

THIS IS A CLAIMS-MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS AND CONDITIONS, THIS POLICY ONLY COVERS **CLAIMS** FIRST MADE AGAINST THE **INSURED** DURING THE **CERTIFICATE PERIOD** OR **EXTENDED REPORTING PERIOD**, IF APPLICABLE, AND REPORTED TO THE COMPANY IN WRITING DURING THE **CERTIFICATE PERIOD**, BUT IN NO EVENT LATER THAN SIXTY (60) DAYS AFTER EXPIRATION OR TERMINATION OF THE **CERTIFICATE PERIOD**, OR DURING THE **EXTENDED REPORTING PERIOD**, IF APPLICABLE. **CLAIMS EXPENSES** ARE INCLUDED WITHIN, AND WILL REDUCE, THE LIMITS OF LIABILITY, AND ARE SUBJECT TO THE DEDUCTIBLE. PLEASE READ THE ENTIRE POLICY CAREFULLY, AND CONSULT WITH YOUR BROKER/AGENT OR OTHER PROFESSIONAL TO THE EXTENT YOU DO NOT UNDERSTAND ANY TERMS OR CONDITIONS OF THIS POLICY.

WORDS THAT APPEAR IN BOLD PRINT HAVE SPECIAL MEANINGS AND ARE DEFINED SEPARATELY. WHENEVER A SINGULAR FORM OF A WORD IS USED, THE SAME WILL INCLUDE THE PLURAL WHEN REQUIRED BY CONTEXT.

In consideration of the payment of the premium, and in reliance upon the **Application**, which shall be the basis of this Master Policy (hereinafter "Policy") and any **Certificate of Insurance** issued therefrom, such **Application** shall be deemed to be incorporated herein, and subject to all the terms and conditions of this Policy, the Company and the **Insured** agree as follows:

I. **INSURING AGREEMENT**

The Company shall pay on behalf of the **Insured** all sums in excess of the Deductible set forth in the applicable **Certificate of Insurance** which the **Insured** shall become legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** first made against the **Insured** during the **Certificate Period**, or **Extended Reporting Period**, if applicable, as a result of a **Wrongful Act** by an **Insured**, provided that:

- A. The **Wrongful Act** or **Interrelated Wrongful Act** was first committed on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**;
- B. No **Insured** gave notice to any prior insurer of such **Wrongful Act** or **Interrelated Wrongful Act**;
- C. The **Insured** reported such **Claim** in writing to the Company, as soon as practicable, during the **Certificate Period**, or during a consecutive and immediately following **Certificate Period**, or during the **Extended Reporting Period**, if applicable. The Limit of Liability remaining for the **Certificate Period** in effect on the date the **Claim** is reported to the Company shall apply;
- D. Prior to the date of the **Agent** or **Registered Representative's** initial enrollment under this Policy as set forth in the **Certificate of Insurance**, or under any other policy issued by the Company (or its affiliated companies) of which this Policy is a renewal, no **Insured** knew or could have reasonably foreseen that such **Wrongful Act** or **Interrelated Wrongful Act** might give rise to a **Claim**; and
- E. There is no other policy issued by the Company (or its affiliated companies) which provides insurance for such **Wrongful Act** or **Interrelated Wrongful Act**.

II. EXTENSIONS OF COVERAGE

Subject to all other terms and conditions of this Policy, the following Extensions of Coverage shall apply:

A. **Disciplinary Proceedings**

1. In addition to the Limit of Liability, the Company shall reimburse the **Agent** or **Registered Representative** for reasonable and necessary attorney's fees and costs incurred in responding to a **Disciplinary Proceeding** first commenced against an Agent or Registered Representative, during the **Certificate Period**, but in no event later than sixty (60) days after expiration or termination of this **Certificate Period**, or during the **Extended Reporting Period**, if applicable.
2. The maximum payment by the Company pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph A, shall be \$15,000 for each **Agent** or **Registered Representative** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative**, regardless of the number of **Disciplinary Proceedings**, provided that such **Professional Services** were rendered or failed to be rendered on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**.
3. Pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph A:
 - a. No payments made by the Company shall apply to the Deductible; and
 - b. The Company shall not pay any amount until the conclusion of the **Disciplinary Proceeding** and only if such **Disciplinary Proceeding** has not resulted in the suspension or revocation of the **Agent's** or **Registered Representative's** license.

B. **Subpoena Compliance**

1. In addition to the Limit of Liability, the Company shall pay reasonable attorney's fees and costs, subject to Section VI. **DEFENSE AND SETTLEMENT**, in connection with the receipt of a subpoena by the **Agent** or **Registered Representative**, during the **Certificate Period** or during the **Extended Reporting Period**, if applicable, for document production or representation in giving sworn testimony related to **Professional Services**, which is issued in connection with a lawsuit in which the **Agent** or **Registered Representative** is not a party.
2. The maximum payment by the Company pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph B., shall be \$15,000 for each **Agent** or **Registered Representative** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative** provided that such **Professional Services** were rendered or failed to be rendered on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**, regardless of the number of subpoenas.
3. Pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph B., no payments made by the Company shall apply to the Deductible.

C. **Privacy Breach**

1. The Company shall pay a **Privacy Breach** Sublimit of Liability on behalf of the **Agent** or **Registered Representative** for all sums which the **Agent** or **Registered Representative** shall become legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** first made against an **Agent** or **Registered Representative** during the **Certificate Period**, or **Extended Reporting Period**, if applicable, as a result of a **Privacy Breach**, arising solely from the rendering of or failure to render **Professional Services**, provided that such **Professional Services** were rendered or failed to be rendered on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**.

2. The maximum payment by the Company pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph C., for each **Agent** or **Registered Representative** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative**, shall be \$50,000 per **Agent** or **Registered Representative**.
3. Pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph C.:
 - a. A \$5,000 Deductible shall apply to each **Claim**; and
 - b. The **Privacy Breach** Sublimit of Liability shall be part of and not in addition to the Limits of Liability set forth in Item 3. of the Declarations of this Policy.

