



Home Office:

One Nationwide Plaza • Columbus, Ohio 43215

Administrative Office:

8877 North Gainey Center Drive • Scottsdale, Arizona 85258

1-800-423-7675

A STOCK COMPANY

**FINANCIAL SERVICES  
PROFESSIONAL LIABILITY  
INSURANCE POLICY**

**(Claims Made and Reported)**

MASTER POLICY  
CERTIFICATE OF  
INSURANCE

Administered By:  
ProSurance Group, Inc.  
2685 Marine Way, Suite 1408  
Mountain View, California 94043

## FLORIDA NOTICE

Scottsdale Insurance Company is on the Florida Insurance Commissioner's list of approved non licensed insurers. This means that it is authorized to issue policies to Florida residents. However, since Scottsdale Insurance Company is not directly licensed by the State of Florida, we are required by Florida Statute to provide you with the following notice:

"This insurance is issued pursuant to the Florida surplus Lines law. Persons insured by surplus lines carriers do not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer."

If you have any questions on this notice, please call us at (650) 428-0818.  
Thank You.

**MASTER POLICY CERTIFICATE OF INSURANCE**

**FINANCIAL SERVICES PROFESSIONAL LIABILITY INSURANCE POLICY  
THIS IS A CLAIMS MADE AND REPORTED POLICY**



SCOTTSDALE INSURANCE COMPANY®

Policy Number  
FNS0002654  
KY FNO0001407

Home Office Address:

One Nationwide Plaza • Columbus, Ohio 43215

Administrative Office:

8877 North Gainey Center Drive • Scottsdale, Arizona 85258

A STOCK COMPANY

<b>ITEM 1.</b> First Named Insured and Address:		Administrator Name and Address:
National Association of Professional Agents 9024 Town Center Pkwy Lakewood Ranch, FL 34202  Acting as Administrator on behalf of its participating members listed on the Individual Insureds Endorsement.		ProSurance Group, Inc. 2685 Marine Way Suite #1408 Mountain View, CA 94043  Administrator No.: 04548

**ITEM 2.** The "policy period" is from 12:01 a.m. on March 1, 2010 to 12:01 a.m. on March 1, 2011 local time at the address of the First Named Insured as stated herein.

**ITEM 3.** "Retroactive Date": ..... See Endorsement

**ITEM 4.** The First Named Insured is: a Corporation

**ITEM 5.** Our Limits of Liability under this policy shall be as stated below, subject to all of the terms of this policy having reference thereto.

Each "Wrongful Act" Aggregate: ..... See Individual Insured Endorsement  
 "Individual" Insured Aggregate: ..... See Individual Insured Endorsement  
 Policy Aggregate: ..... \$ 10,000,000.00

**ITEM 6.** "Individual" Insured:  
**Coverage Inception Date:** \_\_\_\_\_  
**"Policy Period":** \_\_\_\_\_  
**Coverage Options:** \_\_\_\_\_

**ITEM 7.** Each "Wrongful Act" "Retention": ..... \$ 1,000.00 for "wrongful acts" arising solely out of the sale or servicing of fixed life, health and disability insurance and fixed annuities.  
 ..... \$ 5,000.00 for all other "wrongful acts" (e.g. those involving the sale of variable products or mutual funds).

**ITEM 8.** Policy Coverage Form and Endorsements attached to and forming a part of this policy at the time of issuance:

- |   |  |
|---|--|
| Policy Coverage Form FNX-P-61 (12-07)   | Troubled Securities FNX-m7 (10-07)       |
| Limitation Of Coverage FNX-11 (04-08)   | Individual Insureds UTS-3g (3-92)        |
| Other Insurance FNX-80 (10-07)  | Extended Reporting Period FNX-10 (11-07) |
| Service Of Suit UTX-9g (5-96)   | Representative Company FNX-63 (11-07)    |
| Claims Exclusion FNX-17 (12-07)   | Administrator FNX-8 (11-07)              |
| Changes - Florida FNS-m85-FL (7-08)   | Signature Page UTS-COVPG (1-08)          |
| "Market Timing" / "Late Trading" / "Soft Dollar" / "Fees" / Breakpoint Discounts Exclusion FNX-48 (11-07) |  |

ADMINISTRATOR ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy:

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the coverage provided, it is understood and agreed as follows:

National Association of Professional Agents is acting as the administrator of this insurance program for its participating members, "representatives" or agents. As such, it has the responsibilities of the First Named Insured identified in this policy, including, without limitation, paying to us all premium and "retentions" collected from the individual insureds due under the terms of this policy and carrying out those duties and responsibilities set forth in Section VII N. of this policy. However, neither it nor any of its "affiliates" is an insured under this policy.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

## INDIVIDUAL INSUREDS ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy:

First Named Insured:

Policy Number:

Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, and not withstanding any other provisions of this policy, it is understood and agreed as follows:

1. The "individual" member of the National Association of Professional Agents, named on the Master Policy Certificate of Insurance who, prior to the later of his/her Coverage Inception Date or the date he/she signed his/her Application For Insurance, and as a condition precedent to any coverage under this policy, including any obligation to defend, except as otherwise approved by us, (1) had never had any claim, suit or arbitration against him/her for an alleged malpractice, error, omission, mistake or other wrongful act, (2) had no knowledge or information of any fact situation, allegation or incident that might result in a complaint, claim, suit or arbitration against him/her, (3) was not aware of or involved in any fee dispute with a client, (4) had never had his/her professional license or registration denied, suspended, revoked, non-renewed, or restricted in any way, (5) had never been disciplined, fined or suspended by the SEC, FINRA, a state securities, corporation or insurance department or other regulatory body, and was not under investigation by any of these authorities, (6) had never been formally accused of violation any professional association's code of ethics or convicted of any criminal offense other than minor traffic violations, (7) had never had any contract or appointment with any insurance company, "broker"- "dealer" or other organization suspended, terminated, non-renewed or restricted for cause, and (8) had never had any application for any professional liability insurance policy or fidelity bond requested to be withdrawn, or declined, or had any such policy or bond canceled, issued on restrictive terms, or refused renewal, is a named insured under this policy, as of his/her Coverage Inception Date, and prior to his/her Coverage Termination Date, as set forth below, for the Applicable Coverage(s) specified on the attached Master Policy Certificate of Insurance and for which he/she is eligible in accordance with the terms of each such Coverage with respect to covered "wrongful acts" occurring on or after his/her "retroactive date", and prior to the end of his/her "policy period". An insured's "policy period" shall commence as of his/her "Coverage Inception Date" and terminate one year later unless sooner terminated pursuant to the cancellation provisions of this policy.
2. A named insured's "retroactive date" shall be the first date that he/she has been continuously insured, up to his/her Coverage Inception Date set forth below, for professional liability coverage (errors and omissions coverage) for the type(s) of coverage provided to said insured by this policy. For example, if this policy provides coverage for an insured's acts both as a "life insurance agent" and Series 6 "registered representative" and the insured has had professional liability insurance coverage for his acts as a "life insurance agent" continuously since September 1, 1991, but only since June 1, 1996 for his acts as a Series 6 "registered representative", that insured would have the following "retroactive dates" under this policy: (1) September 1, 1991 for coverage for "wrongful acts" committed as a "life insurance agent"; and (2) June 1, 1996 for coverage for "wrongful acts" committed as a Series 6 "registered representative". If an insured seeks coverage under this policy for a "wrongful act" committed prior to his/her Coverage Inception Date, he/she will have to provide evidence, satisfactory to us, of continuous professional liability insurance coverage for that type of "wrongful act", dating back at least to the date of that "wrongful act", in order for there to be any coverage, indemnity or defense, under this policy for the insured for that "wrongful act".
3. There shall be no return premium as a result of termination of coverage for any "individual" insured under this policy.  
See: Individual Insureds Endorsement

**\*Limits of Liability:** The number under Coverage Option on the insured's Master Policy Certificate of Insurance indicates his/her Limits of Liability are as follows; "1" indicates limits of \$500,000.00 Each "Wrongful Act" Aggregate /\$500,000.00 Individual Insured Aggregate; "2" indicates limits of \$1,000,000.00 Each "Wrongful Act" Aggregate /\$1,000,000.00 Individual Insured Aggregate; "3" indicates limits of \$2,000,000.00 Each "Wrongful Act" Aggregate /\$2,000,000.00 Individual Insured Aggregate, "4" indicates limits of \$1,000,000.00 Each "Wrongful Act" Aggregate /\$3,000,000.00 Individual Insured Aggregate. Any numbers in parenthesis (e.g., "6/12/09") indicate the date which a particular set of Increased Limits of Liability is accepted; any such Limits shall only apply to "wrongful acts" occurring on or after that date.

