

FINANCIAL SERVICES PROFESSIONAL LIABILITY INSURANCE POLICY

IMPORTANT NOTICE

THIS IS A CLAIMS-MADE AND REPORTED POLICY. EXCEPT TO THE EXTENT AS MAY BE PROVIDED HEREIN, THIS POLICY COVERS ONLY **WRITTEN CLAIMS** FIRST MADE AGAINST THE **INSURED** AND PRESENTED TO US DURING THE **POLICY PERIOD** FOR THE **INSURED** ARISING FROM COVERED **WRONGFUL ACTS** OCCURRING SUBSEQUENT TO THE **RETROACTIVE DATE** APPLICABLE TO THE **INSURED**.

EACH **WRITTEN CLAIM** MUST BE MADE BY OR ON BEHALF OF A **CLIENT** OF A **NAMED INSURED** AND ARISE OUT OF OR IN CONNECTION WITH COVERED **FINANCIAL SERVICES** PERFORMED FOR SAID **CLIENT** BY A **NAMED INSURED**.

THIS POLICY INCLUDES **DEFENSE COSTS** IN THE LIMITS OF LIABILITY. THE PAYMENT OF **DEFENSE COSTS** WILL REDUCE THE AMOUNTS AVAILABLE TO PAY **DAMAGES**. VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE AND THE AMOUNTS AVAILABLE TO PAY **WRITTEN CLAIMS**, INCLUDING, WITHOUT LIMITATION, THE AGGREGATE LIMITS OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS AND DUTIES AND WHAT IS AND IS NOT COVERED.

In consideration of the payment of the premium and any other amounts due pursuant to the terms of this policy, in reliance upon the information, representations and warranties contained in the **Application**, and subject to all of the terms and conditions of this policy, including, without limitation, the Limits of Liability and Exclusions of this policy, we agree to provide the **Insureds** with the insurance coverage described in this policy.

Subject to the terms, conditions and limitations set forth in this policy, any natural person identified as a Certificate Holder in a Certificate of Liability Insurance ("Certificate"), issued by the **First Named Insured** in connection with this policy, shall be a **Named Insured** under this policy.

The Type of Coverage, Limits of Liability, Retention, Policy Period applicable to each **Insured** under this policy shall be designated in the Certificate issued to the respective **Named Insured** by the **First Named Insured**.

SECTION I – INSURING AGREEMENT

The Insurer will pay on behalf of the **Insured** all sums in excess of the applicable retention subject to the applicable Limit of Liability as stated in the Certificate, that the **Insured** shall become legally obligated to pay as **Damages** for a **Wrongful Act**, but only if the **Wrongful Act**, or the first in the series of continuous, repeated or **Interrelated Wrongful Acts**:

1. arises solely out of or in connection with **Financial Services** for a **Client** of a **Named Insured**;

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2. occurs during the **Coverage Period** for both the **Insured** and the individual, if any, for whose acts the **Named Insured** is legally responsible; and
3. results in a **Written Claim** which is first made against the **Insured** and presented to the Insurer during the **Insured's Policy Period**; provided, in case of cancellation or non-renewal of this policy with respect to an **Insured**, if a **Written Claim** is first made against that **Insured** during the last fifteen days of that **Insured's Policy Period**, that **Written Claim** may be presented to the Insurer no later than fifteen days immediately following the effective date of such cancellation or non-renewal if, as a condition precedent to that right, that **Insured** has not procured or does not have available to him/her/it other insurance which applies to said **Written Claim** or which would apply in the absence of this policy.

Notwithstanding anything in this policy to the contrary, an **Insured** shall be covered under this policy only if, prior to the later of the inception of the **Policy Period** referenced in the Certificate or the date the **Application** for such **Insured** was signed, such **Insured**:

- a. never had any claim, **Suit** or arbitration against him/her/it for alleged malpractice or an alleged error, omission or mistake or other **Wrongful Act**;
- b. does not have any knowledge or information of any fact, situation, allegation or incident which may result in a complaint, claim, **Suit** or arbitration against the **Insured**;
- c. is not aware of or involved in any fee dispute with a client;
- d. has not had any professional license or registration denied, suspended, revoked, non-renewed, or restricted in any way;
- e. had never been disciplined, fined or suspended by the SEC, NASD, FINRA, a state securities, corporation or insurance department or other regulatory body, or formally reprimanded by any court or administrative agency;
- f. has never been convicted of any criminal offense other than a minor traffic violation;
- g. has not had any contracts between him/herself and his/her insurance company or "broker"/"dealer" been suspended, terminated, non-renewed or restricted for cause; or
- h. has never had a professional liability insurance policy or fidelity bond declined, canceled, issued on special terms, renewal refused or had a request that an application for insurance or for a bond be withdrawn.

See Section V. 5 for the application of an **Insured's Retroactive Date**.

SECTION II - DEFENSE, ARBITRATION, SETTLEMENT & OTHER PAYMENTS

1. Defense of Claims

The Insurer has the right and duty to defend, as part of and subject to the applicable Limit of Liability hereunder, any **Suit** brought against the **Insured** because of a **Wrongful Act** to which this policy applies and which seeks **Damages** which are payable under the terms of this policy, even if any of the allegations of the **Suit** are groundless, false or fraudulent. The Insurer will choose the lawyer to defend any such **Suit** and may investigate and settle any **Written Claim** or **Suit** as it deems appropriate.

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2. Arbitration

If an arbitration proceeding is brought with respect to a **Suit**, the Insurer will be entitled to exercise all the **Insured's** rights in the choice of arbitrators and the conduct of the proceedings. Subject to the applicable Limit of Liability, the Insurer will pay all **Defense Costs** which are in excess of the applicable Retention.

3. Settlement

- a. The Insurer's duty to defend any **Suit**, or to pay any settlement or judgment or **Defense Costs** relating thereto, ends after the Insurer has paid the applicable Limit of Liability as set forth in SECTION V. The Limits of Liability set forth in SECTION V. includes all payments for **Defense Costs** incurred by the Insurer, or incurred by the **Insured** with the Insurer's written consent, which are in excess of the applicable Retention. All **Defense Costs** shall first be subtracted from the applicable Limit of Liability with the remainder, if any, being the amount available to pay **Damages**.
- b. If the applicable Limit of Liability is exhausted by the payment of settlements, judgments, awards and/or **Defense Costs** prior to the reduction of any pending **Suit** against an **Insured** to settlement, final judgment or award, the Insurer shall have the right to withdraw from any further defense thereof by tendering control of the defense of said **Suit** to the **Insured**.

4. Other Payments

- a. With respect to such insurance as is afforded by this policy, the Insurer will pay, as part of the applicable Limit of Liability the following:
 - (1) all costs taxed against the **Insured** in any **Suit** defended by the Insurer and all interest required to be paid on the entire amount of any judgment (including any award of pre-judgment and post-judgment interest) therein which does not exceed the applicable Limit of Liability hereunder;
 - (2) 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 Insurer shall have no obligation to apply for or furnish or provide collateral for any such bonds;
 - (3) premiums on appeals bonds which may be required, in the Insurer's sole judgment, in any such **Suit** defended by the Insurer, but the Insurer shall have no obligation to apply for or furnish or provide collateral for any such bonds; and
 - (4) reasonable expenses, other than loss of earnings, wages, salaries, overhead or benefit expense of the **Insured**, or employees, officers or independent contractors of the **Insured**, incurred by the **Insured** at the Insurer's request in assisting in the investigation, settlement, defense or appeal of any **Written Claim** or **Suit**.

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- b. With respect to such insurance as is afforded by this policy, the Insurer will pay, in addition to the applicable Limit of Liability, all costs and expenses incurred by the Insurer other than **Defense Costs**.

SECTION III – DEFINITIONS

Wherever appearing in bold print in this policy, the following Definitions apply:

1. **Affiliate** of a specified individual or entity means an individual or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the specified individual or entity; it includes, without limitation, any entity of which an **Insured** is an owner, officer, director, shareholder, partner, or member.
2. **Application** means all signed applications for this policy and for any policy, including any materials and information submitted in connection therewith, in an uninterrupted series of policies issued by the Insurer or by any affiliate of the Insurer.
3. **Associated Person** has the same meaning as the term "affiliated person" or "person associated with an investment advisor" as those terms are defined in the Investment Company Act of 1940, the Investment Advisers Act of 1940, or any similar state statutes or regulations.
4. **Broker** has the meaning assigned to that term by the Securities Exchange Act of 1934, as amended, and the Investment Company Act of 1940, as amended; but **Broker** does not include a **Registered Representative**.
5. **Class Action Claim** means any **Written Claim** that is brought by or on behalf of: (i) an actual or alleged class (whether or not certified as such); (ii) any group of three (3) or more complainants, plaintiffs or potentially aggrieved parties.
6. **Client** means an individual or entity which is a member of the general public and which, as the direct or ultimate consumer, uses the **Financial Services** of a **Named Insured**. It does not include, without limitation, any individual or entity who/which buys with the intent of selling to others or sells with the intent that the buyer sell to others or which provides services as part of a chain of services to the ultimate consumer.
7. **Coverage Period** with respect to an **Insured** under this policy means the period of time beginning with the applicable **Retroactive Date** for that **Insured**, as stated in this policy, and ending with the expiration of that **Insured's Policy Period**.

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8. **Damages** mean a monetary judgment, award or settlement. **Damages** shall also include taxes, fines and penalties incurred by a **Client** solely as a result of covered **Wrongful Acts** by a **Named Insured** and included in such **Client's Written Claim** against the **Insured**.

Damages do not include: civil or criminal fines, sanctions or penalties imposed on any **Insured**, whether imposed pursuant to statute or otherwise; punitive or exemplary damages, including double or treble damages or any damages in excess of actual damages; judgments or awards arising from acts or omissions deemed uninsurable by the law under which this policy shall be construed; or fees, commissions or other compensation for any **Financial Services** rendered or required to be rendered by an **Insured** or that portion of any settlement, judgment or award in an amount equal to such fees, commissions or other compensation.

9. **Dealer** has the meaning assigned to that term by the Securities Exchange Act of 1934, as amended, and the investment Company Act of 1940, as amended; but **Dealer** does not include a **Registered Representative**.

10. **Defense Costs** means the costs to investigate, defend or appeal a **Written Claim** or **Suit** incurred by the Insurer or by an **Insured** at the Insurer's request and with the Insurer's prior written consent. It includes attorneys' fees, expert fees and all other costs and expenses related to the investigation, settlement, defense or appeal of a **Written Claim** or **Suit**, including, without limitation, those payments set forth in SECTION II 4.