D. Client Network Damage

1. The Company shall pay a **Client Network Damage** Sublimit of Liability on behalf of the **Agent** or **Registered Representative** for all sums which the **Agent** or **Registered Representative** shall become legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** first made against an **Agent** or **Registered Representative** during the **Certificate Period**, or **Extended Reporting Period**, if applicable, as a result of **Client Network Damage**, arising solely from the rendering of or failure to render **Professional Services**, provided that such **Professional Services** were rendered or failed to be rendered on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**.
2. The maximum payment by the Company pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph D., for each **Agent** or **Registered Representative** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative**, shall be \$50,000 per **Agent** or **Registered Representative**.
3. Pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph D.:
 - a. A \$5,000 Deductible shall apply to each **Claim**; and
 - b. The **Client Network Damage** Sublimit of Liability shall be part of and not in addition to the Limits of Liability set forth in Item 3. of the Declarations of this Policy.

E. Social Media Damage

1. The Company shall pay a **Social Media Damage** Sublimit of Liability on behalf of the **Agent** or **Registered Representative** for all sums which the **Agent** or **Registered Representative** shall become legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** first made against an **Agent** or **Registered Representative** during the **Certificate Period**, or **Extended Reporting Period**, if applicable, as a result of **Social Media Damage**, arising solely from the rendering of or failure to render **Professional Services**, provided that such **Professional Services** were rendered or failed to be rendered on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Period**.
2. The maximum payment by the Company pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph E., for each **Agent** or **Registered Representative** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative**, shall be \$50,000 per **Agent** or **Registered Representative**.
3. Pursuant to this Section II. **EXTENSIONS OF COVERAGE**, Paragraph E.:
 - a. A \$5,000 Deductible shall apply to each **Claim**; and
 - b. The **Social Media Damage** Sublimit of Liability shall be part of and not in addition to the Limits of Liability set forth in Item 3. of the Declarations of this Policy.

F. Crisis Management – Public Relations

1. If there is any publication in a daily newspaper of general circulation or a radio, internet or television news report, during the **Certificate Period**, of unfavorable information regarding the **Agent** or **Registered Representative** that is reasonably likely to lessen public confidence in the competence, integrity or viability of the **Agent** or **Registered Representative** to provide **Professional Services**, the first said publication shall be deemed to be a "**Crisis**."
2. In the event of a **Crisis**, the Company shall reimburse the **Insured** the reasonable costs incurred during the time period commencing ninety (90) days prior to, and in anticipation of the **Crisis**, to ninety (90) days after the **Crisis**, regardless of whether a **Claim** is ever made against an **Insured** arising from such **Crisis**.
3. In connection with such **Crisis**, the Company shall reimburse reasonable and necessary fees and expenses incurred by a public relations firm hired by the Company to minimize potential harm to public confidence in the competence, integrity or viability of the **Agent** or **Registered Representative** to provide **Professional Services** arising from such **Crisis** and also reimburse reasonable and necessary printing, advertising, mailing or travel expenses incurred by the **Insured** or the public relations firm in connection with such **Crisis**.
4. The maximum payment made by the Company pursuant to this Extension shall be \$10,000 for each **Certificate Period**, regardless of the number of **Crises**. Any payment made by the Company under this Extension shall not apply to the Deductible and shall not reduce the Limits of Liability.

G. Mediation/Deductible Credit Coverage

If a **Claim** is fully and finally resolved to the satisfaction of all parties including the Company within one (1) year of the **Claim** being reported to the Company and as a result of mediation, the **Insured's** deductible obligation for such **Claim** shall be reduced by fifty percent (50%).

H. Reimbursement of Expenses Coverage

If the **Insured** is requested by the Company to attend hearings, depositions or trials relative to the defense of a **Claim**, the Company shall reimburse the **Insured's** actual loss of earnings and reasonable expenses due to such attendance up to \$500 per day. The maximum payment made by the Company pursuant to this Extension shall be \$10,000 each **Claim**.

I. Pre-Claims Assistance Coverage

If the **Insured** reports a **Wrongful Act**, during the **Certificate Period**, which the **Insured** believes may reasonably give rise to a **Claim** under the Policy, the Company in its sole discretion, and at its own expense, may investigate such **Wrongful Act**. Any payment made by the Company under this Extension shall not apply to the Deductible and shall not reduce the Limits of Liability. Once the Company has incurred \$10,000 of expenses for such an investigation, a **Claim** will be deemed to have been made under the Policy and will be subject to the Deductible and shall reduce the Limits of Liability.

III. DEFINITIONS

- A. Administration of Employee Benefit Plans** means, with respect to an employee benefit plan, advising and counseling participants or beneficiaries in order to explain the provisions of such plan, and providing ministerial functions required by such plan including, but not limited to, the handling of records or effecting enrollment, termination or cancellation of participants or beneficiaries, as well as giving notice to such participants or beneficiaries under the employee benefit plan. **Administration of Employment Benefit Plans** also includes third-party claims administration.

