

LIFE AGENT

Declarations

NOTICE:

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED AND REPORTED TO THE INSURER IN ACCORDANCE WITH SECTION VIII, NOTICE.. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

CUSTOMER NUMBER: 552021		INSURER: Continental Casualty Company	
POLICY NUMBER: 287298759			
POLICYHOLDER AND ADDRESS		PRODUCER	
Item 1.(a)	American Fidelity Assurance Company 2000 N Classen Blvd Oklahoma City, OK 73106	MGA Insurance Services 9024 Town Center Parkway Lakewood Ranch, FL 34202	
Item 1.(b) Attn:	Insurance companies represented: American Fidelity Assurance Company	ATTN: NAPA	
Item 2. Policy Period: from 11/01/09 to 11/01/10 12:01 a.m. local time at the address stated in Item 1			
Item 3. Notice to Insurer: Claims Notices: Life Agent Intake Notice Administrator		All other notices: Life Agent Underwriting Unit CNA Global Specialty 40 Wall Street, 8 th Floor New York, New York 10005	
Item 4 Limits of Liability and Retention:		a. Policy Aggregate Limit of Liability: \$25,000,000	
b.	SCHEDULED LIMITS OF LIABILITY – EACH INSURED	RETENTION SCHEDULE	
Option 1: Agents or General Agents or Registered Representatives	Each Claim \$ 500,000 In the Aggregate \$500,000	Insurance products sponsored by Company identified in Item 1a. or 1b.:	Each Claim \$500
Option 2: Agents or General Agents or Registered Representatives	Each Claim \$1,000,000 In the Aggregate\$1,000,000	Outside Business:	Each Claim: \$1,500
Option 3: Agents or General Agents or Registered Representatives	Each Claim \$1,000,000 In the Aggregate\$2,000,000		

(The Retention shall apply separately to each Insured. If more than one Retention is applicable to a single Claim, the maximum aggregate Retention for such Claim shall be the largest of such Retentions.)

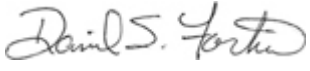
ITEM 5. Endorsements forming a part of this Policy at issuance:

1. G-133891-A35 Oklahoma State Amendatory
2. GSL11428XX New York State Amendatory
3. GSL8156CA California State Amendatory

LIFE AGENT

Declarations

These Declarations, along with the completed and signed **Application**, the Policy, and any written endorsements attached thereto shall constitute the contract between the **Insureds** and the Insurer.

Authorized Representative: 

Date: 11/24/09



LIFE AGENT PROFESSIONAL LIABILITY POLICY

NOTICE:

THIS IS A CLAIMS-MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED AND REPORTED TO THE INSURER IN ACCORDANCE WITH SECTION VII, NOTICE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

The Insurer and the **Policyholder** agree as follows, in consideration of the payment of the premium and in reliance upon all statements made in the **Application** furnished to the Insurer designated in the Declarations, a stock insurance corporation, hereafter called the "Insurer".

I. INSURING AGREEMENT

A. PROFESSIONAL LIABILITY

The Insurer shall pay on behalf of the **Insureds** that **Loss** which the **Insureds** become legally obligated to pay resulting from a **Claim** for a **Wrongful Act** solely in rendering or failing to render **Professional Service**.

B. VICARIOUS LIABILITY

If purchased, and subject always to paragraph C. below, How this Coverage Applies, if the entity (other than a **Broker-Dealer**) named in Item 1.a. or b. of the Declarations is named as a co-defendant with an **Agent or General Agent** in a **Claim** otherwise covered under Insuring Agreement A. above, the Insurer shall pay on behalf of such entity that **Loss** which such entity becomes legally obligated to pay resulting from a **Claim** for a **Wrongful Act** by an **Agent or General Agent** provided that such **Claim** contains no allegations of negligence or bad faith against such entity, whether such allegations involve negligent hiring, training, management, supervision or otherwise.

C. HOW THIS COVERAGE APPLIES

Coverage for a **Claim** for a **Wrongful Act** as specified under paragraphs A. or B. above applies only if:

1. the **Wrongful Act** giving rise to such **Claim** occurred on or after the **Prior Acts Date**; and,
2. the **Claim** is first made against any **Insured** during the **Policy Period**, or any Extended Reporting Period, if applicable, and reported to the Insurer in accordance with Section VII, NOTICE; and
3. prior to the date of the **Insured's** initial enrollment under this Policy, or under any other policy issued by the Insurer (or its affiliated insurers) of which this Policy is a renewal (whether successive or not) or replacement, whichever is earlier, no **Insured** knew of, or could have reasonably foreseen that any such **Wrongful Act** could result in a **Claim**; and
4. no **Insured** gave notice under any Prior Policy of any such **Wrongful Act** or any **Interrelated Wrongful Acts**.

II. DEFENSE



A. Defense of **Claims**

1. If a **Claim** is made against the **Insured** within the United States of America, its territories or possessions or Canada, the Insurer shall have the right and duty to defend such **Claim**, even if any of the allegations of the **Claim** are groundless, false or fraudulent. The Insurer may make such investigation and negotiate settlement of any **Claim** it deems expedient, but the Insurer shall not be obligated to pay any **Loss** to defend or continue to defend any **Claim** after the applicable limit of the Insurer's liability has been exhausted by payment of **Loss**.
2. If a **Claim** is made against the **Insured** outside of the United States of America, its territories or possessions or Canada, the Insurer shall indemnify the **Insured** pursuant to the terms, conditions, provisions and exclusions of the Policy, but shall not have the duty to defend the **Insured**. The Insurer shall instead reimburse **Defense Costs** incurred by the **Insured** in defending such **Claims**. In connection with such **Claims**, the **Insured** shall obtain the Insurer's consent to the selection of counsel, including counsel rates, and ensure that counsel complies with CNA's *Defense Counsel Guidelines*. CNA shall have the right, but not the duty, to associate with the **Insured** in the defense of any such **Claim**.

B. Insurer's Consent

The **Insured** shall not admit liability, consent to any judgment, agree to any settlement, make any settlement offer, assume any obligation or incur any default judgment or award without the Insurer's prior consent, which consent shall not be unreasonably withheld. The Insurer shall not be liable for any **Loss** incurred by the **Insured** to the extent the **Loss** results from such **Insured** admitting liability, consenting to any judgment, agreeing to any settlement, making any settlement offer or incurring expenses without the Insurer's prior consent. The **Insureds** agree that they shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Policy resulting from any **Claim**.

C. Arbitration

The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without the written consent of the Insurer, except with respect to arbitration between an **Insured** and a **Client**. In the event any **Claim** is submitted to arbitration, the Insurer, as soon as practicable, shall notify the **Insured** of the date of the arbitration hearing. The Insurer shall be entitled to exercise all of the **Insureds'** rights in the choice of arbitrators and in the conduct of any arbitration proceeding involving a **Claim** covered by this Policy.

III. DEFINITIONS

Wherever appearing in bold print in this Policy:

Agent or General Agent, whether used separately or together, means

A. a natural person:

1. who has a life agent contract with the **Policyholder** or such subsidiary; and
2. who has elected to enroll for coverage under this Policy; and
3. whose enrollment is on file with the **Policyholder**.

