

**COMPANY SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS  
POLICY**

**THIS IS A CLAIMS MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER IN WRITING DURING THE POLICY PERIOD UNLESS AN EXTENDED REPORTING PERIOD APPLIES.**

**PLEASE READ THE ENTIRE POLICY CAREFULLY.**

In consideration of the payment of premium and in reliance upon the statements in the **Application** which is made a part hereof and incorporated by reference and subject to the Declarations, terms, conditions and exclusions in this Policy, the Company indicated in the Declarations (hereafter called the Insurer) and the **Insureds** agree as follows:

**I. INSURING AGREEMENTS**

**A. Professional Liability**

The Insurer shall pay on behalf of the **Insured** all **Loss** which the **Insured** shall become legally obligated to pay because of a **Claim** first made against the **Insured** during the **Policy Period** or an Extended Reporting Period, if applicable, for a **Wrongful Act** committed on or after the **Retroactive Date** by the **Insured** solely in the rendering or failing to render **Professional Services**.

**II. DEFENSE AND SETTLEMENT**

The Insurer shall have the right and duty to defend any **Claim** against the **Insured** seeking sums payable under this Policy, even if the allegations of the **Claim** are groundless or false. The Insurer shall make such investigation and settlement of any **Claim** as it deems expedient, but the Insurer shall not be obligated to pay any **Claim** or judgment or continue to defend any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Loss**.

**III. DEFINITIONS**

For purposes of this Policy:

**A. Agent** means an individual who:

1. maintains an active affiliation with the **Sponsoring Company**;
2. has elected to enroll for coverage under this Policy and whose enrollment is on file with the **Sponsoring Company**;
3. has paid his or her premium;
4. is licensed by the appropriate authorities to solicit and sell life, accident and health insurance products and services; and
5. when required in rendering **Professional Services**, is properly registered as a registered representative with the National Association of Securities Dealers.

Provided, however, that where an individual is seeking coverage under this Policy as an **Agent**, such individual shall be required to submit a request to the **Insured** to obtain coverage under the Policy if that individual has:

- (a) more than one (1) action against them in the five (5) year period preceding the time the **Agent** would be an **Agent** under the Policy;

- (b) such action would be considered a **Claim** if he/she were covered under this Policy; and
- (c) where \$50,000 or more was paid or is to be paid on that **Claim**;

The right to grant or deny coverage for any such **Agent** shall remain in the sole discretion of the Insurer.

In all events, coverage as is afforded under this Policy with respect to an **Agent** shall only apply to a **Claims** or a class action suit made against an **Agent** after the **Retroactive Date** of the **Agent** pursuant to definition (b) above for any **Wrongful Acts** committed or allegedly committed prior to the time such **Agent** ceases to be an **Agent**.

**B. Agent Contract** means the contract between an **Agent** and the **Sponsoring Company**.

**C. Agent Manager** means **Insureds** as defined in Section III. H. 1 and 2.

**D. Application** means all signed applications and any attachments and materials submitted therewith 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" is an insurer controlling, controlled by or under common control with the Insurer.

**E. Broker/Dealer** means an entity acting as a "broker" or "dealer" in **Securities** as those terms are defined in sections 3(a)(4) and 3 (a)(5) of the Securities Exchange Act of 1934, and any amendments thereto.

**F. Claim** means:

1. a written demand for monetary damages received by an **Insured**;
2. a civil proceeding commenced by the service of a complaint or similar pleading in which monetary damages are sought; or
3. an arbitration commenced by the filing of the statement of claim in which monetary damages are sought;

including any appeal from the proceedings identified in paragraphs 2 and 3 above. **Claim** does not include a demand or proceeding for non-monetary or injunctive relief or any administrative or criminal proceeding.

**G. Defense Costs** mean reasonable and necessary fees, costs and expenses incurred by or at the direction of the Insurer in the defense of a **Claim** and the premium for appeal, attachment or similar bonds. The Insurer shall have no obligation to apply for or provide such bonds. **Defense Costs** shall not include regular or overtime wages, salaries, or fees of directors, officers, and employees of the **Insured** or Insurer or fees and expenses of independent adjusters.

**H. Insured** means:

1. an **Agent**;
2. a corporation, partnership or other business entity owned and controlled by an **Agent** but solely with respect to the liability of such organization as it arises out of the **Agent** rendering or failing to render **Professional Services**;
3. an employee acting in his or her capacity as such and on behalf of an **Agent** but solely with respect to liability of such employee as it arises out of the **Agent** rendering or failing to render **Professional Services**; and
4. heirs, executors, administrators or legal representatives of an **Agent** in the event of death, incapacity or bankruptcy.

