



**ARCH INSURANCE COMPANY**

A Missouri Corporation

ADMINISTRATIVE OFFICE  
One Liberty Plaza  
53<sup>rd</sup> Floor  
New York, NY 10006  
Tel: 800-817-3252

HOME OFFICE  
3100 Broadway, Suite 511  
Kansas City, MO 64111

**COMPANY SPONSORED INSURANCE AGENTS ERRORS AND OMISSIONS POLICY**

**THIS IS A CLAIMS MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY IN WRITING DURING THE POLICY PERIOD UNLESS AN EXTENDED REPORTING PERIOD APPLIES.**

**PLEASE READ THE ENTIRE POLICY CAREFULLY.**

**DECLARATIONS**

Insurance is provided by: ARCH INSURANCE COMPANY

Policy No.	CAP0016497 13	Renewal of:	CAP0016497 12
Item 1.	Named Insured:	AGENTS AND DISTRICT MANAGERS OF FARMERS INSURANCE EXCHANGE	
	Mailing Address:	6301 OWENSMOUTH AVE., 7TH FLOOR WOODLAND HILLS, CA 91367	
Item 2.	Policy Period:	From: 01/01/2020	to: 01/01/2021 12:01 a.m. local time at the address shown in Item 1
Item 3.	Limit of Liability:	SEE ENDORSEMENT #1	
Item 4.	Deductible Amount:	SEE ENDORSEMENT #4	
Item 5.	Retroactive Date:	SEE ENDORSEMENT #3	
Item 6.	Premium:	SEE ENDORSEMENT #1	

Producer Name: Brown & Brown Program Insurance Services, Inc. dba CalSurance Associates

**INSURANCE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**THIS IS A CLAIMS MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY IN WRITING DURING THE POLICY PERIOD UNLESS AN EXTENDED REPORTING PERIOD APPLIES.**

**PLEASE READ THE ENTIRE POLICY CAREFULLY**

In consideration of the payment of the premium, the undertaking of the NAMED INSURED to pay the Deductible, if any, and subject to the Limit of Liability of this insurance as set forth in the Declarations, Exclusions, Conditions and other terms of this Policy, Arch Insurance Company, hereinafter referred to as the Company, agrees with the NAMED INSURED as follows:

**INSURING AGREEMENT**

**I. COVERAGES - PROFESSIONAL LIABILITY AND PERSONAL INJURY:**

**A. PROFESSIONAL LIABILITY**

The Company will pay on behalf of the INSURED all sums, which the INSURED shall become legally obligated to pay as DAMAGES because of a claim first made against the INSURED during the POLICY PERIOD or an Extended Reporting Period, if applicable, for:

1. Any negligent act, error or omission of the INSURED, or any person for whose acts the INSURED is legally liable, in rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker while there is in effect a valid Agent or District Manager Appointment Agreement between the NAMED INSURED and Farmers Insurance Exchange, but only while:
  - a. Soliciting, servicing, placing or binding business on behalf of an insurance carrier other than the Farmers Insurance Exchange; or
  - b. Soliciting, servicing, placing or binding policy coverage on behalf of Farmers Insurance Exchange unless:
    - i. The policy coverage met the underwriting guidelines of Farmers Insurance Exchange as set forth in writing by Farmers Insurance Exchange; and
    - ii. The DAMAGES would have been covered by Farmers Insurance Exchange pursuant to the terms and conditions of the subject policy coverage if such policy coverage had been in force; or
  - c. Acting in his/her capacity as a District Manager for Farmers Insurance Exchange; or
  - d. Acting as a notary public; or
  - e. Providing expert witness testimony; or

- f. Soliciting, servicing, placing, binding business or processing products and/or services made available through strategic alliance or affinity partners of Farmers Insurance Exchange, or its affiliated companies.
2. PERSONAL INJURY caused by an offense arising out of rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker while there is in effect a valid Agent or District Manager Appointment Agreement between the NAMED INSURED and Farmers Insurance Exchange.
3. Any negligent act, error or omission of a NAMED INSURED District Manager in the recruiting, supervision, management or training of individuals who are involved in rendering PROFESSIONAL SERVICES pursuant to a valid Agent Appointment Agreement with Farmers Insurance Exchange.

## B. VICARIOUS LIABILITY

The Company will pay on behalf of the SPONSORING COMPANY all sums which the SPONSORING COMPANY shall become legally obligated to pay as DAMAGES because of a claim first made and reported to the Company in writing during the POLICY PERIOD or an Extended Reporting Period, if applicable, arising out of a negligent act, error or omission or PERSONAL INJURY of a NAMED INSURED solely in the rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker; or negligent act, error or omission of a NAMED INSURED District Manager in the recruiting, supervision, management or training of individuals who are involved in rendering PROFESSIONAL SERVICES. Such negligent act, error or omission must be attributable solely to a NAMED INSURED and not due to any actual or alleged independent wrongdoing or bad faith of the SPONSORING COMPANY.

The Company agrees to defend the SPONSORING COMPANY for all otherwise covered claims described above which result in whole or in part from a negligent act, error or omission or PERSONAL INJURY attributable solely to a NAMED INSURED. However, in such instances where there are allegations of a negligent act, error or omission or PERSONAL INJURY attributable solely to a NAMED INSURED and also allegations of independent wrongdoing or bad faith of the SPONSORING COMPANY, the Company and the SPONSORING COMPANY agree to allocate DEFENSE COSTS and DAMAGES and to use their best efforts to agree upon a fair and proper allocation. The Company shall not be liable under this Policy for any actual or independent wrongdoing or bad faith of the SPONSORING COMPANY. In the event there is a dispute over allocation of DEFENSE COSTS and/or DAMAGES, including whether there is any actual or independent wrongdoing on the part of the SPONSORING COMPANY, these issues, if not resolved in the claim, shall be decided by arbitration in accordance with the terms of this Policy.

## II. DEFENSE AND SETTLEMENT:

With respect to the insurance afforded by this Policy, the Company will have the right and duty to defend any claim against the INSURED seeking DAMAGES to which this insurance applies even if any of the allegations of the claim are groundless, false or fraudulent. It is agreed that the Company may make such investigation and settlement of any claim as it deems expedient, but the Company shall not be obligated to pay any claim or judgment, or to defend or continue to defend any claim, after the Company's applicable Limit of Liability has been exhausted by payment of DAMAGES.

### III. TERRITORY AND CLAIMS MADE PROVISIONS:

This Policy applies to negligent acts, errors, omissions, or PERSONAL INJURIES, which occur anywhere in the world provided that such negligent acts, errors, omissions or PERSONAL INJURIES occurred:

- A. During the POLICY PERIOD, and then only if the claim is first made against the INSURED and reported to the Company in writing during the POLICY PERIOD, or Extended Reporting Period, if applicable; or
- B. Prior to the effective date of this Policy, but subsequent to the Retroactive Date, if any, stated in the Declarations, provided that:
  - 1. As of January 1, 2004 or the date of the NAMED INSURED'S initial enrollment as an INSURED under this Policy or a previously issued policy by the Company, whichever is later, the NAMED INSURED had no knowledge of any act, error, omission or PERSONAL INJURY which could reasonably be expected to result in a claim; and
  - 2. There is no other valid and collectible insurance available to the NAMED INSURED for any such prior negligent act, error, omission or PERSONAL INJURY; and
  - 3. The Claim is first made against the INSURED and reported to the Company in writing during the POLICY PERIOD or Extended Reporting Period, if applicable.

### IV. DEFINITIONS:

- A. "CLAIMS EXPENSES" shall mean all fees, costs and expenses incurred by or at the direction of the Company, or by the INSURED with the consent of the Company, in the investigation, adjustment, defense or appeal of any claim to which this insurance applies; provided, however, CLAIMS EXPENSES shall not include the cost of investigation and adjustment of claims by salaried employees of the Company or independent adjusters.
- B. "DAMAGES" shall mean all sums which an INSURED is legally obligated to pay for any claim to which this insurance applies and shall include judgments and settlements, provided always that DAMAGES shall not include:
  - 1. civil or criminal fines or penalties imposed by law;
  - 2. punitive, exemplary or the multiple portion of a multiplied damage award;
  - 3. costs incurred as a result of any non-pecuniary or injunctive relief;
  - 4. any amounts constituting a waiver of fees, charges, costs or any other monetary amounts the SPONSORING COMPANY is contractually entitled to impose upon a customer; or
  - 5. other matters which may be deemed uninsurable under the law pursuant to which this Policy shall be construed.

However, DAMAGES shall include any taxes, fines and penalties incurred by a third party and included in such third party's claim against the INSURED.

- C. "DEFENSE COSTS" shall mean:
1. CLAIMS EXPENSES.
  2. Premium on appeal bonds required in any suit defended by the Company, premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable Limit of Liability of this Policy, but the Company shall have no obligation to apply for or to furnish any such bond.
  3. Interest on any judgment in any suit defended by the Company which accrues after entry of judgment and before the Company has paid, tendered or deposited in court that part of such judgment which does not exceed the Company's Limit of Liability thereon.
  4. All reasonable expenses, other than loss of earnings, incurred by the INSURED at the Company's request.
- D. "INSURED" shall mean the individuals described in Insuring Agreement IV, Definitions, E below, as well as:
1. Any corporation, partnership or other business entity which engages in PROFESSIONAL SERVICES and which is either owned or controlled by the NAMED INSURED or in which the NAMED INSURED is an employee and then only with respect to those operations of the business entity related to the PROFESSIONAL SERVICES provided by the NAMED INSURED. Any person acting on behalf of the NAMED INSURED who was or is a partner, officer, director, or stockholder of the NAMED INSURED'S business entity, provided such person is not under contract and/or licensed, or required to be licensed, for the purpose of selling the products and services offered by the NAMED INSURED.
  2. Any person acting on behalf of one or more NAMED INSURED Agents who was or is an employee or exclusive independent contractor of the business entity of one or more NAMED INSURED Agents, whether or not the person holds an insurance license and appointment with an insurance company and whether or not such person is compensated, while acting within the scope of his or her duties as an employee or exclusive independent contractor of such NAMED INSURED Agent or Agents.
  3. Any Agency Producer or District Life Specialist who was or is a named party to a Farmers Insurance Group of Companies District Manager's/Agent's Employee Appointment Agreement.
  4. The heirs, executors, administrators or legal representatives of the NAMED INSURED in the event of the NAMED INSURED'S death, incapacity or bankruptcy.
  5. Any Reserve District Manager or District Manager's Training and Administrative Assistant or employee acting on behalf of the NAMED INSURED District Manager with respect to PROFESSIONAL SERVICES provided by such District Manager.
  6. Any LEASED EMPLOYEE or TEMPORARY EMPLOYEE of the NAMED INSURED, whether or not the LEASED EMPLOYEE or TEMPORARY EMPLOYEE holds an insurance license and appointment with an insurance

company or whether or not the LEASED EMPLOYEE or TEMPORARY EMPLOYEE holds a SECURITIES license, while acting within the scope of their duties as a LEASED EMPLOYEE or TEMPORARY EMPLOYEE of the NAMED INSURED.