B. any:

1. corporation, partnership, or other business entity owned or controlled by such natural person referred to in A. of this definition, but solely with respect to the liability of such entity as it arises out of the rendering of or failing to render



- Professional Services** by an **Insured Agent or General Agent**, as defined in A. of this definition.
2. natural person who is a life insurance producer for any insurance company provided such natural person also qualifies under paragraph A. of this definition or qualifies for coverage as a **Registered Representative** under this Policy; or
 3. **Retired or Disabled Agent or General Agent.**

Application means all signed applications for this Policy and for any policy in an uninterrupted series of policies issued by the Insurer or any affiliate of the Insurer of which this Policy is a renewal or replacement. An "affiliate of the Insurer" means an insurer controlling, controlled by or under common control with the Insurer.

Broker/Dealer means any securities broker or dealer as those terms are defined in 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.

Claim means:

- A. a written demand for monetary damages; or
- B. a civil adjudicatory or arbitration proceeding for monetary damages,

against an **Insured** for a **Wrongful Act**, including any appeal thereof, brought by or on behalf of or for the benefit of any **Client**.

Client means a natural person for whom, or entity for which, **Professional Services** are rendered by an **Insured**.

Defense Costs means reasonable and necessary fees and expenses incurred by or at the direction of the Insurer in defense of any **Claim**, and costs of appeal, attachment or similar bonds. The Insurer has no obligation to provide such bonds. **Defense Costs** shall not include salaries, wages, fees, overhead or benefit expenses associated with the directors, officers and employees of the **Insured**, or fees and expenses of independent adjusters.

Domestic Partner means any person qualifying as such under any federal, state or local laws or under any **Insured** entity's employee benefit plans.

Insured means:

- A. an **Agent or General Agent**;
- B. a **Registered Representative** of any **Broker/Dealer** but solely for those **Professional Services** defined under paragraph B.1. and 2. of the definition of **Professional Services**.
- C. a natural person who is a former or current secretarial, clerical or administrative employee of the **Agent, General Agent, or Registered Representative** listed in paragraphs A. and B. above but solely for services performed within their capacity as such and on behalf of such **Agent, General Agent, or Registered Representative**, provided such natural person did not receive any commission income pursuant to an agent, broker or registered representative contract with any insurance company or **Broker/Dealer** as a result of providing **Professional Services** offered by the **Agent, General Agent or Registered Representative**; or



However, an **Agent or General Agent**, or **Registered Representative** shall not be an **Insured** under this Policy if the **Policyholder** has terminated its relationship with the **Agent or General Agent**, or **Registered Representative** for disciplinary reasons in conformance with the **Policyholder's** written practices and procedures in effect at the time of the relationship.

Interrelated Wrongful Acts means any **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.

Loss means monetary settlements or monetary judgments (including any award of pre-judgment and post-judgment interest) and **Defense Costs** for which the **Insured** is legally obligated to pay on account of a covered **Claim**.

However, **Loss** shall not include:

- A. criminal or civil fines or penalties imposed by law or taxes. However, **Loss** shall include any taxes, fines, and penalties incurred by a third party and included in such third party's **Claims** against the **Insured**;
- B. any amount for which there is no legal recourse against the **Insureds**;
- C. punitive or exemplary damages or the amount of any multiplied damage award which is in excess of the damage award so multiplied;
- D. costs incurred as a result of any injunctive relief;
- E. the return of commissions, fees or charges for services rendered by an **Insured**; or
- F. matters which are uninsurable under the law pursuant to which this Policy shall be construed.

Outside Business means products placed by an **Insured** with any insurance company not specified in Item 1a. or 1 b. of the Declarations.

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

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

Policy Period means the period from the effective date of this Policy to the Policy expiration date specified in the Declarations, or its earlier cancellation date.

Policyholder means the natural person or organization specified in Item 1a. of the Declarations.

Pollutants mean any substance exhibiting hazardous characteristics as or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air



emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products or any noise.

Prior Acts Date means:

- A. with respect to an **Agent or General Agent**, the date the **Agent or General Agent** became continuously insured without interruption under any claims made professional liability policy (subject to written proof of such coverage at the time the **Insured** gives written notice to the Insurer of a **Claim** under this Policy);
- B. with respect to a **Registered Representative**, the latest date the **Registered Representatives** contracted with the **Broker/Dealer**.

Professional Services means:

- A. with respect to a natural person **Agent or General Agent**, to the extent they are provided in the course and scope of the **Insured's** business as an **Agent or General Agent** and such **Agent or General Agent** has the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business is conducted:
 - 1. the sale, attempted sale or servicing of life insurance, accident and health insurance, managed health care organization contracts;
 - 2. medicare advantage plans or medicare supplemental insurance;
 - 3. disability income insurance;
 - 4. indexed/fixed annuities;
 - 5. financial planning activities in conjunction with services described in paragraphs 1. through 4. of this definition, whether or not a separate fee is charged;
 - 6. the supervision, management and training of an **Agent** by a **General Agent** with respect to activities otherwise covered by this Policy.
- B. with respect to **Registered Representative** and only to the extent **Professional Services** are provided in the course and scope of the **Insured's** business as a **Registered Representative** and such **Registered Representative** has the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business is conducted:
 - 1. the sale, attempted sale or servicing of variable annuities or mutual funds, (if purchased) that are registered with the Securities Exchange Commission, if required, through a **Broker/Dealer** that is a member of The Financial Industry Regulatory Authority;
 - 2. financial planning activities in conjunction with services described in paragraph 1 of this definition, whether or not a separate fee is charged.

Registered Representative means:

- A. a natural person who is registered with The Financial Industry Regulatory Authority as a registered representative or registered principal, who has maintained a contract with a **Broker/Dealer** who has elected to enroll for coverage under this Policy, and whose enrollment is on file with the **Policyholder**; or



- B. any corporation, partnership or other business entity that is owned or controlled by such natural person, but solely with respect to the liability of such organization arising out of failing to render **Professional Services** by an **Insured**.

Registered Representative also includes any **Retired or Disabled Registered Representative**.

Retired or Disabled, whether used either separately or together, means:

- A. retired or disabled in conformance with the written practices and procedures of the **Policyholder or Broker/Dealer** which are in effect at the inception of the **Policy Period**; and
- B. no longer providing **Professional Services** on behalf of the **Broker/Dealer** or any other insurance company or **Broker/Dealer**;

Retired or Disabled Agents, General Agents or Registered Representatives, whether used either separately or together, means **Agents, General Agents or Registered Representatives** who are **Retired or Disabled**. However, **Retired or Disabled Agents, General Agents or Registered Representatives** do not include **Agents or General Agents or Registered Representatives** whose relationship as such was terminated by the **Policyholder** for disciplinary reasons in conformance with the written practices and procedures in effect at the time of the termination of the relationship).

Wrongful Act means any negligent act, error or omission of, or **Personal Injury** caused by, the **Insureds** in rendering or failing to render **Professional Services**.

IV. EXTENDED REPORTING PERIOD

- A. If during the **Policy Period** an **Agent or General Agent or Registered Representative** ceases their status as such with the **Policyholder**, such **Agent or General Agent or Registered Representative** shall have a one year Automatic Extended Reporting Period, beginning on his/her date of termination and terminating 12 months thereafter, during which time coverage for such **Agent or General Agent or Registered Representative** shall continue in accordance with the terms and conditions of this Policy, but only with respects to **Wrongful Acts** (i) committed after the **Prior Acts Date** as defined in the Policy; (ii) committed before his/her termination date; and (iii) which are **Wrongful Acts** otherwise covered under the terms and conditions of this Policy.
- B. An **Agent, General Agent or Registered Representative** shall not be entitled to such Automatic Extended Reporting Period if he or she, at the time any **Claim** is made, is enrolled in any broker, dealer, life agent, registered representative, registered investment adviser, financial planning or professional liability policy, other than this Policy, whether or not that policy actually affords coverage for the **Claim** in question.

V. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns spouses or **Domestic Partners of Insureds**, under Insuring Agreement A., shall be considered **Insureds** under this Policy; provided however, that coverage is afforded to such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners** only for a **Claim** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, where such **Claim** seeks damages from marital community property, jointly-held property or property transferred from the **Insured** to the spouse or **Domestic Partner**. No coverage is provided for any **Wrongful Act** of an estate, heir, legal representative, assign spouse or **Domestic Partner**. All terms and conditions of this Policy, including without limitation the



retention applicable to **Loss** incurred by the **Insured** shall also apply to **Loss** incurred by such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners**.

VI. LIMIT OF LIABILITY, RETENTION AND ALLOCATION

A. Policy Aggregate:

The amount set forth as the Policy Aggregate Limit of Liability in Item 4a. of the Declarations shall be the maximum aggregate Limit of Liability of the Insurer for all **Loss** under this Policy, regardless of the number of **Insureds**, **Claims** made, or persons or entities bringing such **Claims**. The Scheduled Limits of Liability set forth in the Coverage Schedule in Item 4b. of the Declarations are sub-limits which further limit and do not increase the Insurer's limit of liability under this Policy Aggregate Limit.

B. Each **Claim** and Aggregate Per **Insured**

Subject always to Section VI. paragraph A., Policy Aggregate, the "Scheduled Limit of Liability set forth in Item 4 b. of the Declarations shall apply separately to each applicable **Insured** as follows:

1. Each **Claim**

Subject to paragraph 2. below, the Limit of Liability of the Insurer for **Loss** for each **Claim** first made against an **Insured** and reported to the Insurer during the **Policy Period** shall not exceed the amount stated in the Declarations for each **Claim**.

2. Aggregate

The Limit of Liability of the Insurer for **Loss** for all **Claims** first made against an **Insured** and reported to the Insurer during the **Policy Period** shall not exceed the amount stated in the Declarations for all **Claims** in the Aggregate.

C. Vicarious Liability - Insuring Agreement B

No additional Limit of Liability is afforded under Insuring Agreement B. Rather, subject always to Section VI. paragraph A., Policy Aggregate, the Limit of Liability applicable to **Claims** under Insuring Agreement A. shall be the Limit of Liability under Insuring Agreement A. applicable to the **Agent or General Agent** named as a co-defendant with the **Insured** entity under Insuring Agreement B.

D. Multiple **Insureds**

Subject always to Section VI. paragraph A., Policy Aggregate, each **Insured's** applicable Limits of Liability, as set forth above, shall be the Insurer's maximum Limit of Liability for such **Insured**. Further, where two or more **Insureds** are involved in a **Claim**, the maximum aggregate Limit of Liability of the Insurer for all such **Insureds** shall be the largest single Limit of Liability applicable to any one of such **Insureds**.

E. Exhaustion of Limit of Liability

The Insurer's obligations under this Policy shall be deemed completely fulfilled and extinguished if the applicable Limit of Liability is exhausted by payment of **Loss**.

F. Retention

Subject to the applicable Limit of Liability, the Insurer shall pay all covered **Loss** excess of the applicable Retention, if any, set forth in the Retention Schedule in Item 4b. of the Declarations. The scheduled Retentions shall apply separately to each **Insured** as follows:

A single and separate Retention shall apply to all **Loss** resulting from each **Claim**. If more than one Retention is applicable to a single **Claim**, the maximum aggregate Retention for such **Claim** shall be the largest of such Retentions.

If the Insurer, in the exercise of its discretion and without any obligation to do so, pays any amount within the amount of the applicable Retention, the **Insured** shall be liable to the Insurer for any and all such amounts and, upon demand, shall pay such amounts to the Insurer.

G. **Interrelated Wrongful Acts**

More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Claim** which shall be deemed to have been made on the earlier of:

1. the date on which the earliest such **Claim** was first made; or
2. the first date valid notice was given by an **Insured** and received by the Insurer under this Policy of any **Wrongful Act** or under any prior policy of any **Wrongful Act** or any fact, circumstance, situation, event or transaction which underlies any such **Claim**.

H. Allocation

If a **Claim** made against the **Insureds** includes both covered and uncovered matters or if a **Claim** is made against **Insureds** who are extended coverage under this Policy and others who are not extended coverage therefor under this Policy, the **Insureds** agree that there must be an allocation between insured and uninsured **Loss** (other than that part of **Loss** attributable to **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 **Loss** based upon the relative legal exposures of the parties to such matters.

VII. NOTICE

- A. If a **Claim** is made against any **Insured**, the **Insured** shall, as soon as practicable, notify the Insurer during the **Policy Period** and forward to the Insurer every demand, notice, summons, or other process received. Notwithstanding the requirement that the **Claim** must be first made and reported to the Insurer during the **Policy Period**, if continuous coverage is in effect pursuant to consecutive policies issued by the Insurer, a **Claim** may be first made against the **Insured** during one **Policy Period** and may be reported to the Insurer in writing during the consecutive, immediately following, **Policy Period** without constituting a violation of this provision. The **Policy Period** in effect on the date the **Claim** is reported to the Insurer shall apply.

In addition, notwithstanding the requirement that the **Claim** must be first made against the **Insured** and reported to the Insurer during the **Policy Period**, the **Policyholder** shall have an extension of this Policy for a period of 30 days immediately following the end of the **Policy Period**, but only with respect to providing notice to the insurer of a **Claim** first made

against any **Insured** during the **Policy Period** and prior to the date of termination of the Policy.

In no event, however, shall the Insurer be responsible to pay any **Loss** in connection with any default judgment entered against an **Insured** prior to notice to the Insurer or as a result of untimely notice to the Insurer nor shall the Insurer be responsible to pay any **Loss** in connection with any **Claim** in which the Insurer's interests have been prejudiced because of the **Insured's** failure to supply timely notice to the Insurer.

B. If, during the **Policy Period** the **Insureds** first become aware of specific **Wrongful Acts** which may reasonably give rise to a future **Claim** and during such period give written notice to the Insurer of:

1. the names of the potential claimants and a description of the specific **Wrongful Act** which forms the basis of their potential **Claim**;
2. the identity of the specific **Insureds** allegedly responsible for such specific **Wrongful Act**;
3. the consequences which have resulted or may result from such specific **Wrongful Act**;
4. the nature of the potential monetary damages or non-monetary relief which may be sought in consequence of such specific **Wrongful Act**; and
5. the circumstances by which the **Insureds** first became aware of such specific **Wrongful Act**,

then any **Claim** otherwise covered under this Policy which is subsequently made against the **Insureds** and which arises out of such **Wrongful Act** shall be deemed to have been first made at the time such written notice was received by the Insurer. No coverage is provided for a **Claim** resulting from such **Wrongful Act** until such time as such **Claim** is reported to the Insurer in accordance with paragraph A. above.

C. Except as provided in paragraph B. above, a **Claim** shall be deemed to be made

1. in the case of a civil proceeding or arbitration, on the earliest of the date of service upon or other receipt by any **Insured** of a complaint or similar document against the **Insured** in such proceeding or arbitration; or
2. in the case of a written demand for monetary damages, on the **Insured's** receipt of notice of such demand.

D. The **Insureds** shall give written notice to the Insurer under this Policy as specified in Item 4. of the Declarations, which shall be effective upon receipt.

