



## REGISTERED INVESTMENT ADVISERS PROFESSIONAL LIABILITY POLICY

### MASTER POLICY FORM

#### 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 INSURED'S CERTIFICATE 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 AGREEMENTS

##### A. PROFESSIONAL LIABILITY

The Insurer shall pay on behalf of the **Insureds**, excess of the applicable Retention and within the Limits of Liability as stated in the applicable **Certificate of Insurance**, 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 Services** provided that:

1. the **Wrongful Act** giving rise to such **Claim** occurred on or after the **Prior Acts Date**;
2. the **Claim** is first made against any **Insured** during the current **Certificate Period**, or any Extended Reporting Period, if applicable, and reported to the Insurer in accordance with Section VII. NOTICE;
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**;
4. no **Insured** gave notice under any prior policy of any such **Wrongful Act** or any **Interrelated Wrongful Acts**; and
5. there is no other policy issued by the Insurer, or any affiliate of such Insurer, that provides coverage for such **Claim**.

##### B. VICARIOUS LIABILITY

If the National Association of Professional Agents ("NAPA") or the **Policyholder** is named as a co-defendant with an **Agent, Registered Representative, Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Adviser Representative** in a **Claim** otherwise covered under Insuring Agreement A. above, the Insurer shall pay on behalf of the National Association of Professional Agents or the **Policyholder**, excess of the applicable Retention and within the Limits of Liability as stated in the applicable **Certificate of Insurance**, that **Loss** which it becomes legally obligated to pay resulting from a **Claim** for a **Wrongful Act** by an **Agent, Registered Representative, Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Adviser Representative** provided that such **Claim** contains no allegations of negligence or bad faith against the National Association of Professional Agents or the **Policyholder** whether such allegations involve negligent hiring, training, management, supervision, or otherwise.

## 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 Insurer's *Defense Counsel Guidelines*. The Insurer 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 or expenses 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:

**Administration of Employee Benefit Plans** means consultation with participants in an employee benefit plan in order to explain the provisions of such plan and handling day-to-day ministerial functions required by such plan, including without limitation enrollment, record keeping, and filing reports with government agencies. **Administration of Employee Benefit Plans** does not include third party claims administration.

**Agent** means:

- A. a natural person:
  1. who is a member of the National Association of Professional Agents;
  2. who has elected to enroll for coverage under this Policy;
  3. whose enrollment is on file with the **Policyholder**; and

4. who meets all **Eligibility Criteria** or is otherwise approved for enrollment in the Policy by the Insurer, provided always such decision shall be at the Insurer's sole discretion.
- B. any:
1. corporation, partnership, or other business entity owned or controlled by such natural person referred to in Paragraph A. of this definition, but solely with respect to the liability of such entity as it arises out of the rendering or failing to render **Professional Services** by an **Agent** as defined in Paragraph 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**

**Agent** does not include, without limitation, an independent marketing organization, a field marketing organization, a national marketing organization, or any organization performing functions typically done by these entities or anyone while acting as a general agent or in any similar capacity for a life insurance company if such person has or supervises any sub agents.

**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.

**Certificate of Insurance** means the document issued to the **Named Insured** evidencing the terms, limits, premium and endorsements provided to the **Insureds** thereunder.

**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 the **Named Insured**.

**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 to whom, or entity to which, **Professional Services** are rendered by an **Insured**. **Client** does not include any insurance company, insurance agent or **Broker/Dealer**.

**Defense Costs** mean 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.

**Eligibility Criteria** means the requirements set forth below that each **Named Insured** must satisfy in order to be an **Insured** under this Policy:

- A. never had any claim, suit or arbitration against him/her/it for any alleged malpractice, error, omission, mistake or other wrongful act;
- B. after reviewing his/her/its records, 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/it;
- C. was not aware of or involved in any fee dispute with a **Client**;
- D. never had his/her/its professional license or registration denied, suspended, revoked, non-renewed, or restricted in any way;
- E. never been disciplined, fined or suspended by the SEC, FINRA, a state securities, corporation or insurance department or other regulatory authority, and was not under investigation by any of these authorities;
- F. never been convicted of a Felony criminal offense (other than a DUI);
- G. never had any contract or appointment with any insurance company, broker-dealer or other organization suspended, terminated, non-renewed or restricted for cause; and
- H. 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,

If any individual, corporation, partnership or other business entity does not satisfy all of these requirements, such individual, corporation, partnership or other business entity shall not be entitled to coverage under this Policy.

**Insured** means the **Named Insured** and any natural person who is a former or current secretarial, clerical or administrative employee, of such **Named Insured**, but solely for services performed within his or her capacity as such and on behalf of such **Named Insured**, provided such natural person did not receive any commission income pursuant to an agent, broker, registered representative, **Registered Investment Adviser**, or **Investment Adviser Representative** contract with any insurance company or **Broker/Dealer** as a result of providing **Professional Services** offered by such **Named Insured**.

If the **Named Insured** is a **Registered Adviser Firm**, the definition of **Insured** also includes such **Registered Adviser Firm's** natural person employees or contractors (including 1099 contractors) but only for such person's provision of **Professional Services** on behalf of such **Registered Investment Adviser Firm**.

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

**Investment Adviser Representative** means a natural person:

- A. who is a member of the National Association of Professional Agents;
- B. who has elected to enroll for coverage under this Policy;
- C. whose enrollment is on file with the **Policyholder**;
- D. who meets all **Eligibility Criteria** or is otherwise approved for enrollment in the Policy by the Insurer, provided always such decision shall be at the Insurer's sole discretion; and
- E. who at the time of a **Wrongful Act**, held a valid Series 65 or 66 securities license, pursuant to the Investment Advisers Act of 1940, as amended; was supervised by a registered investment adviser entity (registered as an investment adviser under the Investment Advisers Act of 1940, as amended, or any similar state laws or regulation) who solicits, meets or communicates with **Clients** of such registered investment adviser on a regular basis and provides investment advice on behalf of and under the control of such registered investment adviser and, who, at the time of the **Wrongful Act** giving rise to the **Claim**, had the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business was conducted.

**Investment Advisory Services** means advisory services provided by a **Registered Investment Adviser**, **Registered Investment Adviser Firm** or **Investment Adviser Representative** with respect to securities approved by any **Broker/Dealer** as long as such securities are listed on the securities platform of the **Broker/Dealer** and approved in writing. **Investment Advisory Services** does not include the sale or attempted sale or servicing of securities that are sold independent of a written registered investment adviser contract to provide **Investment Advisory Services** to a **Client**.

**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, penalties or sanctions imposed by law, taxes, or restitution. 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 amounts for which there are 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.

**Named Insured** means the **Agent, Registered Representative, Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Advisor Representative** named in the **Certificate of Insurance**.

**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 as specified in the Declarations to the date the Policy is terminated as set forth in Section VIII. Termination of Master Policy.

**Policyholder** means the 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 the date the **Named Insured** 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);

**Private Placement** means a security which is exempt from registration with the Securities and Exchange Commission as promulgated under Regulation D of the Securities Act of 1933, as amended, and meets all rules and conditions set forth under Regulation D;

**Professional Services** mean only the following services as described in each Coverage Option below to the extent they are provided in the **Insured's** capacity as an **Agent, Registered Representative, Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Advisor Representative** for a **Client** and only to the extent that the **Agent, Registered Representative, Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Advisor 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 but only if such coverage is purchased and shown on the **Certificate of Insurance**:

A. Coverage Option A – Silver Plan

1. the sale, attempted sale, or servicing of life insurance, accident and health insurance, or managed health care organization contracts (that does not require a securities license), disability income insurance, indexed/fixed annuities, Medicare Advantage or Medicare Supplemental Insurance;
2. **Administration of Employee Benefit Plans;**
3. services performed as a Notary Public; and
4. the use of **Social Media** in conjunction with the services described in subparagraphs 1., 2., and 3., of this Paragraph A.

B. Coverage Option B – Gold Plan

1. all services provided in Coverage Option A;
2. the sale, attempted sale or servicing of variable annuities, variable life insurance (that requires a securities license) and mutual funds that are registered with the Securities Exchange Commission, if required, through a **Broker/Dealer** that is a member of the Financial Industry Regulatory Authority; and
3. the use of **Social Media** in conjunction with the services described in subparagraphs 1. and 2. of this Paragraph B.