7. Any lawful spouse of a NAMED INSURED solely by reason of spousal status.
  8. The SPONSORING COMPANY but only with respect to coverage provided under Insuring Agreement I.B.
- E. "NAMED INSURED" shall mean any duly licensed Farmers Insurance Exchange Agent/Broker, Farmers Life Agent, Reserve Agent, Associate Agent, or District Manager who is a named party to a Farmers Insurance Exchange Agent Appointment Agreement provided that these individuals, other than those individuals who are Reserve Agents or Associate Agents, have elected to enroll for coverage under this Policy and have paid their premium. Such individuals shall be specifically designated by name and their names shall be on file with the Company.
- F. "PERSONAL INJURY" shall mean injury or DAMAGES sustained by any person or organization caused by or arising out of:
1. False arrest, detention or imprisonment, malicious prosecution or humiliation.
  2. The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy except publications or utterances in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the NAMED INSURED.
  3. Wrongful entry or eviction or other invasion of the right of private occupancy.
- G. "POLICY PERIOD" shall mean the period from the effective date of this Policy to the expiration date or earlier termination date, if any, of the Policy.
- H. "PROFESSIONAL SERVICES" shall mean those services necessary or incidental to the conduct of the insurance business of the NAMED INSURED. Such services shall include services rendered in connection with programs authorized by Farmers Insurance Exchange or its affiliated companies, which are part of the strategic alliance or affinity partners as product or service providers.
- Notwithstanding the foregoing, PROFESSIONAL SERVICES shall not include the soliciting, servicing, placing or binding of property/casualty insurance if the NAMED INSURED is a Farmers Life Agent.
- I. "SECURITIES" shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 or the Investment Advisors Act of 1940, and any amendments thereto. SECURITIES shall also include Certificates of Deposit, Money Market Funds, Limited Partnerships, Unit Investment Trusts, Treasuries, Cash Management Accounts, Individual Retirement Accounts and Transaction Accounts.
- J. "LEASED EMPLOYEE" shall mean an individual, employed by a temporary service firm or employee leasing firm, who performs services for a NAMED INSURED on a regular and ongoing basis.

- K. "TEMPORARY EMPLOYEE" shall mean an individual, employed by a temporary service firm, provided to meet seasonal or short-term work load conditions.
  - L. "SPONSORING COMPANY" shall mean the insurance company listed in Item 1 of the Declarations and any entities listed by Endorsement to this Policy.
  - M. "NAMED FIDUCIARY" shall mean any individual who exercises any discretionary authority or discretionary control as respects the management of or disposition of plan assets as further defined by the Employee Retirement Income Security Act of 1974, and any amendments thereto.
- V. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS, AND DEDUCTIBLE AMOUNT:
- A. Limit of Liability -- Each Claim: The Limit of Liability of the Company for each claim first made against the INSURED and reported to the Company during the POLICY PERIOD and Extended Reporting Period, if applicable, excluding DEFENSE COSTS, shall not exceed the amount stated in the Declarations for "Each Claim Each NAMED INSURED".
  - B. Limit of Liability -- Aggregate: Subject to the Limit of Liability -- Each Claim, the Limit of Liability of the Company for all claims first made against the NAMED INSURED during each annual term of the POLICY PERIOD, excluding DEFENSE COSTS, shall not exceed the amount stated in the Declarations as "Aggregate Each NAMED INSURED."
  - C. Limit of Liability SPONSORING COMPANY and other INSURED'S: No additional Limits of Liability are provided to the SPONSORING COMPANY under Insuring Agreement I.B. or to INSURED'S as defined in Section IV.D. The Limit of Liability of the Company for DAMAGES for all claims first made against the SPONSORING COMPANY and INSURED'S as defined in Section IV.D. during the POLICY PERIOD or Extended Reporting Period, if applicable, shall be that Limit of Liability applicable to the NAMED INSURED whose negligent act, error or omission or PERSONAL INJURY gave rise to the claim or the NAMED INSURED who is responsible for the negligent act, error or omission or PERSONAL INJURY of such other INSURED'S.
  - D. Supplementary Payments: The Company will pay in addition to the applicable Limit of Liability, all DEFENSE COSTS incurred by or at the direction of the Company in the defense of any claim to which this insurance applies.
  - E. Multiple Claims or Claimants: The bringing of claims by more than one claimant or the making of two or more claims against an INSURED, arising out of a single negligent act, error or omission or PERSONAL INJURY or a series of related negligent acts, errors or omissions or PERSONAL INJURIES that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes, shall be treated as a single claim. All such claims, whenever made, shall be considered first made during the policy period in which the earliest claim arising out of such negligent acts, errors or omissions or PERSONAL INJURIES was first made and all such claims shall be subject to a single each Claim each NAMED INSURED Limit of Liability.
  - F. Deductible: The Deductible stated in the Declarations applies only to the payment of DAMAGES. The Company shall pay only that part of the DAMAGES which is in excess of the Deductible for each claim, subject to the Limit of Liability under this Policy. The Deductible will not apply if there are only DEFENSE COSTS.



G. Supplementary Payments: Disciplinary and Regulatory Actions:

If during the POLICY PERIOD, a state licensing board or governmental agency with the authority to regulate the INSURED'S PROFESSIONAL SERVICES initiates an investigation of or other action against the INSURED arising from the rendering of or failure to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker and which is otherwise covered under this Policy, and the INSURED reports this to the Company in accordance with CONDITIONS, Section I. A of this Policy, the Company will pay on behalf of the INSURED, CLAIMS EXPENSES incurred in responding to such investigation or action. The maximum amount the Company will pay for all CLAIMS EXPENSES for all such investigations or actions first initiated during the POLICY PERIOD is \$50,000 in the Aggregate Each NAMED INSURED. Such CLAIMS EXPENSES incurred under this provision are not subject to the Deductible amount stated in the Declarations.

H. Supplementary Payments: Reasonable Expenses:

The Company will pay all reasonable expenses incurred by the NAMED INSURED at the Company's request to assist the Company in the investigation or defense of any claim, including actual loss of earnings because of time off work, up to \$500 per day. Such expenses incurred under this provision are not subject to the Deductible amount stated in the Declarations.

VI. EXTENDED REPORTING PERIODS:

A. Group Extended Reporting Periods

1. Automatic Extended Reporting Period: The INSURED shall have a period of sixty (60) days after the expiration of the POLICY PERIOD to report in writing to the Company any claim which is first made during said sixty (60) day period which arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and prior to the end of the POLICY PERIOD.

This Automatic Extended Reporting Period shall not be available if the INSURED has any other applicable insurance, including any policy issued subsequent to this Policy. This Automatic Extended Reporting Period shall be included within the Optional Extended Reporting Period described in paragraph A.2. below, if such is purchased.

2. Optional Extended Reporting Period: In the event of cancellation or non-renewal of this Policy by the Company, the SPONSORING COMPANY, acting on behalf of all INSURED'S, shall have the right to purchase an Optional Extended Reporting Period upon payment of an additional premium equal to two hundred percent (200%) of the total annual premium which is the sum of the original annualized premium and the fully annualized amount of any additional premiums charged by the Company during the POLICY PERIOD. Pursuant to such Optional Extended Reporting Period, the INSURED will have a period of three (3) years from the effective date of such cancellation or non-renewal to give written notice to the Company of a claim which is first made during such three (3) year period and which arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and prior to the end of the POLICY PERIOD. The rights contained in this section shall terminate unless written notice of such election together with the additional premium due is



received by the Company within thirty (30) days after the effective date of cancellation or non-renewal.

3. If the Company cancels this Policy because the SPONSORING COMPANY failed to pay a premium when due, the INSURED'S shall not have the right to the Automatic Extended Reporting Period described in paragraph A.1 above and the SPONSORING COMPANY shall not have the right to purchase the Optional Extended Reporting Period as described in paragraph A.2 above.
4. The quotation of a different premium, deductible amount, limit of liability or policy terms or conditions for renewal shall not constitute a cancellation or non-renewal for purposes of paragraph A.2 above.

## B. Individual NAMED INSURED Extended Reporting Periods

1. Automatic Extended Reporting Periods Due to Termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY. The insurance under this Policy shall cease as of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY. In such event, the NAMED INSURED shall be entitled to Extended Reporting Periods as follows:

- a. Ninety (90) Day Extended Reporting Period For All Covered Products.

The NAMED INSURED shall have a period of ninety (90) days after the termination of the Agent Appointment Agreement to give written notice to the Company of any claim which is first made during said ninety (90) day period, and arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and before the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY.

- b. Unlimited Extended Reporting Period for Covered Products of SPONSORING COMPANY.

The NAMED INSURED shall have an unlimited period after the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY to give written notice to the Company of any claim which is first made after the date of termination, and arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and before the date of termination of the Agent Appointment Agreement with the SPONSORING COMPANY. Such Extended Reporting Period, however, shall be limited to claims solely involving products issued by the SPONSORING COMPANY or sold through its Broker/Dealer subsidiary. The INSURED shall not be entitled to this unlimited Extended Reporting Period if the SPONSORING COMPANY terminated the NAMED INSURED'S Agent Appointment Agreement pursuant to the immediate termination provisions for: embezzlement of monies belonging to the SPONSORING COMPANY; switching insurance from the SPONSORING COMPANY to another carrier; abandonment of the agency; conviction of a felony; willful misrepresentation that is material to the operation of the agency; fraud; or disparaging/detrimental conduct.

2. Automatic Extended Reporting Periods Due to Disablement, Retirement or Death

a. Two (2) Year Extended Reporting Period for All Covered Products:

If the NAMED INSURED becomes disabled, retires from the business of providing PROFESSIONAL SERVICES pursuant to and in accordance with formal retirement procedures of the SPONSORING COMPANY or dies, the NAMED INSURED or the legal representative of a deceased NAMED INSURED shall be entitled to a period of two (2) years after the date of termination of the Agent Appointment Agreement with the SPONSORING COMPANY by reason of disablement, retirement or death to give written notice to the Company of any claim which is first made during said two (2) year period and which arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and before the termination of the NAMED INSURED'S Agent Appointment Agreement due to disablement, retirement or death.

b. Unlimited Extended Reporting Period for Covered Products of the SPONSORING COMPANY.

The NAMED INSURED shall have an unlimited period after the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY by reason of disablement, retirement or death to give written notice to the Company of any claim which is first made after the date of termination, and arises out of a negligent act, error, omission or PERSONAL INJURY which occurred on or after the Retroactive Date and before the date of termination of the Agent Appointment Agreement with the SPONSORING COMPANY. Such Extended Reporting Period, however, shall be limited to claims solely involving products issued by the SPONSORING COMPANY or sold through its Broker/Dealer subsidiary.

The NAMED INSURED shall not be entitled to any of the Extended Reporting Periods described in paragraphs A.1 and B.1 and 2 if the INSURED has any valid and collectible insurance which applies to any DAMAGES or DEFENSE COSTS.

3. Optional Extended Reporting Periods For Covered Products Not Issued by the SPONSORING COMPANY or sold through its Broker/Dealer subsidiary.

A. A NAMED INSURED, or the legal representative of a deceased NAMED INSURED, whose Agent Appointment Agreement is terminated for reasons other than pursuant to the immediate termination provisions for embezzlement of monies belonging to the SPONSORING COMPANY; switching insurance from the SPONSORING COMPANY to another carrier; abandonment of the agency; conviction of a felony; willful misrepresentation that is material to the operation of the agency; fraud; or disparaging/detrimental conduct, may elect to purchase an Optional Extended Reporting Period for claims involving covered products not issued by the SPONSORING COMPANY or sold through its Broker/Dealer subsidiary which are first made against an INSURED and reported in writing to the Company within:

- (i) Three (3) years of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY, if the NAMED INSURED or the legal

representative of the deceased NAMED INSURED pays an additional premium equal to one hundred percent (100%) of the NAMED INSURED'S last annual premium within sixty (60) days of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY; or

- (ii) Five (5) years of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY, if the NAMED INSURED or the legal representative of the deceased NAMED INSURED pays an additional premium equal to one hundred fifty percent (150%) of the NAMED INSURED'S last annual premium within sixty (60) days of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY; or
- (iii) An unlimited amount of time after the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY, if the NAMED INSURED or the legal representative of the deceased NAMED INSURED pays an additional premium equal to two hundred percent (200%) of the NAMED INSURED'S last annual premium within sixty (60) days of the date of termination of the NAMED INSURED'S Agent Appointment Agreement with the SPONSORING COMPANY.