- I. **Loss** means monetary judgments, awards, settlements or **Defense Costs** that an **Insured** is legally obligated to pay on account of a covered **Claim**. **Loss** shall include fees, charges, taxes, fines or penalties incurred by a claimant and included in such claimant's **Claim** against the **Insured**. **Loss** does not include:
1. civil or criminal fines or penalties imposed by law;
  2. punitive, exemplary or the multiple portion of a multiplied damage award;
  3. the return or withdrawal of fees, commissions or charges;
  4. costs incurred as a result of any non-pecuniary or injunctive relief;
  5. matters which are deemed uninsurable by law; or
  6. any amounts constituting a waiver of fees, charges, costs or any other monetary amounts the **Sponsoring Company** is contractually entitled to impose upon a customer;
- J. **Multiple Employer Welfare Arrangement** shall have the same meaning as the term used by the Employee Retirement Income Security Act of 1974, and any amendments thereto. **Multiple Employer Welfare Arrangement** does not include an arrangement where the direct contract for providing benefits is between the recipient of the benefit and an insurance company: (1) recognized as an admitted insurer by the insurance regulatory agency in the applicable state or jurisdiction; and (2) appropriately licensed to provide the coverage in the state or jurisdiction where the coverage is in force.
- K. **Personal Injury** means injury or damage arising out of:
1. false arrest, detention or imprisonment;
  2. malicious prosecution; or
  3. libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy. However, there shall be no coverage for any such publication or utterance made in the course of or related to any form of advertising activities conducted by or on behalf of an **Insured**.
- L. **Policy Period** shall mean the period from the effective date of this Policy to the expiration date or earlier termination date, if any, of this Policy.
- M. **Professional Services** means:
1. the solicitation, sale or servicing of life insurance, accident and health insurance, long-term care insurance, workers' compensation insurance as part of a 24-hour accident and health insurance product or disability income insurance;
  2. providing services as a notary public; and
  3. the training and supervision of an **Agent** by an **Agent Manager**.
- A. **Related Claims** means all **Claims**, whether made against more than one **Insured** or by more than one claimant, arising out of a single **Wrongful Act** or a series of **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes.
- B. **Retroactive Date** means the inception date of the **Agent's** first claims-made life insurance agents professional liability policy from which date coverage has been maintained in force without interruption. The **Retroactive Date** for the **Sponsoring Company** and **Insureds** defined in Section III. H. 2 through 4 shall be the same as applicable to the **Agent** whose **Wrongful Act** gave rise to the **Claim** or the **Agent** who is responsible for the **Wrongful Act** of such other **Insureds**.

- C. **Securities** shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisors Act of 1940, and any amendments thereto.
- D. **Sponsoring Company** means the insurance company listed in Item 1 of the Declarations and any **Subsidiaries**.
- E. **Subsidiary** means a corporation in which the **Sponsoring Company** listed in Item 1 of the Declarations:
- owns as of the inception date of the **Policy Period** more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through one or more of its **Subsidiaries** and which corporation is engaged in **Professional Services**; or
  - forms or acquires on or after the inception date of the **Policy Period**, if the **Sponsoring Company** listed in Item 1 of the Declarations owns, directly or indirectly through one or more of its **Subsidiaries**, more than fifty percent (50%) of the issued and outstanding voting stock and which corporation is engaged in **Professional Services**. Such corporation is automatically covered as of the date of formation or acquisition if the number of agents of such corporation total less than twenty percent (20%) of the total number of **Agents** of the **Sponsoring Company** as of the inception date of the **Policy Period**. The **Sponsoring Company** shall provide the Insurer with full particulars of the new **Subsidiary** within ninety (90) days of the date of formation or acquisition.
- F. **Wrongful Act** means a negligent act, error or omission or **Personal Injury** committed by an **Insured**.

#### IV. EXCLUSIONS

This Policy does not apply to any **Claim**:

- based upon, arising out of or in any way involving any fact, circumstance or situation which has been the subject of any written notice given under any policy of which this Policy is a direct or indirect renewal or replacement or which preceded this Policy;
- based upon, arising out of or in any way involving any act, error or omission occurring prior to the date of the **Agent's** initial enrollment as an **Insured** under this Policy or a previously issued policy by the Insurer if on the date of initial enrollment the **Agent** had knowledge of any act, error or omission which could reasonably be expected to result in a **Claim**;
- based upon, arising out of or in any way involving any prior or pending litigation against any **Insured** filed on or before the inception date of this Policy or under any other policy of which this Policy is a renewal, whichever is earlier, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- based upon, arising out of or in any way involving any dishonest, fraudulent, criminal, malicious or purposeful act, error or omission committed by or at the direction of an **Insured**; however, notwithstanding the foregoing, the **Insured** shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the **Insured** shall reimburse the Insurer for all **Defense Costs** incurred by the Insurer;
- based upon, arising out of or in any way involving an **Insured** gaining, in fact, any profit, remuneration or pecuniary advantage to which the **Insured** was not legally entitled;
- based upon, arising out of or in any way involving a willful violation of the rules or regulations of the National Association of Securities Dealers, Securities and Exchange Commission, Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, or the Investment Advisors Act of 1940 and any amendments thereto, or of any state securities statute or state regulatory agency;
- based upon, arising out of or in any way involving any commingling of or improper use of client funds;

