

Atlantic Specialty Insurance Company
150 Royall Street
Canton, MA 02021
(hereinafter referred to as the "Insurer")



Policy Number: FIN-000578-0002

DECLARATIONS

FINANCIAL SERVICES PROFESSIONAL LIABILITY POLICY

NOTICE:

THIS POLICY CONTAINS CLAIMS-MADE AND REPORTED COVERAGES THAT APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD (IF APPLICABLE).

DEFENSE COSTS ARE PART OF AND NOT IN ADDITION TO THE LIMITS OF LIABILITY. DEFENSE COSTS WILL ERODE AND MAY EXHAUST THE APPLICABLE LIMITS OF LIABILITY. DEFENSE COSTS AND DAMAGES WILL BE APPLIED AGAINST THE RETENTION. THE INSURER HAS NO OBLIGATION TO PAY JUDGMENTS, SETTLEMENTS OR DEFENSE COSTS ONCE THE APPLICABLE LIMIT OF LIABILITY IS EXHAUSTED BY DEFENSE COSTS OR DAMAGES.

PLEASE READ THE ENTIRE POLICY CAREFULLY WITH YOUR INSURANCE AGENT OR BROKER TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

<p>ITEM 1. FIRST NAMED INSURED AND ADDRESS Name and Principal Address: Financial Service Professional Liability Risk Purchasing Group, Inc., in care of Arthur J. Gallagher 250 Park Avenue New York, NY 10177</p>	<p>ITEM 2. POLICY PERIOD: (a) Inception Date: October 1, 2022 (b) Expiration Date: October 1, 2023 Both dates at 12:01 a.m. at the Principal Address in ITEM 1.</p>
<p>ITEM 3. LIMITS OF LIABILITY AND RETENTION</p> <p>Policy Aggregate Limit: \$15,000,000</p> <p>Options Available for Named Insured Limits and Retention:</p> <ol style="list-style-type: none">\$1,000,000 Named Insured Each Wrongful Act Limit \$2,000,000 Named Insured Aggregate Limit \$1,000 Retention Each Claim\$2,000,000 Named Insured Each Wrongful Act Limit \$2,000,000 Named Insured Aggregate Limit \$2,500 Retention Each Claim\$3,000,000 Named Insured Each Wrongful Act Limit	

\$3,000,000 Named Insured Aggregate Limit
\$2,500 Retention Each Claim

The option selected and purchased by each **Named Insured** shall be shown in the Certificate of Insurance issued to such **Named Insured** by the **First Named Insured** or an authorized representative of the Insurer.

ITEM 4. ALL NOTICES TO THE INSURER OF CLAIMS AND CIRCUMSTANCES MUST BE ADDRESSED TO:

Chief Claims Officer
Intact Insurance Financial
Institutions
One State Street Plaza, 31st Floor
New York, NY 10004

-or-

claims@intactinsurance.com

ALL OTHER NOTICES MUST BE ADDRESSED TO:

Intact Insurance Financial
Institutions
One State Street Plaza, 31st Floor
New York, NY 10004

ITEM 5.

ITEM 6. POLICY FORM AND ENDORSEMENTS ATTACHED AT ISSUANCE:

FI NAILBA FSPL 100 10 21	Declarations
FI NAILBA FSPL 101 10 21	Financial Services Professional Liability Policy
1	Administrator
2	Data Breach Coverage – Response Expense
3	Premium Finance Sublimit
4	Disciplinary Proceedings

These Declarations, the completed and signed application, and the policy (including all endorsements thereto) shall constitute the entire agreement between the Insurer and the Insureds.

Atlantic Specialty Insurance Company

By:



Date: August 29, 2022

Its Authorized Representative

FINANCIAL SERVICES PROFESSIONAL LIABILITY POLICY

In consideration of the payment of the premium, and in reliance on all statements made in the **Application**, and subject to all of the terms, definitions, conditions, exclusions and limitations of this policy, including the Declarations and all endorsements hereto ("this Policy"), the Insurer (shown on the Declarations) and the **Insureds** agree as follows:

Subject to the terms, definitions, conditions, exclusions and limitations of this Policy, only a natural person identified as a Certificate Holder in a Certificate of Liability Insurance ("Certificate") issued by the **First Named Insured** shall qualify as a **Named Insured** under this Policy. Under no circumstances shall any entity identified as a Certificate Holder in a Certificate qualify as a **Named Insured** under this Policy.

The type of **Financial Services** Coverage, Limits of Liability, Retention and **Policy Period** applicable to each **Insured** shall be that set forth in the Certificate of Insurance issued to the respective **Named Insured** by the **First Named Insured**.

I. INSURING AGREEMENT

The Insurer will pay, on behalf of the **Insured**, **Damages** and **Defense Costs** in excess of the applicable Retention and subject to the applicable Limit of Liability shown in the **Insured's** Certificate of Insurance, that the **Insured** becomes legally obligated to pay for a **Wrongful Act**, but only if the **Wrongful Act**, or the first in the series of continuous, repeated or **Interrelated Wrongful Acts**:

- A. arises solely out of or solely in connection with **Financial Services** for a **Client** of a **Named Insured**;
- B. occurs during the **Coverage Period** for both the **Insured** and the individual, if any, for whose acts the **Named Insured** is legally responsible; and
- C. 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 or it other insurance which applies to said **Written Claim** or which would apply in the absence of this Policy.

The **Insured's Retroactive Date** is referenced in the definition of **Coverage Period** and set forth in Paragraph E. Retroactive Date of SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE.