- B. Agent** means an individual or entity owned or controlled by an individual, but solely in connection with **Professional Services** provided by such entity or individual, who:
1. Maintains an Agent or General Agent contract with a life and/or health insurance company; has elected to enroll for coverage under this Policy; and whose enrollment is on file with the **Sponsor**;
 2. Has paid the premium; and
 3. Is properly licensed by the appropriate authority to solicit, sell and service life, accident or health insurance products.
- C. Application** means all signed applications for this Policy and any **Certificate of Insurance** issued therefrom, and for any policy in an interrupted series of policies by the Company or an affiliate of the Company on which this Policy is a renewal or replacement.
- An affiliate of the Company means an insurer:
1. controlling;
 2. controlled by; or
 3. under common control with,
- the Company.
- D. Broker/Dealer** shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, as amended.
- E. Certificate of Insurance** means the document issued to the **Named Insured** evidencing the terms, limits, premium and endorsements under this Policy provided to the **Insured** thereunder.
- F. Certificate Period** means the period of time between the inception date set forth in the **Certificate of Insurance** and the expiration date set forth in such **Certificate of Insurance** issued to the **Named Insured**, subject to its earlier expiration or termination.
- G. Claim** means a demand for money or services received by an **Insured** alleging a **Wrongful Act** brought by or on behalf of a **Client**. **Claim** does not include a demand for non-monetary or injunctive relief or any criminal proceeding.
- H. Claims Expenses** means reasonable and necessary fees, costs and expenses incurred by the Company, or by the **Insured** with the prior written consent of the Company, consisting of fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, including the cost of appeal bonds, however, the Company shall not be obligated to apply for or furnish appeal bonds. **Claims Expenses** do not include salary charges, wages or expenses of partners, principals, officers, directors, members or employees of the **Insured** or the Company.
- I. Class Action Claim** means a **Claim** in which one party sues, or group of parties sue, as a representative of a larger class.
- J. Client** means an individual, company or entity for whom or which an **Agent** or **Registered Representative** renders **Professional Services**. A **Client** does not include an indirect or incidental beneficiary of **Professional Services**. **Client** also does not include any insurance company, insurance agent or **Broker/Dealer**.
- K. Client Network Damage** means an unauthorized intrusion into a **Client's** computer system or network by a computer virus or malicious program or coding that is intended to and, in fact, causes the **Client's** computers or network to operate under the control of the virus or malicious

program or coding, or causes destruction or alteration of data or software programs, or that intentionally causes temporary or permanent cessation of the **Client's** computers or network.

L. Controlling Interest means the right of an **Insured** or a member of an **Insured's Immediate Family**, directly or indirectly, to:

1. own 10% or more of an interest in an entity;
2. vote 10% or more of the issued and outstanding voting stock in an incorporated entity;
3. elect 10% or more of the directors of an incorporated entity;
4. receive 10% or more of the profits of an unincorporated entity; or
5. act as general partner of a limited partnership, managing general partner of a general partnership, or comparable position in any other business enterprise.

M. Damages means a compensatory monetary amount for which an **Insured** may be held legally liable, including judgments, awards, or settlements negotiated with the prior approval of the Company, provided that **Damages** shall not include:

1. Any disgorgement, return, withdrawal, restitution or reduction of any sums or fees, including any sums or fees which are or were in the possession or control of any **Insured**;
2. Any amounts credited to any **Insured's** account;
3. Fines, sanctions, taxes, penalties or awards deemed uninsurable pursuant to any applicable law;
4. Punitive, exemplary, treble damages or any other damages resulting from the multiplication of compensatory damages;
5. Equitable relief, or fees, costs or expenses incurred by an **Insured** to comply with any such equitable relief;
6. The collection, payment or return of, or the failure to collect, pay or return, any commission, fee, tax, funds, premium or claim monies;
7. Any amounts resulting from disputes involving an **Agent's** or **Registered Representative's Client** lists, or non-compete or similar agreements; or
8. Any amounts resulting from disputes involving an **Agent's** or **Registered Representative's** commissions, fees, charges, entitlements or other compensation.

N. Disciplinary Proceeding means any proceeding commenced by a regulatory or disciplinary official, board or agency with the authority to regulate **Professional Services**, and whose obligation is to investigate charges of professional misconduct arising solely from the rendering of or failing to render **Professional Services**.

O. Extended Reporting Period means the applicable period of time after the expiration or termination of the **Certificate Period** for reporting **Claims** arising out of **Wrongful Acts** committed prior to the expiration or termination of the **Certificate Period** and on or subsequent to the **Retroactive Date**, and otherwise covered by this Policy.

P. Immediate Family means:

1. The **Agent** or **Registered Representative**; or
2. The **Agent's** or **Registered Representative's**:

- a. spouse or **Domestic Partner**. For purposes of this provision, **Domestic Partner** means any person qualifying as such under any federal, state or local law or under any **Agent's** or **Registered Representative's** employee benefit plan;
- b. parent(s), adoptive parent(s) or step-parent(s);
- c. sibling(s) or step-sibling(s); or
- d. child(ren), adoptive child(ren) or step-child(ren).

Q. Insured means:

- 1. **Agent** or **Registered Representative**;
- 2. An employee of an **Agent** or **Registered Representative** acting in his or her capacity as such on behalf of such **Agent** or **Registered Representative**, provided that:
 - a. such employee is not otherwise contracted as an agent with an insurance company and/or did not receive any commission income as result of such employee's activities; and
 - b. such employee's activities are solely in connection with **Professional Services** provided by such **Agent** or **Registered Representative**;
- 3. The legal heir, executor, administrator or legal representative of an **Agent** or **Registered Representative** in the event of such **Agent's** or **Registered Representative's** death, incapacity or bankruptcy;
- 4. The lawful spouse or domestic partner of any individual which qualifies as an **Insured** under Subsections 1., 2., or 3. above, for a **Claim** arising solely out of spousal or domestic partner status, and not out of any alleged independent **Wrongful Acts**, of such individual; or
- 5. The **Sponsor**, if the only allegation against it is for vicarious liability based upon the **Wrongful Acts** of an **Agent** or **Registered Representative**. The **Sponsor** shall not be an **Insured** if there is any allegation of a wrongful act committed by the **Sponsor**, regardless of whether the **Sponsor** is also alleged to be vicariously liable for the **Wrongful Acts** of an **Agent** or **Registered Representative**.