Defense Costs do not include loss of earnings, wages, salaries, overhead or benefit expense of the **Insured**, or the **Insured's** employees, officers or independent contractors, or the Insurer's officers, directors or employees, or any hourly or fixed fees paid to a claims administrator the Insurer may use to administer claims under this policy.

Defense Costs do not include any fees or costs incurred by the **Insured** without the Insurer's prior written consent, including, without limitation, any fees and costs incurred prior to the date the **Written Claim**, out of which such fees or costs arise, is first presented to the Insurer.

11. **Entity Insured** means an **Insured** which is not a natural person which is either owned or controlled by a **Financial Services Professional** or in which a **Financial Services Professional** is an employee.

12. **Executive Officer** means a person holding any of the officer positions of an **Entity Insured** created by charter, constitution, bylaws or any other similar governing document.

13. **Financial Planner** means an individual who is in the business of providing **Financial Planning Services** to others.

14. **Financial Planning Services** means the provision of financial or investment advice to individuals or families or their owned business entities based upon an analysis of their individual needs, financial circumstances and objectives. Generally, it includes preparing a financial plan, comprehensive or modular, which could include: personal financial statements;

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and advice relating to personal risk management, insurance, savings and investments, estate planning, retirement planning and taxes.

15. Financial Services means the provision of the following businesses or activities provided by the **Named Insured**, however, solely if such coverage is reflected as being elected and purchased on the Certificate issued to the **Named Insured** by the **First Named Insured**:

Coverage a) acting as a **Life Insurance Agent** solely with respect to the sale of fixed life, health and disability insurance products and fixed annuity products; or

Coverage b) acting as a **Life Insurance Agent** and/or **Registered Representative** solely with respect to the sale of fixed and variable life, health and disability insurance products, fixed and variable annuities and mutual funds,

including coverage for acts as a **Financial Planner**, but only for **Financial Planning Services** incidental to either a) or b) above, subject to the option selected and purchased by the **Named Insured**.

16. Financial Services Professional means an individual who is a **Financial Planner**, **Life Insurance Agent**, and/or **Registered Representative**.

17. First Named Insured means the individual or entity specifically identified by name or reference as the **First Named Insured** in Item 1 of the Declarations.

18. Insured means:

- a) Each **Named Insured** solely in their capacity as such;
- b) Each **Entity Insured** but solely with respect to the operations of the **Entity Insured** directly related to the **Financial Services** provided by the **Named Insured**; provided that this shall not afford coverage for any **Wrongful Acts** of the **Entity Insured**, but shall only apply to **Claims** arising out of any **Wrongful Acts** of the **Named Insured**; and
- c) The spouse of the **Named Insured**, but solely with respect to his/her vicarious liability, arising out of his/her status as the spouse of said **Named Insured**, as a result of covered **Wrongful Acts** of said **Named Insured**, including, without limitation, **Written Claims** seeking **Damages** recoverable from marital community property, property jointly held by the **Insured** and his/her spouse or property transferred from an **Insured** to his/her spouse; provided, there is no coverage under this policy for **Written Claims** arising out of any actual or alleged **Wrongful Acts** of said spouse;
- d) The executor, administrator, guardian or other legal representative of an **Insured** who dies, becomes incompetent, or bankrupt, but only while acting in his/her capacity as such and with respect to **Wrongful Acts** for which said deceased, incompetent, or bankrupt **Insured** would otherwise be covered under this policy;
- e) any past or present employees of the **Entity Insured** who are not **Financial Services Professionals**, but only while acting within the course and scope of his/her duties as an employee of the **Entity Insured** in connection with covered **Financial Services** provided

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by a **Named Insured**;

- f) any present, former and future partners, members, officers and directors of an **Entity Insured** that is a partnership, association, corporation or limited liability company, but only for his/her vicarious liability as a result of such status and arising out of the covered **Financial Services** provided by a **Named Insured**;

19. Interrelated Wrongful Acts mean **Wrongful Acts** which are connected by a common fact, circumstance, situation, event, transaction or series of facts, circumstances, situations, events or transactions.

20. Life Insurance Agent means an individual who is licensed, as required by law, to sell life, health, disability and accident insurance and annuity products and who is selling or providing advice with respect to such products which, if required to be authorized or approved for sale by a regulatory authority, have been so authorized or approved; however, it does not include, without limitation, anyone while acting as a general agent or in any similar capacity for a life insurance company if he/she has or supervises any sub agents.

21. Named Insured means a **Financial Services Professional** specifically identified by name or by reference in the Certificate, as Certificate Holder, issued by the **First Named Insured**, or any other authorized representative of the Insurer.

22. Policy Period means the period of time between the inception date shown in the Master Policy Declarations of this policy and the date this policy expires or is canceled, whichever occurs first; provided, in the case of a particular **Insured**, **Policy Period** shall mean the period of time between the Policy Effective date reflected on the Certificate for this policy with respect to that **Insured** and the date this policy expires, is canceled or coverage otherwise terminates with respect to that **Insured**, whichever occurs first. **Policy Period** specifically excludes any extended reporting period provided under the terms of an Extended Reporting Period Coverage Endorsement.

23. Personal Injury means injury or damage sustained by any person or organization caused by or arising out of:

- (a) false arrest, detention or imprisonment, or malicious prosecution;
- (b) libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy; or
- (c) wrongful entry or eviction, or other invasion of the right of private occupancy.

24. Registered Representative means an individual who: (1) is registered with the Financial Industry Regulatory Authority as a registered representative of a Broker-Dealer pursuant to the provisions of the Securities Exchange Act of 1934; and (2) is in the business of buying and selling **Securities** for the account of others. It does not include any individual while acting in the capacity of a principal of a **Broker** or **Dealer**, including, without limitation, a General Securities Principal and Limited Principal - General Securities Sales Supervisor.

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- 25. Related Individual** means an individual related by blood, or by marriage or civil union (whether such status is derived by reason of statutory law, common law or otherwise of any applicable jurisdiction in the world) to another individual, including, without limitation, the **Spouse** of an **Insured**, or the child, grandchild, parent, sibling, aunt, uncle, grandparent or cousin of an **Insured** or an **Insured's Spouse** or former **Spouse**, and any trust or estate of which any of them is a beneficiary. With respect to any **Entity Insured**, **Related Individual** includes a **Related Individual** of each officer, director, shareholder, partner, member, employee or independent contractor of such entity.
- 26. Retroactive Date** means the date set forth in Section V. 5.
- 27. Securities** has the meaning assigned to that term by the Securities Exchange Act of 1934, as amended, or any applicable state statute, and any rules or regulations issued pursuant thereto.
- 28. Spouse** means the lawful spouse whether such status is derived by reason of marriage, civil union or otherwise pursuant to the statutory law, common law or otherwise of any jurisdiction of the world.
- 29. Subsidiary** means any corporate entity where more than 50% of the outstanding securities representing the present right to vote for the election of such entity's directors are owned by the **Named Insured** directly or indirectly, if such entity was so owned on the inception date of this Policy, or such entity;
- a. was so owned prior to the inception date of this policy; or
 - b. becomes so owned after the inception date of this Policy.
- 30. Suit** means a civil legal proceeding, including arbitration, brought against the **Insured** seeking monetary **Damages**.
- Suit** does not include: criminal legal proceedings; legal proceedings, or that part of legal proceeding, seeking equitable relief (including, without limitation, injunctions or specific performance); or legal proceedings brought by a governmental or regulatory entity including, without limitation, those seeking fines, penalties, taxes or suspension or revocation of license, registration, membership or other operating authority.
- 31. Termination of Coverage** means:
- (a) Cancellation or nonrenewal of this policy;
 - (b) Renewal or replacement of this policy with insurance that does not apply to **Wrongful Acts** on a claims-made basis;
 - (c) A decrease in the policy's Limit of Liability;
 - (d) A reduction in coverage, or a new exclusion attached to the policy, or any other change in coverage that is less favorable to the **Insureds**; or
 - (e) An increase in the Retention.

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32. Written Claim means a written notice or demand, including **Suit**, signed by or on behalf of a **Client** of a **Named Insured** who is alleged to have suffered monetary loss as a result of or in conjunction with the provision of **Financial Services**, by a **Named Insured** and asserting that the **Insured** is liable for said monetary loss. A report made to the Insurer by an **Insured** for any reason, including, without limitation, loss control or risk management purposes, shall not be considered a **Written Claim**.

33. Wrongful Act means any negligent breach of duty, error, misstatement, misrepresentation, omission, **Personal Injury**, or other negligent act committed or attempted by an **Insured**, or by any individual for whose acts the **Named Insured** is legally responsible, in conjunction with the provision of covered **Financial Services** for the **Client** of a **Named Insured**.

Any such **Wrongful Act**, together with any related **Wrongful Acts** or series of continuous, repeated or **Interrelated Wrongful Acts**, shall be considered one **Wrongful Act** for purposes of the application of the Limits of Liability and the applicable Retention.

A **Wrongful Act** which is continuing in nature shall be deemed, for all purposes of this policy, to occur only on the date on which such **Wrongful Act** commences and not on any subsequent date. A series of continuous, repeated or **Interrelated Wrongful Acts** shall be deemed to have occurred on the date on which the earliest of such **Wrongful Acts** commences.

If a continuing **Wrongful Act** or a series of repeated or **Interrelated Wrongful Acts** is committed by an **Insured**, or by any individual(s) for whose acts such **Named Insured** is legally responsible, prior to such **Insured's** applicable **Retroactive Date**, there shall be no coverage under this policy for any **Insured** for any of those **Wrongful Acts** even if some of those acts occur during the **Policy Period**.

SECTION IV – EXTENDED REPORTING PERIOD

1. Automatic 60 Day Extended Reporting Period

Upon a Termination of Coverage, the coverage afforded by this policy shall be extended to apply to any **Written Claim** first made during the period of 60 days immediately following the effective date of such Termination of Coverage, but only with respect to a **Wrongful Act** taking place prior to the effective date of such Termination of Coverage.

This extension of coverage shall not operate to increase or reinstate the applicable limit of liability as set forth in the Declarations for the **Policy Period**, which shall be our maximum liability for the **Policy Period** and the Automatic Extended Reporting Period, combined.

2. Optional Extended Reporting Period

Upon a Termination of Coverage, a **Named Insured** shall have the right, upon payment of the appropriate additional premium, to an extension of the coverage granted by this policy for any **Written Claim** first made during the period of 3 years immediately following the effective date of

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such Termination of Coverage, but only with respect to a **Wrongful Act** taking place prior to the effective date of such Termination of Coverage.