- H. based upon, arising out of or in any way involving investment products partially or totally owned by the **Insured**;
- I. based upon, arising out of or in any way involving bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;
- J. based upon, arising out of or in any way involving discrimination as defined by federal, state or local statute, regulation, law or ordinance;
- K. based upon, arising out of or in any way involving the liability of others assumed by the **Insured** under any contract or agreement unless such liability would have attached to the **Insured** even in the absence of such agreement;
- L. based upon, arising out of or in any way involving any pension, profit sharing, health and welfare, or other employee benefit plan or trust sponsored by the **Insured** as an employer;
- M. based upon, arising out of or in any way involving any professional services performed by the **Insured** as an actuary, accountant, attorney, real estate agent or real estate broker, property/casualty insurance agent or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section III. M. 1;
- N. based upon, arising out of or in any way involving insolvency, receivership, conservatorship, liquidation, bankruptcy, inability or refusal to pay of any organization, entity or vehicle of any kind, nature or structure in which the **Insured** has placed, recommended to be placed or obtained coverage or in which an **Insured** has placed or recommended to be placed the funds of a client or account; however, this Exclusion shall not apply if such organization, entity or vehicle is an insurance company that was rated A- or better by A.M. Best at the time the **Insured** placed, recommended to be placed or obtained such coverage for a client in such insurance company or in which an **Insured** has placed such funds of a client or account;
- O. based upon, arising out of or in any way involving the **Insured's** inability or refusal to pay or collect premium, claim or tax monies;
- P. brought or maintained, directly or indirectly, by or on behalf of :
1. an **Insured**;
  2. any insurance company or **Broker/Dealer**;
  3. any insurance agent or broker;
  4. any individual or entity that is not a client of an **Insured**; however, this Exclusion shall not apply to a **Claim** brought by an individual or entity who is an alleged beneficiary or heir, executor or administrator of a deceased client of an **Insured**;
  5. any enterprise that owns, operates, controls or manages an **Insured**;
  6. an enterprise which an **Insured** owns, operates, controls or manages; or
  7. any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, National Association of Securities Dealers, the Securities Investor Protection Corporation, or any state or federal securities or insurance commission or agency; however, this Exclusion shall not apply to a **Claim** brought by or on behalf of such official or entity in its capacity as a client of an **Insured**;
- Q. based upon, arising out of or in any way involving the use of confidential information by an **Insured**, including but not limited to such use for the purpose of replacement of coverage;

- R. based upon, 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;
- S. based upon, arising out of or in any way involving the offering, sale or servicing of structured settlements; however, this Exclusion shall not apply to a **Claim** arising out of the selling or servicing of the underlying covered product;
- T. based upon, arising out of or in any way involving the ownership, formation, operation, or administration of a health maintenance organization, preferred provider organization, captive, risk retention group, self-insurance program or purchasing group;
- U. based upon, arising out of or in any way involving the placement of coverage with a **Multiple Employer Welfare Arrangement**;
- V. based solely upon a loss alleged to have been sustained through fluctuation in market value of any security;
- W. based upon, arising out of or in any way involving any **Securities** (other than variable annuities, variable life insurance and mutual funds) that were not authorized or approved by the **Broker/Dealer** subsidiary of the **Sponsoring Company** or **Securities** that were not processed through the **Broker/Dealer** subsidiary of the **Sponsoring Company**;
- X. based upon, arising out of or any way involving:
  - 1. any function of an **Insured** as a specialist or market maker for any **Securities**;
  - 2. an **Insured** failing to make a market for any **Securities**; or
  - 3. the purchase, sale or failure to purchase or sell **Securities** when the **Insured** is a specialist or market maker for such **Securities**;
- Y. based upon, arising out of or any way involving any activities in connection with any equity security priced under five dollars (\$5.00) at the time of purchase; however, this Exclusion shall not apply if the security is: (1) registered or approved for registration upon notice of issuance on a national exchange; (2) authorized or approved for authorization upon notice of issuance, for quotation in the NASDAQ system; or (3) issued by an investment company registered under the Investment Company Act of 1940 and any amendments thereto. For the purposes of this Exclusion, any equity security which is listed on the NASDAQ bulletin board or pink sheets shall not be considered approved for authorization upon notice of issuance for quotation in the NASDAQ system;
- Z. based upon, arising out of or any way involving the purchase, sale or the giving of advice regarding promissory notes, viatical or life settlements or any **Security** backed by viatical settlements, commodities, commodity future contracts, or option contracts other than covered call options;
- AA. based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding "junk bonds" or "high yield bonds". For purposes of this Exclusion, "junk bonds" or "high yield bonds" shall mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency (including but limited to Moody's rated bonds of Ba or lower or S&P rated bonds of BB or lower);
- BB. based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding callable certificates of deposit or any investment involving ATM machines, payphones or ETS payphones, Debentures, CDOs, CMOs, 412(i) Plans, 419 Plans, unregistered securities, DBSI Management products, Provident Royalties, Shale Royalties, Medical Capital Note Program, Black

Diamond Program, Desert Capital REIT, IMH Secured Loan, LLC and Geneva Exchange LLC/The Geneva Organization; or

