WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

**Florida Fraud Statement:** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

**Florida Notice:** (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

**Florida and Illinois Notice:** I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

**Kansas Fraud Statement:** Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto may be guilty of a crime and may be subject to fines and confinement in prison.

**Kentucky Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

**Maine Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits. A binder may not be withdrawn but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

**Washington Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

**Maryland:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Minnesota Notice:** The insured is responsible for any false or misleading information contained in this application prior to the effective date of the insurance applied for that may render inaccurate, untrue or incomplete any statement made with a minimum of 10 days notice given to the insured prior to the effective date of cancellation when the contract has been in effect for less than 90 days or is being canceled for nonpayment of premium.

**New Jersey Fraud Statement:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**New York Disclosure Notice:** This policy is written on a claims made basis and shall provide no coverage for claims arising out of incidents, occurrences or alleged Wrongful Acts or Wrongful Employment Acts that took place prior to retroactive date, if any, stated on the declarations. This policy shall cover only those claims made against an insured while the policy remains in effect for incidents reported during the Policy Period or any subsequent renewal of this Policy or any extended reporting period and all coverage under the policy ceases upon termination of the policy except for the automatic extended reporting period coverage unless the insured purchases additional extend reporting period coverage. The policy includes an automatic 60 day extended claims reporting period following the termination of this policy. The insured may purchase for an additional premium an additional extended reporting period of 12 months, 24 months or 36 months following the termination of this policy. Potential coverage gaps may arise upon the expiration for this extended reporting period. During the first several years of a claims-made relationship, claims-made rates are comparatively lower than occurrence rates. The insured can expect substantial annual premium increases independent overall rate increases until the claims-made relationship has matured.

**North Dakota Fraud Statement:** Notice to North Dakota applicants – Any person who knowingly and with the intent to defraud and insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty.

**Ohio Fraud Statement:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**Ohio Notice:** By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy. I understand that any material misrepresentation or omission made by me on this application may act to render any contract of insurance null and without effect or provide the company the right to rescind it.

**Oklahoma Fraud Statement:** WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**Oregon Fraud Statement:** Notice to Oregon applicants: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

**Pennsylvania Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading,
information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal
and civil penalties.

**Tennessee and Virginia Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance
company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**Utah Notice:** I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive
Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which
allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional
location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy.

**Vermont Fraud Statement:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly
presents false information in an application for insurance may be subject to fines and confinement in prison.

**Virginia Notice:** This Policy is written on a claims-made basis. Please read the policy carefully to understand your coverage. You have
an option to purchase a separate limit of liability for the extended reporting period. If you do not elect this option, the limit of liability for the
extended reporting period shall be part of the and not in addition to limit specified in the declarations. If you have any questions regarding the
cost of an extended reporting period, please contact your insurance company or your insurance agent. Statements in the application shall
deemed the insured’s representations. A statement made in the application or in any affidavit made before or after a loss under the policy
will not be deemed material or invalidate coverage unless it is clearly proven that such statement was material to the risk when assumed and was
untrue.

**Virginia Fraud Statement:** Any person who knowingly and with intent to defraud an insurer, submits an Application for insurance or files a
claim containing a false or deceptive statement is guilty of insurance fraud.

**Utah Fraud Statement:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an
application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**Washington Fraud Statement:** Any person, who, knowing it to be such:
(1) Presents, or causes to be presented, a false or fraudulent claim or any proof in support of such a claim, for the payment
of a Loss under a contract of insurance; or
(2) Prepares, makes, or subscribes any false or fraudulent account, certificate, affidavit, or proof of Loss, or other document
or writing, with intent that it be presented or used in support of such a claim, is guilty of a gross misdemeanor, or if such claim
is in excess of one thousand five hundred dollars, of a class C felony.

**Fraud Statement (All Other States):** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or
knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

If your state requires that we have information regarding your Authorized Retail Agent or Broker, please provide below.

Retail agency name: ___________________________________________ License#: ______________________________

Agent’s signature: ______________________________ Main agency phone number ______________________________

(Required in New Hampshire)

Agency mailing address: ________________________________________________

City: ___________________________ State: ___________________________ Zip: ___________________________

The undersigned represents that to the best of his/her knowledge and belief the particulars and statements set forth herein are true and
agrees that those particulars and statements are material to acceptance of the risk assumed by the Company. The undersigned further
declares that any changes to the information contained in this application prior to the effective date of the insurance applied for which may
render inaccurate, untrue, or incomplete any statement made will immediately be reported in writing to the Company and the Company may
withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance. The Company is hereby authorized,
but not required to make any investigation and inquiry in connection with the information, statements and disclosures provided in this
application. The decision of the Company not to make or to limit any investigation or inquiry shall not be deemed a waiver of any rights by
the Company and shall not stop the Company from relying on any statement in this application. The signing of this application does not bind
the undersigned to purchase the insurance, nor does the review of this application bind the Company to issue a policy. It is understood the
Company is relying on this application in the event the Policy is issued. It is agreed that this Application, including any material submitted
there with, shall be the basis of the contract should a policy be issued and it will be attached and become a part of the policy.

**New York Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files
an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of
misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be
subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Signature: ______________________________________________________________________

(Principal, Partner, or Officer of the Firm)

Title: __________________________________________________________________________

Date: __________________________________________________________________________