C. Coverage Option C – Platinum Plan

1. all services provided in Coverage Option B;
2. the sale or attempted sale or servicing of securities (other than variable annuities, variable life insurance, and mutual funds) approved by and offered on the securities platform of the **Broker/Dealer** with whom the **Registered Representative** has a contract, however, these products will not make up more than 25% of the overall commission for the prior calendar year; and
3. the use of **Social Media** in conjunction with the services described in subparagraphs 1. and 2. of this Paragraph C.

D. Coverage Option D – Diamond Plan

1. all services provided in Coverage Option C;
2. the sale or attempted sale or servicing of securities (other than variable annuities, variable life insurance and mutual funds) approved by and offered on the securities platform of the **Broker/Dealer** with whom the **Registered Investment Adviser** or **Investment Adviser Representative** has a contract; and
3. the use of **Social Media** in conjunction with the services described in subparagraphs 1. and 2. of this Paragraph D.

E. Coverage Option E – RIA and Financial Planning Coverage Only Plan

1. **Investment Advisory Services;**
2. financial planning activities in conjunction with services otherwise covered under the option elected;
3. services performed as a Fiduciary Advisor as defined in the Pension Protection Act of 2006, or the Department of Labor's Conflict of Interest provisions as they relate to retirement advice, as amended; and
4. the use of **Social Media** in conjunction with the services described in subparagraphs 1., 2., and 3., of this Paragraph E.

F. Coverage Option F – RIA Firm Coverage Only Plan

The following services provided solely by the **Registered Investment Adviser Firm**:



1. all services provided in Coverage Option A. and E; and
2. the use of **Social Media** in conjunction with the services described in subparagraph 1. of this Paragraph F.

**Registered Investment Adviser** means:

- A. a natural person, or any corporation, partnership or other business entity owned or controlled by such individual providing **Investment Advisory Services** in its capacity as an Investment Advisor registered as such under the Investment Advisors Act of 1940, as amended;
- B. who, at the time of the **Wrongful Act** giving rise to the **Claim**, had the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business was conducted; and
- C. who is a member of the National Association of Professional Agents;
- D. whose enrollment is on file with the **Policyholder**; and
- E. who meets all **Eligibility Criteria** or is otherwise approved for enrollment in the Policy by the Insurer, provided always such decision shall be the Insurer's sole discretion.

**Registered Investment Adviser Firm** means:

- A. any corporation, partnership or other business entity registered as an Investment Adviser under the Investment Advisors Act of 1940, as amended, or any similar state laws of regulation of any state;
- B. who is a member of the National Association of Professional Agents;
- C. whose enrollment is on file with the **Policyholder**; and
- D. who meets all **Eligibility Criteria** or is otherwise approved for enrollment in the Policy by the Insurer, provided always such decision shall be the Insurer's sole discretion.

**Registered Representative** means:

- A.
  1. a natural person who is registered with the Financial Industry Regulatory Authority as a registered representative or registered principal, who has or had maintained a contract with a **Broker/Dealer** who has or had elected to enroll for coverage under this Policy, and whose enrollment is on file with the **Policyholder**; or
  2. 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**.
- B. who meets all of the **Eligibility Criteria** or is otherwise approved for enrollment in the Policy by the Insurer such decision shall be at the Insurer's sole discretion.

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

**Retired or Disabled**, whether used either separately or together, means no longer providing **Professional Services** on behalf of any **Broker/Dealer** or any other insurance company.

**Retired or Disabled Agent, Registered Investment Adviser, Investment Adviser Representative, or Registered Representative**, whether used either separately or together, means an **Agent, Registered Investment Adviser, Investment Adviser Representative, or Registered Representative** who are **Retired or Disabled**.

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

**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 **Certificate Period** a **Named Insured** ceases their status as such with the **Policyholder**, such **Named Insured** shall have a one year Automatic Extended Reporting Period, beginning on his/her/its date of termination and terminating 12 months thereafter, during which time coverage for such **Named Insured** 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 such **Named Insured's** termination date; and (iii) which are **Wrongful Acts** otherwise covered under the terms and conditions of this Policy.
- B. A **Named Insured** shall not be entitled to such Automatic Extended Reporting Period if he/she/it, at the time any **Claim** is made, is enrolled in any broker, dealer, life agent, registered representative, registered investment advisor, financial planning or professional liability policy, other than this Policy, whether or not that policy actually affords coverage for the **Claim** in question.
- C. A **Named Insured** shall not be entitled to such Automatic Extended Reporting Period if the Insurer has cancelled such **Named Insured's Certificate of Insurance** for non-payment of premium when due.

#### V. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns, spouses or **Domestic Partners** of **Insureds** 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. Each **Claim** and Aggregate per **Certificate of Insurance**

The Limit of Liability set forth in each **Certificate of Insurance** shall apply as follows:

- 1. Each **Claim** - per **Certificate of Insurance**

Subject to paragraph 2. below, the Limit of Liability of the Insurer for **Loss** for each covered **Claim** shall not exceed the amount stated in such **Insured's Certificate of Insurance**.

- 2. Aggregate - per **Certificate of Insurance**

The Limit of Liability of the Insurer for **Loss** for all **Claims** in the aggregate shall not exceed the amount stated in such **Insured's Certificate of Insurance**.

- B. Multiple **Insureds**

The Limits of Liability, shown in each **Certificate of Insurance**, shall be the Insurer's maximum Limit of Liability for all **Insureds** thereunder, regardless of the number of **Insureds, Claims** made or persons or entities making **Claims**.

- C. Exhaustion of Limit of Liability



The Insurer's obligations under each **Certificate of Insurance** shall be deemed completely fulfilled and extinguished if the Limit of Liability thereunder is exhausted by payment of **Loss**.

D. Retention

Subject to the applicable Limit of Liability, the Insurer shall pay all covered **Loss** excess of all applicable Retentions, if any, set forth in the **Named Insured's Certificate of Insurance**. If more than one Retention is applicable to any 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.

E. **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**.

F. 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 applicable **Certificate Period** or during a consecutive, immediately following **Certificate Period** and forward to the Insurer every demand, notice, summons, or other process received. The limits of liability for the **Certificate Period** in effect on the date the **Claim** is reported to the Insurer shall apply.

In addition, in the event of cancellation or non-renewal of the **Certificate of Insurance**, the **Insured**, may report **Claims** made against the **Insured** during the **Certificate Period** or within 30 days immediately following the cancellation or non-renewal of such **Certificate of Insurance**.

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 **Certificate Period** the **Insured** first becomes aware of specific **Wrongful Acts** which may reasonably give rise to a future **Claim** and during such period gives 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, upon the **Insured's** receipt of notice of such demand.
- D. The **Insureds** shall give written notice to the Insurer at the address specified of the **Certificate of Insurance**, 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. TERMINATION OF MASTER POLICY

This Policy shall remain continuously in effect until canceled by the Insurer or by the **Policyholder** as follows:

1. The Insurer may cancel this Policy for any reason by providing to the **Policyholder** written notice stating when, not less than 60 days thereafter, such cancellation shall be effective.
2. 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 **Certificates of Insurance**, shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

**Certificates of Insurance** in effect at the time of cancellation of the Policy shall remain in effect until the expiration date of the **Certificate of Insurance** as set forth in the **Certificate of Insurance** and **Claims** submitted under such **Certificates of Insurance** shall be otherwise governed by this Policy. In such event, each **Named Insured** will be notified of non-renewal pursuant to the requirements of the law of the state in which the **Named Insured Certificate of Insurance** is delivered.

#### **IX. OTHER INSURANCE**

If any **Loss** resulting from any **Claim** is insured under any other policy, 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. 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.

#### **XI. CHANGES**

Notice to any agent or knowledge possessed by any 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.

#### **XII. 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**.

#### **XIII. ASSIGNMENT OF INTEREST**

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

#### **XIV. TERRITORY**

Except as provided in Section II. DEFENSE, Paragraph A.2., 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.