CC. based upon, arising out of or in any way involving a self-funded or partially self-funded medical plan.

## V. LIMIT OF LIABILITY, RELATED CLAIMS AND DEDUCTIBLE AMOUNT

### A. Limit of Liability

1. **Limit of Liability Each Claim:** The Limit of Liability of the Insurer for all **Loss** for each **Claim** first made during the **Policy Period** and Extended Reporting Period, if applicable, shall not exceed the amount stated in Item 3 A. of the Declarations for Each **Claim**.
2. **Limit of Liability Each Agent:** The Limit of Liability of the Insurer for all **Loss** for all **Claims** first made against each **Agent** during the **Policy Period** and Extended Reporting Period, if applicable, shall not exceed the amount stated in Item 3 B. of the Declarations as Aggregate Each **Agent**.
3. **Limit of Liability Sponsoring Company and Other Insureds:** No additional Limits of Liability are provided to the **Sponsoring Company** under Section I.C. or to **Insureds** as defined in Section III. H. 2 through 4. The Limit of Liability of the Insurer for **Loss** for all **Claims** first made against the **Sponsoring Company** and **Insureds** as defined in Section III. H. 2 through 4 during the **Policy Period** or Extended Reporting Period, if applicable, shall be that Limit of Liability applicable to the **Agent** whose **Wrongful Act** gave rise to the **Claim** or the **Agent** who is responsible for the **Wrongful Act** of such other **Insureds**.

B. **Related Claims:** All **Related Claims** shall be deemed a single **Claim**, subject to a single Each **Claim** Limit of Liability, if covered, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against an **Insured**, regardless of whether such date is before or during the **Policy Period**.

C. **Deductible Amount:** The Deductible Amount stated in Item 4 of the Declarations is applicable to each **Claim** and applies only to the payment of **Loss**. The Limits of Liability set forth in Item 3 of the Declarations are in addition to and in excess of the Deductible Amount.

## VI. EXTENDED REPORTING PERIODS

### A. Group Extended Reporting Periods

1. **Automatic Extended Reporting Period:** The **Insured** shall have a period of sixty (60) days after the expiration of the **Policy Period** to report in writing to the Insurer any **Claim** which is first made during said sixty (60) day period, and arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and prior to the end of the **Policy Period**.

This Automatic Extended Reporting Period shall not be available if the **Insured** has any other applicable insurance, including any policy issued subsequent to this Policy. This Automatic Extended Reporting Period shall be included within the Optional Extended Reporting Period described in paragraph A. 2. below, if such is purchased.

2. **Optional Extended Reporting Period:** In the event of cancellation or nonrenewal of this Policy by the Insurer, the **Sponsoring Company**, acting on behalf of all **Insureds** shall have the right to purchase an Optional Extended Reporting Period upon payment of an additional premium equal to 200% of the total annual premium which is the sum of the original annualized premium and the fully annualized amount of any additional premiums charged by the Insurer during the **Policy Period**. Pursuant to such Optional Extended Reporting Period, the **Insured** shall have a period of three years from the effective date of such cancellation or nonrenewal to give written notice to the Insurer of a **Claim** which is first made during such three year period and which arises out of a **Wrongful Act** committed on or after the **Retroactive Date**

and prior to the end of the **Policy Period**. The rights contained in this section shall terminate unless written notice of such election together with the additional premium due is received by the Insurer within thirty (30) days after the effective date of cancellation or nonrenewal.

3. If the Insurer cancels this Policy because the **Sponsoring Company** failed to pay a premium when due, the **Insureds** shall not have the right to the Automatic Extended Reporting Period or to purchase the Optional Extended Reporting Period as described in paragraphs A. 1. and 2. above.
4. The quotation of a different premium, deductible amount, limit of liability or policy terms or conditions for renewal shall not constitute a cancellation or nonrenewal for purposes of paragraph A.2 above.

**B. Individual Agent Extended Reporting Periods**

1. Automatic Extended Reporting Periods Due to Termination of **Agent Contract**: The insurance under this Policy shall cease as of the date of termination of the **Agent Contract**. In such event, the **Agent** shall be entitled to Extended Reporting Periods as follows:

- a. 90 Day Extended Reporting Period

The **Insured** shall have a period of ninety (90) days after the date of termination of the **Agent Contract** to give written notice to the Insurer of any **Claim** which is first made during said ninety (90) day period, and arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and before the date of termination of the **Agent Contract**.

- b. 1 Year Extended Reporting Period

The **Insured** shall have a period of one (1) year after the date of termination of the **Agent Contract** to give written notice to the Insurer of any **Claim** which is first made during the one (1) year period, and arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and before the date of termination of the **Agent Contract**. Such reporting period, however, shall be limited to **Claims** solely involving products issued by the **Sponsoring Company** or sold through its **Broker/Dealer** subsidiary. The **Insured** shall not be entitled to this one (1) year Extended Reporting Period if the **Sponsoring Company** terminated the **Agent Contract** with the **Insured** for disciplinary reasons.