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** met all eligibility requirements for enrollment into this Policy set forth in the **Application**.

II. DEFENSE, ARBITRATION, SETTLEMENT & OTHER PAYMENTS

A. Defense of Claims

The Insurer has the right and duty to defend, as part of and subject to the applicable Limits of Liability, 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.

B. Arbitration

If an arbitration proceeding is brought with respect to a **Suit** or the **Suit** is an arbitration proceeding, 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 Limits of Liability, the Insurer will pay all **Defense Costs** which are in excess of the applicable Retention.

C. Settlement

1. 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 A. Limits of Liability of SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE. The Limits of Liability in that SECTION 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**.
2. 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**.

D. Other Payments

1. 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:
 - a. 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 therein (including any award of pre-judgment and post-judgment interest) which does not exceed the applicable Limit of Liability hereunder;
 - b. 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;
 - c. 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
 - d. 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**.
2. 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**.

III. DEFINITIONS

- A. **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.
- B. **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. **Application** includes representations made through any website, link or portal during the process of enrollment for this coverage and shall include any electronic signature.
- C. **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.
- D. **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**.

- E. 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); or (ii) any group of three or more complainants, plaintiffs or potentially aggrieved parties.
- F. 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 or which buys with the intent of selling to others, 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.
- G. Contracted Financial Institution** means a bank, credit union or savings and loan that has or had a written contract or agreement with the **Named Insured** to provide **Financial Services** to clients of such bank, credit union or savings and loan.
- H. 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 set forth in this Policy's definition of **Retroactive Date**, and ending with the expiration of that **Insured's Policy Period**. The **Coverage Period** for the **Named Insured** applies with respect to an individual for whose acts such **Named Insured** is legally responsible. The **Coverage Period** for the **Named Insured** applies with respect to a **Contracted Financial Institution**.
- I. Damages** means a monetary judgment, award or settlement. **Damages** includes 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 does not include:

1. civil or criminal fines, sanctions or penalties imposed on any **Insured**, whether imposed pursuant to statute or otherwise;
 2. punitive or exemplary damages, including double or treble damages or any damages in excess of actual damages, except with respect to punitive or exemplary damages where insurable by law and in an amount no greater than the amount of compensatory damages awarded in connection with the **Written Claim**;
 3. judgments or awards arising from acts or omissions deemed uninsurable by the law under which this Policy shall be construed; or
 4. 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.
- J. 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**.
- K. 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. **Defense Costs** 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, the other payments set forth in Paragraph D. Other Payments of SECTION II – DEFENSE, ARBITRATION, SETTLEMENT & OTHER PAYMENTS.
- Defense Costs** does 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** does 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.
- L. Employee Benefit Plan Administration** means the following:
1. the consultation with participants in an employee benefit plan in order to explain the provisions of such plan; and

2. the handling of day-to-day ministerial functions required by such plan, including but not limited to the enrollment of participants, record keeping and the filing of reports with government agencies.

Employee Benefit Plan Administration does not include third party claims administration or the selection, recommendation or oversight of any third party claims administrator.

- M. Entity Insured** means an **Insured** which is not a natural person and which is either owned or controlled by a **Financial Services Professional** or in which a **Financial Services Professional** is an employee.
- N. Executive Officer** means a person holding an officer position of an **Entity Insured**, provided that such position was created by the charter, constitution, bylaws or any other similar governing document of such **Entity Insured**.
- O. Financial Planner** means an individual who is in the business of providing **Financial Planning Services** to others.
- P. 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. **Financial Planning Services** includes preparing a comprehensive or modular financial plan, which could include: preparing personal financial statements; and providing advice relating to personal risk management, insurance, savings, investments, estate planning, retirement planning and taxes.
- Q. Financial Services** means the provision of the following services provided by the **Named Insured**, but only if such coverage is shown as elected and purchased on the Certificate issued to the **Named Insured** by the **First Named Insured**:
1. **Coverage A** – acting as a **Life Insurance Agent**, but solely with respect to:
 - a. the sale of fixed life, accident, health, disability and long term care insurance products and fixed annuity products; and
 - b. **Employee Benefit Plan Administration** (other than when in connection with self-insured plans), but solely with respect to life, accident and health insurance products.

Coverage A includes coverage for acts as a **Financial Planner**, but only for **Financial Planning Services** incidental to the services set forth above in Coverage A.
 2. **Coverage B** – acting as a **Life Insurance Agent** and/or **Registered Representative**, but solely with respect to:
 - a. the sale of fixed and variable life, accident, health and disability insurance products, long term care insurance products, fixed and variable annuities and mutual funds;
 - b. providing brokerage services for individual retirement accounts, Keogh retirement plans and employee benefit plans (other than multiple employer or multiemployer welfare arrangements); and
 - c. **Employee Benefit Plan Administration** (other than when in connection with self-insured plans) but solely with respect to life, accident and health insurance products.

Coverage B includes coverage for acts as a **Financial Planner**, but only for **Financial Planning Services** incidental to the services set forth above in Coverage B.
- R. Financial Services Professional** means an individual who is a **Financial Planner**, **Life Insurance Agent**, and/or **Registered Representative**.
- S. First Named Insured** means the individual or entity shown in Item 1 of the Declarations.
- T. Fund 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.