#### **XV. 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.

## **XVI. 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 such **Named Insured's Certificate of Insurance**;

**B. Wrongful Acts of Broker/Dealers**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged **Wrongful Acts** or **Interrelated Wrongful Acts** by, or liability of, any **Broker/Dealer**;

**C. 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 clearing agency or arising out of any function of any **Insured** as a clearing agency;
6. any **Broker/Dealer** other than one which buys, sells or trades in securities exclusively as a principal for its own account;
7. 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; or
8. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority or, the Securities Investor Protection Corporation, in any capacity,

provided, however, that paragraphs 7. and 8. 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;

**D. 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;

E. **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;

F. **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;

G. **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;

H. **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;

I. **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;

**J. Insolvency**

based upon, directly or indirectly arising out of, or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy reorganization, or inability to pay of a natural person, entity, benefit plan, bank or banking firm, title or escrow company, law firm, broker/dealer, clearing agency, insurance company, managed health care organization, reinsurer or pool, syndicate, association or other combination formed for the purpose of providing insurance, self-insurance or reinsurance, 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**; however, this exclusion shall not apply with respect to a life insurance company if that life insurance company is rated at least "A-" by AM Best Company or at least "A" by Demotech at the time of placement of insurance;

**K. 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;

**L. Sale or Servicing of Certain Products or Investment Strategies**

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale of, attempted sale of, or servicing of, or investment strategy involving 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. products or services not approved by a **Broker/Dealer** with whom the **Named Insured** has a contract;
3. arbitrage;
4. day trading;
5. commodities, commodities futures contracts, or any type of option contract with the exception of covered call writing;
6. promissory notes;
7. ETS pay phone investments or other similar type investments;
8. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;



9. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN-LIFE), Corporate Owned Life Insurance policies (COLI) or Bank Owned Life Insurance policies (BOLI);
10. Structured products, including but not limited to, structured settlements, structured notes, principal protected notes or reverse convertibles notes;
11. Life Settlements, reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
12. issuer callable, step-up or step-down certificates of deposit or equipment sale-lease-buy-back transactions of any kind;
13. Leveraged or Inverse Products, including but not limited to Exchange Traded Funds, Mutual Funds, or Exchange Traded Notes;
14. derivatives, including without limitation, interest rate swaps, collateralized mortgage obligations (CMO's), or collateralized debt obligations (CDO's);
15. cryptocurrency;
16. investments obtained through or the use of crowdfunding or private equity;
17. micro-captive insurance companies taxed under IRS Section 831(b);
18. conservation easements;
19. charitable gift annuities; or
20. any life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company.

M. **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); however, this exclusion shall not apply to the activities of the **Insured** when exercising discretionary authority as a **Registered Investment Adviser, Registered Investment Adviser Firm, or Investment Adviser Representative**;

N. **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;

O. **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;

P. **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.

**Q. 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;

**R. 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 a **Client** 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;

**S. Securities Below Minimum Capitalization Levels**

based upon, directly or indirectly arising out of, or in any way involving any penny stock or any security issued by an entity unable to meet the minimum capitalization and other standards for listing and maintenance on the NASDAQ SmallCap Market;

**T. 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 a **Named Insured** has any ownership interest;

**U. Investment in Specified Securities or Funds**

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

1. any security that is not registered with the Securities and Exchange Commission; however, this Exclusion shall not apply to securities which are both exempt from registration with the Securities and Exchange Commission and approved by a **Broker/Dealer** with whom the **Named Insured** has a contract; or
2. any hedge fund, whether it is registered or not with the Securities and Exchange Commission, unless specifically endorsed onto the Policy;

V. **Limited Partnerships, REITS**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in any Limited Partnership, **Private Placements**, 1031 Exchanges, Tennant in Common Investments (pursuant to Section 1031 of the Internal Revenue Code), Real Estate Investment Trusts (REIT's), issuer callable certificates of deposit, equipment sale-lease-buy-back transactions of any kind or any security that is not registered with the Securities and Exchange Commission;

W. **Fiduciary Services**

based upon, directly or indirectly arising out of, or in any way involving investment advice provided by a Fiduciary Advisor 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 the Department of Labor's Conflict of Interest provisions as they relate to retirement investment advice, as amended;

X. **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;

Y. **Short Sales**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged short selling of any security;

Z. **Social Media**

based upon, directly or indirectly, arising out of, or in any way involving any regulatory proceeding brought by any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency or any self-regulatory agency, in any capacity based upon or arising out of the **Insured's** use of **Social Media** provided, however, that this exclusion 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;

AA. **412/419 Plans**

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

1. the sale, attempted sale or servicing of any plans created under sections 412 or 419 of the internal revenue code; or
2. any actual or alleged sale or servicing of any insurance sold as part of or to be used in conjunction with or to fund any plan created under sections 412 or 419 of the internal revenue code;

AB. **Unsolicited Communications**

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

1. any actual or alleged violation of any federal anti-spam statute or regulation, including the CAN-SPAM Act of 2003;
2. any actual or alleged violation of any federal statute or regulation prohibiting the dissemination of unsolicited communications, including any violation of the Telephone Consumer Protection Act of 2001; or
3. any actual or alleged violation of any federal, state or local anti-spam statute, ordinance or other regulation that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or

information including any statute or regulation prohibiting the dissemination of unsolicited communications;

**AC. Churning**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged churning or excessive trading by an **Insured**;

**AD. Transfer of Pension Benefit**

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

1. any stream of income or benefits originally payable to another person or entity, including but not limited to retirement, pension, disability, insurance or annuity benefits;
2. any product, benefit, investment or stream of income where the sale or assignment of such product, benefit, investment or stream of income is not permitted, whether by law or by the terms of the product, benefit or investment; or
3. any product, benefit, investment or stream of income where the sale or assignment of such product, benefit, investment or stream of income is prohibited by federal, state or local law.

**AE. Troubled Securities**

based upon, directly or indirectly arising out of, or in any way involving a security or other investment issued by or with respect to any entity, or organization affiliated with any such entity, which has, actually or allegedly:

1. admitted in writing its inability to pay its debts;
2. made a general assignment for the benefit of creditors;
3. been the subject of any proceeding seeking to adjudicate it as 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 in Paragraphs 1., 2., 3., or 4. above;
6. been the subject of a class action lawsuit involving its securities; or
7. been under federal or state regulatory investigation with respect to its securities.

## **XVII. ACTIVE MILITARY SERVICE**

If a **Named Insured** is activated for military service and is established by the **Policyholder** to be so activated, such **Named Insured** premium for coverage pursuant to this Policy will be waived as follows:

1. waiver of the first monthly premium debit will occur in the month following the month in which activation of military service occurs; and
2. premiums will be waived only during the months in which the **Named Insured** is on active duty.

## **XVIII. TRADE EMBARGOES AND SANCTIONS**

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


**XIX. 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 President and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations.

President

Secretary

A handwritten signature in black ink, appearing to read "Dg W", with a long horizontal stroke extending to the right.

Doug Worman

A handwritten signature in black ink, appearing to read "STB", with a long horizontal stroke extending to the right.

Stathy Darcy



**ADMINISTRATOR ENDORSEMENT  
(Master Policy)**

In consideration of the premium, the Policy is amended to add the following:

The National Association of Professional Agents is acting as the administrator of this program on behalf of the participating agents. As the administrator, the National Association of Professional Agents has the responsibilities of the **Policyholder**, including but not limited to, payment to the Insurer of all premium collected and due from the **Named Insureds** pursuant to the terms of 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, unless another effective date is shown below, and expires concurrently with said Policy.





## APPLICATION ENDORSEMENT

In consideration of the premium, the Policy is amended as follows:

The Policy is amended to add the following Section:

- **APPLICATION**

The Insurer has relied on the accuracy and completeness of the statements, information and representations contained in each **Named Insured's Application**. All such statements, information and representations are the basis of this policy and are to be considered as incorporated into and constituting a part of this policy.

If the statements, information or representations in the **Named Insured's Application** were not accurate and complete and such inaccuracy or incomplete disclosure materially affected either the acceptance of the risk or the hazard assumed by the Insurer, then the Insurer shall have the right to void coverage with respect to each such **Named Insured**.

