

MARKEL AMERICAN INSURANCE COMPANY

COMPANY SPONSORED INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

PLEASE READ THIS ENTIRE POLICY CAREFULLY. CONSULT YOUR BROKER OR OTHER REPRESENTATIVE IF YOU DO NOT UNDERSTAND ANY TERMS OR PROVISIONS OF THIS POLICY.

THIS IS A CLAIMS MADE AND REPORTED POLICY. SUBJECT TO ITS TERMS AND PROVISIONS, THIS POLICY ONLY AFFORDS COVERAGE FOR CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER IN WRITING DURING THE CERTIFICATE PERIOD OR EXTENDED REPORTING PERIOD, IF APPLICABLE.

THIS POLICY PROVIDES INSURANCE TO THE AGENT OR MANAGING AGENT SHOWN IN THE CERTIFICATE OF INSURANCE SUBJECT TO THE MASTER POLICY DECLARATIONS ISSUED TO THE SPONSORING COMPANY.

WORDS OR PHRASES IN BOLD MAY HAVE SPECIAL MEANING. REFER TO SECTION IV – DEFINITIONS.

In consideration of the payment of premiums and in reliance upon the statements contained in the **Application**, which is incorporated into this Policy and forms a part hereof, and subject to the terms, limitations, conditions and exclusions of this Policy, the **Insurer** agrees as follows:

SECTION I – INSURING AGREEMENTS

A. Agents Professional Liability

The **Insurer** shall pay, on behalf of an **Agent**, **Damages** which an **Agent** becomes legally obligated to pay because of a **Claim** that is both made against an **Agent** and reported to the **Insurer** in writing during the **Certificate Period**, or as allowed by Section **X** – Notice Of Claim below, or during an Extended Reporting Period, if applicable, for a **Wrongful Act** or **Interrelated Wrongful Act** committed solely in the rendering of or failing to render **Professional Services** by an **Agent**, provided:

1. Such **Wrongful Act** or any **Interrelated Wrongful Act** occurred on or after the **Retroactive Date** and before the end of the **Certificate Period**; and
2. As of the inception date of this Policy as shown in the Master Policy Declarations, or the effective date of the **Agent's** enrollment for coverage hereunder as shown in the Certificate Of Insurance, no **Insured** had knowledge or reasonable basis upon which to anticipate that the **Wrongful Act** or any **Interrelated Wrongful Act** could result in a **Claim**.

B. Managing Agents Management Liability

The **Insurer** shall pay, on behalf of a **Managing Agent**, **Damages** which a **Managing Agent** becomes legally obligated to pay because of a **Claim** that is both made against a **Managing Agent** and reported to the **Insurer** in writing during the **Certificate Period**, or as allowed by Section **X** – Notice Of Claim below, or during an Extended Reporting Period, if applicable, for a **Management Wrongful Act** or **Interrelated Management Wrongful Act** committed solely in the rendering of or failing to render **Professional Services** by a **Managing Agent**, provided:

1. Such **Management Wrongful Act** or any **Interrelated Management Wrongful Act** occurred on or after the **Retroactive Date** and before the end of the **Certificate Period**; and
2. As of the inception date of this Policy as shown in the Master Policy Declarations, or the effective date of the **Managing Agent's** enrollment for coverage hereunder as shown in the Certificate Of Insurance, no **Insured** had knowledge or reasonable basis upon which to anticipate that the **Management Wrongful Act** or any **Interrelated Management Wrongful Act** could result in a **Claim**.

C. Sponsoring Company Vicarious Liability

The **Insurer** shall pay, on behalf of the **Sponsoring Company**, **Damages** which the **Sponsoring Company** becomes legally obligated to pay as the result of vicarious liability asserted in a **Claim** that is both made against the **Sponsoring Company** and reported to the **Insurer** in writing during the applicable **Certificate Period**, or as allowed by Section **X** – Notice Of Claim below, or during an Extended Reporting Period, if applicable, for a **Wrongful Act** or **Interrelated Wrongful Act** committed solely in the rendering of or failing to render **Professional Services** by an **Agent** for a client, provided:

1. The **Claim** against the **Sponsoring Company** must arise out of a **Wrongful Act** of an **Agent** committed in an **Agent's** rendering of or failing to render **Professional Services** for a client; and not any actual or alleged independent acts, errors, conduct or bad faith of any nature committed by the **Sponsoring Company**, including, but not limited to, deceptive or improper marketing of insurance and negligent hiring, retention, training or supervision of an **Agent Insured**;
2. Such **Wrongful Act** or any **Interrelated Wrongful Act** occurred on or after the **Retroactive Date** and before the end of the applicable **Certificate Period**;
3. As of the inception date of this Policy as shown in the Master Policy Declarations, neither the **Sponsoring Company** nor any other **Insured** had knowledge or reasonable basis upon which to anticipate that the **Wrongful Act** or any **Interrelated Wrongful Act** could result in a **Claim**; and
4. The **Claim** against the **Sponsoring Company** must be otherwise covered pursuant to all terms, provisions, limitations, exclusions and conditions of the Policy, and the **Sponsoring Company** shall not be entitled to any rights greater than those available to an **Agent**.

In the event that a **Claim** against the **Sponsoring Company** includes allegations that are both covered and uncovered pursuant to this Section **I** – Insuring Agreement **C. Sponsoring Company Vicarious Liability**, as well as other terms, limitations, exclusions and conditions of the Policy, then payments of **Damages** and **Claim Expenses** must be allocated between the **Insurer** and **Sponsoring Company**. The **Insurer** and **Sponsoring Company** shall use their best efforts to reach a fair and reasonable agreement as to allocation. However, in the event that an agreement cannot be reached, the **Insurer's** determination of **Damages** and **Claim Expenses** to be paid by the **Sponsoring Company** will be final. Notwithstanding the foregoing, under no circumstances will the **Insurer** be required to make any payments of **Damages** and **Claim Expenses** hereunder if a **Claim** does not include any allegations against the **Sponsoring Company** that are covered hereunder.

SECTION II – DEFENSE AND CLAIM EXPENSES

- A. The **Insurer** shall have the right and duty to defend a **Claim** against an **Insured** seeking **Damages** that is covered by this Policy.
- B. The **Insurer's** right and duty to defend a **Claim**, as well as all other obligations under this Policy, shall terminate when the applicable Limit Of Liability Each Claim is paid by the **Insurer** for **Damages**, regardless of whether a **Claim** continues to proceed against an **Insured**. The **Insurer's** rights and duties to defend all **Claims**, as well as all other obligations under this Policy, shall terminate upon payment of each **Insured** Aggregate Limit Of Liability for **Damages**. In the event that the Limits Of Liability are exhausted by the **Insurer's** payment of **Damages**, then the **Insurer** shall tender the defense to the **Insured**, who will be responsible for continued defense and payment of **Claim Expenses** without recourse to the Policy.
- C. The **Insurer** shall select defense counsel for a **Claim** that is covered by this Policy and pay associated **Claim Expenses**.
- D. In the event that applicable law allows the **Insured** to control selection of defense counsel when a conflict of interest arises between the **Insured** and **Insurer**, the **Insurer** will provide a list of attorneys or law firms from which the **Insured** may designate defense counsel who shall act solely in the interest of the **Insured**, and the **Insured** shall direct such defense counsel to cooperate with the **Insurer**. Such cooperation shall include, without limitation:
 1. Providing on a regular basis, but no less frequently than every 3 months, written reports on alleged **Damages**, potential liability, progress of any litigation or arbitration, any settlement demands and any investigation developments that materially affect the **Claim**;
 2. Providing any other reasonable information requested;
 3. Submission of itemized billing on a periodic basis at rates which are paid by the **Insurer** to other attorneys or law firms in the jurisdiction where the **Claim** is pending; and
 4. Cooperating with the **Insurer** in resolving any discrepancies with respect to the **Claim**.

SECTION III – SETTLEMENT OF CLAIMS

The **Insurer** shall investigate and settle a **Claim** in a manner that it deems appropriate. The **Insurer** shall not settle or compromise a **Claim** without the written consent of an **Insured**. If the **Insured** refuses to consent to a settlement or compromise acceptable to the **Insurer**, then the **Insurer's** duty to defend the **Insured** shall cease as of the date of the **Insured's** refusal to consent. Thereafter, the limit of liability applicable to such **Insured** shall be reduced to an amount equal to the **Damages** for which the **Claim** could have been settled or compromised, which amount shall not exceed the applicable Each Claim or Aggregate Limits Of Liability.