R. Interrelated Wrongful Acts means **Wrongful Acts** that are temporally, logically or causally connected by any common nexus of any fact, circumstance, situation, or event, or which are the same, related or continuous acts, regardless of whether the **Claim** or **Claims** alleging such acts involve the same or different claimants, **Insureds** or legal causes of action including, but not limited to, any insurance products of any entity which becomes the subject of any bankruptcy, insolvency, liquidation or reorganization proceeding.

S. Named Insured means the **Agent** or **Registered Representative** named in the **Certificate of Insurance**.

T. Personal Information means an individual's identity with any one or more of the following: social security number; medical or healthcare data, or other protected health information; drivers license number or state identification number; credit card number or debit card number in combination with any required security code, access code or password that would permit access to that individual's financial account; or other nonpublic **Personal Information** as defined in a **Privacy Regulation**.

U. Personal Injury means false arrest, detention or imprisonment, or malicious prosecution, libel, slander, oral or written publication of defamatory or disparaging material, wrongful entry or eviction, or invasion of the right of private occupancy.

- V. **Policy Period** means the period of time set forth in the Declarations for the Policy and **Certificate of Insurance** or any shorter period that may occur as a result of a termination as set forth in Section VIII. **CONDITIONS**, Paragraph F. **Termination of Master Policy**.
- W. **Privacy Breach** means a violation of a **Privacy Regulation** or right of privacy, arising solely from the rendering of or failure to render **Professional Services**.
- X. **Privacy Regulation** means any statute or regulation associated with the control, use, disclosure and/or dissemination of personally identifiable financial, medical or other sensitive information, including identity theft and privacy protection legislation that requires commercial entities that collect **Personal Information** to post privacy policies, adopt specific privacy controls, or notify individuals in the event that **Personal Information** has potentially been compromised.
- Y. **Professional Services**:
1. Solely with respect to an **Agent**, and to the extent **Professional Services** are provided in the course and scope of such **Agent's** business and such **Agent** has obtained all appropriate license(s) in the **Client's** resident state or jurisdiction, and the state or jurisdiction where business is conducted, **Professional Services** means:
 - a. the sale, attempted sale or servicing of:
 - i. life; accident; health; long term care; Medicare Supplement/Advantage insurance; and managed care organization contracts (that does not require a securities license);
 - ii. disability income insurance, if purchased as set forth in the **Certificate of Insurance**; or
 - iii. indexed/fixed annuities, if purchased as set forth in the **Certificate of Insurance**;
 - b. services as a Notary Public;
 - c. financial planning activities in connection with the sales and or services set forth in paragraphs a. above, whether or not a separate fee is charged, if purchased as set forth in the **Certificate of Insurance**; or
 - d. the supervision, management and training of an **Agent** by a General Agent, but only if the General Agent has otherwise been issued a **Certificate of Insurance** under this Policy, and only with respect to activities otherwise covered by this Policy,

Provided that such **Agent** engages in the sales and/or services set forth in paragraphs a. through d. above for an actual or anticipated fee, commission or other consideration.
 2. Solely with respect to a **Registered Representative**, and to the extent **Professional Services** are provided in the course and scope of such **Registered Representative's** business and such **Registered Representative** has obtained all appropriate license(s) in the **Client's** resident state or jurisdiction, and the state or jurisdiction where business is conducted, **Professional Services** means:
 - a. the sale, attempted sale or servicing of variable annuities, variable insurance requiring a securities license, or mutual funds, if coverage is elected as set forth in the **Certificate of Insurance**, that are registered with the Securities Exchange Commission, if required, through a **Broker/Dealer** that is a member of the Financial Industry Regulatory Authority; or

- b. financial planning activities in connection with the sales and/or services set forth in paragraph a., above, whether or not a separate fee is charged, if coverage is elected as set forth in the **Certificate of Insurance**,

Provided that such **Registered Representative** engages in the sales and/or services set forth in paragraphs a. above, for an actual or anticipated fee, commission or other consideration.

Z. Registered Representative means:

- 1. An individual:
 - a. who is registered with the Financial Industry Regulatory Authority as a Registered Representative or Registered Principal;
 - b. who has maintained a contract with a **Broker/Dealer**;
 - c. who has elected to enroll for coverage under this Policy, and
 - d. whose enrollment is on file with the **Sponsor**; or
- 2. Any corporation, partnership or other business entity that is owned or controlled by an individual as set forth in paragraph 1. above, but solely with respect to **Professional Services** provided by a **Registered Representative**.

AA. Retroactive Date means:

- 1. With respect to an **Agent**, the inception date of the **Agent's** first claims-made life insurance agent's professional liability policy for which coverage has been maintained in force without interruption, subject to written proof of such coverage at the time the **Insured** provides written notice to the Company of a **Claim** under this Policy.
- 2. With respect to a **Registered Representative**, the latest date the **Registered Representative** contracted with a **Broker/Dealer**, subject to written proof of such coverage at the time the **Insured** provides written notice to the Company of a **Claim** under this Policy.
- 3. Any **Insured** under Sections III. DEFINITIONS, Paragraph Q. Subsections 2. through 6., shall share the same **Retroactive Date** as the associated **Agent** or **Registered Representative**.

BB. Social Media means a form of internet marketing which seeks to achieve the marketing and communications goals of an **Agent's** or **Registered Representative's** business through participation in various internet social media networks.

CC. Sponsor means the entity set forth in Item 1. of the Declarations.

DD. Wrongful Act means any negligent act, error or omission committed by an **Insured in Definition 1., or 2., or Registered Representative**, including any **Personal Injury**, arising solely from the performance of **Professional Services** for a **Client**.