Provided always, nothing contained in the Section shall alter or amend the **Eligibility Criteria** which each **Named Insured** must satisfy in order to be insured 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, unless another effective date is shown below, and expires concurrently with said Policy.



**MASTER POLICY  
AGGREGATE ENDORSEMENT**

It is agreed that solely with respect to those **Insureds** who are not residents of or practice in New York State, the Policy is amended as follows:

I. Aggregate Limits

**Policy Year** Aggregate Limit of Liability: \$25,000,000

II. The section entitled **DEFINITIONS** is amended to add a new definition as follows:

**Policy Year** means the period of one year following the effective date of the **Policy Period** or any subsequent one-year anniversary thereof.

III. The following new paragraphs are added to the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** as follows:

- Policy Aggregate:

The amount set forth as the **Policy Year** Aggregate Limit of Liability in paragraph I. of this Endorsement shall be the maximum Aggregate Limit of Liability of the Insurer for each **Policy Year**, regardless of the number of **Insureds**, **Claims** made, or persons or entities bringing such **Claims**. The **Policy Year** Aggregate Limit in effect at the time a **Certificate of Insurance** is issued shall be the applicable **Policy Year** Aggregate Limit for such **Certificate of Insurance** regardless of when such **Certificate of Insurance** expires.

- Per **Claim** Aggregate:

If more than one each **Claim** limit of liability is applicable to any one **Claim**, the Insurer's maximum limit of liability for such **Claim** shall be the largest of such each **Claim** limit of liability.

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, unless another effective date is shown below, and expires concurrently with said Policy.



**AMEND DEFINITION OF CERTIFICATE PERIOD ENDORSEMENT  
(GAP COVERAGE)**

It is hereby understood and agreed that, solely for those **Insureds** who are maintaining continuous coverage pursuant to any claims made broker-dealer, life agent, P&C agent, registered representative, registered investment adviser, financial planning or professional liability policy, the section entitled **DEFINITIONS**, the definition of **Certificate Period** is amended to add the following:

**Certificate Period** also means the period of time between the expiration date shown on the **Named Insured's** previous certificate of insurance and the inception date shown on the **Named Insured's** current **Certificate of Insurance**. Provided always, in no event shall the expiration date between the **Named Insured's** previous certificate of insurance and the inception date shown on the current **Certificate of Insurance** be greater than 30 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, unless another effective date is shown below, and expires concurrently with said Policy.



## PRE-CLAIM ASSISTANCE ENDORSEMENT

In consideration of the premium, the Section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** of the Policy is amended to add the following new paragraph:

### Pre-Claim Assistance

Until the date a **Claim** is made, the Insurer may pay, at its sole discretion, up to \$15,000, for all reasonable and necessary fees and expenses it incurs as a result of investigating a potential **Claim** that the **Insured** reports to the Insurer in accordance with the section entitled **NOTICE**, paragraph B. Should a potential **Claim** be investigated pursuant to this paragraph, and that potential **Claim** later becomes a covered **Claim** under this Policy, then the Limits of Liability and the Retention applicable to such **Claim** shall apply. While not **Loss**, this amount is part of and not in addition to the Aggregate Limit of Liability set forth in each **Named Insured's Certificate of Insurance** and the Policy Aggregate Limit of Liability.

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, unless another effective date is shown below, and expires concurrently with said Policy.



## SUBPOENA EXPENSES COVERAGE ENDORSEMENT

In consideration of the premium, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** of the Policy is amended to add the following new paragraph:

- Subpoena Assistance

In the event the **Insured** receives a subpoena for documents or sworn testimony, during the applicable **Certificate Period**, arising out of **Professional Services** rendered by such **Insured**, the **Insured** may provide the Insurer with a copy of the subpoena and the Insurer, at its sole discretion, may retain an attorney to provide advice regarding the production of documents, to prepare the **Insured** for sworn testimony, and to represent the **Insured** at the **Insured's** depositions, provided that:

- a. the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
- b. the **Insured** has not been previously engaged to provide advice or sworn testimony in connection with the lawsuit, nor has the **Insured** provided such advice or sworn testimony in the past.

If such criteria are met, the Insurer will pay such attorney's legal fees excluding any disbursements up to the amount of \$5,000 for each **Insured**. While not **Loss**, such fees incurred under this provision are part of and not in addition to the Aggregate Limit of Liability set forth in each **Named Insured's Certificate of Insurance**. The Insurer's maximum limit of liability for all such subpoena expenses under this Policy is \$250,000. These sublimits are part of, and not in addition to, the Policy's Aggregate Limit of Liability. Any notice the **Insured** gives the Insurer of such subpoena shall be deemed notification of a potential **Claim** under Section VII.B. of this Policy.

Notwithstanding anything to the contrary set forth on each **Named Insured's Certificate of Insurance**, the retention amount applicable for this endorsement's subpoena expense coverage is \$5,000.

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, unless another effective date is shown below, and expires concurrently with said Policy.



## REGULATORY ACTION ENDORSEMENT

In consideration of the premium, the section entitled **EXCLUSIONS** of the Policy, the exclusion entitled **Claims by Specified Persons or Entities**, Paragraphs 7. and 8. are deleted in their entirety and replaced with the following:

7. 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; however, this Paragraph 7 shall not apply subject to the Insurer's maximum Limit of Liability of \$5,000 for all **Loss** for all such **Claims** made against the **Insured**, which amount shall be part of, and not in addition, to the each **Claim** and Aggregate limits of liability set forth in each **Named Insured's Certificate of Insurance**. The Insurer's maximum limit of liability for all such **Claims** under this Policy shall be \$250,000. These sublimits are part of, and not in addition to, the Policy Aggregate Limit of Liability. Notwithstanding anything in the Policy to the contrary, the applicable retention amount for all such **Claims** shall be \$5,000;
8. 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; however, this Paragraph 8 shall not apply subject to the Insurer's maximum Limit of Liability of \$250,000 for all **Loss** for all such **Claims** made against the **Insured**, which amount shall be part of, and not in addition to, the each **Claim** and Aggregate limits of liability set forth in each **Named Insured's Certificate of Insurance**. These sublimits are part of, and not in addition to, the Policy Aggregate Limit of Liability. Notwithstanding anything in the Policy to the contrary, the applicable retention amount for all such **Claims** shall be \$5,000;

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, unless another effective date is shown below, and expires concurrently with said Policy.





## PRIVACY PROTECTION ENDORSEMENT

In consideration of the premium, it is understood and agreed that the Policy is amended as follows:

I. The section entitled **INSURING AGREEMENTS** is amended to add the following new Insuring Agreements:

A. **PRIVACY INJURY COVERAGE AGREEMENTS**

If this Insuring Agreement has been purchased, as indicated on the **Certificate of Insurance**, the Insurer shall pay on behalf of the **Named Insured**, excess of the applicable Retention and within the applicable Limits of Liability as stated on the **Certificate of Insurance**, that **Loss** which the **Named Insured** becomes legally obligated to pay:

1. **Privacy Injury Liability**

as **Loss** resulting from any **Claim** first made against the **Named Insured** during the **Named Insured's Certificate Period**, or any extended reporting period, if applicable, alleging **Wrongful Acts** by the **Named Insured** or by someone (including a **Rogue Employee** or **Third-Party Custodian**) for whose **Wrongful Acts** the **Named Insured** is legally liable;

2. **Privacy Regulation Proceeding**

as **Loss** (including **Privacy Regulation Fines**) resulting from any **Claim** first made against the **Named Insured** during the **Certificate Period**, or any extended reporting period, if applicable, alleging **Wrongful Acts** by an **Insured** or by someone (including a **Rogue Employee** or **Third-Party Custodian**) for whose **Wrongful Acts** the **Named Insured** is legally liable;

Provided that:

- a. prior to the inception date of this Policy or the first such policy issued and continuously renewed by the Insurer, of which this Policy is a renewal, whichever is earlier:
  1. the **Named Insured** did not know or should not have known that any such **Wrongful Act**, or **Related Wrongful Act**, might result in such **Claim**;
  2. such **Wrongful Act** has not been the subject of any notice given under any prior policy;
- b. such **Wrongful Act** occurred on or after the applicable **Prior Acts Date** and prior to the end of the **Certificate Period**;
- c. the **Claim** is reported to the Insurer in accordance with the section entitled **Notice of Claims or Circumstances** of this endorsement;
- d. such **Claim** is not covered under any other Insuring Agreement of this Policy or any other coverage issued by the Insurer, or any affiliate of the Insurer; and
- e. the **Named Insured** meets all of the **Eligibility Requirements**.