The additional premium payable by a **Named Insured** for the Optional Extended Reporting Period shall be equal to two-hundred-fifty percent (250%) of the total annual premium applicable to such **Named Insured** for this policy. The additional premium shall be deemed fully earned and non-refundable once the Optional Extended Reporting Period becomes effective.

A **Named Insured** shall not have the right to purchase the Optional Extended Reporting Period if we have provided insurance coverage to the **Named Insured** for less than 1 year and we have canceled or refused to renew this policy for non-payment of premium.

A **Named Insured's** right to purchase the Optional Extended Reporting Period shall lapse if the **Named Insured** does not request the extension from us in writing and pay the additional premium to us within the later of (i) 60 days after the effective date of the Termination of Coverage, or (ii) 30 days after we give written notice to the **Named Insured** of the amount of the required additional premium.

Not later than 30 days after the effective date of a Termination of Coverage, we shall give written notice to the **Named Insured** of the Automatic Extended Reporting Period and the availability of, the additional premium for and the importance of purchasing the Optional Extended Reporting Period; however, if this policy is canceled by us due to non-payment of premium or fraud on the part of any **Insureds**, we shall not be required to provide such a premium quotation unless requested by the **Named Insured**.

Any natural person **Insured(s)** shall have the right to purchase as respects only himself/herself the Optional Extended Reporting Period upon a Termination of Coverage, if: (i) the respective **Named Insured** has been placed in liquidation or bankruptcy or permanently ceases operations; and (ii) the respective **Named Insured** does not purchase the Optional Extended Reporting Period; and (iii) within one hundred twenty (120) days after the Termination of Coverage we have received from such **Insured** a written request for such Optional Extended Reporting Period coverage. We shall charge such **Insureds** an additional premium commensurate with such coverage, and the Optional Extended Reporting Period shall be void ab initio as respects such **Insured** if such **Insured** does not pay the required additional premium when due.

If the **Named Insured** has had continuous coverage with us for 3 or more years, the aggregate limit of liability under the Optional Extended Reporting Period (if exercised) shall be equal to 100% of the applicable limit of liability for the **Policy Period**. If the **Named Insured** has had continuous coverage with us for less than 3 years, the aggregate limit of liability under the Optional Extended Reporting Period (if exercised) shall be: (i) the amount remaining under the applicable limit of liability for the **Policy Period** at the effective date of the Termination of Coverage, or (ii) 50% of the applicable limit of liability as set forth in the Declarations, whichever is greater.

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3. Any natural person **Insured** who no longer serves in a capacity covered under this policy shall remain an **Insured** during the remainder of the **Policy Period**” and any applicable Extended Reporting Period, but only with respect to a **Wrongful Act** by such **Insured** taking place while such **Insured** served in a capacity covered under this policy.

SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE

1. Limits of Liability

This policy may provide coverage for a number of **Insureds**. Regardless of the number of **Insureds** under this policy, the number of **Wrongful Acts**, the number of claimants or **Written Claims** presented to the Insurer or **Suits** brought, or the amount of **Defense Costs** incurred, the most the Insurer will pay under this policy is as follows:

- a. *Policy Aggregate.* The applicable Policy Aggregate Limit of Liability shown in Item 5 of the Master Policy Declarations is the most the Insurer will pay for or on behalf of all **Insureds** under this policy for all **Damages** and **Defense Costs** combined in accordance with the terms herein.
- b. *Named Insured Aggregate.* The most the Insurer will pay for all **Damages** and **Defense Costs** combined, for, on behalf of, arising out of, or as a result of, all **Wrongful Acts** committed by an **Insured**, is the “**Named Insured**” Aggregate Limit of Liability elected and purchased by each **Named Insured** and reflected in their respective Certificate issued by the **First Named Insured**

The **Wrongful Acts** of all **Insureds** as defined in Section III. 18. a) through f) shall all be subject to the **Named Insured** Aggregate reflected on the Certificate issued to the respective **Named Insured**.

- c. Each **Wrongful Act**. Subject to the above provisions with respect to Policy Aggregate, and “**Named Insured**” Aggregate if applicable, the most the Insurer will pay for or on behalf of all **Insureds** under this policy for all **Damages** and **Defense Costs** combined because of a **Wrongful Act** or a series of continuous, repeated or **Interrelated Wrongful Acts** to which this policy applies, is the applicable Each **Wrongful Act** Limit of Liability elected by each **Named Insured** reflected in their respective Certificate issued by the **First Named Insured**.

The **Wrongful Acts** of all **Insureds** as defined in Section III 18 a) through f) shall all be subject to the Each **Wrongful Act** Limit of Liability reflected on the Certificate issued to the respective **Named Insured**.

- d. Notwithstanding Section V.1.b and V.1.c above, the Insurer shall not, in any instance, pay more than the Policy Aggregate listed in Item 5. of the Master Policy Declarations with respect to all claims presented under this policy, provided, that solely with respect to a **Named Insured** who is a resident of the State of New York (“New York Representative”):

In the event the Policy Aggregate stated in Item 5 of the Master Policy Declarations is fully

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exhausted by payments made under this Policy, a separate Limit of Liability shall be provided to each New York Representative in the amount of: \$250,000 each "Wrongful Act"/\$250,000 each "**Named Insured**" Aggregate *less* the total value of all **Written Claims** paid on behalf of such New York Representative; provided that:

- (i) the maximum aggregate Limit of Liability as provided in this Section V.1.d. shall be the respective \$250,000 amounts referenced herein; and
 - (ii) there shall be no additional Limit of Liability provided to any New York Representative in connection with any **Class Action Claim**.
- e. All **Written Claims** for **Damages** and related **Defense Costs** which arise out of: (i) a **Wrongful Act** or a series of continuous or repeated **Wrongful Acts**, or (ii) **Interrelated Wrongful Acts**, will be considered to have arisen out of a single **Wrongful Act** for these purposes, and such claims will be subject to the applicable single Each **Wrongful Act** Limit of Liability. Further, and without limiting the aforementioned, the following **Written Claims** shall be deemed to have arisen out of a single **Wrongful Act** and will be subject to the applicable single Each **Wrongful Act** Limit of Liability:
- (i) Any **Written Claim** arising out of the failure to adequately disclose the risks associated with the same **Security**, or
 - (ii) Any **Written Claim** alleging the failure of a **Broker** or **Dealer** to perform adequate due diligence on the same **Security**.
- f. If any **Written Claim** covered by this policy is also covered by one or more other policies issued by the Insurer, or by any affiliate of the Insurer, then with respect to such claim: (a) the Insurer shall not be liable under this policy for a greater proportion of the **Damages** and **Defense Costs** than the applicable Limit of Liability under this policy bears to the total applicable Limits of Liability of all such policies; and (b) the maximum amount payable under all such policies shall not exceed the applicable Limit of Liability of that policy referred to above which has the highest applicable Limit of Liability.

2. Damages and Defense Costs Included In Limits Of Liability

All amounts paid with respect to a **Wrongful Act**, including amounts paid as **Damages** and amounts paid as **Defense Costs**, are subject to the applicable Limit of Liability. All **Defense Costs** with respect to **Written Claims** or **Suits** arising out of a covered **Wrongful Act** shall be paid and applied first to the applicable Limit of Liability, and the difference between such Limit of Liability and the **Defense Costs**, if any, shall be the amount available to pay **Damages** incurred in connection with such **Written Claims** or **Suits**. The Each **Wrongful Act** Limit of Liability shall be excess over the applicable Retention.

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3. Retention

The **Named Insured** shall pay all **Damages** and **Defense Costs** incurred with respect to each **Wrongful Act** for which **Written Claims** are presented to the Insurer, up to the amount of the applicable Retention. The Retention shall apply to each **Wrongful Act** and shall be borne by the **Insured** and remain uninsured. The Retention amount shall first be applied to the payment of **Defense Costs**. If so requested by the Insurer, the **Named Insured** shall make direct payment within the Retention amount to appropriate other parties. The Insurer will only be liable for and will only pay **Damages** and **Defense Costs** with respect to each **Wrongful Act** which exceed the applicable Retention and which do not exceed the applicable Limit of Liability. The Insurer may, at its sole option, advance the payment of such Retention in order to facilitate the settlement or defense of a **Written Claim** or **Suit**. In this event, the **Named Insured** shall reimburse the Insurer for such advance within ten days of receipt of the statement therefor.

4. Allocation

If a **Written Claim** made against any **Insured** includes both covered and uncovered matters or if a **Written Claim** is made against any **Insured** who is extended coverage under this policy and others who are not extended coverage thereof under this policy, the **Insureds** agree that there must be an allocation between insured and uninsured **Damages**. The **Insureds** and the Insurer shall exert their best efforts to agree upon a fair and proper allocation between such insured and uninsured **Damages** based upon the relative legal exposures of the parties to such matters.

5. Retroactive Date

The **Retroactive Date** of a **Named Insured** shall be the earliest date that he/she has been continuously insured, up to his/her **Policy Period** under this policy, for professional liability coverage (errors and omissions coverage) for the type(s) of coverage provided to said **Named Insured** by this policy, provided the **Retroactive Date** of a **Named Insured** for a particular type of **Financial Service** shall not be earlier than the date he/she became authorized, pursuant to license or required registration, to provide that service. For example, if this policy provides coverage for an **Insured's** acts both as a **Life Insurance Agent** and **Registered Representative** and the **Insured** has had professional liability insurance coverage for his/her acts as a **Life Insurance Agent** continuously since September 1, 1991, but only since June 1, 1996 for his/her acts as a **Registered Representative**, that **Insured** would have the following **Retroactive Dates** under this policy: (1) September 1, 1991 for coverage for **Wrongful Acts** committed as a **Life Insurance Agent**; and (2) June 1, 1996 for coverage for **Wrongful Acts** committed as a **Registered Representative**.

The **Named Insured** will be covered under this policy for a **Wrongful Act** committed prior to his/her **Policy Period** effective Date, only if he/she maintained continuous professional liability insurance coverage for that type of **Wrongful Act**, dating back at least to the date of that **Wrongful Act**. The limits of liability that shall apply to such a **Wrongful Act** will be the lesser of the limits of liability under this policy or the limits of liability of the policy covering said **Insured** at the time of said **Wrongful Act**; the retention provided by this policy shall apply to any such **Wrongful Act**.