U. Insured means:

1. Each **Named Insured** solely in their capacity as such.
2. 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**. This Policy does not afford coverage for any actual or alleged **Wrongful Acts** of the **Entity Insured**. Coverage for the **Entity Insured** applies solely to **Written Claims** arising out of **Wrongful Acts** of the **Named Insured**.
3. The spouse of the **Named Insured**, but solely with respect to his or her vicarious liability, arising out of his or 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 or her spouse or property transferred from an **Insured** to his or her spouse. This Policy does not afford coverage for any actual or alleged **Wrongful Acts** of said spouse.
4. The executor, administrator, guardian or other legal representative of an **Insured** who dies, becomes incompetent, or bankrupt, but only while acting in his or her capacity as such and solely with respect to **Wrongful Acts** of and for which said deceased, incompetent, or bankrupt **Insured** would otherwise be covered under this Policy.
5. 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 or her duties as an employee of the **Entity Insured** in connection with covered **Financial Services** provided by a **Named Insured**.
6. 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 or her vicarious liability as a result of such status and arising out of covered **Financial Services** provided by a **Named Insured**.
7. Any **Contracted Financial Institution**, but only:
 - a. with respect to a **Written Claim** made against such **Contracted Financial Institution** for the **Wrongful Act(s)** of a **Named Insured**;
 - b. to the extent that a **Named Insured** is obligated to indemnify the **Contracted Financial Institution** for such **Wrongful Acts** pursuant to a written contract or agreement with such **Contracted Financial Institution** as respects the provision of **Financial Services** by a **Named Insured**; and
 - c. if such **Written Claim** does not include any allegation of a **Wrongful Act** or other wrongdoing of the **Contracted Financial Institution**.

No **Contracted Financial Institution** qualifies as an **Insured** with respect to any independent **Wrongful Act** of the **Contracted Financial Institution**.

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

W. Late Trading means:

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.

- X. 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. **Life Insurance Agent** does not include anyone while acting as a general agent or in any similar capacity for a life insurance company if he or she has or supervises any sub agents.
- Y. 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.
- Z. Named Insured** means a **Financial Services Professional** specifically identified by name or by reference as Certificate Holder in the Certificate issued by the **First Named Insured** or any other authorized representative of the Insurer.
- AA. Personal Injury** means injury or damage sustained by any person or organization caused by or arising out of:
1. false arrest, detention or imprisonment, or malicious prosecution;
 2. libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy;
 3. wrongful entry or eviction, or other invasion of the right of private occupancy.
- BB. Policy Period** means the period of time between the Inception Date shown in Item 2(a) of the Declarations and the date this Policy expires or is canceled, whichever occurs first. However, in the case of a particular **Insured**, **Policy Period** means the period of time between the Policy Effective date reflected on the Certificate 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.
- CC. Registered Investment Adviser** means an investment advisor registered with:
1. the Securities and Exchange Commission;
 2. a state securities agency in the U.S.A.; or
 3. a securities agency of the District of Columbia.
- DD. 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.
- EE. 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.

- FF. Retroactive Date** means the date stated in Paragraph E. Retroactive Date of SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE.
- GG. 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.
- HH. 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.
- II. Soft Dollar Activities** 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 particular **Securities** (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. payment of higher commissions for directing **Securities** trades to a **Broker** or **Dealer** in return for investment research, advice, subscriptions, professional development programs, computer hardware or software; or
 2. payment for shelf space, which includes, without limitation, the payment of monetary or other forms of compensation or other benefits to **Brokers** or **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 or directed brokerage, which includes, without limitation, when a mutual fund, life insurance company or **Registered Investment Adviser** chooses a **Broker** or **Dealer** to execute its **Securities** trades in consideration of the sales volume by the **Broker** or **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**.
- JJ. 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.
- KK. 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 was, are or become owned by the **Insured** directly or indirectly.
- LL. Suit** means a civil legal proceeding, including arbitration, brought against the **Insured** seeking monetary **Damages**.
- Suit** does not include:
1. criminal legal proceedings;
 2. legal proceedings, or that part of legal proceeding, seeking equitable relief (including, without limitation, injunctions or specific performance); or
 3. 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.
- MM. Termination of Coverage** means:
1. Cancellation or nonrenewal of this Policy;

2. Renewal or replacement of this Policy with insurance that does not apply to **Wrongful Acts** on a claims-made basis;
3. A decrease in the Policy Aggregate Limit of Liability;
4. 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
5. An increase in the Retention.

NN. Trading Error means the failure to buy, sell or otherwise deal with **Securities** as requested or intended.

OO. Written Claim means a written notice or demand, including a **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**.

PP. 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 the **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 an individual for whose acts such **Named Insured** is legally responsible, prior to such **Insured's** or individual'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**.

IV. EXTENDED REPORTING PERIOD

A. 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 does not increase or reinstate the Limits of Liability in the Declarations for the **Policy Period**. The Limits of Liability in the Declarations are our maximum liability for the **Policy Period** and the Automatic 60 Day Extended Reporting Period combined.

B. 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 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 the Insurer has provided insurance coverage to the **Named Insured** for less than 1 year or the Insurer has 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 the Insurer in writing and pay the additional premium to the Insurer within the later of: (i) 60 days after the effective date of the **Termination of Coverage**; or (ii) 30 days after the Insurer gives 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)**, other than a **Named Insured**, shall have the right to purchase as respects only himself or 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; (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** the Insurer receives from such **Insured** a written request for such Optional Extended Reporting Period coverage. The Insurer 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.

- C. Any natural person **Insured**, other than a **Named 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 and so long as there is no **Termination of Coverage** by the **Named Insured** prior to the annual expiration date of the **Policy Period**.

V. LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE

A. Limits of Liability

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

1. Policy Aggregate Limit.

The Policy Aggregate Limit of Liability shown in Item 3. of the 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.

2. Named Insured Aggregate Limit.

Subject to the Policy Aggregate Limit, the most the Insurer will pay for all **Damages** and **Defense Costs** combined arising out of or as a result of all **Wrongful Acts** committed by a **Named Insured** or any of its **Insureds**, is the applicable Named Insured Aggregate Limit of Liability option elected and purchased by each **Named Insured** as

shown in their respective Certificate issued by the **First Named Insured**. All **Insureds** of the respective **Named Insured** are subject to such Named Insured Aggregate Limit.

3. Named Insured Each Wrongful Act Limit.

Subject to the above provisions with respect to the Policy Aggregate Limit and Named Insured Aggregate Limit, the most the Insurer will pay for or on behalf of all **Insureds** under this Policy for all **Damages** and **Defense Costs** combined arising out of or as a result of a **Wrongful Act** or a series of continuous, repeated or **Interrelated Wrongful Acts** committed by a **Named Insured** or any of its **Insureds**, is the applicable Named Insured Each Wrongful Act Limit of Liability option elected and purchased by each **Named Insured** as shown in their respective Certificate issued by the **First Named Insured**. All **Insureds** of the respective **Named Insured** are subject to such Named Insured Each Wrongful act Limit.

4. New York Representatives

Notwithstanding Section V.A.2 and V.A.3 above, the Insurer shall not, in any instance, pay more than the Policy Aggregate listed in Item 3. of the 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 3. of the Declarations is fully exhausted by payments made under this Policy, an additional separate Named Insured Each Wrongful Act Limit and Named Insured Aggregate Limit shall be provided to each New York Representative in the amount of:

\$100,000 "Named Insured Each Wrongful Act Limit"

\$100,000 "Named Insured Aggregate Limit" less the total value of all **Written Claims** paid on behalf of such New York Representative; provided that:

- a. the maximum aggregate Limit of Liability for any one New York Representative as provided in this Section V.A.4. shall be \$100,000.
- b. these additional Limits of Liability do not apply, and shall not be provided, to any New York Representative in connection with any **Class Action Claim**.

5. All Written Claims for Damages and related Defense Costs arising out of:

- a. a **Wrongful Act** or a series of continuous or repeated **Wrongful Acts**; or
- b. **Interrelated Wrongful Acts**;

will be considered to have arisen out of a single **Wrongful Act** for these purposes, and will be subject to the applicable single Named Insured 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 Named Insured Each Wrongful Act Limit:

- 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**.

6. Reduction and Anti-Stacking

- a. If any **Written Claim** covered by this Policy is also covered by one or more other policies issued by the Insurer or an affiliate of the Insurer ("Other Policies"), then any payments under the Other Policies shall reduce the Limit of Liability available under this Policy by the amount of such payment.
- b. If such Other Policy has a Reduction and Anti-Stacking Provision similar to this one:
 - i. 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 this Policy and all such Other Policies combined; and

- ii. the maximum amount payable under this Policy and all Other Policies combined shall not exceed the applicable Limit of Liability of the policy which has the highest applicable Limit of Liability.

B. Damages And Defense Costs Included In Limit 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 Named Insured Each Wrongful Act Limit of Liability shall be excess over the applicable Retention.

C. Retention

The **Named Insured** shall pay all **Damages** and **Defense Costs** incurred with respect to each **Wrongful Act** of its **Insureds** 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.

D. 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** and **Defense Costs**. The **Insureds** and the Insurer shall exert their best efforts to agree upon a fair and proper allocation between such insured and uninsured **Damages** and **Defense Costs** based upon the relative legal exposures of the parties to such matters.

E. Retroactive Date

The **Retroactive Date** of a **Named Insured** shall be the earliest date that he or she has been continuously insured, up to his or 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 or she became authorized, pursuant to license or required registration, to provide that type of **Financial 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 or her acts as a **Life Insurance Agent** continuously since September 1, 1991, but only since June 1, 1996 for his or 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 or her **Policy Period** Inception Date, only if he or 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**.

The **Retroactive Date** of any **Insured**, who is not a **Named Insured**, shall be the date applicable to the **Named Insured**. The **Retroactive Date** applicable to **Wrongful Acts** of an individual for whose acts such **Named Insured** is legally responsible shall be the date applicable to such **Named Insured**.

VI. EXCLUSIONS

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

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

The Insurer will not cover claims:

1. arising out of any act:
 - a. committed by or at the direction of any **Insured**, ratified by any **Insured**, or which the **Insured** knew was being committed but failed to take any action to stop; and
 - b. which 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 Financial Industry Regulatory Authority, Inc. or any state insurance department or other regulatory authority, including, without limitation, laws, orders, rules and regulations prohibiting churning or twisting;
2. arising out of any **Insured's** actual 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
3. arising out of the actual 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:

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

B. Contractual Liability/Promises/Guarantees

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

1. liability of others assumed by an **Insured** under any contract or agreement, except that this paragraph B.1. shall not apply to the extent that the liability would attach to an **Insured** in the absence of such contract or agreement; or
2. 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

C. Other Named Professions Liability

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 a: **Registered Investment Adviser**, 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 or 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.