B. **PRIVACY EVENT EXPENSE**

If this Insuring Agreement has been purchased, as indicated above, the Insurer will reimburse the **Named Insured** for **Privacy Event Expenses**, up to the **Privacy Event Expenses** Limit of Liability excess of the applicable Retention and within the applicable Limits of Liability as stated on the **Certificate of Insurance**, provided that:

1. the **Privacy Event** is first discovered during the **Certificate Period**;



2. the **Privacy Event Expenses** were incurred within twelve months after the date that the **Named Insured** reports the **Privacy Event**, in accordance with the section entitled **Notice of Claims or Circumstances** of this endorsement and such amounts are consented to in writing by the Insurer, such consent may not to be unreasonably withheld; and,
3. there is no other coverage issued by the Insurer, or any affiliate of the Insurer, that provides coverage for such **Privacy Event**.

II. Solely with respect to the coverage provided by this endorsement, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to add the following new paragraphs:

The Insurer's maximum Limit of Liability for all **Loss** under the coverage provided by this endorsement shall be the amount listed as the Privacy Protection Aggregate Limit of Liability on the **Named Insured's Certificate of Insurance**. This amount is a sublimit which part of, and not in addition to, the each **Claim** Limit of Liability and the in the Aggregate Limit of Liability set forth on each **Named Insured's Certificate of Insurance**. Such amount is a sublimit which is part of, and not in addition to, the Policy Aggregate Limit of Liability.

Subject to the Privacy Protection Aggregate Limit of Liability, the maximum limit of liability of the Insurer for Privacy Injury Liability, Privacy Regulation Proceeding, and Privacy Event Expense shall be the amounts set forth on each **Named Insured's Certificate of Insurance**. Notwithstanding anything to the contrary, the Retention for each **Claim** or each **Privacy Event** under any coverage provided by this endorsement is \$5,000.

III. Solely with respect to the coverage provided by this endorsement, the section entitled **DEFINITIONS** is amended to add the following new terms:

**Confidential Health Information** means information pertaining to a **Client** that has been received or created by the **Named Insured** or provided by the **Named Insured** to another, subject to protection pursuant to "HIPAA", including an individual's health, or healthcare treatment information, including the fact that any such individual has been treated by any provider.

**Eligibility Requirements** means the requirements set forth below that each **Named Insured** must have satisfied to be entitled to coverage provided by this endorsement:

1. the **Named Insured** utilizes a secure encrypted connection (VPN) and security features on any laptop, desktop, or mobile device including firewalls and anti-virus protection when accessing customer information;
2. the **Named Insured** disposed/deleted all paper and electronic records when no longer needed;
3. the **Named Insured** collects and stores personally identifiable data only as necessary for the performance of **Professional Services**; and
4. the **Named Insured** implements anti-virus controls on all systems.

**Privacy Event** means any act, error or omission which, in the reasonable opinion of the **Insured** did cause or is reasonably likely to result in the unauthorized disclosure or the unauthorized use of **Protected Information**.

**Privacy Event Expenses** means all reasonable and necessary fees, costs and expenses incurred by the **Named Insured** and consented to by the Insurer:

- A. to directly affect compliance with a **Security Breach Notice Law** including notification to individuals or entities who are required to be notified;
- B. to provide voluntary notification to individuals or entities whose **Protected Information** may have been subject to a **Privacy Event**;
- C. to hire a computer forensics firm to investigate the existence and cause of a **Privacy Event** and to determine the extent such **Protected Information** has been or may have been disclosed;



- D. to hire an attorney or expert to determine the applicability of and the actions necessary to comply with **Security Breach Notice Laws**; or
- E. to minimize harm to the **Named Insured's** reputation from a **Privacy Event**, including but not limited to the costs to set up a call center or provide a credit monitoring service for those impacted by a **Privacy Event**.

However, **Privacy Event Expenses** do not include the costs, fees and expenses necessary to remediate any deficiencies that gave rise to the **Privacy Event**.

**Privacy Injury** means:

- A. unauthorized collection, disclosure, use, access, destruction or modification of **Protected Information**; or
- B. failure to implement, maintain, or comply with policies and procedures stating the **Named Insured's** obligations with regard to **Protected Information**.

**Privacy Regulation Fines** means civil fines, sanctions or penalties insurable under applicable law and imposed under any **Privacy Regulation Proceeding** for a violation of any **Security Breach Notice Law** or any law, statute or regulation governing **Nonpublic Personal Information**.

**Privacy Regulation Proceeding** means a civil, administrative or regulatory proceeding by a federal, state, local or foreign governmental authority, including a complaint, investigation or hearing instituted against the **Named Insured** by the Department of Health and Human Services or its designee alleging a violation of responsibilities or duties imposed upon a **Named Insured** under the Health Insurance Portability and Accountability Act ("HIPAA") or any rules or regulations promulgated thereunder, with respect to the management of **Protected Information** alleging a **Wrongful Act** as defined in paragraph B. of the definition of **Wrongful Act**.

**Protected Information** means any information relating to a **Client**, including **Confidential Health Information**, that has been received or created by a **Named Insured** or provided by the **Named Insured** to another.

**Related Claims** mean all **Claims** based upon or arising out of a single **Wrongful Act** or any **Interrelated Wrongful Acts**.

**Rogue Employee** means a past, present or future employee of the **Named Insured** who acts outside of his or her scope of employment.

**Security Breach Notice Law** means any statute or regulation that requires an entity that maintains **Protected Information** to provide notice to specified individuals of any actual or potential unauthorized disclosure or potential disclosure of such **Protected Information**.

**Third-Party Custodian** means any third party to whom the **Named Insured** entrusts **Protected Information**.

- IV. Solely with respect to the coverage provided by this Endorsement, the terms **Claims**, **Defense Costs**, and **Loss**, **Prior Acts Date**, and **Wrongful Act** are deleted in their entirety and replaced as follows:

**Claim** means:

- A. a written demand for monetary damages or non-monetary relief, including a demand for injunctive or declaratory relief;
- B. a civil proceeding in a court of law or equity or any alternative dispute resolution proceeding; or
- C. a **Privacy Regulation Proceeding**,



against a **Named Insured**, alleging a **Wrongful Act** including any appeal therefrom. **Claim** also means a written request received by the **Named Insured** to toll or waive a statute of limitations in connection with a **Claim** as defined by paragraphs B. and C. above.

However, a **Claim** does not include any criminal proceeding or criminal or civil investigation. Nor does a **Claim** include any regulatory proceeding except if the regulatory proceeding is a **Privacy Regulation Proceeding**.

**Defense Costs** mean:

- A. fees charged by attorneys designated by the Insurer;
- B. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim** if incurred by the **Named Insured** including, but not limited to, premiums for any appeal bond, attachment bond or similar bond but without any obligation of the **Named Insured** to apply for or furnish any such bond.

In the event the **Named Insured** is entitled by law to select independent counsel to defend the **Named Insured** at the Insurer's expense, **Defense Costs** also include fees the Insurer must pay to such counsel provided that such fees are limited to fees charged in accordance with the rates the Insurer actually pays to counsel that it retains in the ordinary course of business in the defense of similar **Claims** in the community where the **Claim** is being defended.

However, **Defense Costs** do not include fees and expenses of independent adjusters or salaries of the Insurer's officials or employees.

