

U.S. Associates



2013 ERRORS & OMISSIONS PROGRAM



WHAT IS ERRORS & OMISSIONS (E&O) INSURANCE?

Think of it in terms of malpractice insurance that is held by doctors — E&O protects you and your business. E&O coverage helps protect you against lawsuits brought by clients or other individuals for various reasons: a client holds you responsible for a product or service that you sold to him/her that didn't have the results he/she expected, you provided a product or service that client believes was not in their best interest, the product or service you provided somehow harmed the client, etc.

WHY DO I NEED E&O?

Simply put, if you sell a product or service, such as insurance, you need E&O in case you make a mistake, i.e. an error or omission. E&O insurance is an easy and affordable way to help protect you and your livelihood, and much more, since legal expenses and other costs can quickly mount up. World Financial Group, Inc., World Financial Group Insurance Agency, Inc. and its subsidiaries, and Transamerica Financial Advisors, Inc. requires E&O coverage for all licensed and appointed associates, whether or not they generate any business.

E&O COVERAGE 2013: U.S. ASSOCIATES

In February 2013, WFG and its affiliated companies are rolling out an exciting new E&O fee structure for U.S. associates* with new features, including:

- Production incentives that can potentially reduce an associate's E&O rates
- Streamlined E&O categories from five to three – Life Licensed, Registered Representatives (RRs) and Investment Advisory Representatives (IARs)
- Removal of the additional E&O surcharge for Branch Office Managers
- Targeted fee reductions across E&O categories
- Business accountability incentive for the use of credit cards to pay E&O on a recurring basis

The new E&O fees are lower for many promotion levels and are very competitive to the same insurance coverage charged by other financial services companies.

*Notes: Please note that this new E&O program does not affect New York-based associates.

A similar E&O program is being worked on for Canadian associates.

STREAMLINED & TIERED FEE STRUCTURE

The E&O levels have been reduced from five categories to three making it easier for associates to understand what fee they must pay for their insurance. Additionally, the fees are tiered across the promotion levels, with lower fees for Training Associates through Senior Marketing Directors (SMDs) that helps keep business costs low for an associate who is new to WFG and is just starting to build his/her financial services business.

New E&O Fee Structure - Effective February 2013*

Title & Level	Life Licensed	Registered Rep	IAR
Training Associate (Level 1)	\$30	\$100	\$125
Associate (Level 10)	\$30	\$100	\$125
Senior Associate (Level 15)	\$60	\$120	\$145
Marketing Director (Level 17)	\$60	\$120	\$145
Senior Marketing Director (Level 20)	\$80	\$125	\$175
Executive Marketing Director (Level 65)	\$150	\$150	\$250
CEO Marketing Director (Level 70)	\$175	\$175	\$300
Executive Vice Chairman (Level 87)	\$200	\$200	\$350

*Does not include discounted fees.

NEW E&O DISCOUNT PROGRAM

One significant change is the new E&O Discount Program that is based on production and available to Training Associates (Level 1) through to Senior Marketing Directors (Level 20). This program allows for a \$30 discount towards E&O fees, which means, if you meet the guidelines, your cost is further reduced.

The requirements to earn the discount are:

- Training Associate, Associate, Senior Associate*, Marketing Director or Senior Marketing Director
 - Must have recurring E&O payments being made with a credit card
 - Have a rolling three (3) month net point ratio (NPR) of 60% or higher
 - Earn 2,000+ personal points in a month; or earn 4,000+ personal points over two months; or earn 6,000+ personal points over three months
- *For those associates/teams using the alternative promotion guidelines.

Points toward the discount can be used for up to three months as long as the average of 2,000 points per month is maintained. For example, if you earn 6,000 points in January, you can earn the \$30 E&O discount for the next three months: February, March and April. You must re-qualify for the discount each month and be in good standing with WFG when the discount is applied through the commission's cycle after the month-end close. Associates who qualify will receive the first \$30 discount in March based on February numbers.

Effective E&O Fee Structure after Discount

Title & Level	Life Licensed	Registered Rep	IAR
Training Associate (Level 1)	\$0	\$70	\$95
Associate (Level 10)	\$0	\$70	\$95
Senior Associate (Level 15)	\$30	\$90	\$115
Marketing Director (Level 17)	\$30	\$90	\$115
Senior Marketing Director (Level 20)	\$50	\$95	\$145
Executive Marketing Director (Level 65)	\$150	\$150	\$250
CEO Marketing Director (Level 70)	\$175	\$175	\$300
Executive Vice Chairman (Level 87)	\$200	\$200	\$350

RECURRING E&O PAYMENTS AND NEW ADMINISTRATIVE FEE

It's extremely important that monthly E&O fees are paid on time. Non-payment can cause your commissions to be held or lead to termination. To help you, and all WFG associates, ensure that they make timely E&O payments, associates can set up automatic recurring payments through MyWFG.com using your credit card. Simply log in to the website and then go to [Tools > Administration & Compliance > E&O Payment and follow the steps.](#)

For those associates who have not signed up for recurring E&O payments through MyWFG, **a monthly E&O Administrative Fee of \$10** will be charged to you, on top of your regular payment, to offset the manual administration costs of E&O charges. Charging for this new Administrative Fee will begin in March.

ACTIVE ASSOCIATES NOT BE RESPONSIBLE FOR TERMINATED ASSOCIATES' E&O DEBT

Another major part of the changes coming to E&O in February is that WFG is applying a \$2 million reserve to cover the outstanding E&O fees of associates' who were terminated as of December 31, 2012.

This means that any of these E&O fees eligible for debt roll up are now eliminated.

Should you have any questions about the new E&O fee structure, please call the HOST team (formerly Agent Services) at (770) 246-9889 or by emailing them at wfgghost@transamerica.com.



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