2. Automatic Extended Reporting Period Due to Disablement, Retirement, or Death

If the **Agent** becomes disabled, retires from the business of providing **Professional Services** pursuant to and in accordance with formal retirement procedures of the **Sponsoring Company** or dies, the **Insured** or the legal representative of a deceased **Agent**, shall be entitled to a period of two (2) years after the date of termination of the **Agent Contract** by reason of disablement, retirement or death to give written notice to the Insurer of any **Claim** which is first made during said two (2) year period and arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and before the date of termination of the **Agent Contract** due to disablement, retirement or death.

The **Insured** shall not be entitled to any of the Automatic Extended Reporting Periods described in paragraphs A. 1 and B. 1 and 2 if the **Insured** has any valid and collectible insurance which applies to any **Loss**.

3. Optional Extended Reporting Periods

- a. An **Agent** who becomes disabled or retires from the business of providing **Professional Services** pursuant to and in accordance with formal retirement procedures of the **Sponsoring Company** or the legal representative of a deceased **Agent** may elect to purchase an Extended Reporting Period for **Claims** which are first made against an **Insured** and reported in writing to the Insurer within:

- (i) three (3) years of the date of termination of the **Agent Contract**, if the **Agent** or the legal representative of the deceased **Agent** pays an additional premium equal to 200% of the



**Agent's** last annual premium within sixty (60) days of the date of termination of the **Agent Contract**; or

- (ii) five (5) years of the date of termination of the **Agent Contract**, if the **Agent** or the legal representative of the deceased **Agent** pays an additional premium equal to 300% of the **Agent's** last annual premium within sixty (60) days of the date of termination of the **Agent Contract**; or
- (iii) an unlimited amount of time after the date of termination of the **Agent Contract**, if the **Agent** or the legal representative of the deceased **Agent** pays an additional premium equal to 400% of the **Agent's** last annual premium within sixty (60) days of the date of termination of the **Agent Contract**.

b. These Optional Extended Reporting Periods shall be in addition to any Automatic Extended Reporting Periods described in VI. A. and B above.

C. The Extended Reporting Periods do not reinstate or increase the Limit of Liability beyond the limits shown on the Declarations, nor extend the **Policy Period**.

D. **Claims** which are properly reported during an Extended Reporting Period will be deemed to have been made on the last day of the **Policy Period**.

## VII. CONDITIONS

### A. Notice and Cooperation

1. The **Insured** shall, as a condition precedent to the availability of rights provided under this Policy, give written notice to the Insurer as soon as practicable during the **Policy Period** but in no event more than sixty (60) days after the end of the **Policy Period**, of any **Claim** made against the **Insured** during the **Policy Period**, unless an Extended Reporting Period is applicable in which case its terms shall be controlling.

Notwithstanding the requirements of the preceding paragraph, if continuous coverage is in effect pursuant to consecutive policies issued by the Insurer, a **Claim** may be reported to the Insurer in writing, as soon as practicable, during the policy period consecutive to and immediately following this **Policy Period** without constituting a violation of this provision. In such condition, the **Claim** will be deemed reported on the last day of the **Policy Period**.

2. The **Insured** shall not agree to arbitration or mediation, admit liability, make any payment, consent to any judgment, settle any **Claim** without the written consent of the Insurer.

3. The **Insured** shall furnish the Insurer with copies of demands, reports, investigations, pleadings and related papers, and provide other such information, assistance and cooperation as the Insurer may reasonably request in the investigation, settlement and defense of a **Claim**.

4. The **Insured** shall further cooperate with the Insurer and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that the **Insured** may have.

5. All written notices provided for in this Policy shall be in writing and addressed to the Insurer at:

Arch Specialty Insurance Group  
Attn: Brown & Brown of California, dba Lancer Claims Services  
P.O. Box 7048  
Orange, CA 92863-7048

For Claims and potential Claims: Attn: Professional Liability Claims

All Other Notices: Attn: Vice President – Life Insurance Agents

**B. Notice of Circumstances Giving Rise to a Claim**

If during the **Policy Period**, an **Insured** becomes aware of a **Wrongful Act** that could give rise to a **Claim** against an **Insured** and gives written notice to the Insurer prior to the end of the **Policy Period** of the following:

1. the names of all potential claimants;
2. the names of each **Insured** that committed the **Wrongful Act**;
3. a detailed description of the **Wrongful Act**;
4. the damage which has or may result from the **Wrongful Act**; and
5. the circumstances by which the **Insured** first became aware of such **Wrongful Act**;

then any **Claim** which subsequently arises out of such **Wrongful Act** shall be treated as a **Claim** first made during the **Policy Period**.

**C. Territory**

This Policy applies to **Wrongful Acts** committed anywhere in the world provided that the **Claim** is made against the **Insured** in the United States of America, its territories or possessions.

**D. Other Insurance**

If the **Insured** has other insurance which applies to any **Loss** insured under this Policy, this Policy shall be excess over any other valid and collectible insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written as specific excess insurance over this Policy.