SECTION IV – DEFINITIONS

For purposes of this Policy, the terms in bold type shall have special meanings that are designated below. All other terms shall have those meanings commonly understood by professionals who are engaged in the business of insurance.

A. Agent means an **Insured** person who:

1. Maintains an agent contract with the **Sponsoring Company**;
2. Has elected to enroll for coverage under this Policy, either at the inception date of the **Policy Period** or prior to the expiration date of the **Policy Period**, and whose enrollment is on file with the **Sponsoring Company**;
3. Is shown as such in a Certificate Of Insurance;
4. Has paid the applicable premium; and
5. Is licensed by all necessary federal, state or local governmental authorities to render **Professional Services** where both the **Agent** and client are located.

An **Agent** shall not be provided with coverage under Section I – Insuring Agreement **B. Managing Agents Management Liability**, unless the **Agent** is also a **Managing Agent**.

B. Application means:

1. The application for this Policy and for any policy issued by the **Insurer**, or any of its affiliates, of which this Policy is a direct or indirect renewal or replacement;
2. Any attachment to any such application;
3. Any other materials submitted with or incorporated into any such application; and
4. Any documents submitted in connection with the underwriting of any such policy.

C. Broker/Dealer means a firm acting as “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, and which is:

1. Registered with the Securities and Exchange Commission (SEC);
2. A member of FINRA; and
3. A **Subsidiary** of the **Sponsoring Company**.

D. Certificate Period means the period of time from the inception date and time shown in the Certificate Of Insurance to the earlier of the expiration date and time shown in the Certificate Of Insurance or the effective date of the termination of this Policy.

E. Claim means a written demand received by an **Insured** for **Damages** (including pleadings received in a civil litigation or arbitration) because of an actual or alleged **Wrongful Act** or, with respect to Section I – Insuring Agreement **B. Managing Agents Management Liability**, an actual or alleged **Management Wrongful Act**. A **Claim** does not include the following:

1. A demand for declaratory, injunctive or other non-monetary relief;
2. Any form of criminal proceeding; or
3. Any proceeding commenced by a governmental or quasi-governmental official or agency or any self-regulatory official or agency, including, but not limited to, any disciplinary proceedings by such official or agency, except if the agency or official is a client of the **Insured** in connection with the rendering of **Professional Services**.

F. Claim Expenses means reasonable and necessary amounts incurred by the **Insurer**, or by the **Insured** with the prior written consent of the **Insurer**, in the defense of a **Claim** that is covered under this Policy, including attorneys' fees, costs of investigation, court or arbitration costs and premiums for appeal, attachment or similar bonds. The **Insurer**, however, is not required to provide such bonds. **Claim Expenses** do not include the wages, salaries, fees or costs of the directors, officers, employees, representatives, in-house counsel, agents or servants of any **Insured**.

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- G. Damages** means monetary judgments, settlements or awards resulting from a **Claim**. **Damages** do not include the following:
1. Taxes, fines or penalties, unless incurred by a claimant and made part of a **Claim** against an **Insured**;
 2. Punitive or exemplary damages;
 3. The multiplied portion of a multiplied damage award;
 4. The return, restitution, reduction, compromise or refund of commissions, fees or charges;
 5. Costs incurred as a result of non-monetary, declaratory or injunctive relief;
 6. Any matters that are deemed uninsurable under the law; and
 7. **Claim Expenses**.
- H. Insured** means:
1. An **Agent** shown as such in a Certificate Of Insurance;
 2. A **Managing Agent** shown as such in a Certificate Of Insurance;
 3. A corporation, partnership or other business entity owned by and in which an **Agent** or **Managing Agent** has an ownership interest, or in which an **Agent** or **Managing Agent** is an employee, but solely with respect to the liability of such organization as it arises out of an **Agent** or **Managing Agent** rendering of or failing to render **Professional Services**. Coverage hereunder shall not be afforded for any actual or alleged **Wrongful Act** or **Management Wrongful Act** of such organization, but shall only apply to a **Claim** arising out of the actual or alleged **Wrongful Act** of an **Agent** or the **Management Wrongful Act** of a **Managing Agent**.
 4. A person acting on behalf of an **Agent** or **Managing Agent**, who was or is a partner, officer, director, stockholder or an employee of an **Agent** or **Managing Agent**, or the business entity of an **Agent** or **Managing Agent**, provided such person is not a party to an agent or general agent contract with any insurance company and only with respect to the **Professional Services** of an **Agent** or **Managing Agent**;
 5. Heirs, executors, administrators or legal representatives of an **Agent** or **Managing Agent**, in the event of death, incapacity or bankruptcy; and
 6. The **Sponsoring Company** shown as such in the Master Policy Declarations, but only with respect to coverage provided under Section I – Insuring Agreement C. Sponsoring Company Vicarious Liability.
- I. Insurer** means the insurance company providing this insurance shown in the Master Policy Declarations and Certificate Of Insurance.
- J. Interrelated Management Wrongful Acts** means any **Management Wrongful Acts** that are:
1. Similar, repeated or continuous; or
 2. Connected by reason of any common fact, circumstance, situation, transaction, causality, event, decision or policy or one or more series of causally or logically related facts, circumstances, situations, transactions, causalities, events, decisions or policies.
- K. Interrelated Wrongful Acts** means any **Wrongful Acts** that are:
1. Similar, repeated or continuous; or
 2. Connected by reason of any common fact, circumstance, situation, transaction, causality, event, decision or policy or one or more series of causally or logically related facts, circumstances, situations, transactions, causalities, events, decisions or policies.
- L. Managing Agent** means an **Insured** person shown as such in a Certificate of Insurance who is contracted with the **Sponsoring Company** or **Broker/Dealer** as a managing general agent, registered principal, manager or other designation for recruiting, selecting, hiring, contracting, supervising or training of agents or registered representatives and who otherwise qualified as an **Agent**.
- M. Management Wrongful Act** means a negligent act, error or omission committed by a **Managing Agent** in the course of:
1. Recruiting, selecting, hiring, contracting, supervising or training an **Agent**, but only with respect to such **Agent's Professional Services**; or

2. Terminating a contract between an **Agent** and the **Managing Agent** or **Sponsoring Company** or **Broker/Dealer**; provided, however, that a **Management Wrongful Act** shall not include any form of actual or alleged discrimination, harassment, disparagement of an **Agent**, failure to promote or grant tenure, improper disciplinary action, improper evaluation or performance reviews, failure to provide an adequate workplace or employment procedures or any other employment-related acts besides those specifically referenced in Paragraphs 1. and 2. above.

N. Personal Injury Act means libel, slander, defamation, disparagement or violation of a right to privacy committed unintentionally during the course of rendering **Professional Services**.

O. Policy Period means the period of time from the inception date and time shown in the Master Policy Declarations to the earlier of the expiration date and time shown in the Master Policy Declarations or the effective date and time of the cancellation of this Policy.

P. Professional Services means:

1. The solicitation, sale or servicing of the following:

- a. Life insurance, accident and health insurance, disability income insurance and fixed annuities;
- b. Property and casualty insurance, including but not limited to crop insurance;
- c. Financial planning, advice and consultation solely in connection with any of the products listed in Subsections 1.a and 1.b; or
- d. Notary public services.

Professional Services shall not include the solicitation, sale or administration of the following:

- a. Multiple Employer Welfare Arrangements or Voluntary Employee Beneficiary Associations, as defined by the Employee Retirement Income Security Act of 1974 and any amendments thereto; or
- b. Section 79, 83, 412, 419 Plans or any other plans developed to provide tax deductions and advantages under the Internal Revenue Code, amendments thereto and any regulations promulgated thereunder.