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The **Retroactive Date** of any **Insured**, who is not a **Named Insured**, shall be the date applicable to the **Named Insured**.

SECTION VI – EXCLUSIONS

The insurance afforded by this policy, including any obligation to defend or pay **Defense Costs**, does not apply to the following.

1. Dishonesty Or Fraud / Personal Advantage / Non Public Information

The Insurer will not cover claims:

- a. which arise out of or are contributed to by an act, committed by or at the direction of any **Insured**, or ratified by any **Insured**, or which the **Insured** knew was being committed but failed to take any action to stop, and which act is dishonest, fraudulent, criminal, malicious or knowingly wrongful, including, without limitation, the willful violation of any laws, orders, rules or regulations of the United States, or any state, commonwealth, territory, subdivision or municipality thereof, or the Securities Exchange Commission, the National Association of Securities Dealers, Inc. or any state insurance department or other regulatory authority, including, without limitation, laws, orders, rules and regulations prohibiting churning or twisting;
- b. arising out of any **Insured's** actual or alleged gaining of any profit or advantage to which the **Insured** was not legally entitled, including, without limitation, any profit or advantage as a result of the commingling of funds or accounts; or
- c. arising out of the actual or alleged use by any **Insured** of, or the aiding or abetting by any **Insured** in the use of, or the participation after the fact by any **Insured** in the use of non-public information in a manner prohibited by applicable law, rule or regulation;

as determined by a final adjudication in the underlying action or in a separate action or proceeding.

For purposes of determining the applicability of this Exclusion:

- (i) the facts pertaining to and knowledge possessed by any natural person **Insured** shall not be imputed to any other natural person **Insured**; and
- (ii) only facts pertaining to and knowledge possessed by an **Executive Officer** shall be imputed to the **Entity Insured**.

2. Contractual Liability/Promises/Guarantees

The Insurer will not cover claims arising out of any actual or alleged:

- a. liability of others assumed by an **Insured** under any contract or agreement; provided, however, that this paragraph shall not apply to the extent that the liability would attach to an **Insured** in the absence of such contract or agreement; or
- b. making or stating of any promises or guarantees as to interest rates or fluctuations in interest rates, the market value of any investment or insurance product, or future premium payments.

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3. Other Named Professions Liability

Except as may otherwise be specifically provided by endorsement, the Insurer will not cover claims arising out of any actual or alleged liability an **Insured** may have as a result of an **Insured's** activities with respect to, or an **Insured's** provision of services normally provided by, any type of business or professional, other than as a **Financial Services Professional**, including, without limitation, an **Insured's** activities, whether or not licensed or otherwise authorized to act as such, as an: accountant; actuary; **Broker** or **Dealer**; enrolled agent authorized to practice before the Internal Revenue Service; lawyer; mortgage broker; property or casualty insurance agent, broker or solicitor; third party administrator; real estate agent or broker; tax preparer; general agent of a life insurance company, unless he/she has no subagents and is not supervising any other agents; managing general agent, underwriting manager, program manager or similar designation of a life insurance or property and casualty insurance company; or securities analyst.

This exclusion applies regardless of whether the **Insured** has other insurance to cover such activities or whether such activities are excluded under such other insurance.

But this exclusion does not apply to advice given by an **Insured** on property and casualty insurance, personal risk management, investment management, estate planning or taxes as part of **Financial Services**.

4. Except as may otherwise be specifically provided by endorsement, the Insurer will not cover claims alleging, arising out of, based upon or attributable to: (1) any pension, welfare or other employee benefit plan or trust sponsored by any **Insured** or sponsored by any business enterprise that is operated or managed or owned, directly or indirectly, in whole or in part, by any **Insured**, or in which any **Insured** has a financial interest; or (2) any plan in which an **Insured** is a participant or is a "named fiduciary;" as defined in section 402(a) of the Employee Retirement Income Security Act of 1974 (and any amendments thereto); or (3) arising out of, based upon or attributable to any services performed by any **Insured** acting in fact as a trustee or administrator under the Employee Retirement Income Security Act of 1974 (and any amendments thereto);

5. Discretionary Accounts / Investment Discretion

Except as may otherwise be specifically provided by endorsement, the Insurer will not cover claims which arise out of or are in conjunction with: (i) services any **Insured** performs under a Discretionary Account Agreement; or (ii) the exercise of investment discretion whether pursuant to a Discretionary Account Agreement or otherwise.

6. Other Businesses, Organizations Or Funds

The Insurer will not cover claims:

- a. made against an **Insured** which arise out of or in conjunction with or which are in any way related to the actual or alleged operation, management or ownership of any business or entity which is not an **Insured** on this policy, including, without limitation, any business (including, without limitation, the ownership, maintenance or care of any property in connection therewith) which, in whole or in part, is or was owned, controlled, operated or managed, directly or indirectly, by an **Insured**, by an **Insured's** parent company, by an

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Affiliate or **Subsidiary** of an **Insured**, by any **Related Individual** of an **Insured**, or of which an **Insured** is or was a sponsor, administrator, officer, director, stockholder, partner, member, trustee or employee.

- b. which are made by or in the right of any business or entity which is or was owned, controlled, operated or managed, directly or indirectly, in whole or in part, by an **Insured** or by a **Related Individual** or **Affiliate** of an **Insured** or in which an **Insured** or any **Related Individual** is or was an officer, trustee, director, manager, partner, shareholder, employee or independent contractor.
- c. which arise out of or in connection with the actual or alleged operation or administration of any pension, welfare, profit sharing, mutual or investment fund or trust, or employee benefit plan or trust of which an **Insured** is or was a sponsor officer, trustee, director, manager, partner, shareholder, employee or independent contractor.

7. General Or Limited Partnership Or Syndicate/Asset Management/Charitable Entities/ Proprietary Products

The Insurer will not cover claims which arise out of or are in any way related to the actual or alleged forming, syndicating, operating, administering or managing:

- a. of the assets of a general or limited partnership, real estate investment trust, joint venture or any other type of venture or syndicate, or any type of charitable enterprise or entity, by an **Insured** or an **Affiliate** or **Related Individual** of an **Insured**.
- b. or sale of any proprietary product of an **Insured**, or an **Affiliate** or **Related Individual** of an **Insured**, including without limitation, any mutual fund or other investment product developed or managed by an **Insured**.

8. Insolvency Or Bankruptcy

The Insurer will not cover claims which arise out of the actual or alleged insolvency, receivership, bankruptcy, liquidation, reorganization or financial inability to pay of any: **Insured**; bank or banking firm; trust, title or escrow company; law firm; **Broker** or **Dealer**; clearing agency; insurance company or reinsurer; or pool, syndicate, association or other combination formed for the purpose of providing insurance or reinsurance. Provided, however, this exclusion shall not apply to claims based upon, arising out of, due to or involving, directly or indirectly, the insolvency, receivership, bankruptcy, liquidation, or financial inability to pay, or suspension of payment by, any insurance company rated B+ or better as per A.M. Best Ratings as of the time of placement of such insurance coverage or bond.

9. Investment And Financial Product Approval By First Named Insured

The Insurer will not cover that part of any claim which arises out of or in connection with the selling by a **Registered Representative** of **Securities** or other investment products which are not on the approved product list of, or which are not otherwise authorized or approved for sale by, the **Registered Representative's Broker** or **Dealer**.

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10. Non Clients

The Insurer will not cover claims of a claimant who is neither a **Client** of a **Named Insured**, nor the executor, administrator, guardian or other legal representative of such **Client**. This includes, without limitation, any individual or entity who/which buys with the intent of selling to others or sells with the intent that the buyer sell to others or which provides services as part of a chain of services to the ultimate consumer including, without limitation: a **Broker** or **Dealer** which is not buying, selling or trading as a principal for its own account; investment bankers; mutual funds; limited partnerships; banks, savings and loan companies and other financial institutions; transfer agents; clearing agencies; the SPIC; custodians; and investment adviser entities, such as companies providing asset allocation models or services to Registered Investment Advisers.

11. Economic Forecasts / Products

The Insurer will not cover claims which arise:

- a. as a result of any actual or alleged economic forecast provided by an **Insured** as a separate service and not provided, without additional charge, as part of the **Insured's Financial Services** to a **Client**.
- b. out of the actual or alleged manufacture, leasing, distribution, preparation, design or sale of any **Non-Securities** or non-insurance product by an **Insured**, including, without limitation, any computer hardware or software. The Insurer will not cover any claim arising out of any actual or alleged infringement of trademark, patent or copyright.

12. Exotic investments / Tangible Assets

The Insurer will not cover claims which arise:

- a. out of or are in any way related to actual or alleged arbitrage, short sales (except short against the box), trading or failure to trade derivatives, including, without limitation, interest rate swaps, collateralized mortgage obligations, structured notes, commodities, commodities futures contracts or any type of option, or future, or futures option contract or similar investments or investment products including, without limitation, commodity pools or partnerships engaged in the investment in or trading of such **Securities**.
- b. out of the actual or alleged trading or failure to trade hedge funds.
- c. out of any actual or alleged transaction involving tangible personal property, directly or through **Securities** conveying ownership or an interest therein, including, without limitation, precious metals, gemstones, stamps, art objects, antiques or other collectibles or any security interest in tangible personal property.

However, this exclusion does not apply to claims arising out of transactions involving gold or silver.

13. Prior Acts / Unnamed Financial Services Professionals / Known Claims or Incidents / Troubled Securities

The Insurer will not cover claims:

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- a. arising out of any actual or alleged **Wrongful Act**, or series of continuous, repeated or **Interrelated Wrongful Acts**, which occurred, or the first of which occurred, prior to the **Insured's** applicable **Retroactive Date**.
- b. to which a **Written Claim** has previously been presented to the Insurer, or to any other insurer, prior to the inception of this policy.
- c. involving any predecessor policy issued by the Insurer of which this policy is a renewal, replacement or successor in time, if the **Insured** knew or should have known, by consulting his/her/its records or otherwise, that said **Wrongful Act** was likely to result in a **claim**.
- d. involving the purchase, sale or advice with regard to **Securities** known to be in financial trouble prior to the effective date of this policy.
- e. arising out of or in any way related to the actual or alleged activities of any **Financial Services Professional** who is not a **Named Insured** on this policy; provided, a **Financial Services Professional** will be considered to be a **Named Insured** if the Insurer has approved the request for coverage, any additional premium has been paid by the **First Named Insured** within fifteen days of receipt of the invoice therefor and a Certificate is otherwise available from the **First Named Insured**.