**Loss** means settlements, judgments (including any award of pre-judgment and post-judgment interest on a covered judgment), or other amounts for which the **Named Insured** is legally obligated to pay on account of a covered **Claim**. However, **Loss** does not include:

- 1. civil or criminal fines, penalties, taxes, sanctions or forfeitures, imposed on the **Named Insured**, except that this does not apply to **Privacy Regulation Fines**;
- 2. fees, costs and expenses paid or incurred or charged by the **Named Insured**, no matter whether claimed as restitution of specific funds, financial loss, mitigation expenses, set-off amounts or payments in the form of service credits or coupons or other non-cash consideration;
- 3. liquidated damages pursuant to a written contract or agreement in excess of the **Named Insured's** liability caused by the **Wrongful Act**;
- 4. the **Named Insured's** production costs, or the **Named Insured's** cost of reprinting, recalling, recovering, shipping, mailing, correcting, reprocessing, restoring, repairing, replacing, or reproducing erroneous, damaged or lost tangible property;
- 5. any amount attributable to the cost of any non-monetary relief, including without limitation any costs associated with compliance with any injunctive relief of any kind or nature;
- 6. funds, monies, or securities that the **Named Insured** transferred or failed to transfer;
- 7. any loss of investment income;
- 8. any amounts assessed as royalty fees or payments;
- 9. any amount for which the **Named Insured** is absolved from payment by reason of any covenant, agreement or court order;
- 10. punitive and exemplary damages and the multiplied portion of multiplied award;



11. plaintiff's attorney fees or expenses associated with items 1. through 10. above.

**Loss** also includes **Defense Costs** and **Privacy Event Expenses**.

**Prior Acts Date** means the effective date of the first **Certificate Period** to which this endorsement is attached and that is in a continuous series to the current policy effective date.

**Wrongful Act** means:

- A. with respect to Insuring Agreement **A.1.** only, **Wrongful Act** means any **Privacy Injury**;
- B. with respect to Insuring Agreement **A.2.** only, **Wrongful Act** means any actual or alleged act, error or omission that results in a violation of any statute or regulation governing **Protected Information** or any violation of a **Security Breach Notice Law**.

## V. **EXCLUSIONS**

Solely with respect to the coverage provided by this endorsement, the section entitled **EXCLUSIONS** is amended to add the following new exclusions:

This Policy does not apply to any **Claim** or **Privacy Event**:

- **BODILY INJURY/PROPERTY DAMAGE**

based upon or arising out of any actual or alleged bodily injury (including death), sickness, disease, emotional distress, mental anguish, of any person, or property damage, provided however that this exclusion does not apply to the wrongful infliction of emotional distress or mental anguish arising out of **Privacy Injury**;

- **CLAIMS BY INSUREDS**

by or on behalf of the **Named Insured** provided, however that this exclusion does not apply to:

1. any **Claim** that is in the form of a crossclaim, third-party claim or otherwise for contribution or indemnity which is part of and results directly from a **Claim** which is not otherwise excluded under this Policy;
2. any **Claim** brought or maintained by or on behalf of a bankruptcy or insolvency trustee, examiner, liquidator, receiver or rehabilitator for the **Named Insured** or any assignee of such trustee, examiner, liquidator, receiver or rehabilitator;
3. any **Claim** by the **Named Insured** (other than the **Named Insured**) that alleges **Privacy Injury**;

- **DISCRIMINATION**

based upon or arising out of any actual or alleged discrimination, humiliation, harassment or misconduct that relate to an individual's race, creed, color, age, sex, national origin, religion, handicap, marital status or sexual preference;

- **GOVERNMENTAL ORDERS**

as a direct result of any action or order by any domestic or foreign law enforcement, administrative, regulatory or judicial body or other governmental authority;

- **OWNED ENTITY**



made against the **Named Insured** by any entity, if at the time of the **Wrongful Act** giving rise to such **Claim**:

1. the **Named Insured** controlled, owned, operated or managed such entity;
2. the **Named Insured** was an owner, partner, director, officer or employee of such entity;

For the purpose of this exclusion, a 5% or more owner of the voting stock of a publicly held corporation or a 40% or more owner of the voting stock of a privately held corporation shall be deemed to own such entity;

- **PATENT INFRINGEMENT**

based upon or arising out of actual or alleged infringement of patent;

- **SECURITIES AND INVESTMENT CLAIMS**

based upon or arising out of any actual or alleged:

1. filing of any registration statement under the Securities Acts of 1933, or the Securities Exchange Act of 1934, any State Blue Sky Law, or any other state or local securities law;
2. violation of the Investment Advisers Act of 1940, the Securities Act of 1933, the Securities and Exchange Act of 1934, rules or regulations of the Securities Exchange Commission under either or both acts, similar securities laws or regulations of state, or any laws of any state relating to any transaction arising out of, involving, or relating to the public offering of securities;

Provided however that this exclusion does not apply to any **Claim** for **Privacy Injury**;

- **TRADE SECRETS**

based upon or arising out of any actual or alleged misappropriation of trade secrets obtained by an **Insured** prior to commencing employment with the **Named Insured**;

- **UNFAIR COMPETITION/ANTITRUST CLAIMS/RICO CLAIMS**

based upon or arising out of any actual or alleged:

1. unfair competition, dilution, deceptive trade practices, civil actions for consumer fraud or false or deceptive advertising or misrepresentation in advertising;
2. charges of price fixing, monopolization or restraint of trade;
3. violation of:
  - a. the Federal Trade Commission Act;
  - b. the Sherman Act, the Clayton Act, or any federal statutory provision regarding anti-trust, monopoly, price fixing, price discrimination, predatory pricing or restraint of trade;
  - c. the Racketeer Influenced and Corrupt Organizations Act;
  - d. any rules or regulations promulgated under or in connection with the above statutes, or any similar provision of any federal, state, foreign or other law (including common law) or statute,





except that paragraphs 1. and 3.a. do not apply to any **Claim** under the Insuring Agreement entitled **Privacy Regulation Proceeding**.

- **WAR**

based upon or arising out of any war (declared or otherwise), warlike operation, hostilities, invasion, popular or military uprising or activities, insurrection, rebellion, revolution, or terrorism (whether certified or not) by an individual or group or any action taken by governmental authorities in hindering or defending against any of these.

VI. Solely with respect to the coverage provided by this endorsement, the following is added to the Policy:

**Notice Of Claims or Circumstances**

1. **Notice of Claim or Privacy Event**

The **Named Insured**, as a condition precedent to the obligations of the Insurer, shall give written notice of any **Claim** or **Privacy Event** to the Insurer as soon as reasonably practicable after the **Named Insured** learns of such **Claim** or **Privacy Event** but in no event later than ten (10) days after termination or expiration of the **Certificate Period** or extended reporting period, if applicable. All **Claims** arising out of the same **Wrongful Act** will be considered as having been made at the time the first **Claim** is made.

2. **Notice of Circumstances**

If during the **Certificate Period**, the **Named Insured** first become aware of any facts or circumstances which may reasonably be expected to give rise to a **Claim** and during such **Certificate Period** give written notice to the Insurer of:

1. the allegations anticipated as the basis of the potential **Claim** and the names of any potential claimants;
2. the identity of the specific individual allegedly responsible for such specific facts and circumstances;
3. the consequences which have resulted or may result from such specific facts and circumstances;
4. the amount of the potential monetary damages or the nature of non-monetary relief which may be sought in consequence of such specific facts and circumstances; and
5. the circumstances by which the **Named Insured** first became aware of such specific facts and circumstances,

then any such covered **Claim** which is subsequently made and which arises out of such facts and circumstances shall be deemed to have been first made against the **Named Insured** and reported to the Insurer by the **Named Insured** at the time such written notice was received by the Insurer.

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, unless another effective date is shown below, and expires concurrently with said Policy.



## LEVERAGED AND INVERSE PRODUCTS ENDORSEMENT

In consideration of the premium and solely with respect to those **Named Insureds** who have purchased Coverage Option D, E, or F, the Policy is amended as follows:

- I. Exclusion L, Sale or Servicing of Certain Products or Investment Strategies, set forth in Section XVI, Exclusions, is amended to add the following at the end:

Provided, however, that Paragraph 13 above will not apply to **Claims** arising out of the purchase, recommended purchase, or sale of Leveraged or Inverse Products if:

- a. the purchase, recommended purchase, or sale is made by a **Named Insured** registered investment adviser (registered as an investment adviser under the Investment Adviser Act of 1940, as amended, or any similar state laws or regulations);
- b. Inverse Mutual Funds or Inverse Exchange Traded Funds are used solely to hedge a portfolio;
- c. with respect to an advisory account handled pursuant to a discretionary account agreement, for which coverage is otherwise provided, Leveraged or Inverse Products cannot comprise greater than ten percent (10%) of a **Client's** portfolio at any one time; and
- d. with respect to advisory accounts handled on a non-discretionary basis pursuant to an investment management agreement, Leveraged or Inverse Products cannot comprise more than ten percent (10%) of a **Client's** portfolio at any one time.