Q. Retroactive Date means:

- 1. With respect to a **Claim** against an **Agent** arising out of or based upon the rendering of or failing to render any **Professional Services** defined in Paragraph P.1. of the definition of **Professional Services** above, the date of the **Agent's** first continuously renewed insurance agents professional liability coverage, which was in effect without interruption from the date of the **Wrongful Act** or first **Interrelated Wrongful Act** related to the **Claim** to the date when the **Claim** is first made, or the retroactive date on the declarations page of the policy this Policy replaces without interruption, subject to submission of proof of such coverage to the **Insurer**.
- 2. With respect to a **Claim** against a **Managing Agent** for a **Management Wrongful Act**, the date of the **Managing Agent's** first uninterrupted and continuously effective general agent, compliance officer, registered principal or manager contract with the **Sponsoring Company**.

R. Securities shall have the same meaning as the term used in 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.

S. Sponsoring Company means the insurance company or organization shown as such in the Master Policy Declarations, and any **Subsidiary**.

T. Subsidiary means a corporation in which the **Sponsoring Company**:

- 1. Owns, as of the inception date of the **Policy Period**, more than 50% of the issued and outstanding voting stock either directly or indirectly through one of more **Subsidiaries** and which corporation is engaged in **Professional Services**; or
- 2. Forms or acquires during the **Policy Period**, if the **Sponsoring Company** owns, directly or indirectly through one or more of its **Subsidiaries**, more than 50% of the issued and outstanding voting stock and which corporation is engaged in **Professional Services**, provided that notice of such formation or acquisition was disclosed to the **Insurer** within a reasonable time for it to consider any changes or modifications to this Policy which may be necessary, including, but not limited to, additional premium. Under no circumstances shall coverage be afforded to the newly acquired **Subsidiary** for a **Claim** arising out of or based upon a **Wrongful Act** committed prior to the date when the **Sponsoring Company** or one or more of its **Subsidiaries** acquired more than 50% of its issued and outstanding voting stock.

U. Wrongful Act means a negligent act or omission, including a **Personal Injury Act**, committed by an **Insured** in the rendering of or failing to render **Professional Services** to a client.

SECTION V – EXCLUSIONS

This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for, any **Claim**:

- A.** For any actual or alleged sickness, disease, death or other bodily injury, including, but not limited to, emotional distress and mental anguish, or damage to or destruction of property, including loss of use thereof, however, this Exclusion shall not apply to **Claims** resulting from **Professional Services**;
- B.** Against an **Insured**:
 - 1. By or on behalf of any other **Insured**, any enterprise that owns, operates or controls an **Insured** or any enterprise that an **Insured** owns, operates or controls, provided, however, that this Exclusion shall not apply to any **Claim** otherwise covered under Section I – Insuring Agreement **B. Managing Agents Management Liability**;
 - 2. By or on behalf of any individual, company or entity that is not a client of the **Insured**, including, but not limited to, an insurance company or insurance agent or broker; provided, however, that this exclusion shall not apply to a **Claim** brought by or on behalf of an actual or alleged beneficiary of a product referenced in Paragraph 1. of Definition **P. Professional Services** above;
- C.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving:
 - 1. Any **Wrongful Act** or **Management Wrongful Act** alleged in any **Claim** which has been reported, or any circumstance of which notice has been given, prior to the **Policy Period**, or before the effective date of the **Insured's** enrollment for coverage, under any other policy; or
 - 2. Any other **Wrongful Act** or **Management Wrongful Act**, whenever occurring, which together with a **Wrongful Act** or **Management Wrongful Act** which has been the subject of such **Claim** or notice, would constitute **Interrelated Wrongful Acts** or **Interrelated Management Wrongful Acts**, regardless of the legal grounds upon which such **Claim** is predicated upon any:
 - a.** **Claim**, demand, suit, proceeding or investigation of which the **Insured** had knowledge, pending on or prior to the inception date of the **Policy Period**, or before the effective date of the **Insured's** enrollment for coverage hereunder; or
 - b.** Fact, matter, circumstance, situation, transaction or event underlying or alleged in such demand, suit, proceeding, **Claim** or investigation, regardless of the legal grounds upon which such **Claim** is predicated;
- D.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any:
 - 1. Actual or alleged dishonest, purposeful, malicious, fraudulent or criminal act or willful violation of any federal, state or local statute, by, at the direction of or with the knowledge of any **Insured**; or
 - 2. Gaining of profit, remuneration or monetary advantage to which an **Insured** is not legally entitled.

However, the **Insurer** shall continue to defend a **Claim** alleging any of the foregoing conduct until there is a judgment, final adjudication, adverse admission or finding of fact against any **Insured** as to such conduct, at which time the **Insured** shall reimburse the **Insurer** for the costs of defending the **Claim**. Moreover, an actual or alleged dishonest, purposeful, malicious, fraudulent or criminal act or willful violation of any federal, state or local statute of one **Agent** or **Managing Agent** will not be imputed to another **Agent** or **Managing Agent**;
- E.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged conversion, commingling, use, handling, entrustment, safeguarding, inability to pay or failure to pay premiums, funds or any form of money;
- F.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged liability of others assumed by any **Insured** under an agreement, contract, guarantee or warranty unless the **Insured** would be liable in the absence of such agreement, contract, guarantee or warranty;
- G.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged rendering of services as an actuary, accountant, attorney, real estate agent, real estate broker, third-party claims administrator, expert witness, regardless of whether such services are incidental to the rendering of **Professional Services**; however, this exclusion shall not apply to tax advice provided to a client as a necessary part of rendering **Professional Services**;
- H.** Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged 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 or authorized to do business in the state or jurisdiction with authority to regulate such business; however, this exclusion shall not apply to a **Claim** based upon or arising out of the placement of insurance or coverage with an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;

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- I. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged insolvency, receivership, conservatorship, liquidation, bankruptcy, failure or inability to pay of any company, organization, entity, vehicle or arrangement of any nature in which an **Insured** placed, recommended to be placed or obtained coverage or in which an **Insured** placed, recommended to be placed funds or an investment of any nature; however, this exclusion shall not apply to a **Claim** based upon or arising out of the placement, recommendation for placement or obtaining coverage with an insurance company rated by A.M Best's as B+ or better at the time when coverage is placed, recommended or obtained;
- J. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any pension plan, profit sharing plan, health and welfare or any other employee benefit plan or trust sponsored by an **Insured**, in which an **Insured** is a participant, trustee or named fiduciary;
- K. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any pension plan, profit sharing plan, health and welfare or any other employee benefit plan or trustor which are self-funded, in whole or in part;
- L. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any ownership, formation, operation or administration of any insurance company, captive, risk retention group, self-insurance program or purchasing group;
- M. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged:
 - 1. Unfair competition;
 - 2. Anti-competitive acts;
 - 3. Restraint of trade;
 - 4. Price fixing;
 - 5. Monopolization;
 - 6. Misuse of confidential or proprietary information;
 - 7. Copyright, patent, trade mark or trade secret infringement;
 - 8. Piracy, theft or conversion of ideas, employees, contacts or business methods; or
 - 9. Illegal, improper or deceptive advertisement;
- N. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged actual or alleged discrimination or harassment in any form or manner;
- O. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any failure, malfunction or breakdown of any computers, electrical, electronic or mechanical systems or machines;
- P. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged notarization of documents without authorization or without the signatory's actual presence before an **Insured**;
- Q. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any actual or alleged guarantee, promise or warranty as to interest rates, market values, earnings, future values or future premiums or payments in connection with variable life insurance, variable annuities, scheduled premium annuities, mutual funds or **Securities**;
- R. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any **Securities** (other than variable life insurance, variable annuities and mutual funds) that were not authorized or approved by and actually processed through the **Broker/Dealer**;
- S. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any function of an **Insured** as a specialist or market maker for any **Securities**, an **Insured** failing to make a market for any **Securities**, or the purchase, sale or failure to sell **Securities** when the **Insured** is a specialist or market maker for such **Securities**;
- T. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving an **Insured's** actual or alleged exercise of discretionary authority over a client's assets, funds or liabilities, undertaking of trades or transactions on a discretionary basis or any trading or transactions without the express authority of a client; however, this exclusion shall not apply to an **Insured** providing asset allocation services pursuant to a written contract for a client's account that is funded exclusively with no-load mutual funds, no-load variable annuities, no-load variable life insurance or any investment for which no **Insured** received a commission;