14. **Claims Between Insureds/Affiliates / Related Individuals**

The Insurer will not cover claims made by or on behalf of one **Insured** under this policy against another **Insured** under this policy, including, without limitation, any claim by an **Insured** against a partner, officer, director, member, employee or independent contractor of such **Insured** or an entity or enterprise which one or more **Insureds** do or did wholly or partly own, operate, control, or manage, directly or indirectly, or of which an **Insured** or any **Related Individual** is or was a sponsor, administrator, officer, director, stockholder, partner, member, trustee, employee or independent contractor; or which wholly or partly does or did own, operate, control, or manage, directly or indirectly, or which is or was a **Subsidiary** or **Affiliate** of an **Insured**; or by a present, former or prospective employer, proprietor, partner, officer, principal, director, member, owner, shareholder, employee, independent contractor or **Related Individual** of an **Insured**.

15. **Underwriting, Syndicating Or Investment Banking**

The Insurer will not cover claims arising out of or in connection with any actual or alleged underwriting, syndicating, or investment banking work, or associated counseling, advising or investment activities, including, without limitation, any aspect of any actual, attempted or threatened merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, going private transaction, reorganization, consolidation, capital restructuring, recapitalization, spin-off, primary or secondary offering of **Securities** (regardless of whether the offering is a public offering or a private placement), business valuation, or other efforts to advise, raise or furnish capital or financing for any enterprise or entity, or any disclosure requirements in connection with any of the foregoing.

16. **Nuclear Reaction / Pollution**

The Insurer will not cover any claims alleging, based upon or arising out of nuclear reaction,

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radiation or radioactive contamination. The Insurer will not cover claims alleging, arising out of, based upon, attributable to or in any way involving, directly or indirectly, pollution, regardless of cause, including, without limitation, (1) the actual, alleged or threatened discharge, dispersal, release or escape of "pollutants", or (2) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants.

"Pollutants" includes, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, infectious or otherwise, including, without limitation, smoke, vapor, soot, fumes, acids, alkalis, chemicals and "waste". "Waste" includes, without limitation, materials to be recycled, reconditioned or reclaimed.

17. Trust Or Estates / Trustees Services

The Insurer will not cover claims arising out of:

- a. any loss sustained by an **Insured** as a beneficiary or distributor of any trust or estate;
- b. an **Insured's** actual or alleged services or capacity as a trustee, including, without limitation, the **Insured's** services or capacity as:
 - (1) a trustee for any individual, business or charitable undertaking or enterprise;
 - (2) a trustee of a testamentary or inter-vivos trust;
 - (3) a member of a protective committee of security holders in connection with any bankruptcy, reorganization or similar proceeding;
 - (4) a trustee of the debtor in any bankruptcy, reorganization or similar proceeding;
 - (5) a receiver or assignee for the benefit of creditors in any judicial or non-judicial receivership or similar proceedings; or
 - (6) an administrator, conservator, executor or guardian for others. The Insurer will not cover claims against any **Insured** arising out of his/her actual or alleged acts as a **Registered Investment Advisor** or **Associated Person** with respect to any individual, entity or activity when he/she is also acting as a trustee, administrator, conservator, executor or guardian with respect to that individual, entity or activity.

17. Life Insurance Agent Additional Exclusions

The Insurer will not cover claims arising out of or in connection with any actual or alleged:

- a. financial inability to pay, insolvency, receivership, bankruptcy or liquidation of:
 - (1) any insurer, reinsurer, pool, syndicate, association or other combination formed for the purpose of providing insurance or reinsurance, or
 - (2) any Multiple Employer Trust or Welfare Arrangement or any pool, syndicate, association or other combination formed for the purpose of providing insurance or benefits when they are not fully funded by an insurance product.
- b. promise, indication or guarantee as to the effect of fluctuations of interest rates with

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respect to future premium payments or market values (e.g., with respect to variable premium policies).

- c. failure of an HMO or PPO to pay the salaries or fees of any practitioner, or the insolvency, receivership or liquidation of an HMO or PPO or the quality of care rendered by, or the alleged malpractice of a participating provider of services of any HMO or PPO.
- d. insurance product which is not approved for sale in the state in which the product was sold.
- e. churning or twisting of insurance policies or annuities.

18. Bodily Injury / Property Damage

The Insurer will not cover claims arising out of any bodily injury, sickness, disease, emotional distress, mental anguish or death of any person, or damage to or destruction of any tangible property, including loss of use thereof.

19. Employment Practices

The Insurer will not cover claims arising out of any actual or alleged employment practices including but not limited to discrimination or termination of employment.

20. Abuse, Molestation or Sexual Harassment

The Insurer will not cover claims arising out of any actual or alleged abuse, molestation or sexual harassment of any person by any person, persons or organization.

21. Class Action

The Insurer will not cover any class action claims under which one party, or a group of parties, sue as representatives of a larger class. Claims brought in federal court are governed by Federal Rule of Civil Procedure 23.

SECTION VII – CONDITIONS

1. Premium

The **First Named Insured** shall maintain records of such information as is necessary for premium computation and shall send to the Insurer, at the Insurer's request, copies of such records at the end of the **Policy Period** and at such times during the **Policy Period** as may be requested.

2. Duties In The Event Of Error, Omission, Claim Or Suit

- a. As soon as an **Insured** knows of an alleged **Wrongful Act** which may result in a **Written Claim** covered by this policy, the **Insured** must give written notice to the Insurer as soon as practicable of the details of the **Wrongful Act**, including the circumstances giving rise to the **Wrongful Act**, a description of the services provided or that should have been provided, the name and address

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of any potential claimant and the type and amount of injury suffered by said claimant. Include as many details as possible.

- b. If a **Written Claim** is made or **Suit** is brought against an **Insured**, the **Insured**, as a condition precedent to the obligations under this policy, must immediately send to the Insurer every demand, notice, summons or other process relating to said claim or **Suit**; provided, except as provided in SECTION I (Paragraph 3.) or SECTION IV., in no event shall such **Written Claim** or **Suit** be accepted by the Insurer later than the last day of the **Insured's Policy Period**.
- c. All notices called for in this Condition must be provided to the Insurer by a separate document, and not just as part of a renewal application for insurance. The **Insured** shall authorize the Insurer to obtain all records and other information that may be deemed necessary for the settlement, negotiation or defense of a **Written Claim** or **Suit**.
- d. Failure to give notice to the Insurer as required under this policy shall not invalidate any **Written Claim** made by the **Insured**, injured person or any other claimant, unless the failure to provide such timely notice has prejudiced the Insurer. However, no claim made by the **Insured**, injured person or other claimant will be invalidated if it shall be shown not to have been reasonably possible to give such timely notice and that notice was given as soon as was reasonably possible thereafter.
- e. The **Insured** must cooperate with the Insurer in the investigation and defense of a **Written Claim** or **Suit**. At the Insurer's request, the **Insured** must: submit to examination under oath; assist the Insurer in making settlements or conducting **Suits**; and attend and assist in obtaining the attendance of witnesses at hearings, depositions, arbitration proceedings, trials and other proceedings. The **Insured** must cooperate with the Insurer in enforcing any right the **Insured** may have against any individual or entity for contribution or indemnity. The **Insured** must not, except at the **Insured's** own cost, voluntarily pay any money, assume any obligation or incur any expense without the Insurer's prior written consent.

3. Suits Against the Insurer

- a. Except as noted in paragraph b. below, no suit or other action may be brought against the Insurer unless, as a condition precedent thereto, there has been full compliance with all the terms and conditions of this policy and the obligation of the **Insured** to pay **Damages** has been finally determined either by judgment against the **Insured** after actual trial or arbitration or by written agreement signed by the **Insured**, the claimant and the Insurer.

Anyone who has obtained such a judgment or written agreement will be entitled to recover under this policy to the extent of the insurance then available to the **Insured** under this policy.

No one has the right to make the Insurer a party to a suit to determine the liability of an **Insured**; nor shall the Insurer be impleaded by an **Insured** or his/her/its legal representative(s).

- b. With respect to an otherwise covered **Written Claim** arising out of death or personal injury of any natural person, if the Insurer denies coverage or does not admit liability because an **Insured**

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or the injured person, someone acting for the injured person or other claimant fails to give written notice as soon as practicable, then the injured person or other claimant may bring an action against the Insurer, provided the sole question is whether the denial of coverage or non-admission is based on the failure to provide timely notice.

However, the injured person, someone acting for the injured person or other claimant may not bring an action if within 60 days after the Insurer denies coverage or does not admit liability, the Insurer or an **Insured**: a. Brings an action to declare the rights of the parties under the policy; and b. Names the injured person, someone acting for the injured person or other claimant as a party to the action.

4. Disputes With the Insurer / Arbitration

By accepting the coverage provided by this policy and in the event that a dispute arises between any of the following: 1. The **Insured** and the Insurer; 2. The Insurer's employees, agents or representatives with respect to coverage; 3. Liability for premiums or Retentions; 4. Any item or condition of this policy; or 5. Any other matter arising out of or related to this policy; or 6. The relationship between the Insurer, its employees, agents and representatives and the **Insured** under this policy, the **Insured** agrees to be bound by the arbitration rules contained in the arbitration provisions of New York Arbitration Act (Article 75 of NY Consolidated Laws, Civil Practice Laws and Rules (Section 7501 through Section 7514).

5. Bankruptcy, Death, Incompetence Or Insolvency

The bankruptcy, death, incompetency or insolvency of an **Insured** will not relieve the Insurer of any of its obligations under this policy; in such event, this policy shall inure to the benefit of the legal representative of such **Insured**, but only to the extent said **Insured** was insured under this policy.

6. Other Insurance

There is no coverage under this policy, including no obligation to defend or pay **Defense Costs** or indemnify any **Insured**, if there is any other valid and collectible insurance available to the **Insured**, including without limitation, the following named policy and any insurance under which there is a duty to defend, unless such insurance is written to be excess over this specifically identified policy. For example, if an **Insured** is a **Life Insurance Agent** and **Registered Representative**, he/she is also an **Insured** under a policy covering **Life Insurance Agents** for his/her variable annuity sales, this policy would not apply to that **Registered Representative** with respect to **Written Claims** arising out of variable annuity sales.