- B. These Optional Extended Reporting Periods shall be in addition to any Automatic Extended Reporting Periods described in VI. A. and B. above.
- C. The Extended Reporting Periods do not reinstate or increase the Limit of Liability beyond the limits shown on the Declarations, nor do they extend the POLICY PERIOD.
- D. If the NAMED INSURED has any other applicable insurance, including any policy issued subsequent to this Policy, then the NAMED INSURED shall not be entitled to any such Extended Reporting Period.
- E. Claims which are properly reported during an Extended Reporting Period will be deemed to have been made on the last day of the POLICY PERIOD.

## VII. AWARENESS PROVISION:

During the POLICY PERIOD, the Company shall be given written notice of any negligent act, error, omission or PERSONAL INJURY which could reasonably be expected to give rise to a claim against the NAMED INSURED under this Policy. Any claim which subsequently arises out of such negligent act, error, omission or PERSONAL INJURY shall be considered to be a claim made during the POLICY PERIOD in which the written notice was received. Such written notice shall include:

1. the names of all potential claimants;
2. the names of each INSURED who was involved in the negligent act, error, omission or PERSONAL INJURY which could give rise to a claim;
3. a detailed description of the negligent act, error, omission or PERSONAL INJURY;
4. the DAMAGES which have or may result from the negligent act, error, omission or PERSONAL INJURY; and

5. the circumstances by which the INSURED first became aware of such negligent act, error, omission or PERSONAL INJURY.

## EXCLUSIONS

This Policy does not apply to:

- I. Any act, error, omission or PERSONAL INJURY committed with dishonest, fraudulent, criminal or malicious purpose or intent; or any claim arising out of DAMAGES which are expected or intended by the INSURED; however, notwithstanding the foregoing, the INSURED shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by final adjudication. In such event, the INSURED shall reimburse the Company for all DEFENSE COSTS incurred by the Company.

This Exclusion shall not apply to:

- a. Any other INSURED, unless the act, error or omission was committed with the prior to knowledge or participation of such other INSURED; or
  - b. Any act which is the basis of a malicious prosecution claim.
- II. Bodily injury, sickness, disease or death of any person, or the injury or destruction of any tangible property including loss of use thereof;
  - III. Any claim based upon, arising out of or in any way involving liability any INSURED assumes under any contract or agreement; however, this Exclusion does not apply to liability an INSURED would have in the absence of the contract or agreement;
  - IV. Any claim brought by or on behalf of an enterprise which one or more INSURED'S own, operate, control or manage; or any claim brought by or on behalf of an enterprise which owns, operates, controls or manages an INSURED;
  - V. Any claim based upon, arising out of or in any way involving any Pension, Profit Sharing, Health and Welfare or other Employee Benefit Plan or Trust sponsored by the INSURED as an employer;
  - VI. Any claim based upon, arising out of or in any way involving a loss arising out of the INSURED making promises or guarantees as to the future value of an investment;
  - VII. Any claim based upon, arising out of or in any way involving PROFESSIONAL SERVICES performed by the INSURED as an accountant, attorney, real estate agent or real estate broker;
  - VIII. Any claim based upon, arising out of or in any way involving PROFESSIONAL SERVICES performed by the INSURED as an actuary;
  - IX. Any claim for:
    - A. Premiums which any INSURED collected or should have collected on behalf of another person or organization;
    - B. Premiums which any INSURED returned or should have returned to another person or organization;
    - C. Commissions which any INSURED collected or should have collected on behalf of another person or organization;

- D. Commissions which any INSURED returned or should have returned to any person or organization;
  - E. Taxes which any INSURED collected or should have collected on behalf of another person or organization;
  - F. Taxes which any INSURED paid or should have paid to any person or organization;
  - G. The amount of any insurance policy claim that any INSURED paid or should have paid to another person or organization;
  - H. Any other client funds which any INSURED collected or should have collected on behalf of another person or organization; or
  - I. Any other client funds which any INSURED returned or should have returned to another person or organization;
- X. Any claim based upon, arising out of or in any way involving the improper or unauthorized use of client information, ownership of which does not belong to the INSURED for the purpose of obtaining replacement life insurance coverage;
  - XI. Any claim based upon, arising out of or in any way involving an obligation of the INSURED under any workers' compensation, disability benefits, or unemployment compensation law or any similar law;
  - XII. Any claim based upon, arising out of or in any way involving wrongful termination of employment or contract by an INSURED;
  - XIII. Any claim based upon, arising out of or in any way involving disputes with another insurance agent or broker concerning commissions, fees, or client lists;
  - XIV. Any claim brought or maintained, directly or indirectly, by or on behalf of any INSURED under this Policy against another INSURED; however this Exclusion shall not apply to coverage provided under Insuring Agreement I. A.3.;
  - XV. Any claim based upon, arising out of or in any way involving the placement of coverage with Multiple Employer Welfare Arrangements as defined in the Employee Retirement Income Security Act of 1974 and any amendments thereto;
  - XVI. Any claim based upon, arising out of or in any way involving the solicitation, sale and/or servicing of SECURITIES;
  - XVII. Any claim based upon, arising out of or in any way involving any fact, circumstance or situation which has been the subject of any written notice given and accepted under any policy of which this Policy is a direct or indirect renewal or replacement or which preceded this Policy;
  - XVIII. Any claim based upon, arising out of or in any way involving any act, error, omission occurring prior to the date of the NAMED INSURED'S initial enrollment as an INSURED under this Policy or a previously issued policy by the Company if on the date of initial enrollment the NAMED INSURED had knowledge of any act, error, omission which could reasonably be expected to result in a claim;
  - XIX. Any claim based upon, arising out of or in any way involving any prior or pending litigation against any INSURED filed on or before the inception date of this Policy or under any other policy of

which this Policy is a renewal, whichever is earlier, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;

- XX. Any claim based upon, arising out of or in any way involving discrimination as defined by federal, state or local statute, regulation, law or ordinance;
- XXI. Any claim based upon, arising out of or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy, inability or refusal to pay of any organization, entity, or vehicle of any kind, nature or structure in which the INSURED has placed, recommended to be placed or obtained coverage or in which an INSURED has placed or recommended to be placed the funds of a client or account.

This Exclusion shall not apply if such organization, entity or vehicle is a property and casualty insurance company that was rated B+ or better by A. M. Best, or is a life/accident and health insurance company that was rated A- or better by A.M. Best, at the time the INSURED placed, recommended to be placed or obtained such coverage for a client in such insurance company or in which an INSURED has placed such funds of a client or account.

Notwithstanding the foregoing, the INSURED shall be afforded a defense for any claim excluded solely by operation of this exclusion, subject to a maximum DEFENSE COSTS of \$50,000 each claim and \$50,000 each NAMED INSURED;

- XXII. Any claim brought or maintained, directly or indirectly, by or on behalf of any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, Financial Industry Regulatory Authority (formerly known as the National Association of Securities Dealers), the Securities Investor Protection Corporation, or any state or federal securities or insurance commission or agency; however this Exclusion shall not apply to a claim brought by or on behalf of such official or entity in its capacity as a client of an INSURED;
- XXIII. Any claim based upon, 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 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 such state or jurisdiction;
- XXIV. Any claim based upon, arising out of or in any way involving the offering, sale or servicing of structured settlements; however, this Exclusion shall not apply to a claim arising out of the selling or servicing of the underlying covered product;
- XXV. Any claim based upon, arising out of or in any way involving the ownership, formation, operation, or administration of a health maintenance organization, preferred provider organization, captive, risk retention group, self-insurance program or purchasing group; or
- XXVI. Any claim based upon or arising out of the INSURED'S status as a NAMED FIDUCIARY; however, this Exclusion shall not apply to a claim arising out of the INSURED providing investment advice directly to a plan participant as a fiduciary adviser under an Eligible Investment Advice Arrangement pursuant to the Pension Protection Act of 2006 and any amendments thereto.

## CONDITIONS

### I. INSURED'S DUTIES IN THE EVENT OF CLAIM:

A. As a condition precedent to the right of insurance coverage afforded herein, the INSURED shall:

1. As soon as practicable during the POLICY PERIOD but in no event more than sixty (60) days after the end of the POLICY PERIOD, give written notice to the Company in the event a claim is made against the INSURED during the POLICY PERIOD, unless an Extended Reporting Period is applicable in which case its terms shall be controlling.

Notwithstanding the requirements of the preceding paragraph, if continuous coverage is in effect pursuant to consecutive policies issued by the Company, a claim may be reported to the Company in writing, as soon as practicable, during the policy period consecutive to and immediately following this POLICY PERIOD without constituting a violation of this provision. In such condition, the claim will be deemed reported on the last day of the POLICY PERIOD.

Written notice to be sent to the Company at:

c/o Lancer Claims Services  
Professional Liability Department  
P. O. Box 7048  
Orange, CA 92863-7048

2. Immediately forward to the Company, c/o Lancer Claims Services, at the above address, every demand, notice, summons or other process received directly by the INSURED or by the INSURED'S representatives in the event suit is brought against the INSURED.

3. Cooperate with the Company by:

- a. Meeting with representatives of the Company, submitting to their examination and interrogation, under oath if requested, and giving written statements to such representatives;
- b. Attending hearings, depositions and trials; and,
- c. Assisting in effecting settlement, securing and giving evidence, providing the Company other such information, assistance and cooperation that the Company may reasonably request, and obtain the attendance of witnesses in the conduct of suits.

B. The INSURED shall further cooperate with the Company and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment, which the INSURED may have.

C. The INSURED shall not demand or agree to arbitration of any claim made against the INSURED without written consent of the Company. The INSURED shall not make any payment, admit any liability, settle any claims, assume any obligation or incur any expenses without the written consent of the Company.



- D. For the purpose of Condition I, Farmers Insurance Exchange shall be designated as an authorized representative of the Company.

## II. OTHER INSURANCE:

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. Any INSURED provided coverage by this Company, or one of its affiliates, under a valid and collectible Professional Liability policy will not be subject to this provision. But in such event, the INSURED must elect under which policy the claim will be made and the other policy will be void and any premium for the subject POLICY PERIOD will be refunded.

## III. WAIVER OF EXCLUSIONS AND BREACH OF CONDITIONS:

Whenever coverage under any provision of the Policy would be excluded, suspended, or lost:

- A. Because of any Exclusions or Conditions related to criminal, dishonest, fraudulent, or malicious acts or omissions by an INSURED and with respect to which any other INSURED did not personally participate or personally acquiesce or remain passive after having personal knowledge thereof; or
- B. Because of non-compliance with any Condition relating to the giving of notice to the Company with respect to which any other INSURED shall be in default solely because of the default or concealment of such default by one or more INSURED'S responsible for the claim otherwise insured hereunder;

The Company agrees that such insurance as would otherwise be afforded under this Policy shall continue in effect, cover and be paid with respect to each and every INSURED who did not personally commit or personally participate in committing or personally acquiesce in or remain passive after having personal knowledge of one or more of the acts or omissions described in any such Exclusion or Condition; provided that if the Condition be one with which such INSURED can comply, after receiving knowledge thereof, the INSURED entitled to the benefit of this Waiver of Exclusions and Breach of Conditions shall comply with such Condition promptly after obtaining knowledge of the failure of any other INSURED to comply therewith.