E. The **Insureds** shall furnish the Insurer with copies of reports, investigations, pleadings, and all related papers and such other information, assistance and cooperation as the Insurer may reasonably request. The **Insureds** agree to cooperate with the Insurer, and provide all assistance and information reasonably requested by the Insurer. When requested by the Insurer, the **Insureds** shall submit to examination by a representative of the Insurer, under oath if required, and shall attend hearings, depositions, and trials and shall assist in the conduct of **Claims** including but not limited to effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to the Insurer's representatives and meeting with such representatives for the purpose of investigation or defense, all of the above without charge to the Insurer.

VIII. CANCELLATION



- A. The Insurer may cancel this Policy:
 - 1. for non-payment of any premium when due, by providing to the **Policyholder** written notice stating when, not less than 30 days thereafter, such cancellation shall be effective. Failure to pay the initial policy premium will be deemed a rejection of our offer to insure, and no coverage under this policy shall be effective.
 - 2. for any other reason by providing to **Policyholder** written notice stating when, not less than 60 days thereafter, such cancellation shall be effective.
- B. The **Insureds** grant the exclusive authority to cancel this Policy to the **Policyholder**. This Policy may be canceled by the **Policyholder** by surrender of this Policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The making of such notice by registered, certified or other first class mail, to the Insurer at the address shown in the Declarations, shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.
- C. If the **Policyholder** cancels, earned premium will be computed in accordance with the customary short rate table and procedures. If the Insurer cancels, earned premium shall be computed pro-rata.

IX. OTHER INSURANCE

If any **Loss** resulting from any **Claim** is insured under any other policies, this Policy shall apply only to the extent the **Loss** exceeds 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 written only as specific excess insurance over this Policy.

X. PREMIUM

- A. The **Policyholder** agrees to provide the Insurer with any documentation and information that the Insurer may reasonably request during the **Policy Period** in order that the Insurer may determine the number of **Agents, General Agents, or Registered Representatives** with the **Policyholder**.
- B. **PREMIUM FOR THIS POLICY IS THE OBLIGATION OF, AND IS PAID TO, THE INSURER BY THE POLICYHOLDER. THE INSURER DOES NOT COLLECT FROM, AND WILL NOT RETURN, ANY PREMIUM TO ANY INSURED OTHER THAN THE POLICYHOLDER.**

XI. CHANGE OF STATUS OF POLICYHOLDER OR BROKER/DEALER

- A. **Takeover of first named Policyholder**

In the event that, during the **Policy Period**, the **Policyholder** specified in Item 1a. of the Declarations shall consolidate with or merge into, or shall sell substantially all of its assets to, any other person or entity or group of persons or entities acting in concert, or if any person or entity or group of persons or entities acting in concert shall acquire an amount of the outstanding securities representing more than 50% of the voting power for the election of directors of such corporation, this Policy shall continue until it is otherwise terminated, but only with respect to **Claims for Wrongful Acts** occurring before the effective date of such consolidation, merger, sale or acquisition.
- B. **Cessation or Takeover of Subsidiaries or Affiliates**



If any entity named in Item 1b. of the Declarations ceases to be a subsidiary or affiliate of the first named **Policyholder** there shall be no coverage afforded to such subsidiary or affiliate or its **Agents, General Agents** or **Registered Representatives** under the this Policy for any **Wrongful Act** by such **Agents, General Agents** or **Registered Representatives** occurring after the date such organization ceased to be a subsidiary or affiliate.

XII. COVERAGE WITH RESPECT TO NEW ACQUISITIONS

If, on or after the inception date of this Policy, a corporation specified in Item 1. or 2. of the Declarations acquires voting stock or assets of another entity resulting in an increase of the consolidated sales force by 10% or more, no coverage shall be afforded to those **Agents, General Agents** or **Registered Representatives**, that were previously associated with the other entity, unless an endorsement to this Policy is issued or written confirmation is issued/received by the Insurer expressly granting such coverage.

XIII. SUBROGATION AND RECOVERY

In the event of any payment under this Policy, the Insurer shall be subrogated to all the **Insured's** rights of recovery therefore against any person or organization, and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights. Any amount recovered in excess of the Insurer's total payment shall be restored to the **Insured**, less the cost to the Insurer of recovery.

XIV. CHANGES

Notice to any agent or knowledge possessed by an agent or by any other person shall not affect a waiver or a change in any part of this Policy, or stop the Insurer from asserting any right under the provisions of this Policy. The provisions of this Policy shall not be waived, changed or modified except by endorsement issued to form a part of this Policy.

XV. NO ACTION AGAINST INSURER

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** shall have fully complied with all terms of this Policy, or until the amount of the **Policyholder's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Insurer. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Insurer in any action against the **Insured** to determine the **Insured's** liability, nor shall the Insurer be impleaded by the **Insured** or their legal representative in any such **Claim**.

XVI. ASSIGNMENT OF INTEREST

Assignment of interest under this Policy shall not bind the Insurer unless its consent is endorsed to this Policy.

XVII. TERRITORY

This Policy applies to **Wrongful Acts** which happen anywhere in the world, but only with respect to **Claims** made or suits brought against the Insured in the United States of America, its territories or possessions, or Canada.



XVIII. ENTIRE AGREEMENT

The **Policyholder** agrees that this Policy, including the **Application**, any materials submitted or required to be submitted therewith, and any written endorsements attached, constitute the entire contract existing between **Insureds** and the Insurer or any of its agents relating to this insurance.

XIX. EXCLUSIONS

The Insurer shall not be liable to pay any **Loss** in connection with any **Claim**:

A. Prior Litigation

based upon, directly or indirectly arising out of, or in any way involving facts alleged in any litigation against the **Insured** pending on or prior to the inception date of this Policy, or renewal thereof;

B. Claims by Specified Persons or Entities

by or on behalf of, or for the benefit of, whether directly or indirectly,

1. any parent, spouse, **Domestic Partner**, or child of the **Insured**
2. an entity in which one or more **Insureds**, at the time of the **Wrongful Act** giving rise to a **Claim**:
 - i. had a total of ten percent (10%) or more equity interest, or
 - ii. operated, controlled, or managed;
3. an individual or entity which has, or did have at the time of the **Wrongful Act**, a total of ten percent (10%) or more equity interest in an entity **Insured** or operates, controls or manages an entity **Insured**;
4. any past or present **Insured**, whether it be an individual, class or derivative action, except and to the extent that such **Claim** is by an **Insured** in his or her capacity as a **Client**;
5. any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency, in any capacity;
6. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, The Financial Industry Regulatory Authority, the Securities Investor Protection Corporation, in any capacity,

provided, however, that paragraphs 5. and 6. above shall not apply to any **Claim** by an official of such agency or organization if such official is bringing the **Claim** in his or her capacity as a direct **Client** of an **Insured** and not as an official of such agency or organization;

C. Intentional Acts

based upon, directly or indirectly arising out of, or in any way involving 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;

For purposes of determining the applicability of this Exclusion:

1. the facts pertaining to and knowledge possessed by any natural person **Insured** shall not be imputed to any other natural person **Insured**; and
2. only facts pertaining to and knowledge possessed by any executive officer shall be imputed to the **Insured** entity;

D. Bodily Injury/Property Damage

based upon, directly or indirectly arising out of, or in any way involving 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;

E. Contractual Liability/Promises/Guarantees

based upon, directly or indirectly arising out of, or in any way involving actual or alleged

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

F. Specified Services

based upon, directly or indirectly arising out of, or in any way involving actual or alleged:

1. performance of or failure to perform services by the **Insured** as:
 - a. an actuary, accountant, attorney, property or casualty agent, real estate agent, or third party administrator; or
 - b. a market maker or specialist in any securities; or
2. tax advice provided by the **Insured** except to the extent that such tax advice is an incidental part of the **Professional Services** being rendered;