This provision will not apply if the **Insured** has other insurance with the Insurer, or an Affiliate of the Insurer. In such event, the **Insured** must elect the Policy under which the **Claim** will be made. If an **Insured**, other than the **Agent**, is entitled to coverage for the **Claim**, the **Agent** whose **Wrongful Act** is the basis of the **Claim** or who is legally responsible for such **Wrongful Act** shall be entitled to make the election and such election shall be binding on all other **Insureds**.

**E. Subrogation**

In the event of any payment under this Policy, the Insurer shall be subrogated to all the **Insured's** rights of recovery thereof and the **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing after loss to waive or prejudice such rights. Any amounts recovered in excess of the Insurer's total payment shall be paid to the **Insureds**, less the cost to the Insurer of recovery. The Insurer agrees to waive any such rights of recovery against the **Sponsoring Company**.

**F. Changes**

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

**G. Action Against the Insurer**

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** shall have fully complied with all the terms of this Policy, nor until the amount of the **Insured's** obligation to pay

shall have been finally determined either by judgment against the **Insured** 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 a judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy 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.

#### H. Assignment of Interest

No assignment of interest under this Policy shall be binding on the Insurer unless its consent is endorsed hereon.

#### I. Cancellation and Termination

1. Termination: This Policy shall terminate at the earliest of the following times:

- a. upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations, or the effective date of cancellation, if earlier;
- b. ten (10) days after receipt by the **Sponsoring Company** of a written notice of termination from the Insurer for failure to pay a premium when due; or
- c. as to the **Agent**, upon termination of the **Agent Contract**.

2. Cancellation:

- a. This Policy may be cancelled by the **Sponsoring Company** by surrender thereof to the Insurer or by providing written notice to the Insurer stating when thereafter cancellation shall be effective. If this Policy is cancelled by the **Sponsoring Company**, the Insurer shall retain the customary short rate proportion of the premium.
- b. This Policy may be cancelled by the Insurer by providing written notice of cancellation to the **Sponsoring Company** at the address shown in Item 1 of the Declarations, with the effective date of the cancellation not less than sixty (60) days thereafter. Proof of mailing the notice of cancellation shall be sufficient proof of notice and this Policy shall terminate on the date and time specified in such notice. If the Insurer cancels this Policy, the earned premium shall be computed prorata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of cancellation.

#### J. Transactions Changing Coverage

1. Change of Control of **Sponsoring Company**

If during the **Policy Period**, the **Sponsoring Company** consolidates with or merges into, or sells all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or any person or entity or group of persons or entities acting in concert shall acquire an amount of the outstanding securities representing more than fifty percent (50%) of the voting power for election of directors of the **Sponsoring Company**, or acquires the voting rights of such an amount of securities, then this Policy shall continue in full force and effect as to **Wrongful Acts** committed prior to the effective date of such event.

The **Sponsoring Company** shall give the Insurer written notice of any such event as soon as practicable but not later than thirty (30) days after the date of such event.

2. Cessation of **Subsidiaries**

If an organization ceases to be a **Subsidiary**, coverage with respect to such **Subsidiary** shall continue until termination of this Policy. Such coverage continuation shall apply only with respect to **Claims** for covered **Wrongful Acts** committed prior to the date such organization ceased to be a **Subsidiary**.

K. Authorization Clause

By acceptance of this Policy, the first listed **Sponsoring Company** named in Item 1 of the Declarations shall act of behalf of the **Insureds** for all purposes, including but not limited to the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation, termination or nonrenewal, or reimbursement to the Insurer of any Deductible Amount advanced.



Signature Page

IN WITNESS WHEREOF, Arch Insurance Company has caused this policy to be executed and attested.

A handwritten signature in black ink that reads "John Mentz".

---

John Mentz  
President

A handwritten signature in black ink that reads "Patrick K. Nails".

---

Patrick K. Nails  
Secretary

## **Claims Handling Procedures**

An important value of your insurance coverage is the ability of the insurance company to respond when you have a claim. Arch Insurance Company is committed to providing its insureds with effective claim services.

Notices of each incident, claim or suit must be sent immediately to:

Arch Insurance Company  
ATTN: LANCER CLAIMS SERVICES: A DIVISION OF BROWN & BROWN  
PROGRAM INSURANCE SERVICES, INC.  
P.O. BOX 7048  
ORANGE, CA 92863-7048  
Phone: 800-821-0540  
Fax: 714-978-8023

You will be contacted by a representative of Lancers' Claim Department. This representative will confirm receipt of the loss notice directly to you, provide a company claim number for all future correspondence, refer to legal counsel if necessary, and discuss further handling of the claim.

# **U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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

**NORTH CAROLINA STATE AMENDATORY ENDORSEMENT**

Endorsement forming part of and attaching to this Policy as stated above.

I. Subsection C. of Section VI., EXTENDED REPORTING PERIODS, is hereby deleted in its entirety and replaced by the following:

C. The Extended Reporting Periods shall reinstate the Limit of Liability to the limits shown on the Declarations. The Extended Reporting Periods do not extend the **Policy Period**.