We shall not, in any case, pay more than the \$10,000,000.00 Policy Aggregate for all "written" claims covered under this policy; provided, the Policy Aggregate shall not apply to insureds indicated by the letter "a" following their first name.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Countersignature

REPRESENTATIVE COMPANY ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy:

Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that each "entity" owned or controlled by an "individual" insured "representative", or of which such an insured "representative" is an employee, is an additional insured under this policy, but only with respect to its vicarious liability arising out of "wrongful acts": (1) committed by said "representative", or by an individual who is not a "financial services professional" and who is acting under the personal direction and control of said "representative" (2) committed during the "coverage period" for said "representative"; (3) for which a "written claim" is first presented to us during the "policy period" for said; and (4) which "wrongful acts" are otherwise covered under the terms of this policy.

The coverage provided by this endorsement does not apply to: any "entity" which is an "affiliate" of the First Named Insured or any named insured "entity" which is not specifically named as a named insured on this policy; or to any "entity" specifically excluded from coverage under this policy.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

## LIMITATION OF COVERAGE ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, and notwithstanding any other provision of this policy, it is understood and agreed that the coverage provided by this policy, including any obligation to defend, is limited to liability arising out of the following businesses or activities:

Acting either (1) as a "life insurance agent" selling only fixed life, health and disability insurance and fixed annuities, or (2) as a "life insurance agent" selling life, health and disability fixed and variable products and fixed and variable annuities as well as acting as a Series 6 "registered representative" selling variable products, mutual funds and unit investment trusts as set forth on the attached Master Policy Certificate of Insurance.

In consideration of the premium charged, and notwithstanding any other provision of this policy, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay defense costs or indemnify any insured with respect to any liability or claim arising out of or related in any way to any of the following: (1) any of the following named "individuals" or "entities", or any claim or liability arising out of or in connection with any of their activities; (2) any of the following named businesses, activities or investments, or any claim or liability arising out of or in connection with any such businesses, activities or investments (including, without limitation, the sale, servicing or recommendation of any such investments); (3) any insured with respect to his/her activities as an officer, director, partner, member, employee, agent or independent contractor of any such "entity", business or activity; or (4) any of the following claims:

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

Acting as a "registered investment adviser", "associated person" or "financial planner".

Acting as a "registered representative" with respect to the sale of or advice on any "security" not authorized to be sold by a Series 6 "registered representative" (e.g., stocks or bonds).

Claims arising out of the actual or alleged commingling of funds, or the inability or failure to pay, collect or safeguard funds.

Claims arising out of or in any way related to DBSI products or services; or Bernard Madoff, Bernard Madoff Investment Services LLC; or Robert A. Stanford, Stanford International Bank, Stanford Group Company and Stanford Capital; or Marc Drier, James Nicolson, or Mark Bloom, North Hills Fund; or Paul Greenwood, Stephen Walsh, WG Trading Company, WG Trading Investors Co., Westridge Capital Management, Inc.; or any of their parents or "affiliates".

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

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

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

## EXTENDED REPORTING PERIOD ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy:

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that SECTION VII K. is amended to read as follows:

SECTION VII K. Extended Reporting Period. If we cancel or fail or refuse to renew this policy, in total or as to any named insured, for any reason other than the failure to pay premium or "retention" or any other amount due under this policy, or the failure to comply with any of the other terms or conditions of this policy, or the concealment or misrepresentation of any material fact on the insured's "Application" or the failure to disclose material changes in the information on that "application", or the revocation, suspension or surrender, at the request of any regulatory authority, of the insured's license or other right to provide "financial services" or practice as a "financial services professional", the First Named Insured has the right to have issued an endorsement providing a one year extended period of time, following the effective date of said cancellation or non renewal, during which the insured(s) affected by said cancellation or non renewal may present to us "written claims" arising out of "wrongful acts" occurring during the "coverage period" for said insured(s) and otherwise covered under the terms of this policy. During this "extended reporting period", any "written claim" presented to us resulting from a "wrongful act" or a series of continuous, repeated or "interrelated wrongful acts" for which a "written claim" had been presented to us under the terms of a predecessor policy issued by us, of which this policy is a renewal or successor, will be treated as if it had been presented to us during the last day of coverage under that predecessor policy and will be covered by that predecessor policy, not this policy, and will be subject to all the terms and conditions applicable to "written claims" presented under that predecessor policy, including, without limitation, the Limits of Liability and "retention" applying to that predecessor policy.