G. Premium/claim/tax monies

based upon, directly or indirectly arising out of, or in any way involving:

1. the **Insured's** inability or refusal to pay or collect premium, claim or tax monies; or
2. a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this paragraph 2. shall not apply to surrender charges;

H. Commingling/Illegal Profit

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged commingling or use of **Client** funds; or
2. 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 in a separate action or proceeding

For purposes of determining the applicability of this Exclusion:

1. the facts pertaining to and knowledge possessed by any natural person **Insured** shall not be imputed to any other natural person **Insured**; and
2. only facts pertaining to and knowledge possessed by any executive officer shall be imputed to the **Insured** entity;

I. Insolvency

based upon, directly or indirectly arising out of, or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy or inability to pay of a natural person,

entity, benefit plan, insurance company, managed health care organization, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name), or limited partnership in which the **Insured** has placed business or obtained insurance coverage, or placed or recommended placement of the funds of a **Client**;

J. Employee Benefit Plans

based upon, directly or indirectly arising out of, or in any way involving:

1. any 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. the actual or alleged design of any employee benefit plan;

K. Sale or Servicing of Certain Products

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, attempted sale or servicing of any

1. coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefits plan involving self funding in whole or in part, by any employer, union, or employment related entity;
2. structured settlements; life settlements; or similar transactions in which the present value of a conditional contract is exchanged or sold; or
3. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN-LIFE) or any similar transactions;

L. Discretionary Authority

based upon, directly or indirectly arising out of, or in any way involving 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);

M. Nuclear/Pollution

based upon, directly or indirectly arising out of, or in any way involving:

1. any nuclear reaction, radiation or contamination; or
2. any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the **Insureds**, their security holders, or their creditors resulting from any of the aforementioned matters;

N. Anti-trust

based upon, directly or indirectly arising out of, or in any way involving actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct; however, the knowledge of

any such act by any **Insured** individual shall not be imputed to any other **Insured** individual; and only such knowledge of an executive officer shall be imputed to an **Insured** entity.

O. **Confidential or non-public information**

based upon, directly or indirectly arising out of or in any way involving the actual or alleged use, misuse or disclosure of:

1. confidential information, including but not limited to such use for the purpose of replacement of coverage; or
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 of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;

P. **Unlicensed entity**

based upon, directly or indirectly, arising out of or in any way involving the placement of a **Client's** coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; however, this Exclusion shall not apply to any **Claim** arising from or contributed to by the placement of a **Client's** coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;

Q. **Investment Banking Activities**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged underwriting, syndicating, or investment banking work, or associated counseling or investment activities, including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a **(Private Placement)**, other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing; provided, however, that this exclusion shall not apply to **Claims** arising from sales by an **Insured** of securities in connection with an offering thereof where such **Claims** relate solely to conduct by the **Insured** detrimentally relied upon by particular clients of the **Insured Broker/Dealer** and do not arise from facts or circumstances affecting the offering generally such as, but not limited to, actual or alleged misrepresentations or omissions in the formal written offering materials, including registration statements, offering memoranda and circulars;

R. **Owned funds or investment products**

based upon, directly or indirectly arising out of, or in any way involving any proprietary fund or investment products in which an **Agent or General Agent or Registered Representative** has any ownership interest;

S. **Fiduciary Services**

based upon, directly or indirectly arising out of, or in any way involving investment advice provided 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 it may be amended; or

T. Wrongful Employment Practices

based upon, directly or indirectly arising out of, or in any way involving employment practices including but not limited to discrimination or termination of employment.

XX. TRADE EMBARGOES AND SANCTIONS

This policy does not provide coverage for **Insureds**, transactions or that part of **Damages** or **Claim Expenses** that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

XXI. DUTIES OF THE POLICYHOLDER

The **Policyholder**, on behalf of all of all **Insureds**, will be:

- A. authorized to make changes in the terms of this Policy with our written consent; and
- B. responsible for:
 - 1. the payment of all premiums due the Insurer; and
 - 2. keeping records of the information the Insurer needs for premium computation, and sending it copies as it may request.

XXII. HEADINGS AND NUMBER

The descriptions in the headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage. Defined terms in the singular also include the plural and defined terms in the plural also include the singular.

IN WITNESS WHEREOF, the Insurer has caused this Policy to be executed by its Chairman and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations.

Chairman

Secretary

OKLAHOMA AMENDATORY ENDORSEMENT

In consideration for the premium paid, it is agreed that the Policy is amended as follows:

The Cancellation and/or Nonrenewal provisions of the Policy are deleted in their entirety and replaced with the following:

CANCELLATION

1. Cancellation
 - a. This Policy may be canceled by the individual or entity first named on the Declarations page by returning it to the Insurer. The first named individual or entity may also cancel this Policy by written notice to the Insurer stating at what future date cancellation is to be effective.
 - b. The Insurer may cancel this Policy by mailing to the first named individual or entity, a written notice of cancellation to the last mailing address known to the Insurer at least 60 days before cancellation is to be effective. However, if the Insurer cancels this Policy because the Insured has failed to pay a premium when due or has failed to pay amounts in excess of the limit of the Insurer's liability or within the amount of the deductible, this Policy may be canceled by the Insurer by mailing to the first named individual or entity written notice stating when, not less than 10 days thereafter, such cancellation shall be effective. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the first named individual or entity or by the Insurer shall be equivalent to mailing.
 - c. If this Policy has been in effect for more than 45 business days, or if it is a renewal of a policy issued by the Insurer, the Insurer may cancel only for one or more of the following reasons:
 - (1) Nonpayment of premium or failure to pay amounts in excess of the limit of the Insurer's liability or within the amount of the deductible;
 - (2) Conviction of the first named individual or entity of a crime having as one of its necessary elements an act which increases any hazard insured against;
 - (3) Discovery of willful or reckless acts or omissions by the first named individual or entity which increases any hazard insured against;
 - (4) Material misrepresentation or fraud made by the first named individual or entity or with the first named individual or entity's knowledge in obtaining the Policy or in pursuing a claim under the Policy;
 - (5) Change in a risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
 - (6) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;
 - (7) Loss or substantial changes in applicable reinsurance; or

(8) A determination by the Oklahoma Commissioner of Insurance that the continuation of the Policy would place the Insurer in violation of the insurance laws of Oklahoma.

d. If the Insurer cancels this Policy, the earned premium shall be computed pro rata. If the first named individual or entity cancels this Policy, the Insurer shall retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

All other terms, conditions, and exclusions of this Policy remain the same.

This endorsement, which forms a part of and is for attachment to the following described Policy issued by the designated Insurers takes effect on the effective date of said Policy, unless another effective date is shown below, at the hour stated in said Policy and expires concurrently with said Policy.

Must be Completed	
ENDT. NO. 1	POLICY NO. 287298759

Complete Only When This Endorsement Is Not Prepared with the Policy or is Not to be Effective with the Policy	
ISSUED TO	EFFECTIVE DATE OF THIS ENDORSEMENT



Countersigned by *Daniel S. Fortin*



NEW YORK AMENDATORY ENDORSEMENT

This endorsement effective at 12:01am on 11/01/2009 forms a part of Policy Number 287298759 issued to the **Policyholder** by the Insurer. In consideration of the premium charged, it is hereby understood and agreed that solely with respect to those **Agents, General Agents, Registered Representatives** and **Insureds** under this Policy, who are resident of or practice in New York State, the Policy is amended as follows:

1. The Notice and introductory paragraph on page 1 is deleted in its entirety and replaced as follows:

NOTICE: THIS IS A CLAIMS MADE POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED/POLICYHOLDER AND REPORTED TO THE INSURER DURING THE COVERAGE RELATIONSHIP (OR REPORTED TO THE INSURER WITHIN 30 DAYS THEREAFTER AS ALLOWED UNDER THE TERMS OF THIS POLICY). NO COVERAGE EXISTS FOR CLAIMS FIRST REPORTED AFTER THE END OF THE COVERAGE RELATIONSHIP UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES.

DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. THIS COULD RESULT IN THE LIMIT OF LIABILITY BECOMING COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS, IN WHICH CASE, NO FURTHER COVERAGE IS PROVIDED BY THIS POLICY. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

The Insurer, the **Policyholder** and the **Insureds** agree as follows, in consideration of the payment of the premium and in reliance upon all statements made in the **Application** furnished to the Insurer designated in the **Policyholder's** Declarations and the **Insured's Certificate of Insurance**, a stock insurance corporation, hereafter called the "Insurer".

2. Section II. DEFENSE, Paragraph A. is deleted in its entirety and replaced as follows:

A. Defense of **Claims**

1. If a **Claim** is made against the **Insured** within the United States of America, its territories or possessions or Canada, the Insurer shall have the right and duty to defend such **Claim**, even if any of the allegations of the **Claim** are groundless, false or fraudulent.

The Insurer shall have the right to appoint counsel and to make such investigation and defense of a **Claim** as it deems necessary. The **Insureds** or **Policyholder**, as applicable, shall:

- a. have the right to consent to the Insurer's choice of defense attorney, which consent shall not be unreasonably withheld;
- b. participate in and assist in the direction of the defense of any **Claim**; and
- c. consent to any settlement, which consent shall not be unreasonably withheld.

Subject to paragraph 2. below, the Insurer's obligation to defend any **Claim** or pay any **Loss** or **Defense Costs**, shall be completely fulfilled and extinguished if the limit of liability has been exhausted by payment of **Loss** or **Defense Costs**.

2. Limitation on the Insurer's Duty to Defend

If the Insurer concludes that the Limit of Liability applicable to a **Claim** may become exhausted prior to the conclusion of any **Claim**, the Insurer will notify the **Insureds**, in writing, to that effect.

When the Limit of Liability applicable to a **Claim** has actually been exhausted prior to the conclusion of the **Claim**, the Insurer will notify the **Insured**, in writing, as soon as practicable, that such limit has been exhausted and that the Insurer's duty to defend such **Claim** and any other **Claim** has ended.



The Insurer will initiate, and cooperate in, the transfer of control to the **Insured**, of any **Claims** which were subject to that Limit of Liability and which were reported to the Insurer prior to the exhaustion of such limit. The **Insured** must cooperate in the transfer of control of such **Claims**.

The Insurer agrees to take the necessary steps as the Insurer deems appropriate to avoid a default in, or continue the defense of, such **Claims** until such transfer has been completed, provided that the **Insureds** are cooperating in completing such transfer.

The **Insured** must reimburse the Insurer for expenses the Insurer incurs in taking those steps the Insurer deems appropriate to avoid a default in, or continuing the defense of, any **Claim**.

The Insurer will not take any action with respect to any **Claim** that would have been subject to such Limit of Liability, had it not been exhausted, if the **Claim** is reported to the Insurer after that limit has been exhausted.

The exhaustion of any limit by payment of any **Claim**, and the resulting end of the Insurer's duty to defend, will not be affected by the Insurer's failure to comply with any of the terms and conditions of this provision.

3. Section III. DEFINITIONS are amended as follows:

A. The following new definitions are added:

- **Certificate of Insurance** means the document issued to each **Insured** evidencing the terms, limits, premium and endorsements provided to the **Insured**.
- **Certificate Period** means the period of time between the inception date shown on the **Certificate of Insurance** and the effective date of termination, expiration or cancellation of the **Certificate of Insurance** issued to an **Insured**.
- **Class Action Claim** means a **Claim** under which one party, or a group of parties, sue as representatives of a larger class. **Claims** brought in federal court are governed by Federal Rule of Civil Procedure 23.
- **Coverage Relationship** means that period of time between the effective date of the first claims-made **Certificate of Insurance** issued by the Insurer to the **Insured** and the cancellation or nonrenewal of the last consecutive claims-made **Certificate of Insurance** issued by the Insurer to the **Insured**, where there has been no gap in coverage, but does not include any period covered by **Extended Reporting Period**.
- **Extended Reporting Period** means the period of time after the **Coverage Relationship** for reporting **Claims** due to a **Wrongful Act**. The **Wrongful Act** must happen on or after the **Prior Acts Date** and before the end of the **Coverage Relationship**.
- **Termination of Coverage** means, whether made by the Insurer or the **Insured** at any time:
 1. Cancellation or nonrenewal of this Policy; or
 2. Decrease in limits, reduction of coverage, increased deductible or self-insured retention, new exclusion, or any other change in coverage less favorable to the **Insured**.

B. The definitions of **Policy Period**, **Policyholder** and **Pollutants** are each deleted in its entirety and replaced as follows:

Policy Period means the period from the effective date of this Policy to the Policy expiration date stated in Item 2 of the **Policyholder's** Declarations, or its earlier cancellation date.

Policyholder means the person or organization named in Item 1 of the **Policyholder's** Declarations.



Pollutants means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed).

- C. The definition of **Agent or General Agent**, paragraph A. is deleted in its entirety and replaced as follows:
 - A. a natural person:
 - 1. who, if the **Policyholder** is a life insurance company or has a subsidiary life insurance company, has maintained a life agent contract with the **Policyholder** or such subsidiary; or
 - 2. who, if the **Policyholder** is an Insurance Marketing Organization or a Professional Insurance Agents Organization; is a member of such Insurance Marketing Organization or Professional Agents Organization; and
 - 3. who has elected to enroll for coverage under this Policy; and
 - 4. to whom the Insurer has issued a **Certificate of Insurance**.
- D. The definition of **Enroller**, paragraph D. is deleted in its entirety and replaced as follows:
 - D. to whom the Insurer has issued a **Certificate of Insurance**;
- E. The definition of **Registered Representative**, paragraph A. is deleted in its entirety and replaced as follows:
 - A. an individual who maintains an agent contract with the **Policyholder** and who has elected to enroll for coverage under this **Policy** and to whom the Insurer has issued a **Certificate of Insurance**; or
- F. The definition of **Insured** is amended to add the following new language at the end:

Insured shall not include the **Policyholder**.

- 4. Section IV. EXTENDED REPORTING PERIOD is deleted in its entirety and replaced as follows:
 - A. In the event of **Termination of Coverage** a one year automatic **Extended Reporting Period**, extension will be granted to the **Insured**, at no charge, only with respect to **Claims** made against the **Insured** and reported to the Insurer during such extension by reason of any **Wrongful Act** committed before the **Termination of Coverage**. The **Extended Reporting Period** does not create any separate or additional Limit of Liability.
 - B. Within thirty days of **Termination of Coverage**, the Insurer will notify the **Insured**, in writing, of the automatic one year **Extended Reporting Period**. The Insurer will also notify the **Insured** of the availability of, the premium for, and the importance of purchasing an additional **Extended Reporting Period**. The additional **Extended Reporting Period** described herein shall be three years, inclusive of the one year period specified in paragraph A. above and the premium shall be computed in accordance with the rates in effect when the **Certificate of Insurance** was last issued or renewed. The premium to be charged for the additional **Extended Reporting Period** coverage shall be based upon the rates for such coverage in effect on the date this **Certificate of Insurance** was issued or last renewed and shall be for three years at 200% of such premium.
 - C. The **Insured** shall have the greater of 60 days from the effective date of **Termination of Coverage** or 30 days from the date of mailing or delivery of the advice of the availability to purchase the additional **Extended Reporting Period** coverage, to submit written acceptance of the additional **Extended Reporting Period** coverage. The premium for such additional **Extended Reporting Period** must be paid promptly when due. The premium shall be fully earned at the inception of this endorsement.