- II. The coverage afforded by Paragraph I of this Endorsement is subject to an each **Claim** limit of liability of \$250,000. The Insurer's maximum limit of liability for all such **Claims** for the **Insured** is \$250,000. These amounts are part of, and not in addition, to the each **Claim** and Aggregate limits of liability set forth in the **Named Insured's Certificate of Insurance**. The Insurer's maximum limit of liability for all such **Claims** under this Policy is \$750,000. All such sublimits are part of, and not in addition to, the Policy Aggregate Limit of Liability. Notwithstanding anything in the Policy to the contrary, the applicable retention amount for all such **Claims** shall be \$25,000.

- III. Solely with respect to the coverage provided by this endorsement, the **Prior Acts Date** definition in Section III, Definitions, is deleted and replaced with the following:

**Prior Acts Date** means the later of date the **Named Insured** 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) or June 1, 2013.

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, unless another effective date is shown below, and expires concurrently with said Policy.



## COST OF CORRECTIONS ENDORSEMENT

In consideration of the premium, the Policy is amended as follows:

- I. The section entitled **DEFINITIONS** is amended to add the following definition:

**Cost of Corrections Demand** means a demand by the **Named Insured** for reimbursement of the cost incurred by the **Named Insured** in indemnifying a **Client** of such **Named Insured** for **Loss** incurred as a result of a **Wrongful Act**.

- II. The following new section is added to the policy:

### **Cost of Corrections**

- A. Provided that the **Professional Services** are provided by or through a **Named Insured**, the Insurer shall reimburse **Named Insured** for a **Cost of Corrections Demand**, up to the Limits of Liability set forth below and subject to the **Named Insured's Cost of Corrections Demand Retention**, provided that such **Cost of Corrections Demand** involves one or more of the following acts, errors or omissions:
1. the failure of the **Insured** to follow directions from a **Client** in connection with a non-discretionary investment;
  2. mechanical or computer error in processing transactions that were implemented to follow directions from a **Client** in connection with a non-discretionary investment;
  3. human error related to discretionary transactions implemented by the **Insured**, to the extent such transactions are otherwise covered by this Policy;
  4. mechanical or computer error in processing discretionary transactions implemented by the **Insured**, to the extent such transactions are otherwise covered by this Policy, including when performed by a back office employee of the **Named Insured**; However, there shall be no Supplemental Benefit for **Cost of Corrections Demands** arising from such errors unless:
    - a. the **Insured** has the ability to correct the error or prevent it from increasing;
    - b. if not immediately corrected, the error will continue to increase in monetary value or impact;
    - c. the **Insured** incurs a measurable monetary cost in correcting the error; and
    - d. the **Insured** notifies the Insurer of the correction as soon as practicable, and provides the Insurer proper documentation of the error, the resulting damages and the correction thereof.
- B. The coverage provided by this endorsement is granted under the strict reservation by the Insurer to reimburse the **Named Insured** for the mutually agreed upon portion of such cost that is attributable to such acts, errors or omissions of an **Insured**, or any employee of the **Named Insured** as are described in A.4.a. through d. above. The Insurer shall not be responsible for any portion attributable to the conduct of any other party.
- C. The **Named Insured** shall be liable for the payment of any Retention for a **Cost of Corrections Demand**.
- D. For the purposes of the application of the Limits of Liability and Exclusions Sections only, a **Cost of Corrections Demand** will be deemed to be a **Claim**.
- III. Solely with respect to the coverage provided by this endorsement, the section entitled **LIMIT OF LIABILITY, RETENTION AND ALLOCATION** is amended to include the following new language:
- A. The Paragraph entitled Each **Claim** and Aggregate per **Certificate of Insurance** is amended to add the following:
- The Insurer's maximum limit of liability for each **Cost of Correction Demand** shall be \$100,000. The Insurer's maximum limit of liability for all **Cost of Correction Demands** for each **Named Insured** shall be \$100,000. These amounts are sublimits which are part of, and not in addition to, each **Named Insured's each Claim** and Aggregate limits of liability set forth on the **Named Insured's Certificate of Insurance**.



The Insurer's maximum limit of liability for all **Cost of Correction Demands** under this Policy shall be \$500,000. All such limits are part of, and not in addition to, the Policy Aggregate Limit of Liability.

B. The paragraph entitled Retention is amended to add the following:

Notwithstanding anything to the contrary set forth on each **Named Insured's Certificate of Insurance**, the retention amount applicable for each **Cost of Correction Demand** shall be \$50,000.

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, unless another effective date is shown below, and expires concurrently with said Policy.



## RETENTIONS ENDORSEMENT

In consideration of the premium, Paragraph D, Retention, of Section VI, Limit of Liability, Retention and Allocation, is amended to add the following:

- I. Unless specifically stated otherwise in this Policy, there shall be an each **Claim** Retention of \$10,000 when the **Named Insured's** each **Claim** and Aggregate limits of liability are both \$2,000,000.
- II. Unless specifically stated otherwise in this Policy, the following each **Claim** Retentions shall apply if the **Named Insured's** each **Claim** or Aggregate limits of liability are any amount other than \$2,000,000:
  - A. for covered **Professional Services** arising out of the sale, attempted sale, or servicing of life insurance, accident and health insurance, or managed health organization contracts (that does not require a securities license), disability income insurance, indexed/fixed annuities, Medicare Advantage or Medicare Supplemental Insurance.
    - i. \$1,000 for **Claims** made during the **Named Insured's** first year of coverage under this program;
    - ii. \$800 for **Claims** made during the **Named Insured's** second year of coverage under this program;
    - iii. \$600 for **Claims** made during the **Named Insured's** third year of coverage under this program;
    - iv. \$400 for **Claims** made during the **Named Insured's** fourth year of coverage under this program; or
    - v. \$200 for **Claims** made during the **Named Insured's** fifth year or later of coverage under this program.
  - B. for covered **Professional Services** arising out of the sale, attempted sale, or servicing of variable products and mutual funds or acting as a Series 6 or Series 7 registered representative, the each **Claim** Retention is as follows:
    - i. \$5,000 for **Claims** made during the **Named Insured's** first year of coverage under this program;
    - ii. \$4,000 for **Claims** made during the **Named Insured's** second year of coverage under this program;
    - iii. \$3,000 for **Claims** made during the **Named Insured's** third year of coverage under this program;
    - iv. \$2,000 for **Claims** made during the **Named Insured's** fourth year of coverage under this program; or
    - v. \$1,000 for **Claims** made during the **Named Insured's** fifth year or later of coverage under this program.
  - C. for covered **Professional Services** related in any way to the sale, attempted sale, or servicing of securities other than variable products and mutual funds, the each **Claim** Retention is \$5,000.
  - D. for all other covered **Professional Services**, the each **Claim** Retention is as follows:
    - i. \$3,500 for **Claims** made during the first year of coverage under this program;
    - ii. \$3,000 for **Claims** made during the second year of coverage under this program;
    - iii. \$2,500 for **Claims** made during the third year of coverage under this program;
    - iv. \$2,000 for **Claims** made during the fourth year of coverage under this program; or
    - v. \$1,500 for **Claims** made during the fifth year or later of coverage under this program.



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, unless another effective date is shown below, and expires concurrently with said Policy.



