

Errors & Omissions 2020-2021 - FAQs

What is covered by E&O insurance?

The errors and omissions policy provides you with coverage for your negligent acts in performing professional services. Professional services is defined as: those services required to be rendered in the capacity as a Horace Mann agent, selling and servicing of insurance and annuity products approved by Horace Mann.

Can I obtain E&O coverage from the same vendor Horace Mann uses?

Exclusive Agents can participate in the Corporate policy offered by Markel American Insurance Company.

There are two coverage limit packages available. The coverage is consistent with coverage amounts currently in place for both Horace Mann and Captive Agents.

Coverage package options:

- \$1,000,000 maximum per wrongful act occurrence
- \$2,000,000 maximum per wrongful act occurrence (Option available to Exclusive Agents only)

The deductible on the policy for Exclusive Agents is as follows:

- \$1,000 deductible - damages only (effective 10-1-20 through 10-1-21)

The Exclusive Agent is responsible for payment of the deductible as directed by [Procurement](#).

Can I obtain my own E&O insurance?

You can obtain coverage on your own, but a third-party policy must meet minimum coverage terms and limits and be approved by Horace Mann. To learn more about the process for approval, contact [Procurement](#). A complete policy for the alternate carrier must be submitted to [Procurement](#) for review prior to you securing alternate coverage. You'll be notified in writing if the proposed alternate coverage is approved or rejected.

Can I purchase limits above \$1 million minimum coverage required?

Yes. A \$2 million limit is available to Exclusive Agents in addition to the \$1 million option (minimum coverage) under the corporate Errors and Omissions policy.

I do not participate in the corporate E&O policy. My policy reads \$500,000 per occurrence and \$1,000,000 aggregate. Is this acceptable or do I need to change it?

Horace Mann's policy required minimum is \$1 million per occurrence; therefore, you will need to increase your per occurrence limit to match.

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How do I sign up for this coverage?

Click on [this link to access the website designed for Horace Mann EAs to obtain and/or renew their E&O coverage](#) through Horace Mann's agent error and omissions policy. After visiting the website, contact Nicole Israel of Procurement via e-mail (nicole.israel@horacemann.com) if you have additional questions.

When can I sign up?

Enrollment periods are effective on the first business day of each month. If you're an employee agent migrating to the EA Agreement and choose to obtain your coverage through this option, or if you're an existing EA who wishes to switch carriers, you'll need to enroll in the month prior to the desired effective date for the coverage.

I currently participate in the corporate E&O policy. When will I receive notification about renewal?

You will receive a letter from AON (our insurance broker) with instructions on how to renew your coverage during the middle of August.

What is the annual cost of the coverage?

The annual cost for the coverage period 10-1-20 to 10-1-21 is \$620 for the \$1 million policy or \$782 for the \$2 million policy which includes the administrative services fee. Pro-rata amounts dependent on the agent's on-boarded date are as follows:

Coverage Effective Month	\$1 million policy	\$2 million policy
October 2020	\$620	\$782
November 2020	\$575	\$723
December 2020	\$529	\$664
January 2021	\$484	\$605
February 2021	\$438	\$546
March 2021	\$393	\$487
April 2021	\$348	\$429
May 2021	\$302	\$370
June 2021	\$257	\$311
July 2021	\$211	\$252
August 2021	\$166	\$193
September 2021	\$120	\$134

What does the administrative services fee cover?

This fee includes a web-based process for enrollment, collection of premium and delivery of certificates and is included in the annual premium.

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Will the premium amount change on renewal dates?

Yes, it is possible the premium will change based on current market environment and group claims experience. Also, individual agent claim experience could impact the premium amount.

How will I pay for the coverage?

You'll have the option of using a credit card or paying by check. Your payment must be received by AON prior to October 1, 2020. Failure to obtain and maintain policies of insurance represents a breach of your Exclusive Agent Agreement.

If I terminate my agreement with Horace Mann, will I receive a prorated refund?

No. The policy does not allow for mid-year cancellations and pro-rata refunds; however, as long as you are no longer in the insurance industry, you will have an unlimited reporting period during which you can report Claims out of Wrongful Acts which occurred prior to your date of departure from Horace Mann.

Is my E&O policy transferrable if I do a transfer of interest to another agent?

No. The policy may not be transferred to another individual. The new agent will be responsible for obtaining their own policy upon appointment with the Company.

When and how can I obtain proof of E&O insurance?

When you enroll or renew on line, you'll have access to a PDF of your coverage certificate which can be e-mailed or printed as needed. One advantage of the web-based technology is that you'll have 'on demand' access to information regarding your coverage which includes a coverage certificate and the E&O policy.

Is errors and omissions policy a guaranteed renewable type policy?

The current policy is not a guaranteed renewable policy. Horace Mann professional liability policies are renewed based on certain underwriting criteria -- including loss experience, coverage terms, market environment, etc., -- which must be met each year.

Are my licensed producers and office support staff covered?

Yes, licensed producers (including Registered Representative LPs) and office support staff who are engaged by the Exclusive Agent. This program insures all individuals acting on behalf of the agent and assisting in the performance of professional services. Markel has amended the definition of "Insured" to accommodate the LPs for their approved third party business; however, Markel will sublimit the exposure for claims naming registered representative LPs (RRLPs) to \$500,000 per claim and \$1,000,000 aggregate (if the RRLP has other applicable insurance, Markel would serve as excess coverage). Should the RRLP be named along with the EA, the EA's higher limits would apply for all Insureds. Although their coverage is sub limited, in most instances, the EA would be named in a claim, and the EA's limit would apply.

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Do I need to buy additional E&O in the name of the licensed producer?

No. If you participate in Horace Mann's E&O policy, your LPs will be covered without buying additional E&O in the name of the LP, regardless of products sold as long as they are acting on your behalf. In accordance with Horace Mann's Licensed Producer appointment agreement (located within the LP Onboarding kit), the LP may not be licensed with, appointed by, represent, sell for or otherwise perform services for any insurance or financial services company other than Horace Mann or its authorized third-party vendor(s).

How will I know if my agency is involved in an E&O claim?

The E&O carrier will send you a Reservation of Rights letter.

Will I be notified in advance if my staff (licensed or unlicensed) will be contacted by a member of the claim department?

If it's determined that a member of your agency (licensed or non-licensed staff) was involved in a claim being investigated for a coverage discrepancy, you will be contacted prior to your staff being interviewed. You would have the option of participating in the phone interview. The full cooperation of both the agent and office staff is critical to our ability to settle claims promptly.

If I have a satellite agency, do I need to secure coverage for it separately?

No. The policy you purchase for your primary agency will cover your satellite agency as well.

Will the E&O policy through Markel cover the sale of NTA products?

Yes. The policy would cover NTA sales and the minimum coverage (\$1M) is sufficient. However, there is a \$2M policy limit that is also available.

Are defense costs included in the corporate E&O policy, if an issue relates to the actions of an EA or their staff?

Defense costs are included with the EA's coverage. If the coverage applies, defense costs will be included within policy limits. There are exclusions (A-U) that can keep coverage from applying. Please refer to [the Web site customized for Horace Mann's EAs](#) for details on these exclusions.

How can I find out more about what's covered under this policy?

A guide that includes highlights of the Errors and Omissions Insurance Program is available to you at www.HM.agent-eo.com. Agents who purchase this coverage should review the guide in its entirety to ensure they are familiar with the policy.