- D. Upon termination of this **Certificate of Insurance**:
 - i. any return premium due the **Insured** shall be credited toward the premium for the additional **Extended Reporting Period** coverage if the **Insured** elects such coverage.
 - ii. where premium is due to the Insurer for coverage during the **Coverage Relationship**, any monies received by the Insurer from the **Insured** as payment for the **Extended Reporting Period** coverage shall first be applied to such premium owing for this **Certificate of Insurance**.
- E. As a condition precedent to the right to purchase the **Extended Reporting Period**, the total premium for the **Insured's Certificate of Insurance** must have been paid. The right to purchase the **Extended Reporting Period** shall end unless the Insurer receives written notice and full payment of the premium for such period within 60 days after the end of the **Certificate Period** or 30 days from the date of mailing or delivery of the advice of the availability to purchase additional **Extended Reporting Period** coverage.
- F. If the **Extended Reporting Period** is purchased, the entire premium shall be deemed earned at its commencement without any obligation by the Insurer to return any portion thereof.
- G. Limits of Liability for such additional **Extended Reporting Period** shall be:
 - i. at least equal to 100 percent of the **Certificate of Insurance's** applicable annual aggregate limit where a **Coverage Relationship** has continued for three years or more; or
 - ii. if the **Coverage Relationship** has continued for less than three years, the Limit of Liability shall be at least equal to the greater of:
 - a. the amount of coverage remaining in such **Certificate of Insurance's** applicable annual aggregate liability limit, or
 - b. 50 percent of such **Certificate of Insurance's** annual aggregate liability limit.

5. Section VI. LIMIT OF LIABILITY, RETENTION AND ALLOCATION is deleted in its entirety and replaced as follows:

VI. LIMIT OF LIABILITY, RETENTION AND ALLOCATION

A. Professional Liability Insuring Agreement.

If a Limit of Liability is set forth in the **Insured's Certificate of Insurance** at column 4b. of the Coverage Schedule for the applicable **Insured** under the Professional Liability Insuring Agreement., such Scheduled Limit of Liability shall apply separately to each applicable **Insured** covered under such Insuring Agreement as follows:

1. Each **Claim**

Subject to paragraph 2. below, the Limit of Liability of the Insurer for **Loss** for each **Claim** first made against an **Insured** and reported to the Insurer during the **Certificate Period** shall not exceed the amount stated in the Declarations for each **Claim**.

2. Aggregate

The Limit of Liability of the Insurer for **Loss** for all **Claims** first made against an **Insured** and reported to the Insurer during the **Policy Period** shall not exceed the amount stated in the **Insured's Certificate of Insurance** for all **Claims** in the Aggregate.

If the Scheduled Limits of Liability for the Professional Liability Insuring Agreement., as set forth in the **Insured's Certificate of Insurance** of the Coverage Schedule include more than one option, only one Limit of Liability option shall be available to each **Insured** and such option shall be the option identified in the written records of the **Policyholder**, subject to the maximum aggregate Limit of Liability as set for in this Section VI.

B. Exhaustion of Limit of Liability



The Insurer's obligations under this Policy shall be deemed completely fulfilled and extinguished if the applicable Limit of Liability is exhausted by payment of **Loss**.

C. Retention

Subject to the applicable Limit of Liability, the Insurer shall pay all covered **Loss** excess of the applicable Retention, if any, set forth in the Coverage Schedule in Column 4b. of the **Insured's Certificate of Insurance**. The scheduled Retentions shall apply separately to each **Insured** as follows:

A single and separate Retention shall apply to all **Loss** resulting from each **Claim**. If more than one Retention is applicable to a single **Claim**, the maximum aggregate Retention for such **Claim** shall be the largest of such Retentions.

If the Insurer, in the exercise of its discretion and without any obligation to do so, pays any amount within the amount of the applicable Retention, the **Insured** shall be liable to the Insurer for any and all such amounts and, upon demand, shall pay such amounts to the Insurer.

D. Interrelated Wrongful Acts

More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Claim** which shall be deemed to have been made on the earlier of:

1. the date on which the earliest such **Claim** was first made; or
2. the first date valid notice was given by an **Insured** and received by the Insurer under this Policy of any **Wrongful Act** or under any prior policy of any **Wrongful Act** or any fact, circumstance, situation, event or transaction which underlies any such **Claim**.

E. Allocation

If a **Claim** made against the **Insureds** includes both covered and uncovered matters or if a **Claim** is made against **Insureds** who are extended coverage under this Policy and others who are not extended coverage therefore under this Policy, the **Insureds** agree that there must be an allocation between insured and uninsured **Loss** (other than that part of **Loss** attributable to **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 **Loss** based upon the relative legal exposures of the parties to such matters.

6. Section VII. NOTICE is amended as follows:

A. The first sentence of paragraph A is deleted in its entirety and replaced as follows:

If a **Claim** is made against any **Insured**, the **Insured** shall give written notice to the Insurer or any of the Insurer's licensed agents, of such a **Claim** as soon as practicable during the **Coverage Relationship** and forward to the Insurer every demand, notice, summons or other process received.

B. The first sentence of paragraph B up to the colon is deleted in its entirety and replaced as follows:

If, during the **Insured's Certificate Period**, or the **Extended Reporting Period**, if applicable, an **Insured** first becomes aware of any **Wrongful Act** which may reasonably give rise to a future **Claim** and during such period give written notice to the Insurer or any of the Insurer's licensed agents, of:

C. Paragraph D is deleted in its entirety and replaced as follows:

The **Insureds** shall give written notice under this Policy to the Insurer or any of the Insurer's licensed agents as specified in the **Certificate of Insurance**, which shall be effective upon receipt. Failure to give any notice required to be given by paragraphs A, B and C above, within the time prescribed therein shall not invalidate any **Claim** made by the **Insured** or by any other claimant if it shall be shown not to have



been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

7. Section VIII. CANCELLATION is renamed CANCELLATION/NONRENEWAL OF POLICY and is amended to delete paragraph A.2. and add a new paragraph as follows:

- Nonrenewal/Conditional Renewal
 - a. If the Insurer elects not to renew this **Certificate of Insurance**, the Insurer shall send notice as provided in paragraph c. below along with the reason for nonrenewal.
 - b. If the Insurer conditions renewal of this **Certificate of Insurance** upon:
 - i. change of limits;
 - ii. change in type of coverage;
 - iii. reduction of coverage;
 - iv. increased deductible;
 - v. addition of exclusion; or
 - vi. increased premiums in excess of 10%, exclusive of any premium increased 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;then the Insurer shall send notice as provided in paragraph c. below.
 - c. Notice of nonrenewal and conditional renewal will be provided as follows:
 - i. If the Insurer decides not to renew this **Certificate of Insurance** or to conditionally renew this **Certificate of Insurance** as provided in paragraphs a. and b. above, the Insurer shall mail or deliver written notice to the **Insured** at least 60 but not more than 120 days before the expiration date
 - ii. Notice will be mailed or delivered to the **Insured** at the address shown in the **Certificate of Insurance** and its authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - iii. the Insurer will not send the **Insured** notice of non-renewal or conditional renewal if the **Insured** or its authorized agent or broker or another insurer if the **Insured** mails or delivers notice that this **Certificate of Insurance** has been replaced or no longer desired.