If there is other valid and collectible insurance which would apply to a **Written Claim** in the absence of this policy, this policy will apply as excess insurance over that other insurance whether such insurance is stated to be primary, contributory, excess, contingent, self- insurance or otherwise unless such other insurance is written solely as excess insurance over this specifically identified policy; provided, with respect to any **Written Claim** first presented to an **Insured** within the last fifteen days of said **Insured's Policy Period** and then presented to the Insurer within fifteen days

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immediately following the effective date of cancellation or non-renewal of coverage with respect to such **Insured**, there shall be no coverage under this policy unless, as condition precedent thereto, that **Insured** has not procured or does not have available to him/her/it other insurance which applies to said **Written Claim** or which would apply to said **Written Claim** in the absence of this policy.

7. Insurer's Right To Recover From Others

- a. If the Insurer makes any payment under this policy, the **Insured's** right to recover from anyone else for the acts giving rise to that payment becomes the Insurer's to the extent of the Insurer's payment. The **Insured** must sign any required documents and take any steps necessary to help us secure these rights. The **Insured** must do nothing to impair any of the Insurer's rights.
- b. The **Insured** may have a right to recover from another **Insured** under this policy relating to claims paid by the Insurer. The Insurer will not exercise its rights against such other **Insured** except with respect to a **Written Claim** which arises from or is contributed to by an intentional, dishonest, fraudulent, criminal or malicious act, error or omission of such other **Insured**.
- c. If the Insurer recovers any amounts from another party relating to a **Written Claim** under this policy, after deducting an amount equal to the **Damages** and **Defense Costs** the Insurer has paid or incurred and the costs of making the recovery, the Insurer will pay to an **Insured** up to the amount the **Insured** has paid relating to the **Written Claim** which is in excess of this policy's applicable Limit of Liability;

8. Audit

The Insurer may examine and audit an **Insured's** books and records as they relate to this insurance at any time during the **Policy Period** and during the three years immediately following the end of the **Policy Period** for the **Insured**.

9. Change In This Policy

Notice to any agent or knowledge possessed by any agent or other individual or entity acting on the Insurer's behalf shall not effect a waiver of or a modification of any term of this policy or stop the Insurer from asserting any rights under the terms of this policy, nor shall the terms of this policy be changed or waived except by an endorsement issued by the Insurer and made a part of this policy. If a change in the policy requires a premium adjustment, the Insurer will adjust the premium as of the effective date of the change.

10. Cancellation

- a. The **First Named Insured** may cancel this policy entirely, or as to any **Insured** under this policy, at any time by giving the Insurer written notice stating when, thereafter, the cancellation is to take effect.

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- b. The Insurer may cancel this policy at any time in its entirety, or as to any **Insured**, by sending to the **First Named Insured** and to the authorized agent or broker written notice of cancellation, including the reason for cancellation, at least thirty days prior to the date cancellation is to be effective; provided, if the **First Named Insured** fails to pay premium when due, the Insurer may cancel this policy at any time by sending to the **First Named Insured** and to the authorized agent or broker written notice at least fifteen days prior to the date cancellation is to be effective. In either case, the Insurer will give the **First Named Insured** written notice of cancellation by mailing it to the last mailing address known for the **First Named Insured**. Proof of mailing thirty days or fifteen days, respectively, before the effective date of such cancellation will be sufficient proof of notice of cancellation.
- c. This policy shall automatically be canceled as to any **Insured** as of the effective date said **Insured's** license, registration or other right to provide **Financial Services** or practice as a **Financial Services Professional** is suspended by or surrendered at the request of any regulatory authority or is not in compliance with applicable law or regulation
- d. In case of cancellation by the **First Named Insured**, or by the **Insured's** premium finance company, the Insurer will refund unearned premium on the usual short rate basis.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, the Insurer will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. That cancellation will be effective even if the Insurer has not made or offered a refund.

For these purposes, automatic cancellation as per the above sub paragraph or cancellation as a result of the **First Named Insured's** failure to pay premium, or due to the failure of an **Insured** to comply with any of the other terms or conditions of this policy, or the concealment or misrepresentation of any material fact on the **Insured's Application** or the failure to disclose material changes in the information on that **Application**, shall be deemed cancellation by the **First Named Insured**.

- e. In case of cancellation by the Insurer, the Insurer will refund any unearned premium on a pro rata basis, If the Insurer does not refund the unearned premium with the notice of cancellation, the Insurer will refund it within a reasonable time after the date cancellation is effective; but refund or tender of the unearned premium is not required to make a valid cancellation of this policy.

11. Nonrenewal

If the Insurer decides not to renew this policy we will send notice as provided below in Section VII.13. Notices of Nonrenewal and Conditional Renewal Condition.

12. Conditional Renewal

If the Insurer conditionally renews this policy subject to a:

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- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased Retention;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

the Insurer will send notice as provided below in Section VII.13. Notices of Nonrenewal and Conditional Renewal Condition.

13. Notices of Nonrenewal and Conditional Renewal

- a. If the Insurer decides not to renew this policy or to conditionally renew this policy, the Insurer will mail or deliver written notice to the **First Named Insured** shown in the Declarations at least 30 but not more than 120 days before:
 - (1) The expiration date; or
 - (2) The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the **First Named Insured** at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase, if in excess of 10%, for conditional renewal and description of any other changes.
- d. If the Insurer violates any of the provisions of Paragraph a., b. or c. above, by sending the **First Named Insured** an incomplete or late conditional renewal notice or a late nonrenewal notice:
 - (1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the **First Named Insured**, during this 60-day period, has replaced the coverage or elects to cancel.
 - (2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the **First Named Insured**, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
 - (1) Upon expiration of the 60-day period; or

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- (2) Notwithstanding the provisions in Paragraphs **d.(1).** and **d.(2).** as of the renewal date of the policy if the Insurer sends the **First Named Insured** the conditional renewal notice at least 30 days prior to the expiration or anniversary date of the policy.
- f. The Insurer will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- g. This policy's limits of liability as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **d.** above.

14. **Application of Policy**

This policy applies to liability for **Damages** caused by **Wrongful Acts** committed anywhere in the world provided any **Suit** for such **Damages** is brought within the United States, its territories or possessions, Puerto Rico, or Canada. However, the Insurer may elect at any time, at its sole discretion, to investigate, settle or defend any **Written Claim** or **Suit** brought anywhere outside the United States, its territories or possessions, Puerto Rico, or Canada. A **Written Claim** is presented to the Insurer when we receive the "written claim" or a copy thereof.

If this policy applies to a **Written Claim** arising out of a **Wrongful Act** (the first **Written Claim**), an individual or entity which is an **Insured** under both this policy and a renewal, or one of a series of continuous renewals, of this policy, may present to the Insurer, during his/her/its **Policy Period** under such renewal policy, additional **Written Claims** arising out of that same **Wrongful Act**, or series of continuous, repeated or **Interrelated Wrongful Acts**.

Any such additional **Written Claims** will then be considered to have been presented to the Insurer under this policy as part of the first **Written Claim** and shall be covered by this policy subject to all of the terms and conditions of this policy, including, without limitation, the Limits of Liability and Retention.

15. **Concealment, Misrepresentation, Fraud Or Material Change**

The Insurer will not provide any coverage under this policy to an **Insured** who intentionally conceals or misrepresents any material fact or circumstance relating to this insurance, including, without limitation, any misstatement of fact, material misrepresentations or failure to disclose material facts on the **Application**, or who fails to tell the Insurer during the **Policy Period** of material changes in the information provided on said **Application**.

In the case of concealment or misrepresentation of any material fact or circumstance relating to this insurance, the Insurer shall have the right, at its sole option, to deny any coverage under this policy for any claim relating to such material fact or circumstance, or to rescind coverage under this policy with respect to the **Insured** involved, or rescind this policy in its entirety, thereby voiding all coverage under this policy. In the latter case, the Minimum Policy Premium stated on the Declarations shall be reduced by fifty percent, and all other premium paid with respect to this policy shall be returned to the **First Named Insured**. In all other cases, there shall be no change in premium.

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16. Transfer Of Insured's Rights And Duties

An **Insured** may not transfer or assign any rights or duties under this policy unless the Insurer gives written consent to that transfer or assignment by endorsement to this policy.

17. Multiple Insureds

More than one individual or entity may be named as an **Insured** under this policy. The inclusion of multiple **Insureds** under this policy will not increase the Insurer's liability beyond the Limits of Liability set forth in SECTION V. By accepting this policy, the **Insureds** agree that the **First Named Insured** is authorized to act on behalf of all other **Insureds** with respect to:

- a. giving and receiving notices of cancellation or non-renewal;
- b. accepting any endorsement issued to be a part of this policy;
- c. paying premiums;
- d. receiving any return premium which may become due;
- e. giving notices to **Insureds** that they have been added to or deleted from this policy;
- f. informing other **Insureds** of the policy terms and conditions;
- g. requesting an Extended Reporting Period Coverage Endorsement; and
- h. keeping the Insurer informed of any material changes in the type or composition of the business or organization of the **Insureds** under this policy.

18. Merger

If, during the **Policy Period**, any **Insured** shall acquire or be acquired or merged, consolidated or otherwise combined with any other entity, immediate written notice of that fact must be given to the Insurer. There shall be no coverage under this policy with respect to any **Wrongful Acts** committed by an **Insured**, or any of its employees, agents or representatives, subsequent to the date of said acquisition, merger, consolidation or other combination unless this policy is endorsed to provide such coverage. There shall be no coverage under this policy with respect to the merged, consolidated or combined entity an endorsement is issued to provide such coverage.

19. Claims, Notices And Requests

All **Suit** papers and other **Written Claims** under this policy shall be sent to the Insurer at Everest Reinsurance, 477 Martinsville Road, P.O. Box 830 Liberty Corner, NJ 07938-0830, attn. Claims Department. All other notices, demands or requests provided for in this policy shall be in writing and sent to us at Everest Reinsurance, 477 Martinsville Road, P.O. Box 830 Liberty Corner, NJ 07938-0830, attn. Underwriting Department.