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- U. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving:
1. Promissory notes, viatical or life settlements, or any **Securities** backed by either viatical or life settlements;
 2. Commodities, commodity futures and option contracts, except for option contracts that are covered by ownership of the underlying **Securities**, cash or cash equivalent, not including margin;
 3. Any “junk bonds” or “high yield bonds” (for purposes of this exclusion, “junk bonds” or “high yield bonds” mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency, including, but not limited to, Moody’s bonds of Ba or lower or S&P bonds of BB or lower);
 4. Any **Securities** sold exclusively outside of the United States of America or Canada;
 5. Actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, fairness opinions, spin-offs, primary or secondary offerings of **Securities** (regardless of whether the offering is a public offering or a private placement) or other efforts to raise or furnish capital or financing for any company, corporation, enterprise or entity or disclosure requirements in connection with any of the foregoing, as well as any other investment banking activities;
 6. Structured settlements; however, this exclusion shall not apply to a **Claim** arising out of or based upon the sale or servicing of the underlying product, if otherwise covered by this Policy; and
 7. Any **Securities** that are wholly or partially owned by any **Insured**;
- V. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving actual or alleged use or disclosure, aiding or abetting use or disclosure or participation after the fact in use or disclosure of non-public or insider information as prohibited by any federal, state or local laws, statutes, regulations or ordinances, 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 Securities Exchange Commission Rule 10b-5 thereunder;
- W. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving, actual or alleged advice, consultation or recommendations of any type of mortgage, including, but not limited to, a reverse mortgage, regardless of whether an incidental part of the rendering of **Professional Services**; and
- X. Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving Securities, Variable Annuities, Employee Benefit Plans, Mutual Funds, Callable CD’s, ETS/ATM payphones, Debentures, CDO’s, CMO’s, 412(i), 419 Plans, unregistered securities, Medical Capital Note Programs, Desert Capital REIT, Provident Royalties, DBSI Management Products, Black Diamond Program, Shale Royalties, IMH Secured Loan, LLC, Geneva Exchange, LLC/The Geneva Organization and GWG L Bonds.

SECTION VI – TERRITORY

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

SECTION VII – LIMITS OF LIABILITY

A. Limit Of Liability Each Claim:

Subject to Paragraph **B.** below, the limit of the **Insurer’s** liability for **Damages** for a **Claim** made against an **Insured** and reported to the **Insurer** in writing during the **Certificate Period**, or as allowed by Section **X** – Notice Of Claim below, or Extended Reporting Period, if applicable, shall not exceed the Limit Of Liability Each Claim shown in the Certificate Of Insurance.

The Limit Of Liability Each Claim does not include **Claim Expenses**. However, the **Insurer’s** obligations under this Policy as to a **Claim** against an **Insured**, including the duty to defend and pay **Claim Expenses**, shall cease after the applicable Limit Of Liability Each Claim has been paid by the **Insurer** for **Damages**. The inclusion of multiple **Insureds** in a **Claim** shall not increase the applicable Limit Of Liability Each Claim. Only one Limit Of Liability Each Claim shall apply to such a **Claim**.

In addition to the applicable Limit of Liability, the **Insurer** will pay **Claim Expenses** up to \$1,000,000 for Each **Claim** Each **Insured** incurred by or at the direction of the **Insurer** in the defense of any **Claim** to which this insurance applies.

The Limit Of Liability Each Claim applicable to a **Claim** involving multiple **Insureds** shall be the single largest such Limit Of Liability, in the event that different Limits Of Liability Each Claim are implicated.

B. Limit Of Liability Aggregate:

The Limit Of Liability for **Damages** for all **Claims** made against an **Insured** and reported to the **Insurer** in writing during the **Certificate Period**, or as allowed by Section **X** – Notice Of Claim below, or Extended Reporting Period, if applicable, shall not exceed the Limit Of Liability Aggregate shown in the Certificate Of Insurance.

The Limit Of Liability does not include **Claim Expenses**. However, the **Insurer's** obligations under this Policy as to all **Claims** against an **Insured**, including the duty to defend and pay **Claim Expenses**, shall cease after the applicable Limit Of Liability Aggregate has been paid by the **Insurer** for **Damages**.

In addition to the applicable Limit of Liability Aggregate, the **Insurer** will pay **Claim Expenses** up to \$1,000,000 Aggregate incurred by or at the direction of the **Insurer** in the defense of any **Claim** to which this insurance applies.

If multiple **Insureds** are implicated in a **Claim**, the Limit Of Liability Aggregate shown in the **Certificate of Insurance** for each implicated **Insured** shall be decreased in equal amounts.

C. Limits Of Liability Applicable To The Sponsoring Company:

The Limits Of Liability available to the **Sponsoring Company** for a **Claim** against the **Sponsoring Company** that is covered under Section **I** – Insuring Agreement **C. Sponsoring Company Vicarious Liability**, as well as other terms, limitations, exclusions and conditions of the Policy, shall be shared with and not in addition to the Limits Of Liability applicable to the **Agent** implicated by the **Claim**. As with all other **Insureds**, all of the **Insurer's** obligations as to the **Sponsoring Company**, including those pertaining to its defense, shall cease after the applicable Limits Of Liability are paid by the **Insurer** for **Damages**.

SECTION VIII – DEDUCTIBLE

- A. The Deductible shown in the Certificate Of Insurance shall apply to **Damages** and **Claim Expenses**, if any, that are incurred in each **Claim**. The **Insured** must pay the Deductible to the **Insurer** at the time of settlement.
- B. If multiple **Insureds** are implicated in a **Claim**, then only one Deductible shall apply to the **Damages** and **Claim Expenses** that may be incurred in such **Claim**. Such Deductible shall be the largest, in the event that different Deductibles are implicated by a **Claim**. The **Sponsoring Company** must pay the Deductible to the **Insurer** at the time of settlement.

SECTION IX – MULTIPLE CLAIMS

- A. All **Claims** based upon or arising out of the same **Wrongful Act, Interrelated Wrongful Acts, Management Wrongful Act, or Interrelated Management Wrongful Acts**, shall be considered a single **Claim** and each such single **Claim** shall be deemed to have been made on the earlier of the following:
 - 1. When the earliest **Claim** arising out of such **Wrongful Act, Interrelated Wrongful Acts, Management Wrongful Act, or Interrelated Management Wrongful Acts** was first made; or
 - 2. When notice was provided concerning a **Wrongful Act, Interrelated Wrongful Acts, Management Wrongful Act, or Interrelated Management Wrongful Acts** giving rise to such **Claim** under the Policy or any other policy; regardless of whether before the **Policy Period** or the term of any preceding policy.
- B. Such single **Claim** shall be subject to one Limit Of Liability Each Claim and one Deductible, even if involving multiple claimants, **Insureds** or proceedings.

SECTION X – NOTICE OF CLAIM

- A. As a condition precedent to the obligations of the **Insurer** under this Policy, an **Insured** shall give the **Insurer** written notice of a **Claim** made against the **Insured** as soon as practicable, but in no event later than either:
 - 1. The end of the **Certificate Period**, or Extended Reporting Period, if applicable;
 - 2. 30 days after the end of the **Policy Period**, or Extended Reporting Period, if applicable, as long as such **Claim** is first made within the final 30 days of the **Policy Period** or Extended Reporting Period; or
 - 3. Notwithstanding the requirements of 1. and 2. above, 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**.
- B. Written notice of a **Claim** shall be addressed to the **Insurer**.
- C. A **Claim** shall be deemed reported at the time when the **Insurer** receives written notice.

- D. The **Insured** shall provide the **Insurer** with copies of all documents received by the **Insured** concerning a **Claim**, including, but not limited to, a summons, complaint, statement of claim or any other papers served in a civil litigation or arbitration. In addition, the **Insured** shall provide the **Insurer** with the following:
1. The name of the claimant;
 2. The name of each **Insured** involved in the **Claim**;
 3. A detailed description of the **Wrongful Act** or **Management Wrongful Act** giving rise to the **Claim**;
 4. The **Damages** that may result from the **Claim**; and
 5. The circumstances by which the **Insured** became aware of the **Claim**.