D. But this exclusion does not apply to **Financial Planning Services. Employee Benefits & ERISA**

The Insurer will not cover claims arising out of: (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); (3) 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); or (4) acting as a fiduciary, with respect to any employee benefit plan, under the Employee Retirement Income Security Act of 1974, or any amendments thereto, or any similar federal or state statutory law or any regulation or order issued pursuant thereto, provided however, this exclusion shall not apply in the event the **Insured** is deemed to be a "fiduciary advisor" under the Pension Protection Act of 2006 (and any amendments thereto).

E. Discretionary Accounts / Investment Discretion

The Insurer will not cover claims arising out of an **Insured** actually or allegedly exercising discretionary authority or control with regard to management or disposition of assets. This exclusion shall not apply to any **Registered Representative's** purchase or sale of mutual funds that are registered under the Investment Company Act of 1940 (as amended) or variable annuities, provided there is no initial or contingent sales charge or commission in such mutual funds or annuities.

F. Other Businesses, Organizations Or Funds

The Insurer will not cover claims:

1. made against an **Insured** arising out of any 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 **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;
2. which are made by or in the right of any business or entity which is or was actually or allegedly 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; or
3. arising out of any 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.

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

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

1. forming, syndicating, operating, administering or managing 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**; or
2. 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**.

H. Insolvency Or Bankruptcy

The Insurer will not cover claims arising out of any 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.

This exclusion shall not apply to claims arising out of 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.

I. Investment And Financial Product Approval - Selling Away

The Insurer will not cover any claim arising out of any actual or alleged 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**.

J. Non-Clients

The Insurer will not cover claims made or brought by any individual or entity 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 that 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**.

K. Specific Products

The Insurer will not cover claims arising out of any actual or alleged purchase, sale, servicing or recommendation:

1. of any insurance product or **Securities** not specifically referenced within the definition of **Financial Services**;
2. or **Employee Benefit Plan Administration** of any multiple employer or multiemployer welfare arrangements, 412(i) plans or self-insured plan;
3. of any insurance or annuity product not issued by an insurance company;
4. of any pension income stream product, including any life insurance sold in connection therewith; or
5. of any alternative investment, including but not limited to limited partnerships, non-exchange traded products, private placements or other private offerings, hedge funds, private equity funds, or business development companies.

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

The Insurer will not cover claims:

1. arising out of 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**;
2. arising out of any **Written Claim** that has previously been presented to the Insurer, or to any other insurer, prior to the inception of this Policy;
3. arising out of any actual or alleged **Wrongful Act**, series of continuous, repeated or **Interrelated Wrongful Acts**, circumstance, incident or fact situation which: (i) occurred prior to the Effective Date of this **Policy Period**; (ii) was known to an **Insured**; and (iii) would reasonably be expected to result in a claim or **Suit** against an **Insured**.
4. arising out of any actual or alleged purchase, sale or advice with regard to **Securities** known to be in financial trouble prior to the effective date of this Policy or any policy of which this Policy is a renewal;
5. arising out of any 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**;
6. arising out of any: (i) of the same or similar circumstances, acts, errors, or omissions as alleged or discovered in any complaint, claim, **Suit** or other litigation against an **Insured** or any **Affiliate** of an **Insured** that occurred or was pending prior to the effective date of this **Policy Period**, whether or not identified in the **Application** or any attachments or supplements thereto; and (ii) purchase, sale or advice regarding the same **Securities** or other investment product involved in that complaint, claim, **Suit** or other litigation;

M. Claims Between Insureds / Related Individuals

The Insurer will not cover claims made by or on behalf of:

1. one **Insured** under this Policy against another **Insured** under this Policy, including, without limitation, any claim by an **Insured** against:
 - a. a partner, officer, director, member, employee or independent contractor of such **Insured**; or
 - b. an entity or enterprise: (i) which one or more **Insureds** do or did wholly or partly own, operate, control, or manage, directly or indirectly; (ii) 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 (iii) which wholly or partly does or did own, operate, control, or manage, directly or indirectly, an **Insured**; or
2. a present, former or prospective employer, proprietor, partner, officer, principal, director, member, owner, shareholder, employee, independent contractor or **Related Individual** of an **Insured**; or
3. any **Subsidiary**, parent or **Affiliate** of an **Insured**.

N. Subsidiary, Parent or Affiliates and Products

The Insurer will not cover claims arising out of:

1. any **Subsidiary**, parent or **Affiliate** of an **Insured**, unless such subsidiary, parent or **Affiliate** is specifically named as an **Insured** on this Policy;
2. products or services of any such unnamed **Subsidiary**, parent or **Affiliate** of an **Insured**;
3. any **Insured** (i) while acting in any capacity he or she may have with respect to any such unnamed **Subsidiary**, parent or **Affiliate** of an **Insured**, including, without limitation, as an owner, officer, director, shareholder, member, partner, employee, or

independent contractor; or (ii) with respect to any liability he or she may have with respect to any capacity referenced in (i) above.

O. Underwriting, Syndicating Or Investment Banking

The Insurer will not cover claims arising out of 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.

P. Nuclear Reaction / Pollution

The Insurer will not cover any claims arising out of any actual or alleged nuclear reaction, radiation or radioactive contamination. The Insurer will not cover claims arising out of, any actual or alleged 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.