II. Paragraph F., Changes, of Section VII, CONDITIONS, is hereby deleted in its entirety and replaced by the following:

F. Changes

Notices to any agent or knowledge possessed by any agent shall constitute proper notice to the Insurer and that the Insurer possesses such knowledge.

III. Paragraph 1., Termination of Subsection I., Cancellation and Termination of Section VII, CONDITIONS is hereby revised as follows:

1. Termination: This Policy shall terminate at the earliest of the following times:

- a. upon expiration of the **Policy Period** as set forth in Item 2 of the Declarations, or the effective date of cancellation, if earlier;
- b. fifteen (15) days after receipt by the **Sponsoring Company** of a written notice of termination from the Insurer for failure to pay a premium when due; or
- c. as to the **Agent**, upon termination of the **Agent Contract**.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 1

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial Sales  
Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023



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

**SERVICE OF SUIT**

It is agreed that:

1. In the event of the failure of the **Insurer** to pay any amount claimed to be due hereunder, the **Insurer**, at the request of the **Insured**, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction. All matters arising under this Policy shall be determined in accordance with the law and practice of such Court, provided that nothing shall prohibit the **Insurer** from removing any action, suit or proceeding to a United States District Court. The **Insurer** shall abide by the final decision of such court or any appellate court in the event of an appeal.
2. Service of process in the above described action, suit or proceeding may be made upon: General Counsel, Arch Insurance Group Inc., One Liberty Plaza, 53rd floor, New York, NY 10006. Upon the request of the **Insured**, such General Counsel shall give a written undertaking to enter an appearance on behalf of the **Insurer** in the event that such an action, suit or proceeding shall be instituted.
3. Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the **Insurer** hereby designates the Superintendent, Commissioner, or Director of Insurance or other officer specified in such statute as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted against the **Insurer** upon this Policy. The Superintendent, Commissioner or Director of Insurance or other officer is hereby authorized and directed to accept service of process on behalf of the **Insurer** in any such action, suit or proceeding and to mail a copy of such process to the above mentioned General Counsel.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 2

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial  
Sales Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023

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

**FEE ARRANGEMENT EXCLUSION**

In consideration of the premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for **Loss** in connection with any claim made against any **Insured** alleging, arising out of, based upon or attributable to any allegation(s) that any **Insured** intentionally or negligently permitted, or aided or abetted others in using, was aware of others using, or was a participant or connected in any way in the use of an agreement or other arrangement between an insurance broker or insurance agent and an insurance carrier involving the payment of increased fees, commissions or other compensation based on the volume, profitability or type of business referred to the insurance carrier, whether referred to as a Market Placement Agreement, Market Service Agreement, Placement Services Agreement or Contingent Commission Agreement or similar agreement or arrangement, however named.

It is the intent of the parties that the this Policy shall exclude such **Loss** regardless of the form, style, or denomination of any such **Claim**, regardless of whether the **Claim** is criminal, administrative or civil, and shall specifically apply but not be limited to **Claims** alleging bid rigging, bribes or kickbacks, schemes to provide fictitious quotes, conflict of interest, breach of contract, failure to supervise, negligent supervision or negligence of any contract, controlling person liability, breach of fiduciary duty, personal profiting, improper, undisclosed or unlawful fees, commissions or charges of any kind, criminal activity, market manipulation, violation of any law related to the insurance industry, misrepresentation, estoppel or repudiation of any commitment and any other theory of liability.

All other terms and conditions of the Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 3

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial  
Sales Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023

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

**IMPROPER MUTUAL FUND AND VARIABLE ANNUITY PRACTICES EXCLUSION**

In consideration of the premium charged, it is agreed that the Insurer shall not make any payment for **Loss** and/or **Defense Costs** in connection with any claim made against any **Insured** alleging, arising out of, based upon or attributable to any allegation(s) that any **Insured** intentionally or negligently permitted, or aided or abetted others in using, was aware of others using, or was a participant or connected in any way in the use of: 1) **Late Trading**; 2) **Market Timing**; 3) **Soft-dollar Activity**; 4) **Front Running**; or 5) **Revenue Sharing** related to a mutual fund or variable annuity.

It is the intent of the parties that the this Policy shall exclude such **Loss** regardless of the form, style, or denomination of any such **Claim**, regardless of whether the **Claim** is criminal, administrative or civil, and shall specifically apply but not be limited to **Claims** alleging breach of contract, failure to supervise, negligent supervision or negligence of any kind, controlling person liability, breach of fiduciary duty, personal profiting, improper or unlawful fees or charges of any kind, criminal activity, market manipulation, violation of any law related to mutual funds, misrepresentations, estoppel or repudiation of any commitment and any other theory of liability.