SECTION XI – NOTICE OF A WRONGFUL ACT OR MANAGEMENT WRONGFUL ACT

- A. An **Insured** may provide the **Insurer** with written notice of a **Wrongful Act** or **Management Wrongful Act** committed during the **Certificate Period** which reasonably may be expected to give rise to a **Claim** as soon as practicable after the **Wrongful Act** or **Management Wrongful Act** becomes known to the **Insured**. Such notice may not be provided after the **Certificate Period** expires, nor during any Extended Reporting Period.
- B. The **Insured** shall provide the **Insurer** with the following concerning any such **Wrongful Act** or **Management Wrongful Act**:
1. The name of the potential claimant;
 2. The name of each **Insured** allegedly responsible for such **Wrongful Act** or **Management Wrongful Act**;
 3. A detailed description of the fact, allegation, circumstance or situation that could result in a **Claim**;
 4. The **Damages** that may result from the **Wrongful Act** or **Management Wrongful Act**;
 5. The circumstances by which the **Insured** became aware of the **Wrongful Act** or **Management Wrongful Act**; and
 6. The reasons for anticipating a **Claim**.
- C. A **Claim** arising from a **Wrongful Act** or **Management Wrongful Act** and reported in accordance with Paragraphs A. and B. above shall be deemed to have been first reported when the **Insurer** receives written notice of the **Wrongful Act** or **Management Wrongful Act**.
- D. Such written notice of a **Wrongful Act** or **Management Wrongful Act** which reasonably may be expected to give rise to a **Claim** must be given to the **Insurer**.

SECTION XII – ASSISTANCE AND COOPERATION

- A. The **Insured** shall cooperate with the **Insurer** and provide such assistance and information as the **Insurer** may reasonably request, including submission to examination and interrogation by a representative of the **Insurer**, under oath if required. The **Insured** shall assist with the defense of a **Claim** and shall attend hearings, depositions, trials and otherwise assist in the conduct of suits, including but not limited to effecting settlement, securing evidence and giving evidence, obtaining the attendance of witnesses, and giving written statements to the **Insurer's** representatives.
- B. The **Insured** shall not take any action which may increase exposure or **Damages**. The **Insured** shall not admit liability, agree to settlement, mediation or arbitration of any **Claim** or incur any cost or expense without the written consent of the **Insurer** which shall not be unreasonably withheld.
- C. If any **Insured** shall commit fraud in reporting any **Claim**, the insurance provided by this Policy shall be void from the date such fraudulent **Claim** is reported to the **Insurer**.

SECTION XIII – EXTENDED REPORTING PERIODS

A. Optional Group Extended Reporting Period

1. In the event of cancellation or non-renewal of this Policy by the **Insurer**, the **Sponsoring Company**, on behalf of the **Insureds**, shall have the right to purchase an Extended Reporting Period for payment of an additional premium equal to 200% of the total annual premium paid for the Policy. Such an Extended Reporting Period, if purchased, shall be for 3 years commencing on the date of cancellation or non-renewal and ending 36 months thereafter. During this Extended Reporting Period, if purchased, the **Insureds** may report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the date of cancellation or non-renewal. A **Claim** reported under the Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period.

2. Notwithstanding any of the provisions of this Policy, the Extended Reporting Period provided herein shall not apply if an **Insured** has other insurance that applies to a **Claim**, in whole or in part.
3. The Extended Reporting Period provided herein shall not apply if the **Sponsoring Company** terminates the Policy as provided for in Section **XIV** – Termination Of Coverage below or decides not to renew this Policy.
4. The Extended Reporting Period provided herein shall not reinstate, increase or affect the applicable Limits Of Liability nor extend the **Policy Period**.
5. The Extended Reporting Period provided herein shall include, and not be in addition to, the Extended Reporting Periods provided by Paragraph **B**. below.

B. Automatic Agent Or Managing Agent Extended Reporting Period

1. Upon termination of an **Agent's** or **Managing Agent's** coverage under this Policy for the reason stated in Paragraph **A.2.** of Section **XIV** – Termination Of Coverage below, such an **Insured** shall have an automatic Extended Reporting Period of one year commencing on the date of the **Insured's** termination and ending 12 months thereafter during which to report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the **Insured's** termination. A **Claim** reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period.
2. Notwithstanding any other provision of this Policy, the Extended Reporting Period provided herein shall not apply if an **Agent** or **Managing Agent** has other insurance that applies to a **Claim**, in whole or in part.
3. The Extended Reporting Period provided herein shall not apply if the **Sponsoring Company** or **Broker/Dealer** terminates an individual **Agent's** or **Managing Agent's** contract because of a failure to comply with the **Sponsoring Company's** or **Broker/Dealer's** rules, requirements or guidelines governing the conduct, business or activities of **Insureds**.
4. The Extended Reporting Period provided herein shall not reinstate, increase or otherwise affect the applicable Limits Of Liability nor extend the **Certificate Period**.
5. A **Claim** which is properly reported during this Extended Reporting Period will be deemed to have been first made on the last day of the **Certificate Period**.
6. The Extended Reporting Period provided herein shall only apply if the **Insurer** continues coverage under a renewal or replacement policy issued to the **Sponsoring Company** one year after the **Agent's** or **Managing Agent's** contract with the **Sponsoring Company** or **Broker/Dealer** is terminated. In the event that the **Insurer** does not continue coverage, the Extended Reporting Period provided herein shall end 30 days after the expiration date of the last policy issued by the **Insurer** to the **Sponsoring Company**.

C. Automatic Agent Or Managing Agent Extended Reporting Period Due To Disability, Retirement Or Death

1. If an **Agent** or **Managing Agent** becomes disabled, retires from the business of providing **Professional Services** in accordance with the formal retirement procedures of the **Sponsoring Company**, or dies, then such **Insured** or the estate of the deceased **Insured** shall have an automatic Extended Reporting Period of 2 years commencing on the date of the **Insured's** disability, retirement or death and ending 24 months thereafter during which to report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the **Insured's** disability, retirement or death. A **Claim** reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period.
2. Notwithstanding any other provision of this Policy, the Extended Reporting Period provided herein shall not apply if an individual **Insured** or the estate of a deceased **Insured** has other insurance that applies to a **Claim**, in whole or in part.
3. The Extended Reporting Period provided herein shall not reinstate, increase or otherwise affect the applicable Limits Of Liability nor extend the **Certificate Period**.
4. A **Claim** which is properly reported during this Extended Reporting Period will be deemed to have been first made on the last day of the **Certificate Period**.
5. The Extended Reporting Period provided herein shall only apply if the **Insurer** continues coverage under a renewal or replacement policy issued to the **Sponsoring Company** 2 years after the **Insured's** disability, retirement or death. In the event that the **Insurer** does not continue coverage, the Extended Reporting Period provided herein shall end 30 days after the expiration date of the last policy issued by the **Insurer** to the **Sponsoring Company**.

D. Optional Agent Or Managing Agent Extended Reporting Period Due To Disability, Retirement Or Death

1. If an **Agent** or **Managing Agent** becomes disabled or retires from the business of providing **Professional Services** in accordance with the formal retirement procedures of the **Sponsoring Company**, or dies, then such **Insured** or the estate of the deceased **Insured** may elect to purchase one of the following Optional Extended Reporting Periods:
 - a. 3 years commencing on the date of the **Insured's** disability, retirement or death and ending 36 months thereafter during which to report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the **Insured's** disability, retirement or death. A **Claim** reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period. The cost of such optional Extended Reporting Period shall be 200% of the **Insured's** last annual premium, and must be paid within 60 days after termination of such **Agent's** contract with the **Sponsoring Company** because of disability, retirement or death.
 - b. 5 years commencing on the date of the **Insured's** disability, retirement or death and ending 60 months thereafter during which to report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the **Insured's** disability, retirement or death. A **Claim** reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period. The cost of such optional Extended Reporting Period shall be 300% of the **Insured's** last annual premium, and must be paid within 60 days after termination of such **Agent's** contract with the **Sponsoring Company** because of disability, retirement or death.
 - c. An unlimited amount of time commencing on the date of the **Insured's** disability, retirement or death during which to report **Claims** for **Wrongful Acts** or **Management Wrongful Acts** occurring on or after the **Retroactive Date** but before the **Insured's** disability, retirement or death. A **Claim** reported under this Extended Reporting Period must be otherwise covered pursuant to the terms, provisions, conditions and exclusions of this Policy. Notice of **Wrongful Acts** or **Management Wrongful Acts** that may result in **Claims** may not be reported during this Extended Reporting Period. The cost of such optional Extended Reporting Period shall be 400% of the **Insured's** last annual premium, and must be paid within 60 days after termination of such **Agent's** contract with the **Sponsoring Company** because of disability, retirement or death.
2. Notwithstanding any other provision of this Policy, the Extended Reporting Period provided herein shall not apply if an individual **Insured** or the estate of a deceased **Insured** has other insurance that applies to a **Claim**, in whole or in part.
3. The Extended Reporting Period provided herein shall not reinstate, increase or otherwise affect the applicable Limits Of Liability nor extend the **Certificate Period**.
4. A **Claim** which is properly reported during this Extended Reporting Period will be deemed to have been first made on the last day of the **Certificate Period**.