## IV. SUBROGATION:

In the event of any payment under this Policy, the Company shall be subrogated to all the INSURED'S rights of recovery therefore against any person or organization other than an employee of the NAMED INSURED, and the INSURED shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The INSURED shall do nothing after loss to waive or prejudice such rights.

## V. CHANGES:

Notice to any agent or representative, or knowledge possessed by an agent, representative or any other person shall not effect a waiver or change in any part of this Policy or prevent the Company from asserting any rights under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsements issued to form a part of this Policy.

## VI. ACTION AGAINST COMPANY:

- A. No action shall lie against the Company unless, as a condition precedent thereto, the INSURED shall have fully complied with all the terms of this Policy, nor until the amount of the INSURED'S obligation to pay shall have been finally determined either by judgment against the INSURED after actual trial or by written agreement of the claimant and the Company.
- B. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Company as codefendant in any action against the INSURED to determine the INSURED'S liability.
- C. Bankruptcy or insolvency of the INSURED or of the INSURED'S estate shall not relieve the Company of any of its obligations hereunder.

## VII. ARBITRATION:

In the event any claim is submitted to arbitration, the Company or appointed counsel shall, as soon as practicable, notify the INSURED of the date of hearing thereon.

## VIII. ASSIGNMENT:

The interest of the NAMED INSURED under this Policy shall not be assignable to any other person.

## IX. CANCELLATION AND TERMINATION:

- A. This Policy shall terminate at the earliest of the following times:
  - a. upon expiration of the POLICY PERIOD as set forth in the Declarations, or the effective date of cancellation, if earlier;
  - b. ten (10) days after receipt by the SPONSORING COMPANY of a written notice of termination from the Company for failure to pay a premium when due unless such payment was tendered by the SPONSORING COMPANY and received by the Company within said ten (10) day period; or
  - c. as to the NAMED INSURED, upon termination of the Agent Appointment Agreement between the NAMED INSURED and the SPONSORING COMPANY.
- B. This Policy may be canceled by the SPONSORING COMPANY by surrender thereof to the Company or any of its authorized representatives, or by mailing to the Company written notice stating when thereafter cancellation shall be effective. If this Policy is canceled by the SPONSORING COMPANY, the Company shall retain the customary short rate proportion of the premium.

- C. This Policy may be canceled by the Company by mailing a written notice of cancellation to the SPONSORING COMPANY, at:

Office of the General Counsel  
Farmers Group, Inc.  
6301 Owensmouth Ave, 3<sup>rd</sup> Floor  
Woodland Hills, CA 91367

And

COO of Personal Lines Distribution  
Farmers Group, Inc.  
6303 Owensmouth Avenue, 11th Flr.  
Woodland Hills, CA 91367

stating when, not less than one-hundred and twenty (120) days thereafter, such cancellation shall become effective. If this Policy has been in effect for sixty (60) days or more, the Company may cancel for one of the following reasons:

1. Acts or omissions constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy provided however if there is fraud or material misrepresentation on the part of one NAMED INSURED, this provision shall apply only to that NAMED INSURED;
2. Substantial change in the risk assumed, except to the extent that the change could have been reasonably foreseen or contemplated in writing the contract;
3. Substantial breach of contractual duties or policy conditions;
4. Determination by the Director of Insurance that the continuation of the Policy would place the Company in violation of the insurance laws of the State of California.

Proof of mailing the notice of cancellation shall be sufficient proof of notice and this Policy shall terminate on the date and time specified in such notice. If the Company cancels this Policy, the earned premium shall be computed pro-rata. Payment or tender of any unearned premium by the Company shall not be a condition precedent to the effectiveness of cancellation.

- X. CONFORMANCE TO STATUTE:

Terms of this Policy which are in conflict with the statutes of the State wherein this Policy is issued are hereby amended to conform to such statutes.

## XI. NON-RENEWAL:

- A. The Company may elect not to renew this Policy by mailing a written notice to the SPONSORING COMPANY, stating the reason(s) for non-renewal, at least one-hundred and twenty (120) days prior to the effective date of the non-renewal, at:

Office of the General Counsel  
Farmers Group, Inc.  
6301 Owensmouth Ave, 3<sup>rd</sup> Floor  
Woodland Hills, CA 91367

And

COO of Personal Lines Distribution  
Farmers Group, Inc.  
6303 Owensmouth Avenue, 11th Flr.  
Woodland Hills, CA 91367

- B. If the Company does not comply with these terms, the Policy will terminate:
1. Upon the expiration date, if:
    - a. The SPONSORING COMPANY fails to perform any obligation in connection with the payment of premium for the Policy on the renewal of the Policy or any installment payment, whether payable directly to the Company or an authorized representative or indirectly under any premium finance plan or extension of credit;
    - b. The SPONSORING COMPANY notifies the Company or the Company's authorized representative of their intent not to renew this Policy;
    - c. The SPONSORING COMPANY fails to submit a fully completed, signed application and any other underwriting information required by the Company.
  2. On the effective date of any other insurance policy issued as replacement for any insurance afforded by this Policy with respect to insurance to which both Policies apply.
  3. If notice is mailed, proof of mailing will be sufficient proof of notice.

## XII. SPECIAL CONDITIONS:

- A. The SPONSORING COMPANY shall act on behalf of all INSUREDS with respect to giving and receiving notice of cancellation, the payment of premiums, and the receiving of any return premiums that may become due under this Policy, the reporting and handling of claims and the acceptance of any endorsement, issued to form a part hereof.
- B. Arbitration
1. Conditions: Except as otherwise provided in this paragraph, any controversy arising out of or relating to this Policy, including controversy arising out of any vicarious liability coverage provided to the SPONSORING COMPANY by this Policy, or the breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association (herein "AAA") then in

effect. The NAMED INSURED or SPONSORING COMPANY and the Company, before entering into arbitration, shall each appoint an arbitrator. Each arbitrator shall be a present or former insurance industry executive. Within thirty (30) days after one party notifies the other of its demand for arbitration and names its arbitrator, the other party shall name its arbitrator. Within thirty (30) days of the naming of the second arbitrator, the two arbitrators will select a third arbitrator to be chairman of the panel. Should the two arbitrators not be able to agree on a choice of the third, then the AAA shall make the appointment of a person who is neutral to the parties in controversy. None of the arbitrators shall be current or former officers, principals, directors, stockholders, partners, or employees of the Company or any NAMED INSURED, INSURED or SPONSORING COMPANY. The three arbitrators shall comprise the arbitration panel for the purpose of the Policy.

2. Judgment: Each party to this Policy shall submit its case with supporting documents to the arbitration panel within thirty (30) days after appointment of the third arbitrator. However, the panel may extend this period for a reasonable time. Unless extended by the consent of the parties to this arbitration, the majority of the three arbitrators shall issue a written decision resolving the controversy before them within thirty (30) days of the time both parties are required to submit their case and related documentation. The arbitrators' written decision shall state the facts reviewed, conclusion reached, and the reasons for their conclusions. Said decision shall be final and binding upon both parties in any court of competent jurisdiction.
3. Fees and Expenses: Each party shall pay the fees and expenses of its arbitrator, unless otherwise agreed by the parties. The remaining costs of the arbitration shall be shared equally by both parties. Arbitration shall take place in Los Angeles, California, unless otherwise agreed to by both parties.

- C. In the event that a court decision holds the SPONSORING COMPANY and the INSURED jointly or severally liable for any negligent act, error, omission, or PERSONAL INJURY committed by the INSURED, the Company shall not be relieved of its duty to pay, provided such negligent act, error, omission, or PERSONAL INJURY is otherwise within the coverage of this Policy.

### XIII. CHANGE OF CONTROL OF THE SPONSORING COMPANY:

If during the POLICY PERIOD, the SPONSORING COMPANY shall be merged, consolidated, acquired by, or otherwise combined with an entity that is not an INSURED, immediate written notice must be given to the Company. Coverage hereunder shall not apply to any negligent act, error, omission or PERSONAL INJURY committed subsequent to the date of merger, consolidation, or other combination unless the Company gives its consent in writing by Endorsement to this Policy.



Signature Page

IN WITNESS WHEREOF, Arch Insurance Company has caused this policy to be executed and attested.

A handwritten signature in black ink that reads "John Mentz".

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John Mentz  
President

A handwritten signature in black ink that reads "Patrick K. Nails".

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Patrick K. Nails  
Secretary

**POLICYHOLDER NOTICE – TEXAS  
RISK MANAGEMENT SERVICES**

As an insured, Texas law entitles you to risk management consultation services.

These services may include, but are not necessarily limited to a Risk Management Consultation Hotline which provides assistance in exposure reduction and loss control.

The above services are made available by Arch Insurance Company through CalSurance Associates. Please contact the Farmers Customer Care Team at (866) 893-1023 if you have any questions with which we can assist you regarding risk management.



**U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN  
ASSETS CONTROL ("OFAC")  
ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT OF DEFINITION OF SPONSORING COMPANY**

In consideration of the premium charged, it is agreed and understood that for purposes of this Policy, the term "SPONSORING COMPANY" shall include the following companies:

Farmers Group Inc.  
Farmers Insurance Exchange\*  
Truck Insurance Exchange\*  
Fire Insurance Exchange\*  
Mid-Century Insurance Company\*  
Mid-Century Insurance Company of Texas\*  
Farmers Texas County Mutual Insurance Company\*  
Illinois Farmers Insurance Company\*  
Texas Farmers Insurance Company\*  
Farmers Insurance Company of Arizona\*  
Farmers Insurance Company of Idaho\*  
Farmers Insurance Company, Inc. (Kansas)\*  
Farmers Insurance Company of Oregon\*  
Farmers Insurance Company of Washington\*  
Farmers Insurance of Columbus, Inc.\*  
Farmers New World Life Insurance Company\*  
The Ohio State Life Insurance Company\*\*  
Truck Underwriters Association  
Fire Underwriters Association  
Farmers New Century Insurance Company (formerly known as Farmers Direct Insurance Company)  
Foremost Corporation of America  
Foremost Insurance Company Grand Rapids, Michigan  
Foremost Lloyds of Texas  
Foremost Property and Casualty Insurance Company  
Foremost Signature Insurance Company  
American Federation Insurance Company  
Farmers Specialty Insurance Company  
Western Star Insurance Services, Inc.  
Foremost County Mutual Insurance Company  
Foremost Express Insurance Agency, Inc.  
Sunrise Insurance Agency, Inc.  
Western Star Underwriters, Inc  
Corvette General Agency, Inc.  
Farmers Services Insurance Agency (formerly known as Farmers Security Company)  
Farmers Financial Solutions, LLC  
FFS Holding, LLC  
Farmers Insurance Group (Notwithstanding this is not a corporate entity)  
Farmers Insurance Group of Companies (Notwithstanding this is not a corporate entity)  
Farmers New Century Insurance Company  
Farmers Reinsurance Company  
Farmers Value Added, Inc.  
Prematic Service Corporation (CA)  
Prematic Service Corporation (NV)  
Coast National Insurance Company  
Bristol West Insurance Company  
Bristol West Casualty Insurance Company  
Security National Insurance Company  
Bristol West Preferred Insurance Company

Maryland Casualty Company  
Northern Insurance Company of New York  
Assurance Company of America  
Civic Property and Casualty Company  
Exact Property and Casualty Company  
Neighborhood Spirit Property and Casualty Company  
21st Century Advantage Insurance Company  
21st Century Assurance Company  
21st Century Auto Insurance Company of New Jersey  
21st Century Casualty Company  
21st Century Centennial Insurance Company  
21st Century Indemnity Insurance Company  
21st Century Insurance Company  
21st Century Insurance Company of the Southwest  
21st Century National Insurance Company  
21st Century North America Insurance Company  
21st Century Pacific Insurance Company  
21st Century Pinnacle Insurance Company  
21st Century Preferred Insurance Company  
21st Century Premier Insurance Company  
21st Century Security Insurance Company  
21st Century Superior Insurance Company  
American Pacific Insurance Company, Inc.  
Farmers Insurance Hawaii, Inc.  
Bristol West Insurance Services of Texas, Inc.  
Bristol West Insurance Services of Pennsylvania, Inc.  
Bristol West Insurance Services, Inc. of Florida  
Bristol West Insurance Services of California, Inc.  
Farmers Life Insurance Company of New York  
Leschi Life Assurance Company  
FCOA, LLC

\*It is agreed and understood that only those Agents and District Managers who are a named party to a Farmers Insurance Exchange Agent Appointment Agreement or District Manager Agreement with one of these companies are eligible to be a NAMED INSURED under this Policy.