8. A new section is added as follows:

CANCELLATION/NONRENEWAL/CONDITIONAL RENEWAL OF CERTIFICATE OF INSURANCE

A. Cancellation of Certificate of Insurance

1. The **Insured** has the right to cancel their **Certificate of Insurance** at any time by giving notice to the Insurer stating when thereafter the cancellation shall be effective. If the **Certificate of Insurance** is so canceled, earned premium shall be computed pro rata.
2. If the **Certificate of Insurance** has been in effect for 60 days or less, the **Certificate of Insurance** may be canceled by the Insurer by mailing or delivering to the **Insured** written notice stating the reason for cancellation at the mailing address shown on the **Certificate of Insurance**, and to the **Insured's** authorized agent or broker at least:
 - a. 20 days before the effective date of cancellation if the **Certificate of Insurance** is canceled for any reason not included in paragraph (ii) below.
 - b. 15 days before the effective date of cancellation if the **Certificate of Insurance** is canceled for any of the following reasons:



- i. nonpayment of premium;
 - ii. conviction of a crime;
 - iii. discovery of fraud or material misrepresentation in the obtaining of the **Certificate of Insurance** or in the presentation of a **Claim**;
 - iv. after issuance of the **Certificate of Insurance** or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current **Certificate Period**;
 - v. material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the **Certificate of Insurance**, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the **Certificate of Insurance** was issued or last renewed;
 - vi. required pursuant to a determination by the New York State Superintendent of Insurance that continuation of the Insurer's present premium volume would jeopardize the Insurer's solvency or be hazardous to the interest of the Insurer's policyholders, creditors or the public;
 - vii. a determination by such Superintendent that the continuation of the **Certificate of Insurance** would violate, or would place the Insurer in violation of, any provision of the New York Insurance Code; or
 - viii. revocation or suspension of the **Insured's** license to provide **Professional Services**.
3. If the **Certificate of Insurance** has been in effect for more than 60 days, or if this **Certificate of Insurance** is a renewal or continuation of a **Certificate of Insurance** issued by the Insurer, this **Certificate of Insurance** may be canceled by the Insurer only for any of the reasons listed in paragraph A.2.b. above provided a written notice stating the reason for cancellation is mailed or delivered to the **Insured** at the address shown in the **Certificate of Insurance**, and his or her authorized agent or broker at least 15 days before the effective date of cancellation.
- a. Notice of cancellation will state the effective date of cancellation. The notice of cancellation for nonpayment of premium will include the amount of premium due. The **Certificate Period** will end on this date. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - b. If the **Insured** cancels, earned premium will be computed in accordance with the customary short rate table and procedure. If the Insurer cancels, earned premium shall be computed pro rata. 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. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
 - c. If one of the reasons for cancellation set forth in Paragraph A.2.b. exists, the Insurer may cancel this entire **Certificate of Insurance**, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this **Certificate of Insurance**.
- B. Nonrenewal
1. If the Insurer elects not to renew this **Certificate of Insurance**, the Insurer shall send notice as provided in paragraph 2. below along with the reason for nonrenewal.
 2. Notice of nonrenewal and conditional renewal will be provided as follows:
 - a. If the Insurer decides not to renew this **Certificate of Insurance** as provided in paragraph 1. above, the Insurer shall mail or deliver written notice to each **Insured** at least 60 but not more than 120 days before:
 - i. the expiration date; or
 - ii. the anniversary date if this is a continuous **Certificate of Insurance**.



- b. Notice will be mailed or delivered to each **Insured** at the address shown in the **Certificate of Insurance** and his or her authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - c. the Insurer will not send the **Insured** notice of non-renewal if the **Insured** or its authorized agent or broker or another insurer of the **Insured** mails or delivers notice that this **Certificate of Insurance** has been replaced or no longer desired.
- C. If the Insurer violates any of the provisions of the paragraphs above by sending the **Insured** an incomplete or late conditional renewal notice or a late nonrenewal notice:
- 1. Coverage will remain in effect at the same terms and conditions of this **Certificate of Insurance** at the lower of the current rates or the prior **Certificate Period's** rates until 60 days after such notice is mailed or delivered, unless the **Insured**, during this 60 day period, has replaced the coverage or elects to cancel.
 - 2. On or after the expiration date of this **Certificate Period**, coverage will remain in effect at the same terms and conditions of this **Certificate Period** for another **Certificate Period** at the lower of the current rates or the prior **Certificate Period's** rates, unless the **Insured**, during this **Certificate Period**, has replaced the coverage or elects to cancel.
9. Section XIX. EXCLUSIONS is amended as follows:
- A. Paragraph A. **Prior Litigation** is amended to add the words "or **Policyholder**" after the first use of the word "**Insured**."
 - B. Paragraph M. **Nuclear/Pollution** is amended to remove the phrase "nuclear reaction, radiation or contamination," from the exclusion.
 - C. The following new exclusion is added:

This Policy does not apply to any **Class Action Claim**.
 - D. Exclusion I. **Insolvency**, is deleted in its entirety and replaced as follows:
 - I. **Insolvency**

based upon, arising out of, due to or involving directly or indirectly the insolvency, receivership, liquidation or inability to pay, of any insurance carrier, broker/dealer, trust or investment vehicle in which the **Insured** has placed or obtained coverage for a client or an account; however, notwithstanding the foregoing, the Insurer shall have the right and duty to defend the **Insured** in any suit alleging described above, provided:
 - a. the **Claim** arises from the **Insured's** placement of coverage with an admitted Insurer with an A.M. Best rating of "A-" or better rating at the time of placement;
 - b. the Insurer's liability for such **Defense Costs** shall be limited to the lesser of :
 - i. 250,000 per **Claim**/\$250,000 Aggregate per **Insured**, or
 - ii. 25% of the per **Claim** or Aggregate limit as applicable as set forth on the **Insured's Certificate of Insurance**
 - c. under no circumstances shall the Insurer have any responsibility to pay for **Loss** of any kind or to defend or continue to defend once the aforementioned limits have been exhausted through payment of **Defense Costs**.



10. Section XV. NO ACTION AGAINST INSURER is deleted in its entirety and replaced with the following:

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** shall have fully complied with all terms of this Policy, nor until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** or by written agreement of the **Insured**, the claimant and the Insurer. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right to join the Insurer in any action against the **Insured** to determine the **Insured's** liability, nor shall the Insurer be impleaded by the **Insured** or their legal representative in any such **Claim**.

11. The following new section is added to the Policy:

BANKRUPTCY

Bankruptcy or insolvency of any **Insured** or of the **Insured's** estate will not relieve the Insurer of its obligations under this Policy.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy and expires concurrently with said Policy unless another effective date is shown below.

By Authorized Representative _____
(No signature is required if issued with the Policy or if it is effective on the Policy Effective Date)



CALIFORNIA AMENDATORY ENDORSEMENT

In consideration for the premium charged, it is agreed that the Cancellation and/or Nonrenewal provisions of the Policy are amended to add the following new language:

- This Policy cannot be nonrenewed, canceled, or terminated, without providing written notice to the commissioner within 10 days.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy and expires concurrently with said Policy unless another effective date is shown below.

By Authorized Representative _____
(No signature is required if issued with the Policy or if it is effective on the Policy Effective Date)