While this policy is in effect, we will continue to cover, without the need to purchase an "extended reporting period endorsement", an insured with respect to his/her/its liability arising out of the "wrongful acts" of an "individual" who was a "representative" of the First Named Insured and named on the "Representatives" Endorsement or otherwise insured under this policy after said "individual" is no longer such a "representative" of the First Named Insured and no longer an insured under this policy, with respect to claims arising out of "financial services" which were rendered during the "coverage period" for that "representative" and which are otherwise covered under the terms of this policy; provided, this continuing coverage shall not apply in the case of a "representative" as to whom we have cancelled coverage or refused to renew coverage or who has been suspended or barred from the "securities" or insurance industry by a regulatory authority. In any of the latter cases, it will be necessary for the First Named Insured to buy an "extended reporting period endorsement" covering that "representative", as otherwise provided herein, for there to be any continuing coverage for any insured with respect to "written claims" arising out of the "wrongful acts" of said "representative". The First Named Insured shall notify us of the termination for cause of any "representative" within 15 days of such termination.

If the First Named Insured purchases an "extended reporting period endorsement" following cancellation or non-renewal of this policy, we will cover, pursuant to the terms of that "extended reporting period endorsement", each "individual" who is an insured on this policy as of the date of such cancellation or non-renewal for "written claims" arising out of "financial services", otherwise covered under the terms of this policy, which were rendered during the "coverage period" for that "representative".

To obtain an "extended reporting period endorsement", the First Named Insured must, within 30 days of the effective date of such cancellation or nonrenewal, give us written notice requesting the issuance of such an endorsement and pay an additional premium for that endorsement as determined by our rules, rates, and regulations in effect at that time. If the First Named Insured fails to purchase an "extended reporting period endorsement" within that 30 day period, there will be no further coverage under this policy with respect to any insured affected by said cancellation or nonrenewal, effective as of the effective date of such cancellation or nonrenewal. We have no obligation to offer an "extended reporting period endorsement" to anyone other than the First Named Insured.

The First Named Insured may elect to have issued a 1 year "extended reporting period endorsement" covering a "representative" who is named as an insured on the "Representatives" Endorsement to this policy and who retires as a "financial services professional" and completely ceases to offer any "financial services" whatsoever. The premium for such an endorsement shall be the following percentage of said "representative's" premium under this policy: 100%. Said premium shall be paid by the First Named Insured within 30 days of such retirement date. An "extended reporting period endorsement" shall allow a period of 1 year following said retirement during which said "representative" may present to us written notice of any "written claim" first made against him/her during such "extended reporting period" arising out of a "wrongful act" committed prior to his/her retirement date and which would be covered under this policy had the claim been presented to us prior to such retirement. The First Named Insured must notify us in writing of the election to have such an endorsement issued within ten days of the retirement of the "representative" or the right to have such an "extended reporting period endorsement" issued shall terminate and be of no further force or effect. The option to have issued an "extended reporting period endorsement" under this paragraph shall not apply to any "representative" who has been terminated for cause or asked to resign by his/her "broker"- "dealer" or by a life insurance company, or suspended or barred from the "securities" industry or the insurance industry by action of any regulatory body or as to whom we have cancelled or refused to renew coverage.

The insurance we provide during an "extended reporting period" will be excess over any other valid and collectible insurance available to the insured. The "extended reporting period" will not reinstate or increase the Limits of Liability or extend the "policy period". All premium paid for an "extended reporting period endorsement" shall be fully earned by us upon issuance of the endorsement and will not be refunded.

If we do not offer to renew this policy at the same premium, limits of liability or "retention(s)" as apply to this policy, this will not be considered a cancellation or nonrenewal by us.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

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

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

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

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

“Market timing” means the making of short term purchases or sales of mutual fund shares or the separate accounts or sub accounts of a life insurance company contrary to or in violation of the mutual fund’s or life insurance company’s prospectus or other representation to investors, or any policy, limitation, agreement or procedure of the mutual fund or life insurance company, or contrary to or in violation of any state or federal statute or regulation; and any conduct associated with any of the above, including, without limitation: (1) the waiver of redemption fees associated with “short-term trading”; (2) the failure to abide by written representations regarding the permissibility of “short-term trading” or the mutual fund’s or life insurance company’s efforts to monitor or prevent “short-term trading”; (3) the receipt of fees or any other form of compensation from certain investors in exchange for providing such investors with “short-term trading” privileges not available to other investors.