\*\*Coverage for The Ohio State Life Insurance Company is limited to negligent acts, errors, omissions or PERSONAL INJURIES committed by agents holding valid "Farmers Agents Agreements" and District Managers holding valid "District Managers Agreement", and which occurred prior to April 16, 1997.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 2

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF DECLARATIONS ENDORSEMENT: RETROACTIVE DATE**

It is agreed that the Retroactive Date stated in the Declarations of the Policy is the later of:

- A. The date of inception of the NAMED INSURED'S Agency or District Manager Agent Appointment Agreement with Farmers Insurance Exchange; or
- B. The date of the first continuous claims made errors and omissions liability coverage maintained without interruption.

Notwithstanding the foregoing, if:

- A. the NAMED INSURED is party to a Retail Agent Appointment Agreement or an Agency Acquisitions Agreement; and
- B. the NAMED INSURED has submitted an application for Extended Prior Acts with proof of continuous claims made errors and omissions coverage; and
- C. the application has been approved by the Company;

then the Retroactive Date for such NAMED INSURED shall be the date of such NAMED INSURED'S first continuous claims made errors and omissions liability policy maintained without interruption.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 3

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF DECLARATIONS: DEDUCTIBLE AMOUNT**

In consideration of the premium charged it agreed and understood that Item 4. of the Declarations, Deductible Amount, shall read as follows:

- A. \$1,000 per claim on all business placed with or through:
  - 1. Farmers Insurance Exchange, Truck Insurance Exchange or Fire Insurance Exchange including all of its past, present, and future insurance company subsidiaries and/or affiliates;
  - 2. Zurich Insurance Group including all of its past, present, and future insurance company subsidiaries and/or affiliates;
  - 3. Farmers Services Insurance Agency (formerly known as Farmers Security Company);
  - 4. Kraft Lake Insurance Agency;
  - 5. Assigned Risk Plans;
  - 6. California Earthquake Authority;
  - 7. FAIR Plans;
  - 8. National Flood Insurance Program where Farmers Insurance Exchange is the provider;
  - 9. Joint Underwriting Associations;
  - 10. Texas Windstorm Insurance Association (formerly known as Texas Catastrophe Property Insurance Association).
- B. \$1,000 per claim for claims made pursuant to Insuring Agreement I. A.3.
- C. \$1,000 per claim on all individual disability insurance business placed with Provident Life and Accident Insurance Company under the marketing Agreement between Provident and Farmers Insurance Exchange.
- D. \$1,000 per claim on products and/or services which are made available through the Farmers Insurance Exchange, or it's affiliated companies, and strategic alliance or affinity partners as product or service providers.
- E. \$1,000 per claim arising out of the sale of SECURITIES through Investors Brokerage Services, or Farmers Financial Solutions, LLC or any other Broker/Dealer approved by Farmers Insurance Exchange.
- F. \$1,000 per claim on all business placed with American Bankers prior to April 15, 1999.
- G. \$1,000 per claim on all business placed with Commercial Union Insurance Company under the Farm and Ranch Program Sponsorship Agreement between Commercial Union Insurance Company and Truck Insurance Exchange prior to October 1, 2000.
- H. \$1,000 per claim on all business placed with Blue Cross (which includes Wellpoint Health Networks, Inc. and affiliates including but not limited to Anthem Blue Cross/Blue Cross of California and UNICARE) under the Healthcare Initiative Agreement between Blue Cross and Farmers Insurance Group effective on or after August 1, 2001.
- I. \$5,000 per claim on all business placed with National Flood Insurance Program providers other than Farmers Insurance Exchange.
- J. \$5,000 per claim on all other business.

The deductible for a claim involving a product and/or service of the SPONSORING COMPANY shall be waived if the NAMED INSURED has:

1. been continuously insured by the Company during the five (5) policy periods immediately preceding the date a claim is reported; and
2. not reported any claim(s) during the five (5) policy periods immediately preceding the date a claim is reported; and
3. not reported more than one (1) claim under this policy; and
4. inspected the property that is the subject of the underlying claim if an inspection was required pursuant to Farmers underwriting guidelines.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 4

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT TO EXCLUSIONS FOR PERSONAL LINES BROKERED BUSINESS**

In consideration of the premium charged, it is agreed and understood that:

EXCLUSIONS is amended to add the following:

This Policy does not apply to any claim based upon, arising out of or involving the soliciting, servicing, placing or binding personal lines business on behalf of an insurance carrier other than the SPONSORING COMPANY on or after January 1, 2014 unless:

1. the claim is made pursuant to coverage provided under Insuring Agreement I.A. 1.f; or
2. the business was placed through Farmers Services Insurance Agency (formerly known as Farmers Security Company); or
3. the business was placed through Kraft Lake Insurance Agency; or
4. the business was placed through an assigned risk plan or state mandated placement facility; or
5. the NAMED INSURED has paid an additional premium and his/her name is on file with the Company.

The retroactive date for coverage provided pursuant to this sub-paragraph 5. shall be the later of:

- A. January 1, 2014; or
- B. The first date of continuous enrollment in the Personal Lines Brokered Business coverage option as evidenced by payment of the additional premium for this coverage.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 5

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT TO EXCLUSIONS FOR COMMERCIAL LINES BROKERED  
BUSINESS**

In consideration of the premium charged, it is agreed and understood that:

EXCLUSIONS is amended to add the following:

This Policy does not apply to any claim based upon, arising out of or involving the soliciting, servicing, placing or binding commercial lines business on behalf of an insurance carrier other than the SPONSORING COMPANY on or after January 1, 2004 unless:

1. the claim is made pursuant to coverage provided under Insuring Agreement I.A. 1.f; or
2. the business was placed through Farmers Services Insurance Agency (formerly known as Farmers Security Company); or
3. the business was placed through Kraft Lake Insurance Agency; or
4. the NAMED INSURED has paid an additional premium and his/her name is on file with the Company.

The retroactive date for coverage provided pursuant to this paragraph shall be the later of:

- A. January 1, 2004; or
- B. The first date of continuous enrollment in the Commercial Lines Brokered Business coverage option as evidenced by payment of the additional premium for this coverage.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 6

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**WAIVER OF DEDUCTIBLE ENDORSEMENT**

In consideration of an additional premium of \$300.00 for each NAMED INSURED, it is agreed and understood that the Deductible Amount as set forth on the Amendment of Declarations: Deductible Amount shall be waived unless the waiver of such Deductible Amount combined with the sum of Deductible Amounts previously waived under this Policy for the NAMED INSURED shall exceed a cumulative amount of \$10,000. In such case, the Deductible Amount shall be the amount by which the cumulative Deductible Amount exceeds \$10,000.

Such NAMED INSUREDS who have paid a premium for such Waiver of Deductible shall be specifically designated by name and their names shall be on file with the Company.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number:7

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF INSURING AGREEMENTS FOR MANAGEMENT TRAINEES  
ENDORSEMENT**

In consideration of the premium charged, it is agreed and understood that Insuring Agreements I.A. and B. are amended to include coverage for Management Trainees employed by the SPONSORING COMPANY, under contract or otherwise, while on field assignment in the performance of their activities as appointed agents/district managers.

The Limits of Liability afforded by this coverage endorsement is:

\$1,000,000 Each Claim each Management Trainee  
\$2,000,000 Aggregate each Management Trainee

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 8

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MUTUAL FUNDS AND VARIABLE PRODUCTS ENDORSEMENT**

In consideration of the premium charged, it is agreed and understood that for those INSUREDS who are duly licensed Registered Representatives and/or Registered Principals, and who are approved by Farmers Insurance Exchange to solicit and sell SECURITIES through Farmers Financial Solutions, LLC, for the purposes of this endorsement only the following changes are made to this Policy:

- A. Exclusion XVI is deleted in its entirety.
- B. Insuring Agreement I.A.4. is hereby added:
  - 4. Any negligent act, error or omission of the INSURED, or any person for whose acts the INSURED is legally liable, in rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the INSURED'S profession as a licensed Registered Representative or Registered Principal while there is in effect a valid contract between the INSURED and a Broker/Dealer approved by Farmers Insurance Exchange while:
    - 1. Soliciting, selling and/or servicing SECURITIES sold through Investors Brokerage Services, Farmers Financial Solutions, LLC or any other Broker/Dealer approved by Farmers Insurance Exchange; or
    - 2. Acting as a Registered Principal for Investors Brokerage Services, Farmers Financial Solutions, LLC or any other Broker/Dealer approved by Farmers Insurance Exchange.
- C. INSURED shall mean:
  - 1. Any individual included in Definition IV.E, IV.D.3, IV.D.5. or IV.D.6 who is a duly licensed Registered Representative and/or Registered Principal and who is a named party to an appointment with Investors Brokerage Services or Farmers Financial Solutions, LLC, or an appointment with a Broker/Dealer approved by Farmers Insurance Exchange; or
  - 2. Any individual employed by or contracted by a NAMED INSURED District Manager who is a duly licensed Registered Representative and/or Registered Principal and who is a named party to an appointment with Investors Brokerage Services or Farmers Financial Solutions, LLC, or an appointment with a Broker/Dealer approved by Farmers Insurance Exchange.
- D. PERSONAL INJURY shall mean injury or DAMAGES sustained by any person or organization caused by or arising out of:
  - 1. False arrest, detention or imprisonment, malicious prosecution or humiliation.
  - 2. The publication or utterance of a libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy except publications or utterances in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the NAMED INSURED.
  - 3. Wrongful entry or eviction or other invasion of the right of private occupancy.

E. Insuring Agreement IV.H. is amended by adding:

PROFESSIONAL SERVICES shall also include the solicitation, sale and/or servicing of SECURITIES provided that the INSURED is authorized by Farmers Insurance Exchange to sell such products.

F. The following Exclusions are added:

1. Any claim based upon, arising out of or in any way involving the intentional noncompliance with any rule or regulation, including, but not limited to, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisors Act of 1940, and any amendments thereto, or the rules or regulations of any self-regulatory organization or any analogous or similar state statute.

However, notwithstanding the foregoing, the INSURED shall be afforded a defense, subject to the terms of this Policy, until the allegations are proven by a final adjudication. In such event, the INSURED shall reimburse the Company for all DEFENSE COSTS incurred by the Company.