IV. EXCLUSIONS

This Policy does not apply to any **Claim** based upon, arising out of, directly or indirectly, in whole or in part, or in any way involving:

- A.** Any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, error or omission, or any actual or alleged willful violation of any statute or law as determined by a final adjudication in the underlying action or in a separate action or proceeding, provided that:
1. The facts pertaining to and knowledge possessed by one **Insured** shall not be imputed to any other **Insured**; and
 2. Only facts pertaining to and knowledge possessed by any executive officer shall be imputed to an **Insured** entity.
- B.** Any **Claim** brought or maintained, directly or indirectly, by or on behalf of any:
1. Past or present **Insured**, whether an individual action, class action or derivative action; provided that this Exclusion shall not apply to the extent such **Claim** is brought by an **Insured** in its capacity as a **Client** of an **Insured**;
 2. Insurance agent or broker;
 3. Entity that is not a **Client** of an **Agent** or **Registered Representative**, provided that this Exclusion shall not apply to any **Claim** brought by an entity who is a beneficiary, heir, executor, conservator, or administrator of a deceased **Client** of an **Agent** or **Registered Representative**;
 4. Entity:
 - a. Wherein the **Agent** or **Registered Representative** has a **Controlling Interest**; or
 - b. In which the **Agent** or **Registered Representative** is:
 - i. An officer;
 - ii. A director; or
 - iii. A partner; or
 - c. Which wholly or partly owns, operates, or manages the **Agent** or **Registered Representative**
 5. Governmental or quasi-governmental entity, or Self-Regulatory Organization including, but not limited to, any state or federal insurance or securities commission or agency, or the Financial Industry Regulatory Authority or the Securities and Exchange Commission; provided that this Exclusion shall not apply to a **Claim** brought by or on behalf of such entity in its capacity as a **Client** of an **Agent** or **Registered Representative** and does not limit the availability of coverage pursuant to Section II. **EXTENSIONS OF COVERAGE**, Paragraph A.
- C.** Any **Claim**, demand, suit, litigation or other proceeding pending against, or order, decree or judgment entered for or against any **Insured** which was pending on or existed prior to the inception date of the **Agent's** or **Registered Representative's Certificate of Insurance**, or in any way involving, in whole or in part, the same or substantially the same facts, circumstances, situation or allegations underlying or alleged therein.
- D.** Any actual or alleged services by an **Agent** or **Registered Representative** as an accountant, actuary, attorney, property or casualty insurance agent, real estate agent, third-party administrator, market-maker or specialist in any securities; or any actual or alleged services by the **Agent** or **Registered Representative** relating to tax advice, except when such tax advice is incidental to **Professional Services**.
- E.** Any:
1. actual or alleged pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the **Insured** or any entity owned or controlled by the **Insured** or in

which the **Insured** is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; or

2. actual or alleged design of any employee benefit plan.

F. Any actual or alleged **Administration of Employee Benefit Plans**.

G. Any actual or alleged placement of a **Client's** coverage or funds directly or indirectly with any entity which is not licensed to conduct business in the state or jurisdiction with authority to regulate such business, provided that this Exclusion shall not apply to the placement of a **Client's** coverage or funds directly or indirectly with an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business.

H. Any actual or alleged sale, servicing, or administration of, or advice or planning with respect to any:

1. Multiple Employer Welfare Arrangement;
2. Employee benefit plans involving self-funding, in whole or in part, by any employer, union, or employment-related entity;
3. Structured notes, structured settlements, principal protected notes, viatical or life settlements or similar transactions in which the present value of a conditional contract is exchanged or sold, provided that this Exclusion shall not apply to an underlying covered product;
4. Stranger Owned or Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN-LIFE) or any similar transactions; or
5. Employee benefit plans (other than Group Life and Group Health plans) or KEOGH retirement plan.

I. Any unregistered securities including, but not limited to, private placements, limited partnerships, real estate investment trusts, or tenants in common. (IRS 1031 Exchanges)

J. Any unit investment trusts, auction rate securities, issuer callable certificates of insurance, equipment sale-lease-buy-back transactions, inverse exchange traded funds, or IRS Section 412(i) or 419 plans.

K. Any unauthorized access to, or breach of, an **Insured's** computers or network security, including the loss, theft or unauthorized disclosure or dissemination of Personal Information, or the damage, destruction, or theft of confidential information of any **Insured**, except as otherwise provided in Section II. Extensions of Coverage.

L. Any loss of **Client** or customer funds in reliance upon fraudulent instructions.

M. Any life insurance policy with respect to which the premium was paid for in whole or in part by or through any premium finance mechanism or any premium finance company.

N. Any actual or alleged:

1. financial inability or refusal to pay;
2. insolvency;
3. receivership;
4. conservatorship;
5. bankruptcy; or
6. liquidation,

of any entity in which an **Agent** or **Registered Representative** has placed coverage or placed the funds of a **Client**, or recommended coverage or recommended the placement of funds of a **Client**,

Provided that this Exclusion shall not apply to any insurer that was rated A- or better by A.M. Best at the time of the **Agent's** or **Registered Representative's** acts.