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

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

“Soft dollar activities”, as used in this endorsement, means paying or providing or receiving or accepting fees, commissions, bonuses, gratuities, services or any other form of compensation or benefit in exchange for preferential treatment by or recommendation of or purchase of a particular “security” (including, without limitation, a mutual fund or particular class of mutual fund shares or a particular separate account or sub account of a life insurance company), including, without limitation: (1) the payment of higher commissions for directing “securities” trades to a “broker”-“dealer” in return for investment research,

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

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

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

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

## TROUBLED SECURITIES ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy:

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay "defense costs" or indemnify any insured with respect to any claim arising out of or in any way related to "financial services" provided in connection with any "security" issued by a limited partnership, master limited partnership, real estate investment trust, or any other "entity", or any organization affiliated in any way with any of the foregoing, which has, as of the effective date of this policy, actually or allegedly:

1. admitted in writing its inability to pay its debts, or ceased or significantly reduced the amount of its distributions;
2. made a general assignment for the benefit of creditors;
3. been the subject of any proceeding seeking to adjudicate it a bankrupt or insolvent or seeking reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking appointment of a receiver, trustee or other similar official for it or for any substantial part of its property;
4. engaged in any business reorganization (including, without limitation, any transfer of all or substantially all of its assets, a "roll up", roll over" or incorporation);
5. taken any corporate action to authorize any of the actions set forth above;
6. been the subject of a class action lawsuit involving its "securities";
7. been stated in the press or other public documents to be financially troubled or under federal or state regulatory investigation with respect to its "securities"; or
8. been the subject of complaints or "suits" by "clients" of the First Named Insured or its "registered representatives".

Claims arising out of or in any way related to DBSI products or services; or Bernard Madoff, Bernard Madoff Investment Services LLC; or Robert A. Stanford, Stanford International Bank, Stanford Group Company and Stanford Capital; or Marc Drier, James Nicolson, or Mark Bloom, North Hills Fund; or Paul Greenwood, Stephen Walsh, WG Trading Company, WG Trading Investors Co., Westridge Capital Management, Inc.; or any of their parents or "affiliates".

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

CLAIMS EXCLUSION ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay "defense costs" for any claim arising out of or related in any way to: (1) the same or similar circumstances, acts, errors, or omissions as any complaint, claim, or "suit" against an insured, or an "affiliate" of an insured, or other litigation, whether or not identified in the "Application" or any attachments or supplements thereto, which occurred or was pending prior to the effective date of this policy, including, without limitation, the purchase, sale or advice regarding the same "security" or other investment product involved in that complaint, claim, or "suit"; (2) any incident or fact situation which occurred prior to the effective date of this policy, which is known to an insured, and which may reasonably be expected to result in a claim or "suit" against an insured; (3) the purchase, sale or advice with regard to "securities" known to be in financial trouble prior to the effective date of this policy; (4) or related to, or involving in any way, the "entities", "individuals", activities, claims, claimants, or "securities", if any, listed below. This includes, but is not limited to, any claims by or involving any such "entities", "individuals", activities, claims, claimants or "securities"; or arising out of the same or similar circumstances, acts, errors or omissions as said claims or claimants.

Claims arising out of or in any way related to DBSI products or services; or Bernard Madoff, Bernard Madoff Investment Services LLC; or Robert A. Stanford, Stanford International Bank, Stanford Group Company and Stanford Capital; or Marc Drier, James Nicolson, or Mark Bloom, North Hills Fund; or Paul Greenwood, Stephen Walsh, WG Trading Company, WG Trading Investors Co., Westridge Capital Management, Inc.; or any of their parents or "affiliates".

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

OTHER INSURANCE ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay "defense costs" or indemnify any insured, if there is any other valid and collectible insurance available to the insured, including without limitation, the following named policy and any insurance under which there is a duty to defend, unless such insurance is written to be excess over this specifically identified policy. For example, if an insured is a "life insurance agent" and "registered representative", and he/she is also an insured under a policy covering "life insurance agents" for his variable annuity sales, this policy would not apply to that "registered representative" with respect to "written claims" arising out of variable annuity sales.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: \_\_\_\_\_  
Authorized Representative

SERVICE OF SUIT ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy.