2. Any claim based solely upon a loss alleged to have been sustained through fluctuation in market value of any SECURITY.
3. Any claim based upon, arising out of or in any way involving investment products partially or totally owned by the INSURED.
4. Any claim based upon, arising out of or in any way involving:
  - a. any function of an INSURED as a specialist or market maker for any SECURITIES;
  - b. an INSURED failing to make a market for any SECURITIES; or
  - c. the purchase, sale or failure to purchase or sell SECURITIES when the INSURED is a specialist or market maker for such SECURITIES.
5. Any claim based upon, arising out of or in any way involving any activities in connection with 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; (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.
6. Any claim based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding promissory notes, viatical or life settlements or any SECURITY backed by viatical settlements, commodities, commodity future contracts, or option contracts other than covered call options.
7. Any claim based upon, arising out of or in any way involving the purchase, sale or the giving of advice regarding "junk bonds" or "high yield bonds". For the purposes of this Exclusion, "junk bonds" or "high yield bonds" shall mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency (including but not limited to Moody's rated bonds of BA or lower or S&P rated bonds of BB or lower).

8. Any claim brought or maintained, directly or indirectly, by a Broker/Dealer, any investment company or any sponsor.
9. Any claim arising out of any transaction to purchase or sell SECURITIES or other instruments that was not approved or processed through Investors Brokerage Services, Farmers Financial Solutions, LLC or another Broker/Dealer approved by Farmers Insurance Exchange.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 9

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**30 DAYS CONTINUOUS COVERAGE FOR LICENSED TEXAS AGENTS**

In consideration of the premium charged, it is agreed and understood that Condition IX is hereby amended to include the following:

- D. In the event that the appointment authorizing the NAMED INSURED to solicit insurance business on behalf of Farmers Insurance Exchange terminates, then in consideration of no additional premium, coverage shall continue to be provided for any claims which are otherwise covered by this Policy according to the applicable terms, conditions and exclusions of this Policy arising out of any negligent act, error, omission or PERSONAL INJURY which occurs on or before the 30<sup>th</sup> day after termination of such appointment.

The term NAMED INSURED shall mean, for the purposes of Condition IX. D., any duly Texas licensed Farmers Insurance Exchange Agent/Broker, Farmers Life Agent, Reserve Agent, Associate Agent, or District Manager who is a named party to a Farmers Insurance Exchange Agent Appointment Agreement.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number:10

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT TO DEFINITION OF NAMED INSURED**

In consideration of the premium charged, it is agreed and understood that Section IV. DEFINITIONS, E. shall be amended to add the following:

NAMED INSURED shall also include any Farmers Insurance Exchange Agent/Broker, Farmers Life Agent, Reserve Agent, Associate Agent, or District Manager who was a named party to a Farmers Insurance Exchange Agent Appointment Agreement and such Agreement was terminated on or before December 31, 2003.

Such NAMED INSUREDS shall not be required to pay a premium. All such NAMED INSUREDS shall be required to provide proof to the Company that he/she was a named party to a Farmers Insurance Exchange Agent Appointment Agreement and that he/she was enrolled in the Farmers Insurance Exchange Agents Errors and Omissions program sponsored by Farmers Insurance Exchange at the time of termination.

Such NAMED INSURED shall not be entitled to coverage pursuant to this endorsement if the NAMED INSURED becomes insured under another policy of insurance in whole or in part for negligent acts, errors, omissions or PERSONAL INJURIES that would be covered by this Policy.

The Aggregate Limit of Liability for each such NAMED INSURED shall be the lesser of: (i) the limit of liability remaining, if any, on his/her insurance agents errors and omissions liability Policy that was in place at the time of the termination of the Agreement; or (ii) \$5,000,000. The Deductible shall be the Amount stated in the Declarations.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 11

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXTENDED REPORTING PERIOD FOR RESERVE AGENTS OR ASSOCIATE AGENTS**

In consideration of the premium charged, it is agreed and understood that VI. EXTENDED REPORTING PERIODS, B. Individual NAMED INSURED Extended Reporting Periods, is amended to add the following:

Unlimited Extended Reporting Period for Reserve Agents or Associate Agents Only

If the NAMED INSURED is a Reserve Agent or an Associate Agent, the INSURED shall have an unlimited period of time after the date of termination of the NAMED INSURED'S Reserve Agent or Associate Agent Appointment Agreement with the SPONSORING COMPANY to give written notice to the Company of any claim which arises out of a negligent act, error or omission or PERSONAL INJURY which occurred on or after the Retroactive Date and before the date of termination of the Reserve Agent or Associate Agent Appointment Agreement with the SPONSORING COMPANY. Such Extended Reporting Period, however, shall be limited to claims solely involving products issued by the SPONSORING COMPANY or sold through its Broker/Dealer subsidiary. The INSURED shall not be entitled to this unlimited Extended Reporting Period if the SPONSORING COMPANY terminated the NAMED INSURED'S Reserve Agent or Associate Agent Appointment Agreement for any of the following reasons:

1. Embezzlement, conversion, misappropriation or theft by the agency, or disappearance of any property, including without limitation, monies belonging to the SPONSORING COMPANY or consumer;
2. Switching insurance from the SPONSORING COMPANY to another carrier;
3. Abandonment of the agency;
4. Willful misrepresentation that is material to the operation of the agency;
5. Conviction of a felony; or
6. Conduct that is disparaging of or detrimental to the SPONSORING COMPANY, or
7. Fraud;

If the NAMED INSURED'S Reserve Agent or Associate Agent Appointment Agreement was terminated so that the Reserve Agent or Associate Agent could become a Career or Full Time Agent.

There shall be a Sub-Limit of Liability of \$15,000,000 for all claims reported under this Unlimited Extended Reporting Period by all Reserve Agents or Associate Agents whose Appointment Agreements terminate during the POLICY PERIOD.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 12

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT TO INSURING AGREEMENT I.B. VICARIOUS LIABILITY**

In consideration of the premium charged, it is agreed and understood that Section I. B., VICARIOUS LIABILITY of the Insuring Agreement is amended to add the following:

Notwithstanding the foregoing, if the claim against the SPONSORING COMPANY arises solely out of the NAMED INSURED soliciting, servicing, placing or binding business on behalf of an insurance carrier other than the SPONSORING COMPANY, the Company will pay on behalf of the SPONSORING COMPANY DEFENSE COSTS and such DEFENSE COSTS shall not be subject to an allocation.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 13

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDATORY ENDORSEMENT: SPECIAL CONDITIONS**

In consideration of the premium charged, it is agreed and understood that Special Condition XII. B. Arbitration is deleted in its entirety and replaced by the following

**B. Arbitration**

1. **Conditions:** Except as otherwise provided in this paragraph, any controversy arising out of or relating to this Policy, including controversy arising out of any vicarious liability coverage provided to the SPONSORING COMPANY by this Policy, or the breach thereof, shall be settled by binding arbitration in accordance with the rules of the American Arbitration Association (herein "AAA") then in effect. The NAMED INSURED or SPONSORING COMPANY and the Company, before entering into arbitration, shall each appoint an arbitrator (from "AAA" or other mutually agreeable Alternate Dispute Resolution Company). Each arbitrator shall be a present or former insurance industry executive. Within thirty (30) days after one party notifies the other of its demand for arbitration and names its arbitrator, the other party shall name its arbitrator. Within thirty (30) days of the naming of the second arbitrator, the two arbitrators will select a third arbitrator to be chairman of the panel. Should the two arbitrators not be able to agree on a choice of the third, then the AAA (or other mutually agreeable Alternate Dispute Resolution Company) shall make the appointment of a person who is neutral to the parties in controversy. None of the arbitrators shall be current or former officers, principals, directors, stockholders, partners, or employees of the Company or any NAMED INSURED, INSURED or SPONSORING COMPANY. The three arbitrators shall comprise the arbitration panel for the purpose of the Policy. Should the NAMED INSURED or SPONSORING COMPANY and the Company not mutually agree to another Alternate Dispute Resolution Company, AAA will be utilized.
2. **Judgment:** Each party to this Policy shall submit its case with supporting documents to the arbitration panel within thirty (30) days after appointment of the third arbitrator. However, the panel may extend this period for a reasonable time. Unless extended by the consent of the parties to this arbitration, the majority of the three arbitrators shall issue a written decision resolving the controversy before them within thirty (30) days of the time both parties are required to submit their case and related documentation. The arbitrators' written decision shall state the facts reviewed, conclusion reached, and the reasons for their conclusions. Said decision shall be final and binding upon both parties in any court of competent jurisdiction.
3. **Fees and Expenses:** Each party shall pay the fees and expenses of its arbitrator, unless otherwise agreed by the parties. The remaining costs of the arbitration shall be shared equally by both parties. Arbitration shall take place in Los Angeles, California, unless otherwise agreed to by both parties.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 17

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CONTINUOUS COVERAGE DUE TO ELECTION OF FAMILY RIGHTS**

In consideration of the premium charged, it is agreed and understood that Condition IX. Cancellation and Termination is hereby amended to include the following:

- E. In the event that the Farmers Insurance Exchange Agent Appointment Agreement is terminated and pursuant to the Agreement the NAMED INSURED has sold his or her business to a member of his or her immediate family, then in consideration of no additional premium, coverage shall continue under this Policy until the effective date of the Farmers Insurance Exchange Agent Appointment Agreement executed by the family member as follows:
1. Coverage shall continue to be provided for any claims which are otherwise covered by this Policy according to the applicable terms, conditions and exclusions of this Policy arising out of any negligent act, error or omission or PERSONAL INJURY which occurred prior to the date of termination of such Appointment Agreement.
  2. Coverage shall be provided for any claims which are otherwise covered by this policy according to the applicable terms, conditions and exclusions of this Policy arising out of any negligent act, error or omission or PERSONAL INJURY by an INSURED (other than the NAMED INSURED) which occurred after the date of termination but before the effective date of the Farmers Insurance Exchange Agent Appointment Agreement executed by the family member.
  3. No coverage shall be provided for claims arising out of any negligent act, error or omission or PERSONAL INJURY by the NAMED INSURED which occurred after the date of termination of the Farmers Insurance Exchange Agent Appointment Agreement.

It is further agreed that if the date of the NAMED INSUREDS termination is different from the effective date of the family members Farmers Insurance Exchange Agent Appointment Agreement, for purposes of the coverage provided under Insuring Agreement VI. Extended Reporting Periods, the NAMED INSUREDS termination date shall be the later of the two dates.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 18

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**AMENDMENT OF INSURING AGREEMENTS FOR ADMINISTRATIVE SERVICES  
INDEPENDENT CONTRACTORS ENDORSEMENT**

In consideration of the premium charged, it is agreed and understood that Insuring Agreements I.A. and B. are amended to include coverage for individuals acting under an Administrative Services Independent Contractor Agreement with the SPONSORING COMPANY while awaiting appointment as a District Manager.

The Limits of Liability afforded by this endorsement while the District Manager is under the Administrative Services Independent Contractor Agreement with the SPONSORING COMPANY shall be:

\$1,000,000 Each Claim each individual  
\$2,000,000 Aggregate each individual

It is understood and agreed that the retroactive date for coverage provided pursuant to this Endorsement, as well as any coverage provided to the individual as a NAMED INSURED District Manager under this policy or any sequential renewal thereof, will be the effective date of the Administrative Services Independent Contractor Agreement

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 19

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NETWORK SECURITY BREACH & PRIVACY COVERAGE**

In consideration of the premium charged, it is agreed and understood that the Insuring Agreement is amended to include C. Network Security Breach & Privacy Coverage.