Q. Trust Or Estates / Trustees Services

The Insurer will not cover claims arising out of:

1. any actual or alleged loss sustained by an **Insured** as a beneficiary or distributor of any trust or estate;
2. an **Insured's** actual or alleged services or capacity as a trustee, including, without limitation, the **Insured's** services or capacity as:
 - a. a trustee for any individual, business or charitable undertaking or enterprise;
 - b. a trustee of a testamentary or inter-vivos trust;
 - c. a member of a protective committee of security holders in connection with any bankruptcy, reorganization or similar proceeding;
 - d. a trustee of the debtor in any bankruptcy, reorganization or similar proceeding;
 - e. a receiver or assignee for the benefit of creditors in any judicial or non-judicial receivership or similar proceedings; or
 - f. 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.

R. Life Insurance Agent Additional Exclusions

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

1. promise, indication or guarantee as to the effect of fluctuations of interest rates with respect to future premium payments or market values (e.g., with respect to variable premium policies);
2. 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; or

3. insurance product which is not approved for sale in the state in which the product was sold.

S. Bodily Injury / Property Damage

The Insurer will not cover claims arising out of any actual or alleged 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. However, this exclusion shall not apply to **Personal Injury**.

T. 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.

U. 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.

V. Class Action

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

W. Specified Activities

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

1. viatical investments, including without limitation, viatical contracts, viatical settlements and life settlement products;
2. day trading;
3. sale, servicing or advice with respect to structured settlements;
4. **Trading Error**;
5. abusive tax shelters or other tax avoidance schemes which have been disallowed by the IRS, including, without limitation, springing cash value life insurance policies;
6. acting as a **Registered Investment Adviser** or **Associated Person**; or
7. commingling of, inability to or failure to pay, collect or safeguard funds by any **Insured**;

X. Market Timing / Late Trading / Soft-Dollar / Fund Fees / Breakpoint Discounts

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

1. "market timing", "late trading", "soft dollar activities" or "fund fees",
2. failure to provide a discount on volume purchases of mutual funds, or breakpoint discounts;
3. providing of fictitious or collusive bids; or
4. failure to disclose:
 - a. any compensation as required by law, regulation or agreement with any regulatory body or court; or
 - b. any other activity which contravenes or violates any federal or state statutes or regulations, any mutual fund or life insurance company's policies or procedures, or 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, Short-Term Trading, Soft Dollar Activities** or **Fund 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, Late Trading, Short-Term Trading** or any other theory of liability.

VII. CONDITIONS

A. 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.

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

1. 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 of any potential claimant and the type and amount of injury suffered by said claimant. Include as many details as possible.
2. 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 Paragraph C of SECTION I – INSURING AGREEMENT or SECTION IV – EXTENDED REPORTING PERIOD, 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**.
3. 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**.
4. Failure to give notice to the Insurer as required under this Policy shall not invalidate any claim, unless the failure to provide such timely notice has prejudiced the Insurer. However, no claim will be invalidated if it is shown that it was not reasonably possible to give such timely notice and that notice was given as soon as was reasonably possible thereafter.
5. 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.

C. Suits Against the Insurer

1. Except as noted in Paragraph 2. 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 or its legal representative(s).

2. 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** 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**: (i) brings an action to declare the rights of the parties under the policy; and (ii) names the injured person, someone acting for the injured person or other claimant as a party to the action.

D. Disputes With the Insurer / Arbitration

By accepting the coverage provided by this Policy, all **Insureds** agree 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) in the event that a dispute arises between or involving any of the following: 1. Any **Insured** and the Insurer; 2. Any **Insured** and 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; 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 any **Insured** under this Policy.

E. 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.

F. 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 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** and he or she is also an **Insured** under a policy covering **Life Insurance Agents** for his or her variable annuity sales, then this Policy would not apply to that **Registered Representative** with respect to **Written Claims** arising out of variable annuity sales.

With respect to any **Written Claim** first presented to an **Insured** within the last fifteen days of such **Insured's Policy Period** and then presented to the Insurer within fifteen days 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 or it, other insurance which applies to said **Written Claim** or which would apply to said **Written Claim** in the absence of this Policy.

G. Insurer's Right To Recover From Others

1. 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 the Insurer secure these rights. The **Insured** must do nothing to impair any of the Insurer's rights.
2. 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**.
3. If the Insurer recovers any amounts from another party relating to a **Written Claim** under this Policy, then 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 the **Insured** from the remainder 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.

H. 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**.

I. Changes 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.

J. Cancellation

- 1.** 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.
- 2.** 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.
- 3.** 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.
- 4.** 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**.
- 5.** 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. Refund or tender of the unearned premium is not required to make a valid cancellation of this Policy.

K. Nonrenewal

If the Insurer decides not to renew this Policy the Insurer will send notice as provided below in Condition M. Notices of Nonrenewal and Conditional Renewal Condition of SECTION VII – CONDITIONS.

L. Conditional Renewal

If the Insurer conditionally renews this Policy subject to a:

1. Change of Limits;
2. Change in type of coverage;
3. Reduction of coverage;
4. Increased Retention;
5. Addition of exclusion; or
6. 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 Condition M. Notices of Nonrenewal and Conditional Renewal Condition of SECTION VII – CONDITIONS.

M. Notices of Nonrenewal and Conditional Renewal

1. 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:
 - a. The Expiration Date; or
 - b. The anniversary date if this is a continuous policy.
2. 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.
3. 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.
4. If the Insurer violates any of the provisions of Paragraph 1., 2. or 3. above, by sending the **First Named Insured** an incomplete or late conditional renewal notice or a late nonrenewal notice:
 - a. Which is sent before the Expiration Date of this Policy, 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.
 - b. Which is sent 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.
5. 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:
 - a. Upon expiration of the 60-day period; or
 - b. Notwithstanding the provisions in Paragraphs 4.a. and 4.b., 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.