- O.** Any actual or alleged liability of others assumed by an **Insured** under any written or oral contract or agreement, provided that this Exclusion shall not apply to the extent that the **Insured** would have been liable in the absence of such contract or agreement.
- P.** Any actual or alleged making of representations, promises or guarantees as to the future value of any investment by the **Insured** including, but not limited to, representations, promises or guarantees as to interest rates, fluctuation in interest rates, future premium payments or market value(s).
- Q.** Any actual or alleged gaining of personal profit or advantage to which an **Insured** is not legally entitled, as determined by a final adjudication in the underlying action or in a separate action or proceeding.
- R.** Any disputes involving:
 - 1. An **Insured's** inability or refusal to pay or collect premium, claim, or tax monies; or
 - 2. Fees, commissions or charges including, without limitation, the structure of fees or excessive fees,Provided that this Exclusion shall not apply to surrender charges.
- S.** Any actual or alleged commingling or use of **Client** funds, or any actual or alleged profit, remuneration or pecuniary advantage gained by any **Insured**, to which the **Insured** was not legally entitled, as determined by a final adjudication in the underlying action or separate action or proceeding, provided that:
 - 1. The facts pertaining to and knowledge possessed by one **Insured** shall not be imputed to any other **Insured**; and
 - 2. Only facts pertaining to and knowledge possessed by any executive officer shall be imputed to an **Insured** entity.
- T.** Any insurance or financial product owned in whole or in part by a former or current **Insured**.
- U.** Any actual or alleged investment advice by a Fiduciary Adviser if such investment advice is not provided pursuant to and in accordance with all of the requirements of the Pension Protection Act of 2006, as amended.
- V.** Any bodily injury, including sickness, injury, disease or death of any person; or injury to or destruction of any tangible property, including loss of use thereof.
- W.** Any actual or alleged investment banking activities including, but not limited to, underwriting, syndicating, or promoting any securities or partnership interest in connection with any potential or actual merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, public offering, going private transaction, reorganization, restructuring, recapitalization, spin-off, primary or secondary offering of securities, whether public or private, dissolution or sale of all or substantially all of the assets or stock of an entity, or efforts to raise or furnish capital or financing for any entity, or any acquisition or sale of securities by any **Insured** for its own account, or any activity by an **Insured** as a specialist or market maker for any securities, or any disclosure requirement in connection with any of the foregoing including, but not limited to, the rendering of advice or recommendations in connection with any of the foregoing.
- X.** Any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets, whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character.

Y. Any actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct, provided that:

1. The facts pertaining to and knowledge possessed by one **Insured** shall not be imputed to any other **Insured**; and
2. Only facts pertaining to and knowledge possessed by any executive officer shall be imputed to an **Insured** entity.

Z. Any actual or alleged use, misuse or disclosure of:

1. Confidential information including, but limited to, such use for the purpose of replacement of coverage;
2. Non-public information in a manner prohibited by the laws of the United States including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws or any other jurisdiction; or
3. Any rules or regulations promulgated under any of the foregoing, all as amended,

Provided that this Exclusion shall not limit the availability of coverage pursuant to Section II. **EXTENSIONS OF COVERAGE**, Paragraph C.

AA. Any employment practices including, but not limited to, discrimination or termination of employment.

BB. Any actual or alleged **Class Action Claim**.

CC. Any actual or alleged violation of:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
3. Any statute, ordinance or regulation other than the TCPA or CAN-SPAM Act of 2003 that prohibits or limits the sending, transmitting, communicating, or distribution of material or information.

V. REPORTING AND NOTICE

A. Reporting of Actual Claims

In the event of a **Claim**, the **Insured** shall, as a condition precedent to exercising any right to coverage afforded by this Policy, forward to the Company, as soon as practicable, every demand, notice, summons and/or pleading received by such **Insured**.

Notwithstanding anything to the contrary set forth herein, the Company shall not pay any **Claim**: (i) In connection with any default judgment entered against an **Insured** prior to notice to the Company or as a result of untimely notice to the Company, or (ii) If the Company's interests have been prejudiced because of the **Insured's** failure to provide timely notice to the Company.

B. Reporting of Potential Claims

If, during the **Certificate Period**, or any **Extended Reporting Period**, if exercised, an **Insured** first becomes aware of a **Wrongful Act** which might reasonably be expected to give rise to a **Claim**, and during the **Certificate Period** gives written notice to the Company of such **Wrongful Act** as required below, then any **Claim** subsequently made against the **Insured** arising from such **Wrongful Act** or **Interrelated Wrongful Act** shall be deemed to have been

first made during the **Certificate Period**.

C. Reporting Requirements of Actual and Potential Claims

Written report of a **Claim** and a potential **Claim** must include:

1. The specific facts and circumstances which constitute the **Wrongful Act**, including the date(s) thereof, and the **Agent** or **Registered Representative** and **Client(s)** involved;
2. The date and circumstances by which the **Insured** became aware of such **Wrongful Act**; and
3. The **Damages** that may reasonably result therefrom.

D. Notice

1. Notice shall be forwarded to:

Aspen Specialty Insurance Management Co.

590 Madison Avenue, 7th Floor

New York, NY 10022

Attention: Financial Services Professional Liability Claims Department

E-mail: ProfessionalLiabilityClaims@aspen-insurance.com

2. All correspondence should make reference to the **Certificate of Insurance**. All other notices shall be given to the same addressee but to the attention of the Professional Liability Department.
3. If notices are mailed, the date of mailing of such notice shall constitute the date such notice was given and proof of mailing shall be sufficient proof of notice.

VI. DEFENSE AND SETTLEMENT

- A.** The Company has the sole right to appoint defense counsel and the right and duty to defend any **Claim** covered by this Policy, made against an **Insured**, even if any of the allegations of the **Claim** are groundless, false or fraudulent.
- B.** The Company may make any investigation and negotiate settlement of any **Claim** it deems expedient.
- C.** As a condition precedent to exercising any right to coverage afforded by this Policy, the **Insured** agrees not to settle or offer to settle any **Claim**, incur any **Claims Expenses** or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's prior written consent, which consent shall not be unreasonably withheld. The Company shall not be liable for any element of **Damages** incurred, for any obligation assumed, or for any admission made, by any **Insured** without the Company's prior written consent.
- D.** The **Insured** must take all reasonable actions within its ability to prevent or mitigate any **Claim** which would be covered under this Policy.
- E.** The **Insured** shall provide the Company with such cooperation, assistance and information as the Company may request, all without charge to the Company. When requested by the Company and without charge to the Company, the **Insured** shall submit to examination by a Company representative, under oath if required, and shall attend depositions, hearings and trials, and shall assist in the conduct of **Claims** including, but not limited to, securing evidence

and giving evidence, coordinating witness attendance, effecting settlement, providing written statements to the Company's representatives and meeting with such representatives for the purposes of investigation or defense.