C. Network Security Breach & Privacy Coverage:

The Company shall pay on behalf of the INSURED:

1. all sums, which the INSURED shall become legally obligated to pay as DAMAGES and DEFENSE COSTS made or occurring during the POLICY PERIOD and reported to the Insurer during the POLICY PERIOD or any Extended Reporting Period, if applicable because of actual monetary damages to the INSURED'S client arising out of a NETWORK SECURITY BREACH or PRIVACY VIOLATION;
2. CRISIS MANAGEMENT EXPENSES that are a direct result of a NETWORK SECURITY BREACH or PRIVACY VIOLATION made or occurring during the POLICY PERIOD and reported to the Insurer during the POLICY PERIOD or any Extended Reporting Period, if applicable and;
3. CREDIT MONITORING COSTS that are the direct result of a NETWORK SECURITY BREACH or PRIVACY VIOLATION that:
  1. directly results in theft or unauthorized copying of PERSONAL INFORMATION and may reasonably be expected to result in IDENTITY THEFT;
  2. first occurred during the POLICY PERIOD; and
  3. is reported in accordance with the applicable Notice Condition of this Policy;
4. DATA RESTORATION COSTS that are the direct result of a NETWORK SECURITY BREACH or PRIVACY VIOLATION made or occurring during the POLICY PERIOD and reported to the Company during the POLICY PERIOD or any Extended Reporting Period, if applicable and that first occurred during the POLICY PERIOD and that directly results in:
  1. MALICIOUS ENCRYPTION of a DATA ASSET; or
  2. the CORRUPTION of a DATA ASSET;

provided that such MALICIOUS ENCRYPTION or CORRUPTION first occurred during the POLICY PERIOD and is reported in accordance with the applicable Notice Condition of this Policy.

Solely with respect to the coverage provided by this Endorsement, the following sub limits of liability and deductibles shall apply, sub limits will be part of and not in addition to the Aggregate Limit of Liability listed on the Declarations Page:

- |           |   |
|-----------|---|
| \$100,000 | Each Claim and in the Aggregate per INSURED for C.1.; a \$5,000 Deductible shall apply for DAMAGES and DEFENSE COSTS                            |
| \$ 25,000 | Each Claim and in the Aggregate per INSURED for C.2. CRISIS MANAGEMENT EXPENSES; a \$5,000 Deductible shall apply for DAMAGES and DEFENSE COSTS |
| \$ 10,000 | Each Claim and in the Aggregate per INSURED for C.3. CREDIT MONITORING COSTS; a \$2,500 Deductible shall apply for DAMAGES and DEFENSE COSTS    |

\$ 10,000 Each Claim and in the Aggregate per Insured for C.4. DATA RESTORATION COSTS; a \$2,500 Deductible shall apply for DAMAGES and DEFENSE COSTS

The total Policy Aggregate for Network Security Breach and Privacy Coverage shall be \$10,000,000.

Solely with respect to the coverage provided by this Endorsement, the Definitions Section in the Policy is amended by appending the following to the end thereof:

“BODILY INJURY” means injury to the body, sickness, or disease sustained by a person, including death resulting there from, and, if arising out of the foregoing, BODILY INJURY also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock.

“CRISIS MANAGEMENT EXPENSES” are defined as necessary and reasonable expenses incurred by the INSURED with the Company’s prior written consent, to hire an attorney (selected from the Company’s panel counsel) to determine whether any breach notice law apply and the obligations of any such applicable laws including the drafting of letters to satisfy the applicable law, including the cost to notify those effected by the NETWORK SECURITY BREACH or PRIVACY VIOLATION and/or with the Company’s consent, to provide CREDIT MONITORING SERVICES to the INSURED’S clients. CRISIS MANAGEMENT EXPENSES shall also include approved expenses incurred by the INSURED to respond to a regulatory action commenced or pending solely against the INSURED and not involving the SPONSORING COMPANY, and/or the hiring of a public relations firm, with the Company’s prior written consent, to communicate with the INSURED’S clients in order to mitigate the reputational damage of the INSURED directly resulting from a NETWORK SECURITY BREACH or PRIVACY VIOLATION.

“CREDIT MONITORING COSTS” shall mean the costs for retaining a third party service provider approved by the Company and with the Company’s prior written consent to provide CREDIT MONITORING SERVICES to those individuals who were victims of IDENTITY THEFT.

“CREDIT MONITORING SERVICES” shall mean services that allow individuals to access and review their credit reports to determine if IDENTITY THEFT has occurred.

“IDENTITY THEFT” shall mean the theft or unauthorized copying of PERSONAL INFORMATION of a client of the INSURED, and use of such PERSONAL INFORMATION to open new financial accounts for the purpose of fraudulently impersonating such individual, including without limitation, payment card accounts, bank accounts, loan accounts, health insurance accounts and insurance accounts.

“CORRUPTION” means alteration, corruption, destruction deletion or damage as the direct result of a NETWORK SECURITY BREACH.

“DATA ASSET” means any electronic data existing in the INSURED’S COMPUTER SYSTEM that is subject to regular back up procedures, including but not limited to any databases, software or trade secrets stored thereon.

“DATA LOSS” means:

1. with respect to the CORRUPTION of any DATA ASSET, RESTORATION COSTS; and
2. with respect to any DATA ASSET that is rendered inaccessible or unreadable as a result of MALICIOUS ENCRYPTION, the lesser of RESTORATION COSTS or the actual, necessary and reasonable costs and expense to regain access to such DATA ASSET or render it readable;

provided, however, that if such DATA ASSET cannot reasonably be accessed, restored, rendered readable, gathered, assembled or recollected, then DATA LOSS means the actual, reasonable and necessary costs and expenses incurred by the INSURED ORGANIZATION to reach this determination.

“DATA LOSS” shall not mean, and there shall be no coverage for:

1. costs or expenses incurred by the INSURED ORGANIZATION to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce, recollect or enhance a DATA ASSET to a level beyond that which existed prior to its CORRUPTION or MALICIOUS ENCRYPTION.
2. costs or expenses to research or develop any DATA ASSET, including but not limited to trade secrets or other proprietary information;
3. the monetary value of, or profits, royalties, or lost market share related to, a DATA ASSET, including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of the DATA ASSET;
4. DAMAGES arising out of any liability to third-parties for whatever reason;
5. salaries of employees, directors or officers of the INSURED; or
6. legal costs or legal expenses of any type.

“MALICIOUS ENCRYPTION” means the strong encryption of a DATA ASSET by a malicious person that renders such DATA ASSET inaccessible or unreadable to the INSURED ORGANIZATION.

“DATA RESTORATION COSTS” shall mean the costs for retaining a third party service provider approved by the Insurer and with the Insurer’s prior written consent to restore, recover or replicate electronic data in the care, custody or control of the INSURED that is damaged or destroyed as a direct result of a NETWORK SECURITY BREACH or PRIVACY VIOLATION.

“NETWORK SECURITY BREACH” is defined as:

1. the actual failure and inability of security to prevent:
  - a. unauthorized access to or unauthorized use of PERSONAL INFORMATION stored in the INSURED’S COMPUTER SYSTEM;
  - b. the theft or unauthorized copying of PERSONAL INFORMATION on the INSURED’S COMPUTER SYSTEM;
2. the actual failure and inability of physical security to prevent the theft of PERSONAL INFORMATION as a result of the physical theft by a person other than an INSURED of the INSURED’S computer hardware or storage media from a premise occupied and controlled by the INSURED.

“INSURED’S COMPUTER SYSTEM” means any computer hardware, software or firmware, and components thereof including data stored thereon, that is owned or leased by the INSURED and is under the direct operational control of the INSURED.

“PRIVACY VIOLATION” is defined as any:



1. theft of PERSONAL INFORMATION; while in the care, custody or control of an INSURED;
2. violation of a PRIVACY REGULATION as defined below.

“PERSONAL INFORMATION” means any:

1. INSURED’S client’s name in combination with any one or more of the following:
  - a. social security number;
  - b. drivers license number or any other state identification number;
  - c. medical or healthcare data including protected health information; or
  - d. any account number, credit or debit card number in combination with any required password, access code or other security code that would permit access to the financial account; or
2. non-public personal information as defined in any PRIVACY REGULATION.

“PRIVACY REGULATION” means those parts of the following statutes or regulations which regulate the use and protection of non-public personal information (as defined in such statutes or regulations):

1. Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the rules and regulations promulgated thereunder as amended;
2. Gramm-Leach Bliley Act of 1999 (GLBA) and the rules and regulations promulgated thereunder, as amended;
3. Consumer protection and unfair and deceptive trade practice laws enforced by state Attorneys General or the Federal Trade Commission, including but not limited to Section 5(a) of the FTC Act 15;
4. Security Breach Notification laws that require notice to individuals of the actual or potential theft of their non-public personal information, including but not limited to the California Security Breach Notification Act of 2003 (CA SB 1386); or
5. Other state, federal or foreign privacy laws requiring reasonable security for non-public personal information, or a privacy policy limiting the sale, disclosure or sharing of non-public personal information or providing individuals with the right to access or correct non-public personal information.

“PROPERTY DAMAGE” means:

1. physical injury to, loss or destruction of tangible property, including loss of use thereof;  
or
2. loss of use of tangible property which has not been physically injured or destroyed.

## EXCLUSIONS

This Endorsement does not apply to any Claim alleging, based upon, arising out of, or resulting from, directly or indirectly:

- a. any costs or expenses for the reprinting, reposting, recall, removal or disposal of any online content or any other information, content or media, including any media or products containing such online content, information, content or media;
- b. any wear and tear or gradual deterioration of any data saved or of an INSURED'S COMPUTER SYSTEM;

or attributable to any costs or expenses incurred by any INSURED or others:

1. to recall, repair, withdraw, replace, upgrade, supplement or remove the INSURED'S online content, products or services from the marketplace, including but not limited to products or services which incorporate the INSURED'S online content, products or services;
  2. for any loss of use by any INSURED or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplementation or removal.
- c. any failure to use best efforts to install commercially available software product updates and releases, or to apply security related software patches, to computers and other components of the INSURED'S COMPUTER SYSTEM;
  - d. BODILY INJURY or PROPERTY DAMAGE;
  - e. any seizure, confiscation, destruction or nationalization of INSURED'S COMPUTER SYSTEM; or any data asset by or on behalf of any governmental or public authority;
  - f. any interruption, suspension, failure or outage of any component of the Internet, including without limitation any hardware or software infrastructure supporting the Internet;
  - g. any fine or penalty arising out of any agreement by any INSURED to comply with or follow the PCI Standard or any Payment Card Company rules, or implement, maintain or comply with any security measure(s) or standard(s) related to any payment card data; or
  - h. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to Claims arising out of unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" Internet advertising or fax-blasting, direct mailing or telemarketing, or Claims alleging violations of the Telephone Consumer Protection Act, of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other federal, foreign or state anti-spam statutes, or federal, foreign or state statute, law or regulation relating to a person's right to seclusion;
  - i. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unauthorized or illegal collection of PERSONAL INFORMATION by any INSURED or by the SPONSORING COMPANY, including but not limited to the collection of PERSONAL INFORMATION using cookies, spyware, or other malicious code, or the failure to provide adequate notice that PERSONAL INFORMATION is being collected;
  - j. alleging, based upon, arising out of, or resulting from, directly or indirectly, to section 605 (requirements relating to information contained in consumer reports) or 616 (civil liability for willful noncompliance) of the Fair Credit Reporting Act, or any other similar federal, state or local laws or regulations, including but not limited to any laws or regulations requiring truncation of payment card numbers on, or the removal of the expiration date from, payment card receipts; or
  - k. any Claim involving in any way any liability of the SPONSORING COMPANY;
  - l. any Claim involving data in the control of the SPONSORING COMPANY; or

m. any Claim covered in whole or in part under any other insurance.

**CONDITIONS**

The following paragraph is added to Section I. INSURED'S DUTIES IN THE EVENT OF A CLAIM:

With respect to Network Security Breach and Privacy Coverage, as a condition precedent to coverage, the Insured shall provide written notice to the Company of the NETWORK SECURITY BREACH or PRIVACY VIOLATION for which it seeks coverage as soon as practicable and in all events within 30 days after the expiration of the POLICY PERIOD.