6. 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.
7. 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 4. above.

N. 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 or Puerto Rico. 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 or Puerto Rico. A **Written Claim** is presented to the Insurer when the Insurer receives the **Written Claim** or a copy thereof.

If this Policy applies to a **Written Claim** arising out of a **Wrongful Act** and such **Written Claim** is presented under this Policy (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 such **Insured's** 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, definitions, conditions, exclusions and limitations of this Policy, including, without limitation, the Limits of Liability and Retention.

O. 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.

P. Transfer Of Insured's Rights And Duties

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

Q. 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 Paragraph A. Limits of Liability of SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE. 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:

1. giving and receiving notices of cancellation or non-renewal;
2. accepting any endorsement issued to be a part of this Policy;
3. paying premiums;
4. receiving any return premium which may become due;
5. giving notices to **Insureds** that they have been added to or deleted from this Policy;
6. informing other **Insureds** of the Policy terms and conditions;
7. requesting an Extended Reporting Period Coverage Endorsement; and

8. keeping the Insurer informed of any material changes in the type or composition of the business or organization of the **Insureds** under this Policy.

R. Insured Merger & Changes

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 unless an endorsement is issued to provide such coverage.

S. Claims, Notices And Requests

All **Suit** papers, other **Written Claims** and claims and circumstances under this Policy shall be sent to the Insurer at the address for claims and circumstances in Item 4 of the Declarations. All other notices shall be sent to the Insurer at the address for other notices in Item 4 of the Declarations.

T. OFAC

Payments under this Policy shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

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

The following Section is added to the Policy:

ADMINISTRATOR

- A.** 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 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 under the terms of this Policy with respect to participating individual **Insureds** and carrying out those duties and responsibilities set forth in Section VII – CONDITIONS. However, neither Arthur J. Gallagher, Financial Services Professional Liability Purchasing Group, Inc., nor any of their affiliates is an **Insured** under this Policy.
- B.** There is no coverage under this Policy for any claim arising out of or in any way involving any **Wrongful Act** of the **First Named Insured** listed in Item 1 of the Declarations.

All other terms, definitions, conditions, exclusions and limitations of this Policy shall remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
DATA BREACH COVERAGE – RESPONSE EXPENSE**

"YOUR" COVERAGE UNDER THIS ENDORSEMENT 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 ENDORSEMENT AND REDUCE THE LIMITS OF LIABILITY. SOME PROVISIONS IN THIS ENDORSEMENT RESTRICT COVERAGE. PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY TO DETERMINE RIGHTS AND DUTIES AND WHAT IS AND IS NOT COVERED.

Throughout this endorsement, "you" and "your" refer to the **Named Insured** shown in each Certificate of Insurance issued by the **First Named 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** below.

I. DATA BREACH 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:

- A.** The **Data Breach** occurs on or after the **Retroactive Date** and before the end of the **Policy Period**;
- B.** The insured first becomes aware of the **Data Breach** during the **Policy Period**;
- C.** At the time you applied for this insurance you had no knowledge of the **Data Breach**;
- D.** 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; and
- E.** 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.

II. WHO IS AN INSURED

If you are designated in the Certificate of Insurance as:

- A.** 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.
- B.** 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.
- C.** 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.
- D.** 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.
- E.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

III. LIMIT OF INSURANCE

- A.** We will pay up to a maximum of \$25,000 for all **Data Breach Expenses** for each **Named Insured** per **Policy Period**. However, a sublimit applies for the following **Data Breach Expenses**:
- 1.** The maximum amount we will pay for "Legal and Forensic Services" relating to a **Data Breach** is \$10,000.
 - 2.** The maximum amount we will pay for "Good Faith Advertising Services" relating to a **Data Breach** is \$10,000.

We will not pay **Data Breach Expenses** in excess of the \$25,000 Data Breach Limit of Insurance.

- B.** 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 addition to the Named Insured Aggregate Limit of Liability reflected in the Certificate of Insurance.

IV. DEDUCTIBLES

We will not pay for **Data Breach Expenses** until the amount of **Data Breach Expenses** exceeds the deductible shown in the declarations or applicable Certificate of Insurance.

V. DEFINITIONS

- A.** **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.
- B.** **Data Breach Expenses** includes reasonable:
- 1.** Notification expenses to notify a person whose **Personally Identifiable Information** was the subject of a breach in compliance of **Data Breach** statutes or regulations.
 - 2.** Crisis management expenses to perform services by any public relations firm, crisis management firm or law firm to minimize potential harm to the Insured.
 - 3.** 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.
 - 4.** Good faith advertising services to assist in organizing the insured's media responses (referred to herein as "Good-Faith Advertising Services").
 - 5.** Legal and forensic services for the verification of compliance with **Data Breach** notification laws, including the investigation of incidents of computer hacking, lost and stolen property, cyber extortion, database fraud and determinations as to whether or not data was accessed (referred to herein as "Legal and Forensic Services").
- C.** **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 applicable to a **Data Breach**.

VI. EXCLUSIONS

This insurance does not cover:

- A.** **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.