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ADMINISTRATOR ENDORSEMENT

First Named Insured: Financial Services Professional Liability
Risk Purchasing Group, Inc., in care of Arthur J. Gallagher RPG

Endorsement No.: 2

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10/01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed:

1. Financial Services Professional Liability Purchasing Group, Inc. in care of Arthur J. Gallagher, is named as the **First Named Insured** on this policy solely because Arthur J. Gallagher it is acting as the administrator of this insurance program on behalf of its participating **Insureds**. As such, it has the responsibilities of the **First Named Insured** identified in this policy, including, without limitation, collecting and remitting to us all premium due us under the terms of this policy with respect to participating individual **Insureds** and carrying out those duties and responsibilities set forth in Section VII. of this policy. However, neither Arthur J. Gallagher, Financial Services Professional Liability Purchasing Group, Inc., nor any of their affiliates is an **Insured** under this policy.
2. Under no condition will there be coverage for any claim alleging, arising out of, based upon or attributable any **Wrongful Act** of the **First Named Insured** listed in Item 1 of the Master Policy Declarations.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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ANTI-STACKING ENDORSEMENT

Named Insured:

Endorsement No.:

Policy No.:

Effective date of Endorsement:

Issuing Company: Everest Indemnity Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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

1. **REDUCTION PROVISION**

Payment by the Insurer or any affiliate of the Insurer under another policy(ies) ("Other Policy") for a **Claim** also covered under this policy, shall reduce the Limit of Liability available under this policy by the amount of such payment.

2. In the event, however that such Other Policy has a Reduction Provision similar to that referenced above:

a. the Insurer shall not be liable under this policy for a greater proportion of Loss than the applicable limit of liability under this policy bears to the total limit of liability of this and all such Other Policy(ies) combined; and

b. the maximum amount payable under all policies shall not exceed the limit of liability of the policy which has the highest available limit of liability.

3. Nothing in this endorsement shall be construed to increase the limit of liability of this policy which shall in all events be the maximum liability of the Insurer under this policy.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

CLAIMS EXCLUSION ENDORSEMENT

First Named Insured: Financial Services Professional Liability
Risk Purchasing Group, Inc., in care of Arthur J. Gallagher
RPG

Endorsement No.: 3

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10//01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that there is no coverage under this policy, including no obligation to defend or pay **Damages** or **Defense Costs** for any claim arising out of or related in any way to:

1. the same or similar circumstances, acts, errors, or omissions as any complaint, claim, or "suit" against an **Insured**, or an **Affiliate** of an **Insured**, or other litigation, whether or not identified in the **Application** or any attachments or supplements thereto, which occurred or was pending prior to the effective date of this policy, including, without limitation, the purchase, sale or advice regarding the same security or other investment product involved in that complaint, claim, or **Suit**;
2. any incident or fact situation which occurred prior to the effective date of this policy, which is known to an **Insured**, and which may reasonably be expected to result in a claim or **Suit** against an **Insured**;
3. the purchase, sale or advice with regard to securities known to be in financial trouble prior to the effective date of this policy; or
4. related to, or involving in any way, the "entities", "individuals", activities, claims, claimants, or "securities", if any, listed below. This includes, but is not limited to, any claims by or involving any such "entities", "individuals", activities, claims, claimants or "securities"; or arising out of the same or similar circumstances, acts, errors or omissions as said claims or claimants.

Eunice Lee
Panda and Jeffrey Nelson
Michael Sylvester
Arnold Cohen
Thomas & Joanne Wallace
Gregory Fox

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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DATA BREACH COVERAGE – RESPONSE EXPENSE

First Named Insured: Financial Services Professional Liability Risk Endorsement No.: 8
Purchasing Group, Inc., in care of Arthur J. Gallagher RPG

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10//01/16

Issuing Company: Everest National Insurance Company

"YOUR" COVERAGE APPLIES WHEN A "DATA BREACH" OCCURS ON OR AFTER THE RETROACTIVE DATE AND BEFORE THE END OF THE "POLICY PERIOD", AND THE "DATA BREACH" IS FIRST DISCOVERED DURING THE "POLICY PERIOD". COVERED "DATA BREACH EXPENSES" WITHIN THE DEDUCTIBLE AMOUNT MUST BE PAID BY "YOU" AND DO NOT REDUCE THE LIMITS OF LIABILITY. COVERED "DATA BREACH EXPENSES" ABOVE THE DEDUCTIBLE ARE PAYABLE UNDER THIS "COVERAGE PART" AND REDUCE THE LIMITS OF LIABILITY. SOME PROVISIONS IN THIS "COVERAGE PART" RESTRICT COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS AND DUTIES AND WHAT IS AND IS NOT COVERED.

Throughout this policy, "you" and "your" refer to the **Named Insured** shown in the Certificate of Insured. The words "we", "us" and "our" refer to the Insurer providing this insurance.

Other words and phrases that appear in **bold** have special meaning. Refer to Section **V. Definitions**.

SECTION I – INSURING AGREEMENT

We will pay for **Data Breach Expenses** that you incur as a result of a **Data Breach** of **Personally Identifiable Information**, subject to the limit of insurance, if the following conditions are met:

1. The **Data Breach** occurs after the **Retroactive Date** and before the end of the **Policy Period**;
2. The insured first becomes aware of the **Data Breach** during the **Policy Period**;
3. At the time you applied for this insurance you had no knowledge of the **Data Breach**.
4. The **Data Breach** is reported to us as soon as practicable, but in no event later than 30 days after it is first discovered by the insured.
5. The **Data Breach** must involve **Personally Identifiable Information** that was held by you or on your behalf in the United States, Puerto Rico and Canada.

We will have no duty to pay for any damages for which this insurance does not apply.

SECTION II – WHO IS AN INSURED

If you are designated in the Certificate of Insurance as:

1. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership of joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
3. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
4. An organization, other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors.
5. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

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SECTION III – LIMIT OF INSURANCE

1. We will pay up to \$25,000 for **Data Breach Expenses** for each **Named Insured** per **Policy Period**. However, a sublimit applies for the following **Data Breach Expenses**:
 - a. The maximum amount we will pay for "Legal and Forensic Services" relating to a **Data Breach** is \$5,000.
 - b. The maximum amount we will pay for "Good Faith Advertising Services" relating to a **Data Breach** is \$5,000.

We will not pay **Data Breach Expenses** in excess of the applicable limit of insurance for Data Breach – Response Expenses that is shown on the policy.

2. Regardless of when expenses are incurred, we will not pay **Data Breach Expenses** in excess of the Limit of Insurance that is applicable to the **Policy Period** when the **Data Breach** was first discovered. The \$25,000 limit of insurance for **Data Breach Expenses** shall be part of and not in add not in addition to the **Representative** Aggregate Limit of Liability reflected in the Certificate of Insurance.

SECTION IV – DEDUCTIBLES

We will not pay for **Data Breach Expenses** until the amount of loss exceeds the deductible shown in the declarations or applicable Certificate of Insurance. Subject to the sublimits set forth above and to the other terms and conditions of the policy, we will pay the amount of loss in excess of the deductible up to the limit of insurance shown in the declarations or applicable Certificate of Insurance.

SECTION V – DEFINITIONS

1. **Data Breach** means the loss, theft, accidental release or accidental publication of **Personally Identifiable Information**, or circumstances objectively giving rise to a substantial risk that such a loss, theft, release or publication has occurred.
2. **Data Breach Expenses** includes reasonable:
 - a. Notification expenses to notify a person whose **Personally Identifiable Information** was the subject of a breach in compliance of **Data Breach** statutes or regulations;
 - b. Crisis management expenses to perform services by any public relations firm, crisis management firm or law firm to minimize potential harm to the Insured;
 - c. Monitoring service expenses to provide victims with credit, fraud, public records or other monitoring alerts for up to one year, if determined to be warranted by us or the service provider.
 - d. "Good faith advertising services" to assist in organizing the insured's media responses.
 - e. "Legal and forensic services" to provide reimbursement for the verification of compliance with **Data Breach** notification laws. This also provides coverage for the investigation of computer hacking incidents, lost and stolen property, cyber extortion, database fraud and determinations as to whether or not data was accessed.
3. **Personally Identifiable Information** means an individual's social security number, bank account number, credit and debit card account numbers, PIN numbers or transaction history, driver's license number, medical diagnosis, patient history and medications and any other applicable private information that may be defined by state or federal law.
4. **Policy Period** means the time beginning with the effective date shown in the Declarations and ending with the earlier of:
 - a. The date of termination or cancellation; or

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- b. The expiration date shown in the declarations.
5. **Retroactive Date** means the date displayed on the Data Breach Coverage declarations page. If no date is entered on the declarations page, the **Retroactive Date** is the same as the effective date.

SECTION VI – EXCLUSIONS

This insurance does not cover:

1. **Data Breach Expenses** relating to any **Data Breach** arising out of a criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by an insured.
2. **Data Breach Expenses** incurred in connection with any criminal investigations or proceedings, or any civil investigations or proceedings initiated by a governmental agency or authority.
3. Any costs to correct a deficiency in your systems, including but not limited to, data security, data storage or physical security and procedures.
4. **Data Breach Expenses** related to a **Data Breach** arising out of any virus or other malicious code, software, spyware or malware that is, on the date the **Data Breach** occurred, named and recognized by the CERT Coordination Center or any industry acceptable third party antivirus, anti-malware, or other solution that monitors malicious code activity.
5. **Data Breach Expenses** related to a **Data Breach** arising out of any failure to apply or improper application of necessary software patches.
6. Any fines, penalties, or surcharges.
7. Costs or losses incurred by a person whose **Personally Identifiable Information** was the subject of a **Data Breach** except as provided under **Data Breach Expenses**.
8. **Data Breach Expenses** relating to any **Data Breach** that was known to an insured prior to the policy.
9. **Data Breach Expenses** arising from a failure to comply with any state, federal or self-regulatory requirement around minimum data security standards.
10. **Data Breach Expenses** arising from data that is stored or processed outside of the United States, its territories and possessions and whose security is compromised in that foreign jurisdiction.

SECTION VII – CONDITIONS

1. The first named insured must pay all premiums when due. We will pay any return premium to the first named insured.
2. Our obligation to pay **Data Breach Expenses** will only be in excess of the applicable deductible as stated in the declarations or applicable Certificate of Insurance.
3. **Data Breach Expenses** will only be paid if provided by our designated third party provider(s) or by a third party provider that is approved by us prior to the start of any services. You will have a direct relationship with the provider and all services providers work for you.

We are not liable for any act or omission by any third party provider of services.