All other terms and conditions of this Policy remain unchanged.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 20

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**INSURING AGREEMENT AMENDMENT FOR EXCLUSIVE AGENTS**

It is understood and agreed that Insuring Agreements I.A.1. and 2. are hereby deleted in their entirety and replaced by the following for only those NAMED INSUREDS who satisfy the conditions listed below:

- 1) The NAMED INSURED has an Exclusive Agent Appointment Agreement with the SPONSORING COMPANY with an effective date between May 1, 2009 and February 28, 2013 (inclusive); and
- 2) The NAMED INSURED has not paid an additional premium for personal lines brokered business or personal lines and commercial lines brokered business coverage.

**INSURING AGREEMENT**

**I. COVERAGES - PROFESSIONAL LIABILITY AND PERSONAL INJURY:**

**A. PROFESSIONAL LIABILITY**

The Company will pay on behalf of the INSURED all sums, which the INSURED shall become legally obligated to pay as DAMAGES because of a claim first made against the INSURED during the POLICY PERIOD or an Extended Reporting Period, if applicable, for:

1. Any negligent act, error or omission of the INSURED, or any person for whose acts the INSURED is legally liable, in rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker while there is in effect a valid Agency Appointment Agreement between the NAMED INSURED and Farmers Insurance Exchange, but only while:
  - a. Soliciting, servicing, placing or binding business on behalf of an insurance carrier other than the Farmers Insurance Exchange but only when such NAMED INSURED has been expressly authorized to do so in writing by Farmers Insurance Exchange; or
  - b. Soliciting, servicing, placing or binding policy coverage on behalf of Farmers Insurance Exchange unless:
    - i. The policy coverage met the underwriting guidelines of Farmers Insurance Exchange as set forth in writing by Farmers Insurance Exchange; and
    - ii. The DAMAGES would have been covered by Farmers Insurance Exchange pursuant to the terms and conditions of the subject policy coverage if such policy coverage had been in force; or
  - d. Acting as a notary public; or
  - e. Providing expert witness testimony; or
  - f. Soliciting, servicing, placing, binding business or processing products and/or services made available through the Farmers Insurance Exchange, or its affiliated companies, and strategic alliance or affinity partners as product or service providers for appointed agents of Farmers Insurance Exchange.

2. PERSONAL INJURY caused by an offense arising out of rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker while there is in effect a valid Agency Appointment Agreement between the NAMED INSURED and Farmers Insurance Exchange.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 21

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### OREGON AMENDATORY ENDORSEMENT

In consideration of the premium charged, it is agreed and understood that Insuring Agreement I.A.1. is hereby replaced with the following :

I. COVERAGES - PROFESSIONAL LIABILITY AND PERSONAL INJURY:

A. PROFESSIONAL LIABILITY

The Company will pay on behalf of the INSURED all sums, which the INSURED shall become legally obligated to pay as DAMAGES because of a claim first made against the INSURED during the POLICY PERIOD or an Extended Reporting Period, if applicable, for:

1. Any negligent act, error or omission of the INSURED, or any person for whose acts the INSURED is legally liable, in rendering or failing to render PROFESSIONAL SERVICES for others in the conduct of the NAMED INSURED'S profession as a licensed Insurance Agent/Broker and/or licensed consultant while there is in effect a valid Agent or District Manager Appointment Agreement between the NAMED INSURED and Farmers Insurance Exchange, but only while:
  - a. Soliciting, servicing, placing or binding business on behalf of an insurance carrier other than the Farmers Insurance Exchange; or
  - b. Soliciting, servicing, placing or binding policy coverage on behalf of Farmers Insurance Exchange unless:
    - i. The policy coverage met the underwriting guidelines of Farmers Insurance Exchange as set forth in writing by Farmers Insurance Exchange; and
    - ii. The DAMAGES would have been covered by Farmers Insurance Exchange pursuant to the terms and conditions of the subject policy coverage if such policy coverage had been in force; or
  - c. Acting in his/her capacity as a District Manager for Farmers Insurance Exchange; or
  - d. Acting as a notary public;
  - e. Providing expert witness testimony; or
  - f. Soliciting, servicing, placing, binding business or processing products and/or services made available through strategic alliance or affinity partners of Farmers Insurance Exchange, or its affiliated companies.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 22

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**WEB MEDIA CONTENT LIABILITY COVERAGE**

In consideration of the premium charged, it is agreed and understood that the Insuring Agreement is amended to include D. Web Content Media Liability Coverage.

**D. WEB CONTENT MEDIA LIABILITY COVERAGE:**

1. The Company shall pay on behalf of the INSURED:

all sums, which the INSURED shall become legally obligated to pay as DAMAGES and DEFENSE COSTS made or occurring during the POLICY PERIOD and reported to the Company during the POLICY PERIOD or any Extended Reporting Period, for one or more of the following acts arising out of SOCIAL MEDIA ACTIVITIES:

1. defamation, libel, slander, trade libel, related to disparagement or harm to the reputation or character;
2. invasion or interference with an individual's right of publicity, including commercial appropriation of name, persona, voice or likeness;
3. infringement of copyright, trademark, trade name, trade dress, logo, title, metatag, or slogan, service mark, or service name.

Solely with respect to the coverage provided by this Endorsement, the following sub limits of liability and deductibles shall apply; sub limits will be part of and not in addition to the Aggregate Limit of Liability listed on the Declarations Page:

\$100,000 Each Claim and in the Aggregate per INSURED for D.1.; a \$5,000 Deductible shall apply for DAMAGES and DEFENSE COSTS

The total Policy Aggregate for Web Content Media Liability Coverage shall be \$10,000,000.

Solely with respect to the coverage provided by this Endorsement, the definitions section in the Policy is amended by appending the following to the end thereof:

“SOCIAL MEDIA ACTIVITIES” shall mean social networking and means any information in electronic form that is created, owned or licensed by the INSURED for its own business use and that administrative control over any such account is maintained by the INSURED or a designated employee; provided however the INSURED is in compliance with Farmers Insurance Exchange's or Farmers Insurance Group, Inc.'s Social Media Guidelines.

SOCIAL MEDIA ACTIVITIES does not include or mean any:

1. computer software or code; or
2. information, advertisement or content created by the INSURED for or on behalf of a client, customer or other person or entity.

“PROPERTY DAMAGE” shall mean:

1. physical injury to, loss or destruction of tangible property, including loss of use thereof; or
2. loss of use of tangible property which has not been physically injured or destroyed.

## EXCLUSIONS

This Endorsement does not apply to any Claim alleging, based upon, arising out of, or resulting from, directly or indirectly:

- a. any costs or expenses for the reprinting, reposting, recall, removal or disposal of any SOCIAL MEDIA ACTIVITIES related content or any other information, content or media, including any media or products containing such online content, information, content or media;
- b. PROPERTY DAMAGE;
- c. any interruption, suspension, failure or outage of any component of the Internet, including without limitation any hardware or software infrastructure supporting the Internet;
- d. any fine or penalty arising out of any agreement by any INSURED to comply with or follow the PCI Standard or any Payment Card Company rules, or implement, maintain or comply with any security measure(s) or standard(s) related to any payment card data; or Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the rules and regulations promulgated thereunder, as amended;
- e. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to Claims arising out of unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" Internet advertising or fax-blasting, direct mailing or telemarketing, or Claims alleging violations of the Telephone Consumer Protection Act, of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other federal, foreign or state anti-spam statutes, or federal, foreign or state statute, law or regulation relating to a person's right to seclusion;
- f. any Claim involving in any way any liability of the SPONSORING COMPANY;
- g. any dispute or obligation to pay licensing fees or royalties;
- h. discrimination on any basis, including without limitation race, creed, color, religion, ethnic background, national origin, age, handicap, disability, gender, sexual orientation or pregnancy;
- i. any uploading, downloading, piracy or file-sharing of digitized music, photos, movies, software or video games;
- j. or attributable to any costs or expenses incurred by any INSURED or others:
  1. to recall, repair, withdraw, replace, upgrade, supplement or remove the INSURED's online content, products or services from the marketplace, including but not limited to products or services which incorporate the INSURED's online content, products or services;
  2. for any loss of use by any INSURED or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplementing or removal.
- k. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unauthorized or illegal collection of personal information, including but not limited to the collection of personal information using cookies, spyware, or other malicious code, or the failure to provide adequate notice that personal information is being collected;
- l. with respect to any independent contractor, joint venture, venture partner, any employee of the forgoing, any:



1. ownership or exercise of rights in online content, content or services; or
  2. services supplied by such independent contractor, joint venturer, venture partner or employee;
- m. brought by or on behalf of any intellectual property licensing or royalty bodies, organizations or trade groups, including but not limited to Broadcast Music, Inc., the American Society of Composers, Authors and Publishers, the Society of European Stage Authors and Composers, the Recording Industry Association of America and the Motion Picture Association of America;
- n. brought by or on behalf of any state, federal, local or foreign governmental entity or regulator, including but not limited to, the Federal Trade Commission and the Federal Communications Commission; or
- o. Any failure in monitoring or screening chat rooms or bulletin boards.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 23

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**FARMERS CONSULTING SERVICES COVERAGE**

In consideration of the premium charged, it is agreed and understood that the Insuring Agreement I. A. 1. is amended to include the following:

- g. Performing consulting services and providing training to another Farmers Insurance Exchange Agent/Broker as specifically described and authorized by Farmers Insurance Exchange pursuant to a written agreement between the NAMED INSURED, or any entity owned or controlled by the NAMED INSURED and Farmers Insurance Exchange and/or Farmers Insurance Group, Inc.

For the purpose of coverage provided under this Endorsement, Exclusion XIV shall not apply. Notwithstanding the foregoing, the coverage provided by this Endorsement does not apply to any dispute between the NAMED INSURED and Farmers Insurance Exchange and/or Farmers Insurance Group, Inc. arising from the consulting services agreement.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 24

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**INSOLVENCY EXCLUSION**

In consideration of the premium charged, it is agreed and understood that EXCLUSIONS XXI is deleted in its entirety and is replaced with the following:

XXI. Any claim based upon, arising out of or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy, inability or refusal to pay of any organization, entity, or vehicle of any kind, nature or structure in which the INSURED has placed, recommended to be placed or obtained coverage or in which an INSURED has placed or recommended to be placed the funds of a client or account.

This Exclusion shall not apply to the following:

1. An organization, entity or vehicle that was rated B+ or better by A. M. Best or that was rated S or better by Demotech, Inc., or, irrespective of such rating, was subject to or is a member of the state guaranty fund, guaranty association, or equivalent in the state or states of domicile of the subject client at the time the INSURED placed, recommended to be placed or obtained such coverage for a client in such insurance company or in which an INSURED has placed such funds of a client or account.
  
2. An organization, entity or vehicle backed by or operated by a governmental body or bodies (such as assigned risk plans, Joint Underwriting Associations, State or Federal Flood, Wind or FAIR pools or plans, or state operated residual markets), or was a County Mutual reinsured by carriers rated B+ or better by A.M. Best Company or S or better by Demotech, Inc.

Notwithstanding the foregoing, the INSURED shall be afforded a defense for any claim excluded solely by operation of this exclusion, subject to a maximum DEFENSE COSTS of \$50,000 each claim and \$50,000 each NAMED INSURED;

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 27

Policy Number: CAP0016497 13

Named Insured: Agents and District Managers of Farmers Insurance Exchange

Endorsement Effective Date: 01/01/2020