SECTION XIV – TERMINATION OF COVERAGE**A. Applicable To Agent Or Managing Agent**

1. The coverage afforded by this Policy shall terminate upon the earlier of:
 - a. The expiration date of the **Certificate Period**; or
 - b. Cancellation as provided by Paragraph **C.** below.
2. The **Agent** or **Managing Agent** may terminate participation in this Policy by sending written notice to the **Sponsoring Company** at the **Sponsoring Company's** address shown in the Certificate Of Insurance with the effective date of termination being not less than 30 days thereafter.

B. Applicable To Sponsoring Company

1. The coverage afforded by this Policy shall terminate upon the earlier of:
 - a. The expiration date of the **Policy Period**; or
 - b. Cancellation as provided by Paragraph **C.** below.
2. The **Sponsoring Company** may terminate the Policy by sending written notice to the **Insurer** with the effective date of termination being not less than 30 days thereafter. Proof of mailing the notice of termination shall be sufficient proof of such notice. If the **Sponsoring Company** terminates the Policy, the **Insurer** shall be deemed to have fully earned the premium for the Policy.

C. Applicable To Insurer

1. This Policy may be terminated by the **Insurer**, for other than failure to pay a premium when due, by providing written notice to the **Sponsoring Company** at the **Sponsoring Company's** address shown in the Master Policy Declarations with the effective date of termination being not less than 9 months thereafter. Proof of mailing the notice of termination shall be sufficient proof of such notice. If the **Insurer** terminates the Policy, the **Sponsoring Company** shall receive a return of premium to be computed on a short rate basis proportional to the length of time from the inception date of the **Policy Period** to the termination date.
2. This Policy may be cancelled by the **Insurer** because of failure to pay a premium when due by providing written notice to the **Sponsoring Company** at the **Sponsoring Company's** address shown in the Master Policy Declarations with the effective date of termination being not less than 10 days thereafter. Proof of mailing the notice of termination shall be sufficient proof of such notice.

Nothing contained herein shall limit, abrogate or negate the rights of the **Insurer** under law and equity to declare that the Policy is void based on material misrepresentations or omissions contained in the **Application**.

SECTION XV – OTHER INSURANCE

- A. If any **Insured** has other insurance for a **Claim** made and reported during the **Policy Period**, or as allowed by Section X – Notice Of Claim, or Extended Reporting Period, if applicable, then 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.
- B. The foregoing shall not apply if such other insurance is specifically intended to be excess over the coverage afforded by this Policy.
- C. If a **Claim** is covered by this Policy and another policy issued by the **Insurer** or any company or entity affiliated with the **Insurer**, regardless of the **Insured** included in a **Claim**, then a single Limit Of Liability and single Deductible shall apply under both policies to the **Claim**. The single Limit Of Liability applicable to the **Claim** shall be the largest such Limit Of Liability under the policies. The Deductible applicable to the **Claim** shall likewise be the largest under the policies.

SECTION XVI – SUBROGATION

- A. In the event that the **Insurer** pays **Damages** or **Claim Expenses** on behalf of any **Insured**, the **Insurer** shall be subrogated to all of the **Insured's** rights of recovery, contribution, indemnification and apportionment against any third party implicated in a **Claim**. The **Insured** shall do nothing before or after the **Insurer's** payment of **Damages** or **Claim Expenses** that would waive, prejudice or impair the **Insurer's** subrogated rights of recovery, contribution, indemnification or apportionment.
- B. The **Insured** shall execute all papers required and shall do everything that may be necessary to secure and preserve any rights of recovery, contribution, indemnification or apportionment which the **Insured** may have, including the execution of such documents as are necessary to enable the **Insurer** to commence proceedings in any **Insured's** name. The **Insured** shall provide all other assistance and cooperation which the **Insurer** may reasonably require.

SECTION XVII – OTHER PROVISIONS

A. Entire Agreement

The terms and provisions of this Policy shall not be waived, changed or modified, unless by endorsement. Notices to, by or from any agent, representative or servant of any **Insured** or the **Insurer** shall not affect a waiver, change or modification of the Policy and shall not prevent the **Insurer** from asserting any rights under the Policy.

B. Assignment

This Policy and any and all rights hereunder are not assignable without the written consent of the **Insurer**.

C. Action Against The Insurer

1. No action shall be taken against the **Insurer** unless, as a condition precedent thereto, an **Insured** has fully complied with all the terms and provisions of this Policy. In addition, no action shall be taken against the **Insurer** until the amount of an **Insured's** obligation or liability to a third party has been finally determined by an award or judgment against an **Insured** in an actual adjudicatory proceeding.
2. No person, organization or entity shall have the right under this Policy to join any **Insured** in any action or proceeding against an **Insurer** to determine the **Insurer's** liability nor shall the **Insurer** be impleaded in an action or proceeding by any **Insured** or the legal representative of such **Insured**.

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D. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate shall not relieve the **Insurer** of any of its obligations hereunder.

E. Conformance to Statute

Terms of this Policy which are in conflict with the statutes of the State wherein this Policy is issued are hereby amended to conform to such statutes.

F. Headings

The descriptions in the headings and any subheading of this Policy (including any titles given to any endorsement attached hereto) are inserted solely for convenience and do not constitute any part of the terms or conditions hereof.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER MANAGEMENT WITH EXTORTION DEMAND, BUSINESS INTERRUPTION AND NETWORK RESTORATION COST COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMPANY SPONSORED LIFE INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

SCHEDULE

Cyber Management Limits of Liability:	\$250,000	Each Claim
	\$250,000	Insured Aggregate
Cyber Management Retention:	\$5,000	Each Claim
Extortion Payment Limit of Liability:	\$250,000	Each Extortion Demand
	\$250,000	Insured Aggregate
Extortion Payment Retention:	\$5,000	Each Extortion Demand
First Party Loss Limit of Liability	\$250,000	Each Exploit or Network Impairment
	\$250,000	Insured Aggregate
First Party Loss Retention	\$5,000	Each Exploit or Network Impairment
Total Aggregate Limit of Liability	\$2,000,000	As to All Claims, Extortion Demands, Exploits and Network Impairments

- A. For the purposes of this Endorsement, the following is added to Paragraph **A. Agent** of Section **IV** – Definitions:
Has elected to enroll for coverage under this Endorsement, and paid an additional premium of \$300, and whose enrollment is on file with Calsurance Associates.
- B. The following are added to Section **I** – Insuring Agreements:
 - Cyber Management**
 - 1. The **Insurer** shall pay, on behalf of the **Insured**:
 - a. **Cyber Management Expenses** incurred by an **Insured** with the **Insurer’s** prior written consent that are a direct result of a **Security Breach, Privacy Violation** or **Interrelated Breaches/Violations**, provided the **Cyber Management Expenses** are reported to the **Insurer** during the **Policy Period**, or as allowed by Section **X** – Notice of Claim, or during an Extended Reporting Period, if applicable;

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- b. **Damages and Claim Expenses** which an **Insured** shall become legally obligated to pay because of actual monetary loss by the **Insured's** client as the direct result of a **Security Breach, Privacy Violation** or **Interrelated Breaches/Violations**, provided a **Claim** is both made against the **Insured** and reported to the **Insurer** in writing during the **Policy Period**, or as allowed by Section **X** – Notice of Claim, or during an Extended Reporting Period, if applicable; and
 - c. **Credit Monitoring Costs** incurred by an **Insured** with the **Insurer's** prior written consent that are the direct result of a **Security Breach** or **Privacy Violation** that directly results in theft or unauthorized copying of **Personal Information** and may reasonably be expected to result in **Identity Theft**, provided the **Credit Monitoring Costs** are reported to the **Insurer** during the **Policy Period**, or as allowed by Section **X** – Notice of Claim, or during an Extended Reporting Period, if applicable.
2. This **Cyber Management** coverage applies only if:
- a. Such **Security Breach, Privacy Violation** or any **Interrelated Breaches/Violations** occurred on or after the **Retroactive Date** and before the end of the **Policy Period**; and
 - b. As of the inception date of this Policy as shown in the Declarations, no **Insured** had knowledge or reasonable basis upon which to anticipate that the **Security Breach, Privacy Violation** or any **Interrelated Breaches/Violations** could result in **Cyber Management Expenses, Damages, Credit Monitoring Costs** or any loss that may be sustained by a client.