SECTION VIII – DUTIES IN THE EVENT OF LOSS

1. You must report the **Data Breach** to us on or within 30 days of your discovery of the **Data Breach** and, you must:
 - a. Immediately record the specifics of the **Data Breach**, and the date discovered;
 - b. Cooperate with us in the investigation of the **Data Breach**;
 - c. Assist us, upon our request in the enforcement of any right against any person or organization which may have accessed, lost, stolen or disclosed the information or data giving rise to a **Data Breach**; and

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- d. You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
2. You have up to one year from the date of reporting a **Data Breach** to initiate the services provided to you.
3. As soon as possible, give us, and/or our agent, a description of how, when and where the **Data Breach** occurred, including but not limited to all of the following information as it becomes known to you:
 - a. The method of **Data Breach**;
 - b. The approximate date and time of the **Data Breach**;
 - c. The approximate number of files compromised as a result of the **Data Breach**;
 - d. A detailed description of the type and nature of the information that was compromised;
 - e. Whether or not the information was encrypted, and, if so, the level of encryption;
 - f. Whether or not law enforcement has been notified;
 - g. If available, the states in which a person whose **Personally Identifiable Information** was the subject of a **Data Breach** are domiciled;
 - h. If available, who received the information contained in the **Data Breach**; and
 - i. Any other access, information or documentation we reasonably require to investigate or adjust the loss.
4. Take all reasonable steps to protect **Personally Identifiable Information** remaining in your care, custody or control.
5. Preserve, and permit us to inspect, all evidence of the **Data Breach**.
6. If requested, permit us to question you under oath, orally or in writing, at such times as may be reasonably required about any matter relating to this insurance or the loss, including copies of your books and records. In answering questions in writing, your answers must be signed.

NOTICE: THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK INSURANCE LAW AND REGULATIONS. HOWEVER, THE FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

LIMITATION OF COVERAGE ENDORSEMENT

First Named Insured: Financial Services Professional Liability
Risk Purchasing Group, Inc., in care of Arthur J. Gallagher
RPG

Endorsement No.: 1

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10//01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay **Defense Costs** or **Damages** for any **Insured** with respect to any liability or claim arising out of or related in any way to any of the following products, services, activities or entities:

- a. The sale or servicing of callable, step-up or step down certificates of deposit (CDs);
- b. collateralized debt obligations (CDOs);
- c. viatical investments, including without limitation, viatical contracts, viatical settlements and life settlement products;
- d. any "security" or other investment relating to a promissory note program, including, without limitation, promissory notes backed by automobile or other receivables (a promissory note is an instrument whereby the maker agrees to pay to the payee a specified sum of money either on demand or at a fixed or determinate future date);
- e. unregistered "securities" (other than federal, state or municipal securities exempt from registration);
- f. private equity investments, including, without limitation, venture capital and leveraged buyout funds;
- g. proprietary products;
- h. day trading;
- i. tax liens, tax deeds and government secured tax certificates or similar products;
- j. sale, servicing or advice with respect to structured settlements; investments in ATM or pay telephones, (including, without limitation, ETS pay phones);
- k. prepaid variable forward contracts;
- l. claims arising out of any "trading error" (the failure to buy, sell or otherwise deal with "securities" as requested or intended); or
- m. claims arising out of abusive tax shelters or other tax avoidance schemes which have been disallowed by the IRS, including, without limitation, springing cash value life insurance policies.
- o. acting as a "registered investment adviser" or "associated person".

- q. claims arising from or in any way related to actual or alleged commingling of, inability to or failure to pay, collect or safeguard funds by any **Insured** will be excluded.

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- r. Any subsidiary, parent or "affiliate" of an **Insured** which is not specifically named or referred to as an **Insured** on this policy, as well as any claims made by any of them or in any way related to any of their products or services; no **Insured** will be covered while acting as, or with respect to any liability he/she may have as a result of any capacity he/she may have with respect to any of the above, including, without limitation, owner, officer, director, shareholder, member, partner, employee, or independent contractor.

This policy will be void from inception, and of no force or effect with regard to any terms or conditions that violate any laws or regulations of the United States concerning economic or trade embargos.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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“MARKET TIMING” / “LATE TRADING” / “SOFT DOLLAR” / “FEES” / BREAKPOINT DISCOUNTS EXCLUSION ENDORSEMENT

First Named Insured: Financial Services Professional Liability Risk Endorsement No.: 4
Purchasing Group, Inc., in care of Arthur J. Gallagher RPG

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10//01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that there is no coverage under this policy, including no obligation to defend or pay **Defense Costs** or indemnify any **Insured**, with respect to any claim or liability arising out of or related in any way to actual or alleged "market timing", "late trading", "soft dollar activities" or "fees", the failure to provide a discount on volume purchases of mutual funds (i.e., breakpoint discounts), or providing fictitious or collusive bids or the failure to disclose any compensation as required by law, regulation or agreement with any regulatory body or court, or any other activity which is in violation of federal or state statutes or regulations or any mutual fund or life insurance company's policies or procedures or in contravention of or in violation of the terms of any prospectus or other representation made to investors.

This exclusion applies regardless of the form, style or denomination of any such claim of "market timing", "late trading", "soft dollar activities" or "fees", and regardless of whether such claim is criminal, administrative or civil, including, without limitation, claims alleging breach of contract, failure to supervise, negligent supervision or negligence of any kind, controlling person liability, breach of fiduciary duty, personal profiting, criminal activity, market manipulation, violation of any law related to mutual funds or variable life insurance or variable annuities, misrepresentation, estoppel, repudiation of any commitment, the failure to monitor, detect, identify or remediate "market timing", "short-term trading" or "late trading" or any other theory of liability.

"Market timing" means the making of short term purchases or sales of mutual fund shares or the separate accounts or sub accounts of a life insurance company contrary to or in violation of the mutual fund's or life insurance company's prospectus or other representation to investors, or any policy, limitation, agreement or procedure of the mutual fund or life insurance company, or contrary to or in violation of any state or federal statute or regulation; and any conduct associated with any of the above, including, without limitation:

1. the waiver of redemption fees associated with "short-term trading";
2. the failure to abide by written representations regarding the permissibility of "short-term trading" or the mutual fund's or life insurance company's efforts to monitor or prevent "short-term trading";
3. the receipt of fees or any other form of compensation from certain investors in exchange for providing such investors with "short-term trading" privileges not available to other investors.

"Short-term trading" means the purchase or sale of shares of a mutual fund or the separate accounts or sub accounts of a life insurance company in a time period less than that provided in the mutual fund's or life insurance company's prospectus or other agreement or in violation of the policies, limitation, agreements or procedures of the mutual fund or life insurance company, or as required by federal or state law or regulation, including, without limitation, any "in-and-out" trading of mutual fund shares or the separate accounts or sub accounts of a life insurance company or any other trade of mutual fund shares or the separate accounts or sub accounts of a life insurance company designed to take advantage of the inefficiencies in the methods used by the mutual fund or life insurance company to price its shares or sub accounts.

"Late trading" means:

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1. any transaction involving mutual fund shares or the separate account or sub accounts of a life insurance company (including, without limitation, the placement or confirmation or cancellation of trades or orders for, or the purchase or redemption of mutual fund shares by the mutual fund or an intermediary) made after the mutual fund's or separate account's or sub account's net asset value (as defined in Rule 2a-4 of the Investment Company Act of 1940, as amended, in the case of the mutual fund) for a particular date has been made, or should have been made, but which transaction is made at a price based upon said mutual fund's or account's net asset value for that date; or
2. any transaction defined as late trading by any federal or state statute or regulation, or any prospectus, policy, limitation, agreement or procedure of the mutual fund or life insurance company.

"Soft dollar activities", as used in this endorsement, means paying or providing or receiving or accepting fees, commissions, bonuses, gratuities, services or any other form of compensation or benefit in exchange for preferential treatment by or recommendation of or purchase of a particular "security" (including, without limitation, a mutual fund or particular class of mutual fund shares or a particular separate account or sub account of a life insurance company), including, without limitation:

1. the payment of higher commissions for directing "securities" trades to a "broker"-dealer in return for investment research, advice, subscriptions, professional development programs, computer hardware or software; or
2. "payment for shelf space" defined to be the payment of monetary or other forms of compensation or other benefits to "broker"-dealers, "registered representatives", "registered investment advisers", "associated persons" or other solicitors in return for steering their clients to the purchase of particular "securities";
3. "directed commissions" (sometimes referred to as "directed brokerage") defined to be when a mutual fund or life insurance company or "registered investment adviser" chooses a "broker"-dealer to execute its "securities" trades in consideration of the sales volume by the "broker"-dealer or its associated "registered investment advisers", "registered representatives" or "associated persons" of the mutual fund's shares or the life insurance company's variable products or other "securities".

"Fees" means fees or any other form of compensation, whether direct or indirect, charged by, or charged to, mutual funds for investment advisory, management, administrative, distribution or other services, including, without limitation, brokerage fees, commissions, sales loads and 12(b)-1 fees.

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PREMIUM FINANCE SUBLIMIT OF LIABILITY

First Named Insured: Financial Services Professional Liability Endorsement No.: 13
Risk Purchasing Group, Inc., in care of Arthur J. Gallagher RPG

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10//01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium charged and solely with respect to any claim alleging, arising out of, based upon or attributable to premium financing in connection with the purchase or sale of an insurance product, it is hereby understood and agreed that ITEM 3. Limit of Liability of the Certificate of Insurance is amended to include the following;

\$500,000 Each "Wrongful Act", and
\$1,000,000 ""Named Insured" Aggregate, (herein Premium Finance Sublimit)

The Premium Finance Sublimit shall be part of and not in addition to the Limit of Liability purchased under Coverage A or Coverage B reflected in the Certificate of Insurance.

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TROUBLED SECURITIES ENDORSEMENT

First Named Insured: Financial Services Professional Liability Risk
Purchasing Group, Inc., in care of Arthur J. Gallagher RPG

Endorsement No.: 5

Policy No.: FL5EO00005-161

Effective date of Endorsement: 10/01/16

Issuing Company: Everest National Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that there is no coverage under this policy, including no obligation to defend or pay **Defense Costs** or indemnify any **Insured** with respect to any claim arising out of or in any way related to "financial services" provided in connection with any "security" or other investment issued by or with respect to any "entity" (including, without limitation, a limited partnership, master limited partnership real estate investment trust, or any organization affiliated in any way with any such "entity" which has, as of the effective date of this policy, actually or allegedly:

1. admitted in writing its inability to pay its debts, or ceased or significantly reduced the amount of its distributions;
2. made a general assignment for the benefit of creditors;
3. been the subject of any proceeding seeking to adjudicate it a bankrupt or insolvent or seeking reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its property;
4. engaged in any business reorganization (including, without limitation, any transfer of all or substantially all of its assets, a "roll up", roll over" or incorporation);
5. taken any corporate action to authorize any of the actions set forth above;
6. been the subject of a class action lawsuit involving its "securities";

Claims referred to above shall include, without limitation, any claim alleging the violation of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, or any similar federal or state law, or any common law relating thereto, as well as claims relating to any entities listed below.

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