I. **DEFINITIONS**

For purposes of this Endorsement, Policy Section III. DEFINITIONS is amended as follows:

The following definitions are added:

**Late Trading** means: 1) any transaction involving mutual fund shares made after the determination of the mutual fund's Current Net Asset Value (as defined in Rule 2a-4 of the Investment Company Act of 1940), including but not limited to, the placement or confirmation of orders for, or the purchase or redemption of mutual fund shares, but made at a price based on the fund's previously determined Current Net Asset Value calculated that same day, in contravention of Rule 22c-1 of the Investment Company Act of 1940; or, 2) any transaction defined as late trading by any state or federal statute or regulation, or any prospectus, policy, limitation, agreement or procedure of the mutual fund.

**Market Timing** means the making of short-term purchases or sales of mutual fund shares or variable annuities, contrary to or in violation of any mutual fund prospectus, variable annuity contract, policy, limitation, agreement or procedure, or contrary to or in violation of any state or federal statute or regulation, and the conduct associated therewith, including, but not limited to:

- (1) the waiver of redemption fees associated with **Short-Term Trading** contrary to the mutual fund's prospectus, policies, limitations, agreements or procedures;
- (2) the failure to abide by written representations regarding the permissibility of **Short-Term Trading**, or written representations regarding the mutual fund's efforts to monitor or prevent **Short-Term Trading**;
- (3) the receipt of fees or other compensation from certain investors in exchange for providing such investors with **Short-Term Trading** privileges not available to other investors;
- (4) the failure to monitor, detect, identify or remediate **Short-Term Trading**.

**Short-Term Trading** means the redemption of shares of a mutual fund, or sale of a variable annuity contract, in a time period less than that provided in a mutual fund prospectus, or a variable annuity contract, or the policies, limitations, agreements or procedures of a mutual fund or variable annuity, or at law, including without limitation any so-called "in and out" trading of

mutual fund shares or variable annuity contracts or any other trade of mutual fund shares or variable annuity contracts designed to take advantage of inefficiencies in the method the mutual fund uses to price its shares or the variable annuity uses to price its contracts.

**Soft Dollar Activities** means paying or providing, or receiving or accepting, fees, commissions, bonuses, gratuities, expenses, services or any other form of revenue or compensation in exchange for the preferential treatment of a particular mutual fund or particular class of mutual fund share or particular variable annuity.

**Front Running** means the trading by anyone associated with a mutual fund of any security or variable annuities based on information received internally, before third parties have been given the information.

**Revenue Sharing** means any undisclosed compensation to the **Insured(s)** by a **Sponsoring Company** for the purchase or sale of their mutual fund or variable annuity.

All other terms and conditions of the Policy remain unchanged.

All other terms and conditions of the Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 4

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial  
Sales Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023

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

**MOLD AND FUNGUS EXCLUSION**

It is hereby understood and agreed as follows:

1. Section IV. EXCLUSIONS, is amended to add the following:

This Policy does not apply to any **Claim** based upon or arising out of water intrusion, condensation or other accumulation of moisture that results directly or indirectly in the presence of:

1. any **Fungus(i)** or **Spore(s)**; or
2. any substance, vapor or gas produced by or arising out of any **Fungus(i)** or **Spore(s)**.

2. For the purposes of this Endorsement, Section III. DEFINITIONS is amended to add the following:

A. **Fungus(i)** includes but is not limited to:

- (1) any form or type of mold, mushroom or mildew,
- (2) any other fungal structure, and
- (3) any volatile organic compounds, mycotoxins, allergenic proteins or other substances or gases produced by or arising out of any mold, mushroom, mildew, fungal structure or **Spore(s)**.

B. **Spore(s)** means any reproductive body produced by or arising out of any **Fungus(i)**.

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 5

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial Sales  
Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023

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

**P&C ENDORSEMENT**

In consideration of the additional premium of \$500 per **Agent**, it is agreed that Section III. DEFINITIONS, M. **Professional Services** is amended to include:

M. **Professional Services** means:

4. the solicitation, sale or servicing of Property & Casualty Insurance;

It is further understood and agreed that Section IV. EXCLUSIONS, I. and M. are deleted in their entirety and replaced by the following:

- I. based upon, arising out of or in any way involving bodily injury, sickness, disease or death of any person;
- M. based upon, arising out of or in any way involving any professional services performed by the **Insured** as an actuary, accountant, attorney, real estate agent or real estate broker or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section III. M. 1 and 2;

For the purposes of this Endorsement, it is agreed that the coverage for Property & Casualty Insurance is subject to a per **Claim** deductible of \$5,000, which is applicable to both **Loss** and **Defense Costs**.

All other terms and conditions of the Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number: 6

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., dba National Agents Alliance members of The Financial Sales  
Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023

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

**PREMIUM FINANCING EXCLUSION**

It is agreed that the following will be added to Section IV. EXCLUSIONS:

- Z. based upon, arising out of or in any way involving any **Professional Services** in which a premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;

All other terms and conditions of this Policy remain unchanged.

Issued By: Arch Insurance Company

Endorsement Number:7

Policy Number: CAP0045442-12

Named Insured: Superior Performers, Inc., bda National Agents Alliance members of The Financial Sales Professionals Purchasing Group

Endorsement Effective Date: 9/1/2023