- F. The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without the prior written consent of the Company. In the event any **Claim** is submitted to arbitration, the Company, as soon as practicable, shall notify the **Insured** of the date of the arbitration hearing. The Company shall be entitled to exercise all of the **Insured's** rights in the choice of arbitrators and in the conduct of any arbitration proceeding involving a **Claim** covered by this Policy.

VII. TERRITORY

This Policy applies to **Wrongful Acts** committed by an **Agent** or **Registered Representative** anywhere in the world, provided that any **Claim** made as a result of such **Wrongful Acts** must be brought and held against the **Insured** in the United States of America, its territories or possessions, or in Canada.

VIII. GENERAL CONDITIONS

A. **Limits of Liability, Deductible, and Claims First Made**

1. **Limits of Liability**

- a. The Company's maximum liability for all **Damages** and **Claims Expenses** resulting from each **Claim** arising from a **Wrongful Act** or **Interrelated Wrongful Acts** shall be the Limits of Liability for Each **Claim** set forth in the **Certificate of Insurance**.
- b. The Company's maximum aggregate Limits of Liability for all **Damages** and **Claims Expenses** resulting from all **Claims** made against any one **Agent** or **Registered Representative** covered by this Policy shall be the Aggregate set forth in the **Certificate of Insurance**.
- c. The Limits of Liability of the Company for any **Extended Reporting Period** shall be part of, and not in addition to, the Limits of Liability of the Company set forth in the **Certificate of Insurance**.
- d. The Company shall have no obligation to pay **Damages**, including **Claims Expenses**, or to defend or continue to defend any **Claim** after the Company's applicable Limit of Liability with respect to such **Claim** has been exhausted.

2. **Deductible**

The Company shall only be liable for **Damages** and **Claims Expenses** which are in excess of the Deductible(s) set forth in the **Certificate of Insurance**. If more than one Deductible is applicable to any **Claim**, the maximum aggregate Deductible for such **Claim** shall be the largest of such Deductibles.

3. **Claims First Made**

All **Claims** arising out of the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be deemed one **Claim**, and such **Claim** shall be deemed to be first made on the earliest date that:

- a. Any of the **Claims** were first made, regardless of whether this **Certificate of Insurance** was in effect at the time; or
- b. Notice was given by the **Insured** under this Policy or any prior policy of any **Wrongful Act** or **Interrelated Wrongful Act** which underlies such **Claim**.

B. Extended Reporting Periods

1. If, during the **Certificate Period**, an **Agent** or **Registered Representative** ceases his or her status as such and whose **Certificate Period** is thus terminated with the **Sponsor**, but has been continuously insured under this Policy for at least ten (10) years, such **Agent** or **Registered Representative** shall be entitled, at no additional charge, to an unlimited amount of time after such termination to report to the Company any **Claim** which is first made during this time period, provided that such **Claim** arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and prior to the termination of the **Certificate Period**.
2. In the event of cancellation or non-renewal of this Policy by the **Sponsor** or by the Company, all **Agents** or **Registered Representatives** who have been continuously insured under this Policy for at least ten (10) years shall be entitled, at no additional charge, to an unlimited amount of time after such cancellation or non-renewal to report to the Company any **Claim** which is first made during this time period, provided that such **Claim** arises out of a **Wrongful Act** committed prior to the termination or the expiration date of the **Certificate Period**, whichever is earlier.
3. An **Agent** or **Registered Representative** shall be entitled to a sixty (60) day automatic **Extended Reporting Period**, if his or her relationship with the **Sponsor** ceases or if his or her relationship is terminated less than ten (10) years after having first enrolled for coverage under this Policy.
4. An **Agent** or **Registered Representative** shall have the right, upon payment of the additional premium set forth in the table below, to elect an Optional **Extended Reporting Period**, if his or her relationship with the **Sponsor** is terminated less than ten (10) years after having first enrolled for coverage under this Policy. Such **Agent** or **Registered Representative** shall have the amount of time set forth in the table below after the termination to report to the Company any **Claim** which is first made during this time period and which arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and prior to the termination of the **Certificate Period**.

The right to purchase such Optional **Extended Reporting Period** must be exercised by written notice to the Company no later than sixty (60) days following the effective date of termination of the **Certificate Period**, and must include: (i) a designation of the length of the Optional **Extended Reporting Period** being purchased; and (ii) payment of the premium for the applicable Optional **Extended Reporting Period**, as well as payment of all other premiums due the Company. If such notice is not so given to the Company, the **Agent** or **Registered Representative** shall not be entitled to exercise such right at a later date.

The first sixty (60) days of the optional **Extended Reporting Period**, if it becomes effective, shall run concurrently with the automatic **Extended Reporting Period**.

The entire additional premium for the Optional **Extended Reporting Period** shall be deemed fully earned at the inception of the Optional **Extended Reporting Period**.

<u>Optional Extended Reporting Period</u>	<u>Percentage of Annual Premium</u>
One (1) Year	100%
Two (2) Years	160%
Three (3) Years	200%
Unlimited	250%

5. **Extended Reporting Periods** shall not apply to any **Agent** or **Registered Representative** that has any other applicable insurance, including a policy issued subsequent to this Policy, whether or not the other insurance coverage/policy actually affords coverage.
6. **Insured** shall not be entitled to any **Extended Reporting Period** if the Company has cancelled his or her coverage for non-payment of premium when due.
7. The applicability of an **Extended Reporting Period** shall not in any way increase the Limits of Liability set forth in the **Certificate of Insurance**.

C. Subrogation

In the event of any payment under this Policy, the Company shall be subrogated to all of the **Insured's** rights of recovery against any person or organization, and the **Insured** shall execute and deliver instruments and papers required, and shall do everything necessary to preserve and secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit or otherwise pursue subrogation rights in the name of the **Insured**. The **Insured** shall do nothing to prejudice such rights.