- B. 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.
- C.** Any costs to correct a deficiency in your systems, including but not limited to, data security, data storage or physical security and procedures.
- D. 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, antimalware, or other solution that monitors malicious code activity.
- E. Data Breach Expenses** related to a **Data Breach** arising out of any failure to apply or improper application of necessary software patches.
- F.** Any fines, penalties, or surcharges.
- G.** Costs or losses incurred by a person whose **Personally Identifiable Information** was the subject of a **Data Breach**.
- H. Data Breach Expenses** relating to any **Data Breach** that was known to any insured prior to the policy.
- I. Data Breach Expenses** arising from a failure to comply with any state, federal or self-regulatory requirement around minimum data security standards.
- J. 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.

VII. CONDITIONS

- A.** 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.
- B. Data Breach Expenses** will only be paid if they are incurred for services 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.
- C.** We are not liable for any act or omission by any third party provider of services.

VIII. DUTIES IN THE EVENT OF LOSS

- A.** You must report the **Data Breach** to us on or within 30 days of your discovery of the **Data Breach** and, you must:
 - 1.** Immediately record the specifics of the **Data Breach**, and the date discovered;
 - 2.** Cooperate with us in the investigation of the **Data Breach**;
 - 3.** 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
 - 4.** You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
- B.** You have up to one year from the date of reporting a **Data Breach** to initiate the services provided to you, unless the law applicable to the **Data Breach** requires that you initiate such services sooner.
- C.** 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:

1. The method of **Data Breach**;
 2. The approximate date and time of the **Data Breach**;
 3. The approximate number of files compromised as a result of the **Data Breach**;
 4. A detailed description of the type and nature of the information that was compromised;
 5. Whether or not the information was encrypted, and, if so, the level of encryption;
 6. Whether or not law enforcement has been notified;
 7. If available, the states in which a person whose **Personally Identifiable Information** was the subject of a **Data Breach** are domiciled;
 8. If available, who received the information contained in the **Data Breach**; and
 9. Any other access, information or documentation we reasonably require to investigate or adjust the loss.
- D.** Take all reasonable steps to protect **Personally Identifiable Information** remaining in your care, custody or control.
- E.** Preserve, and permit us to inspect, all evidence of the **Data Breach**.
- F.** 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.

All other terms, definitions, conditions, exclusions and limitations of this Policy shall remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
PREMIUM FINANCE SUBLIMIT OF LIABILITY

The following is added to A. Limits of Liability in SECTION V – LIMITS OF LIABILITY, RETENTION, ALLOCATION & RETROACTIVE DATE:

Premium Finance Sublimit of Liability

- a. Solely with respect to any **Written Claims** alleging, arising out of, relating to or in any way involving, in whole or in part, premium financing in connection with the purchase or sale of an insurance product:
 - i. The following Premium Finance Sublimits of Liability are added to this Policy:
 - Premium Finance Sublimits of Liability**
 - \$100,000 Named Insured Each Wrongful Act Premium Finance Sublimit
 - \$100,000 Named Insured Aggregate Premium Finance Sublimit
 - \$500,000 Policy Aggregate Premium Finance Sublimit
 - ii. The Policy Aggregate Premium Finance Sublimit is the most the Insurer will pay for or on behalf of all **Insureds** under this Policy for all **Damages** and **Defense Costs** combined.
 - iii. Subject to the Policy Aggregate Premium Finance Sublimit, the Named Insured Aggregate Premium Finance Sublimit is the most the Insurer will pay for all **Damages** and **Defense Costs** combined arising out of or as a result of all **Wrongful Acts** committed by a **Named Insured** or any of its **Insureds**.
 - iv. Subject to the Policy Aggregate Premium Finance Sublimit and Named Insured Aggregate Premium Finance Sublimit, the Named Insured Each Wrongful Act Premium Finance Sublimit is the most the Insurer will pay for or on behalf of all **Insureds** under this Policy for all **Damages** and **Defense Costs** combined arising out of or as a result of all **Wrongful Acts** or a series of continuous, repeated or **Interrelated Wrongful Acts** committed by a **Named Insured** or any of its **Insureds**.
- b. The Premium Finance Sublimits of Liability are part of and not in addition to the Named Insured Each Wrongful Act Limit, Named Insured Aggregate Limit and Policy Aggregate Limit.

All other terms, definitions, conditions, exclusions and limitations of this Policy shall remain unchanged.

1 THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
DISCIPLINARY PROCEEDINGS –
DEFENSE EXPENSE COVERAGE AND SUBLIMIT

1. The following is added to the definition of **Suit** in SECTION III – DEFINITIONS:

Suit shall also include a **Disciplinary Proceeding** against a **Named Insured**, but solely with respect to **Defense Costs** incurred by such **Named Insured** in connection with such **Disciplinary Proceeding**. **Defense Costs** incurred in connection with a covered **Disciplinary Proceeding** shall be subject to a Disciplinary Proceeding Aggregate Sublimit of \$25,000 per **Named Insured**, which amount shall be part of, and not in addition to, the Named Insured Each Wrongful Act Limit of Liability reflected on the Certificate issued to the respective **Named Insured**.

2. The following is added to SECTION III – DEFINITIONS:

Disciplinary Proceeding means any civil investigation commenced by a governmental or regulatory authority or self-regulatory body to investigate any actual or alleged **Wrongful Act** of an **Insured** in the rendering of or failure to render **Financial Services**.

3. The following is added to exclusion 10. Non-Clients of SECTION VI – EXCLUSIONS:

Provided however, this exclusion shall not apply to **Defense Costs** of a **Named Insured** in connection with a covered **Disciplinary Proceeding**, subject to the Disciplinary Proceeding Aggregate Sublimit.

All other terms, definitions, conditions, exclusions and limitations of this Policy shall remain unchanged.