Extortion Demand

The **Insurer** shall reimburse the **Insured** for:

Extortion Payment resulting from an **Extortion Demand**, in excess of the **Extortion Payment** Retention and up to the **Extortion Payment** Limits of Liability, provided that:

- a. The **Extortion Demand** is first made against the **Insured** and reported to the **Insurer** in writing during the **Policy Period** or during an Extended Reporting Period, if applicable, in accordance with the Section **X** – Notice of Claim; and
- b. The **Extortion Payment** is incurred within twelve months after the date that the **Insured** reports the **Extortion Demand** in accordance with the Section **X** – Notice of Claim, and such amounts are consented to in writing by the **Insurer**, such consent not to be unreasonably withheld.

Business Interruption and Network Restoration Costs

The **Insurer** shall pay on behalf of the **Insured** all **First Party Loss** in excess of the **First Party Loss** Retention and up to the **First Party Loss** Limits of Liability that the **Insured** incurs:

a. Business Interruption Coverage and Extra Expense

for **Business Income and Extra Expense** resulting from an **Exploit** that first causes **Network Impairment** during the **Policy Period**, provided that such **Exploit** is reported to the **Insurer** in writing during the **Policy Period** or during an Extended Reporting Period, if applicable, in accordance with the Section **X** – Notice of Claim.

b. Loss of or Damage to Insured's Network

for the **Insured's** reasonable and necessary expenses resulting from an **Exploit** that first causes **Network Impairment** during the **Policy Period**, provided that such **Exploit** is reported to the **Insurer** in writing during the **Policy Period** or during an Extended Reporting Period, if applicable. in accordance with the Section **X** – Notice of Claim, that are required to restore the **Network** or information residing on the **Network** to the form in which it existed immediately prior to such **Exploit**.

C. For the purpose of this endorsement, the following definitions in Section **IV** – Definitions are amended:

D. **Claim Expenses** do not include **Cyber Management Expenses, Credit Monitoring Expenses, Extortion Payments** or **First Party Loss**.

R. **Wrongful Act** also means **Network Security Breach, Privacy Violation**, or any **Interrelated Breaches/Violations**, but only with respect to **Cyber Management** coverage.

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D. For the purpose of this endorsement, the following definitions are added to Section IV – Definitions:

Business Income and Extra Expense means:

1. the amount of net income, before interest, tax, depreciation or amortization, that the **Insured** would have earned during the period of time when **Network Impairment** caused by an **Exploit** commences and ending when such **Network Impairment** is corrected, allowing the resumption of **Professional Services**; and
2. **Extra Expense**;

however, **Business Income and Extra Expense** does not include:

1. ordinary operating expenses incurred by the **Insured** during the period of time when **Network Impairment** commences and ending when such **Network Impairment** is corrected, allowing the resumption of **Professional Services**;
2. costs or expenses to update, upgrade, enhance, or replace the **Insured's Network** beyond that which existed prior to the occurrence of the **Network Impairment**;
3. costs or expenses the **Insured** incurs to prove or document **First Party Loss**;
4. **Cyber Management Expenses**;
5. **Damages and Claim Expenses**;
6. **Credit Monitoring Expenses**; and/or
7. **Extortion Payments**.

Credit Monitoring Costs means the costs for retaining a third party service provider approved by the **Insurer** and with the **Insured's** prior written consent to provide **Credit Monitoring Services** to those individuals who were victims of theft or unauthorized copying of **Personal Information**.

Credit Monitoring Services means the services that allow individuals to access and review their credit reports to determine if **Identity Theft** has occurred.

Cyber Management Expenses means necessary and reasonable expenses to hire an attorney, selected from the **Insurer's** panel counsel, to determine whether any breach notice laws apply and the obligations of any such applicable laws including the drafting of letters to satisfy the applicable law, including the cost to notify those effected by the **Network Security Breach** or **Privacy Violation**, or to provide **Credit Monitoring Services** to the **Insured's** clients. **Cyber Management Expenses** shall also include approved expenses to respond to a regulatory action commenced or pending solely against the **Insured**, and the hiring of a public relations firm to communicate with the **Insured's** clients in order to mitigate the reputational damage of the **Insured** directly resulting from a **Network Security Breach** or **Privacy Violation**.

Exploit means **Network Impairment** or a series of related **Network Impairments** by a third party, and not any **Insured**.

Extortion Demand means an incident or series of related incidents occurring during the **Policy Period** where an **Insured** receives a threat to launch an attack on, to suspend, or to otherwise disrupt a **Network**, disrupt or deface the **Insured's** website or release or use **Personal Information** in the **Insured's** care, unless monies are paid or specified action is taken, and an **Insured** believes there is an imminent and probable danger of such action. An **Extortion Demand** does not include any demand seeking monies from the **Insured** that are allegedly due and owing pursuant to contract or operation of law.

Extortion Payment means all reasonable and necessary expenses incurred by the **Insured** with the **Insurer's** prior consent, in order to respond to an **Extortion Demand**, including payment of monies demanded by an extortionist. **Extortion Payments** do not include such expenses to the extent the **Insured** has recovered such expenses or been reimbursed for them from any other source. **Extortion Payments** do not include **Damages, Claim Expenses, Cyber Management Expenses, Credit Monitoring Expenses, Business Income and Extra Expense** and/or **First Party Losses**.

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Extra Expense means any reasonable and necessary expenses, in excess of the **Insured's** normal operating expenses, that the **Insured** incurs during period of time when **Network Impairment** commences and ending with **Network Impairment** is corrected, allowing the resumption of **Professional Services**, including:

1. reasonable expense incurred to minimize the interruption of **Professional Services** not otherwise covered by this Policy;
2. reasonable expense incurred to resume **Professional Services** on a temporary basis, including those associated with securing temporary third party Internet service provider services, temporary website and/or e-mail hosting services, rental of temporary **Networks**, other temporary equipment or service contracts; and
3. reasonable expense incurred to engage a third party security expert to:
 - a. investigate, minimize and stop damage to the **Network** caused by the **Exploit** while such **Exploit** is ongoing; and
 - b. collect, analyze and preserve forensic evidence of an **Exploit** for use in identifying the perpetrator responsible for the disruption to **Professional Services**.

First Party Loss means amounts which the **Insurer** is obligated to pay as set forth in the **Business Interruption and Network Restoration Costs** Insuring Agreement.

Identity Theft means the theft or unauthorized copying of **Personal Information** of a client of the **Insured**, and use of such **Personal Information** to open new financial accounts for the purpose of fraudulently impersonating such individual, including without limitation, payment card accounts, bank accounts, loan accounts, health insurance accounts and insurance accounts.

Insured's Computer System means any computer hardware, software or firmware, and components thereof including data stored thereon, that is owned or leased by an **Insured** and is under the direct operational control of an **Insured**.

Interrelated Breaches/Violations means **Security Breaches** and/or **Privacy Violations** that are:

1. Similar, repeated or continuous; or
2. Connected by reason of any common fact, circumstance, situation, transaction, causality, event, decision or policy or one or more series of causally or logically related facts, circumstances, situations, transactions, causalities, events, decisions or policies.

Network means a local or wide area network owned or operated by or on behalf of or for the benefit of the **Broker/Dealer**; provided, however, **Network** shall not include the internet, telephone company networks, or other public infrastructure network (collectively "public infrastructure network"), unless such public infrastructure network is operated and controlled exclusively by the **Broker/Dealer**.