## SPECIFIC PERSONS OR ENTITIES EXCLUSION ENDORSEMENT

In consideration of the premium, Section XVI, Exclusions, is amended to add the following exclusion:

The Insurer shall not be liable to pay any **Loss** in connection with any **Claim** based upon, directly or indirectly arising out of, or in any way involving any of the following persons or entities:

Walker "Tony" Young, Acorn Capital Management; or Clelia Flores, Maximum Return Investments Inc.; or Shawn Merriman, Market Street Advisors; or Weizhen Tang; or Edward Stein, Gemini Fund 1 L.P., DISP LLC.; or DBSI products or services; or Bernard Madoff, or Bernard Madoff Investment Services LLC whether directly or via fund of fund originators such as Fairfield Greenwich Advisors; Tremont Capital Management; or Maxam Capital Management; 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 Provident Royalties, Provident Asset Management, LLC, Provident Energy 1, L.P., Provident Resources 1, L.P., Provident Energy 3, L.P. or Provident Operating Company, LLC; Shale Royalties, Inc., Shale Royalties, Inc. LLC or Shale Royalties 3-22; Medical Capital Corporation, Medical Capital Holdings, Inc., Medical Provider Funding Corporation VI or Medical Cap Note Programs; or Black Diamond Programs; or Desert Capital REIT; or Bruce Friedman, Diversified Lending Group, Inc. and Applied Equities, Inc.; or Landmark Capital Partners, LLC; or Bambi Holzer; LandAmerica Financial Group, Inc.; Tomas Petters, Petters Worldwide Group; Edward Oku; Lara Coleman; Ricardo Bonilla; Rojas and Shadai Yire; Paul Burks and Rex Venture Group; Jim Donnan and Gregory Crabtree; Bridge Premium Finance; Mark Feathers; Wayne Pamer; Gurudeo Persaud; John Geringer; George Levin and Frank Preve; David Conolly; Shervin Neman; Ephren Taylor II; Wendell Jacobson and Allen Jacobson; Garfield M. Taylor; Arrowhead Capital Management, LLC; Eric Aronson; Doris E. Nelson; James David Risher and Daniel Joseph Sebastian; Jeffrey A. Lowrance; David Ronald Allen; AIC, Inc.; James Clements and Zeina Smidi; John Scott Clark; Michael Watson and Joshua Escobedo; St. Anselm Exploration Co.; Fair Finance Company; Jason Bo and Alan Beckman; Francisco Illarramendi; Richard Dalton; Joseph Paul Zada; David Harrold and Bruce Prevost; Robert Anderson; Robert Stinson, Jr.; Daniel Spitzer; Trade-LLC; Matthew Jennings; Chimay Capital Management, Inc.; Merendon Mining, Inc.; Matthew Gagnon; Nevin Shapiro; McGinn Smith & Co.; Douglas Vaughan; Canopy Financial; Trevor Cook; Mantria Corporation; United Development Funding; Puerto Rican bonds including closed end funds and other securities based on or containing such bonds unless the holdings of Puerto Rican bonds in such funds or securities is de minimis; Robert H. Shapiro and Woodbridge Group of Companies, LLC (including but not limited to: dba Woodbridge Wealth, RS Protection Trust, WMF Management, LLC, Woodbridge Structured Funding, LLC, Woodbridge Mortgage Investment Fund 1, LLC, Woodbridge Mortgage Investment Fund 2, LLC Woodbridge Mortgage Investment Fund 3, LLC Woodbridge Mortgage Investment Fund 3A, LLC, Woodbridge Mortgage Investment Fund 4, LLC, Woodbridge Commercial Bridge Loan Fund 1, LLC, Woodbridge Commercial Bridge Loan Fund 2, LLC, 144 Woodbridge-Affiliated Property Limited Liability Companies, 131 Woodbridge-Affiliated Holding Limited Liability Companies, Jeri Shapiro; Woodbridge Realty of Colorado, LLC dba Woodbridge Realty Unlimited; Woodbridge Luxury Homes of California, Inc. dba Mercer Vine, Inc.; Riverdale Funding, LLC; Schwartz Media Buying Company, LLC; WFS Holding Co., LLC); Future Income Payments LLC, LumpSum Pension Advance, Pension Funding LLC, Pensions Annuities & Settlements LLC, Pension Income LLC, Cash Flow Investment Partners, DFR Pension Funding, Veterans Benefit Leverage, Voyager Financial Group LLC (Pension4Case/Cash Out My Pension/Buy Your Pension), First American Finance Corporation, and Investing Forward (Termbrokers LLC), Kevin Merrill, Jay Ledford and Cameron Jezierski, along with their entities, Global Credit Recovery LLC, Delmarva Capital LLC, Rhino Capital Holdings LLC, Rhino Capital Group LLC, DeVille Asset Management Ltd. and Riverwalk Financial Corp., 1 Global Capital LLC (aka 1st Global Capital and 1st Global Capital Financial Services), 1 West Capital LLC (aka 1st West Capital), Carl Ruderman and Steven A. Schwartz, GPB Capital Holdings (including but not limited to the following private placements GPB Holdings, GPB Holdings II, GPB Holdings III, GPB Automobile Portfolio, GPB Cold Storage, GPB Holdings Qualified, GPB Waste Management ,and GPB NYC Development) and Ascendant Alternative Strategies; Bakken Drilling Fund; syndicated conservation easements sponsored by EcoVest Capital; Hospitality Investors Trust Inc. (HIT), (f.k.a. American Realty Capital Hospitality Trust (ARC)); NP SkyLoft, DST (sponsored by Nelson Partners LLC); Sierra Income Corporation (a.k.a. Sierra Income Fund); FS KKR Capital Corp. II and its predecessor firms (FS Investment Corporation II (FSIC II), FS Investment Corporation III (FSIC III), FS Investment Corporation IV (FSIC IV), Corporate Capital Trust II (CCT II)); Healthcare Trust, Inc. (HTI); The Financial Visions Companies (Financial Visions Inc., Financial Visions West LLC, Financial Visions West 1 LLC, FV-2 LLC, The Volcano Fund LLC, Victory Fund LLC, Velocity Fund LLC) and their president/owner Daniel Rudden; Infinity Q Diversified Alpha Fund (IQDNX/IQDAX); Northstar Financial Services Bermuda Ltd. and Greg Lindberg; GWG L Bonds; GWG Holdings Inc., KBS Growth & Income REIT; National



Realty Investment Advisors LLC, NRIA Partners Portfolio Fund I LLC and other affiliated funds; The Heartland Group Ventures, LLC, Heartland Production and Recovery LLC, "the Heartland-Affiliated Entities" (Heartland Production and Recovery Fund LLC, Heartland Production and Recovery Fund II LLC, The Heartland Group Fund III, LLC, Heartland Drilling Fund I, LP, Carson Oil Field Development Fund II, LP, Alternative Office Solutions, LLC), James Ikey, John Muratore, Thomas Brad Pearsey, Rustin Brunson, Manjit Singh (aka Roger) Sahota, ArcoOil Corp, Barron Petroleum LLC; or any of their parents or affiliates.

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, unless another effective date is shown below, and expires concurrently with said Policy.





## LIBERALIZATION ENDORSEMENT

In consideration of the premium, the Policy is amended as follows:

- I. With respect to any **Loss** resulting from any **Claim** first made between March 1, 2025, and March 1, 2026, the **Named Insured** may elect to apply the terms and conditions of this Policy (in its entirety), or the terms and conditions of the "Expiring Policy" (in its entirety, subject to the provisions contained in this endorsement) that are more favorable to the **Named Insured**, provided that:
  - (i) the **Named Insured** was issued a certificate of insurance under the Expiring Policy;
  - (ii) the **Named Insured** must advise the Insurer of such election of the Expiring Policy or this Policy by written notice to the Insurer and received by the Insurer within thirty (30) days after the issuance of the Insurer's written coverage determination on the **Claim**. If no election is made pursuant to the terms of this endorsement then this Policy shall apply; and
  - (iii) the applicable Retention, **Policy Period**, and Limits of Liability of this Policy shall apply to such **Loss**.
- II. This endorsement shall not be included in any subsequent direct or indirect renewal or replacement issued on or after March 1, 2026.
- III. As used in this endorsement, "Expiring Policy" means the March 1, 2024 to March 1, 2025 policy (and all of its endorsements) with Policy Number FNO0001885-VA-03-12 issued by ProSurance Group, Inc. to Financial Services Professional Liability Purchasing Group, Inc.

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, unless another effective date is shown below, and expires concurrently with said Policy.