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due under this policy, the Company, at the request of the Insured (or reinsured), will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give the Court jurisdiction. All matters which arise will be determined in accordance with the law and practice of the Court. In a suit instituted against any one of them under this contract, the Company agrees to abide by the final decision of the Court or of any Appellate Court in the event of an appeal.

Pursuant to any statute of any state, territory or district of the United States of America which makes a provision, the Company will designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured (or reinsured) or any beneficiary arising out of this contract of insurance (or reinsurance).

The officer named below is authorized and directed to accept service of process on behalf of the Company:

Commissioner of Insurance  
200 East Gaines Street  
Tallahassee, FL 32399

By: \_\_\_\_\_  
Authorized Representative

CHANGES – FLORIDA

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:  
Policy Number:  
Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed as follows:

1. Condition J. Cancellation of SECTION VII—CONDITIONS is deleted in its entirety and is replaced by the following:

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

If this policy has been in effect for ninety days or less and is not a renewal of a policy we issued, we may cancel the policy by mailing or delivering written notice of cancellation, including specific reasons for cancellation, to the First Named Insured at least:

- (1) ten days before the effective date of cancellation, if we cancel for nonpayment of any premium when due; or
- (2) twenty days before the effective date of cancellation, if we cancel for any other reasons, except, that we may cancel immediately if there has been:
  - (a) a material misstatement or misrepresentation; or
  - (b) a failure to comply with underwriting requirements established by us.

If this policy has been in effect for more than ninety days or is a renewal or continuation of a policy we issued, we may cancel by mailing or delivering written notice of cancellation, including specific reasons for cancellation, to the First Named Insured at least:

- (1) ten days before the effective date of cancellation, if we cancel for nonpayment of any premium when due; or
- (2) forty-five days before the effective date of cancellation, if we cancel for any other reason.

We will mail or deliver our notice to the First Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

If we fail to mail or deliver our written notice of cancellation to the First Named Insured at least forty-five days or twenty days as required above, the coverage will remain in effect until forty-five days after the notice is given or until the effective date of replacement coverage obtained by the First Named Insured, whichever occurs first. The premium for the coverage shall remain the same during any such extension period.

In case of cancellation by the First Named Insured or by the insured's premium finance company, we will refund unearned premium on the usual short rate basis, subject to the Minimum Policy Premium specified in the Declarations and less any sums due us under the policy.

In case of cancellation by us, we will refund any unearned premium on a pro rata basis, subject to retention by us of the Minimum Policy Premium specified in the Declarations and less any sums due us under this policy. If we do not refund the unearned premium with the notice of cancellation, we will refund it within a reasonable time after the date cancellation is effective; but refund or tender of the unearned premium is not required to make a valid cancellation of this policy.

2. The following Condition is added to SECTION VII—CONDITIONS and supersedes any other provision to the contrary:

Nonrenewal.

If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, including the specific reasons for nonrenewal, to the First Named Insured at least forty-five days prior the expiration of the policy.

We will mail or deliver our notice to the First Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

If we fail to mail or deliver written notice of nonrenewal to the First Named Insured at least forty-five days prior to the effective date of nonrenewal, the coverage will remain in effect until forty-five days after the notice is given or until the effective date of replacement coverage obtained by the First Named Insured, whichever occurs first. The premium for the coverage shall remain the same during any such extension period.

3. The following exclusion is added to SECTION VI—WHAT WE DO NOT COVER—EXCLUSIONS:

W. Revocation or Suspension of License. We do not cover claims which arise out of or are contributed to by a "wrongful act," committed by any insured as of the effective date said insured's license, registration or other right to provide "financial services" or practice as a "financial services professional" is non-renewed by the insured or revoked, suspended by or surrendered at the request of any regulatory authority.

By: \_\_\_\_\_  
Authorized Representative



SCOTTSDALE INSURANCE COMPANY®

Home Office:

One Nationwide Plaza • Columbus, Ohio 43215

Administrative Office:

8877 North Gainey Center Drive • Scottsdale, Arizona 85258

1-800-423-7675

A STOCK COMPANY

In Witness Whereof, the Company has caused this policy to be executed and attested

Secretary

President

The information contained herein replaces any similar information contained elsewhere in the policy.