Any amount so recovered shall be apportioned as follows: Any recovery shall first be used for the repayment of expenses incurred toward subrogation; second, to any **Claims Expenses** and/or **Damages** paid by the **Insured** in excess of any deductible; third, to any claims expenses and/or damages payments by an excess carrier on behalf of the **Insured**; fourth, to any claims expenses and/or damages payments by any primary carrier on behalf of the **Insured**; and last, to repayment of the **Insured's** deductible.

D. Allocation

If a **Claim** includes both covered and uncovered allegations, or gives rise to both covered **Damages** and uncovered damages, the **Insured** and the Company shall use their best efforts to allocate **Claim Expenses** and **Damages** between covered and uncovered matters. If no agreement can be reached between the Company and the **Insured**, the Company shall pay **Claims Expenses** which it reasonably believes to be covered under this Policy until a different allocation is negotiated or determined. Any negotiated or determined allocation of **Claims Expenses** in connection with a **Claim** shall be applied retroactively, notwithstanding any allocation applied with respect to any prior advancement. Any allocation or advancement of **Claims Expenses** in connection with a **Claim** shall not apply to or create any presumption with respect to any other allocation.

E. Reimbursement of the Company

If the Company has paid any **Damages** and/or **Claims Expenses** in excess of the applicable Limits of Liability, within the amount of the applicable Deductible or subject to the right to seek repayment, the **Insured** shall be liable to the Company for any and all such amounts and, upon demand, shall pay such amounts to the Company promptly. If it is negotiated or determined that any **Damages** or **Claims Expenses** are not covered under this Policy, the **Insured** agrees to repay the Company the amount of such **Damages** or **Claims Expenses** not covered.

F. Termination of Master Policy

This Policy:

1. May be cancelled by the **Sponsor** by surrender of this Policy to the Company or by giving written notice to the Company stating when thereafter such cancellation shall be effective.
2. May also be cancelled by the Company by mailing to the **Sponsor** by registered, certified, or other first class mail, at the **Sponsor's** address set forth in Item 1 of the Declarations, written notice stating when, not less than sixty (60) days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

Certificates of Insurance in effect at the time of termination of this Policy shall remain in effect until expiration of the **Certificate of Insurance** as set forth in the **Certificate of Insurance**, and **Claims** submitted under such **Certificates of Insurance** shall be otherwise governed by this Policy.

G. Sponsor - Sole Agent

The **Sponsor** shall be the sole agent of all **Insureds** hereunder for the:

1. Purpose of effecting or accepting any amendments to or cancellation of this Policy;
2. Purpose of receiving such notices as may be required by law and/or any provision(s) of this Policy;

H. Alteration and Assignment

No change in, modification of, or assignment of, interest under this Policy shall be effective except when made by written endorsement signed by an authorized representative of the Company.

I. Action Against the Company

No action shall be taken against the Company unless, as a condition precedent thereto, the **Insured** has fully complied with all the terms and conditions of this Policy. In addition, no action shall be taken against the Company until the amount of any **Insured's** obligation or liability to a third party has been finally determined by an award or judgment against any **Insured** in an actual adjudicatory proceeding.

No person or entity shall have any right under this Policy to join any **Insured** in any action or proceeding against the Company to determine the Company's liability nor shall the Company be impleaded in an action or proceeding by any **Insured** or its legal representative.

No person or entity shall have any right under this Policy to join the Company as a party to any action against any **Insured** to determine such **Insured's** liability.

J. Dispute Resolution Process

In the event a dispute arises out of this Policy, the Company and the **Insured** shall participate in a non-binding mediation. The parties shall share costs, but pay for their own legal fees and expenses. Either the Company or the **Insured** may commence a judicial proceeding or binding arbitration proceeding after ninety (90) days has passed from the termination of the mediation, provided that in the event that both the Company and the **Insured** commence either a judicial proceeding or binding arbitration, the party commencing first shall be entitled to have its proceeding take precedence over the party not filing first, and such party not filing first shall withdraw its judicial or binding arbitration proceeding until such time the proceeding filed by the party filing first has received a final determination. In the event of a binding arbitration, such proceeding shall be pursuant to such rules and procedures as the parties may agree. If the parties cannot agree, the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing Commercial Arbitration Rules. The arbitration panel shall consist of one arbitrator selected by the **Insured**, one selected by the Company, and the third independent arbitrator selected by the two party-appointed arbitrators. In any such arbitration, each party will bear its own legal fees and expenses. The arbitration or any court proceeding shall take place in New York, New York and New York law shall apply, without application of any applicable conflict of law analysis.

K. Changes

Notices to any agent shall not effect a waiver or a change in any part of this Policy or prevent the Company from asserting any rights under the terms of this Policy, nor shall the terms of this Policy be waived or changed, unless endorsed hereon.

L. Entire Agreement

It is agreed that this Policy, including the **Application**, any materials submitted or required to be submitted therewith, and any written endorsements attached, shall constitute the entire agreement existing between the Company, the **Insured**, and the **Sponsor**.

M. Titles

The titles of paragraph, sections or any endorsements to this Policy are intended solely for convenience and reference, and are not deemed in any way to modify the provisions to which they relate.

N. Other Insurance

If any **Claim** is insured under any other policies, this Policy shall apply only to the extent the **Damages** exceed the Limit of Liability under such other insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is only written specifically as excess insurance over this Policy.

SPECIMEN

O. Liberalization

If the Company broadens coverage, without an associated Additional Premium, during the **Policy Period**, all **Insureds** shall be entitled to the broader coverage granted.

P. Premium Fully Earned

If applicable state law permits, the premium paid shall be deemed fully earned.

Q. Payment Authorizations

If an **Agent** or **Registered Representative** has provided an enforceable written payment authorization upon initially enrolling, such payment authorization shall remain in full force and effect until rescinded in writing by an **Insured**.

R. Compliance with Trade Sanctions

This insurance does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the Company from providing insurance.

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