Network Impairment means the disruption, modification, destruction or damage to the **Insured's Network** that results in the impairment of the **Insured's Network** to such an extent that the **Insured** is substantially unable to conduct **Professional Services**.

Personal Information means:

1. The name of an **Insured's** client in combination with any one or more of the following:
 - a. Social security number;
 - b. Driver's license number or any other state identification number;
 - c. Medical or healthcare data including protected health information; or
 - d. Any financial account number, credit or debit card number in combination with any required password, access code or other security code that would permit access to the financial account;not including any lawfully available data accessible by the general public; or
2. Non-public personal information as defined in any **Privacy Regulation**.

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Privacy Regulation means those parts of the following statutes or regulations regulating the use and protection of non-public personal information (as defined in such statutes or regulations):

1. Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the rules and regulations promulgated thereunder as amended;
2. Gramm-Leach Bliley Act of 1999 (GLBA) and the rules and regulations promulgated thereunder, as amended;
3. Consumer protection and unfair and deceptive trade practice laws enforced by state Attorneys General or the Federal Trade Commission, including but not limited to, Section 5(a) of the FTC Act 15;
4. Security breach notification laws that require notice to individuals of the actual or potential theft of their non-public personal information, including but not limited to, the California Security Breach Notification Act of 2003 (CA SB 1386); or
5. Other state, federal or foreign privacy laws requiring reasonable security for non-public personal information, or a privacy policy limiting the sale, disclosure or sharing of non-public personal information or providing individuals with the right to access or correct non-public personal information.

Privacy Violation means any:

1. Theft of **Personal Information** while in the care, custody or control of an **Insured**; or
2. Violation of a **Privacy Regulation**.

Security Breach means:

1. The actual failure and inability to prevent:
 - a. Unauthorized access to or unauthorized use of **Personal Information** stored in the **Insured's Computer System**; or
 - b. The theft or unauthorized copying of **Personal Information** on the **Insured's Computer System**; or
2. The actual failure and inability to prevent the theft of **Personal Information** as a result of the physical theft by a person other than an **Insured** of the **Insured's Computer System** from premises occupied and controlled by the **Insured**.

E. For the purposes of this endorsement, the following are added to Section V – Exclusions:

This Policy shall not apply to, and the **Insurer** shall pay neither **Cyber Management Expenses, Credit Monitoring Costs, Damages, Claim Expenses, Extortion Payments** nor **First Party Loss**:

1. Arising out of, based upon or in consequence of, directly or indirectly resulting from of in any way involving any actual or alleged:
 - a. Costs or expenses for the reprinting, reposting, recall, removal or disposal of any online content or any other information, content or media, including any media or products containing such online content, information, content or media;
 - b. Wear and tear or gradual deterioration of any data saved on an **Insured's Computer System** or a **Network**;
 - c. Costs or expenses incurred by any **Insured** or others:
 - (1) To recall, repair, withdraw, replace, upgrade, supplement or remove the **Insured's** online content, products or services from the marketplace, including but not limited to products or services which incorporate the **Insured's** online content, products or services; or
 - (2) For any loss of use by any **Insured** or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplement or removal.
 - d. Failure to use best efforts to install commercially available software product updates and releases, or to apply security related software patches, to computers and other components of the **Insured's Computer System** or a **Network**;
 - e. Seizure, confiscation, destruction or nationalization of **Insured's Computer System** or a **Network**; or any data accessed by or on behalf of any governmental or public authority;
 - f. Interruption, suspension, failure or outage of any component of the Internet, including without limitation any hardware or software infrastructure supporting the Internet;

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The Limit of Liability for all **Extortion Payments, Business Income and Extra Expenses** and **First Party Losses** incurred in all **Extortion Demands, Exploits** or **Network Impairments** submitted by an **Insured** in writing during the **Policy Period** shall not exceed the Extortion Payment and First Party Loss Limits of Liability Insured Aggregates shown in the Schedule of this endorsement.

The Extortion Payment and First Party Loss Limits of Liability Each Claim and Extortion Payment and First Party Loss Limits of Liability Insured Aggregate are part of, subject to and do not increase the Total Aggregate Limit of Liability as shown in the Schedule of this endorsement.

The **Insurer's** obligations under this Policy shall cease after the applicable Limits of Liability has been paid by the **Insurer** for **Extortion Payments, Business Income and Extra Expense** and/or **First Party Losses**.

The Extortion Payment and First Party Loss Limits of Liability shown in the Schedule of this endorsement are part of, and not in addition to the Limits of Liability shown in the Declaration.

Total Aggregate Limit of Liability

The **Insurer's** liability for all **Cyber Management Expenses, Damages, Credit Monitoring Costs, Claim Expenses, Extortion Payments, Business Income and Extra Expenses** and/or **First Party Losses** incurred in all **Network Security Breaches, Privacy Violations, Extortion Demands, Exploits** or **Network Impairments** shall not exceed the Total Aggregate Limit of Liability shown in the schedule of this endorsement. All of the **Insurer's** obligations under the Policy shall cease when the Total Aggregate Limit of Liability has been paid, regardless of whether **Network Security Breaches, Privacy Violations, Extortion Demands, Exploits** or **Network Impairments** have been resolved.

The Total Aggregate Limits of Liability shown in the Schedule of this endorsement is part of, and not in addition to the Limits of Liability shown in the Declaration.

G. Section VIII – Retention is amended to include the following:

The Retentions, shown in the Schedule of this endorsement, apply to **Cyber Management Expenses, Damages, Credit Monitoring Costs, Claim Expenses, Extortion Payments, Business Income and Extra Expenses** or **First Party Loss** incurred in each **Network Security Breach, Privacy Violation, Interrelated Breaches/Violations, Extortion Demand, Exploit** or **Network Impairment**. The Limits of Liability shown in the Schedule of this endorsement shall apply in excess of the Retentions, which are the sole responsibility of the **Insureds** and will remain uninsured.

All other terms and conditions remain unchanged.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER LIABILITY EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

It is here by understood and agreed that:

1. Section V – EXCLUSIONS of the Policy is modified by the addition of the following:

This Policy shall not apply to, and the **Insurer** shall not pay **Damages, Claim Expenses**, other costs and expenses or any loss whatsoever for any **Claim**:

Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving any:

- a. **Privacy Violation**;
- b. **Security Breach**;
- c. **Social Engineering**; or
- d. any actual or alleged **Wrongful Act** involving unauthorized access to a **Computer System**, and/or the improper gaining or use of data contained therein, including, but not limited, to hacking, phishing, infiltration of malware, ransomware or tracking software, denial of service attack and/or the actual or alleged failure or inability of an **Insured** to prevent same.

2. Section IV – DEFINITIONS of the Policy is modified by the addition of the following:

Computer System means any computer or smartphone hardware, software, firmware or network (such as, but not limited to, a network providing telephone and internet access), and components thereof including data stored thereon.

Personal Information means:

- a. The name of an **Insured's** client in combination with any one or more of the following:
 - i. Social security number;
 - ii. Driver's license number or any other state identification number;
 - iii. Medical or healthcare data including protected health information; or
 - iv. Any financial account number, credit or debit card number in combination with any required password, access code or other security code that would permit access to the financial account; or
- b. Non-public personal information as defined in any **Privacy Regulation**.

Privacy Regulation means those parts of the following statutes or regulations regulating the use and protection of non-public personal information (as defined in such statutes or regulations):

- a. Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the rules and regulations promulgated thereunder as amended;

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- b. Gramm-Leach Bliley Act of 1999 (GLBA) and the rules and regulations promulgated thereunder, as amended;
- c. Consumer protection and unfair and deceptive trade practice laws enforced by state Attorneys General or the Federal Trade Commission, including but not limited to, Section 5(a) of the FTC Act 15;
- d. Security breach notification laws that require notice to individuals of the actual or potential theft of their non-public personal information, including but not limited to, the California Security Breach Notification Act of 2003 (CA SB 1386); or
- e. Other state, federal or foreign privacy laws requiring reasonable security for non-public personal information, or a privacy policy limiting the sale, disclosure or sharing of non-public personal information or providing individuals with the right to access or correct non-public personal information.

Privacy Violation means any:

- a. Theft of **Personal Information**; or
- b. Violation of a **Privacy Regulation**.

Security Breach means:

- a. The actual failure and inability to prevent:
 - i. Unauthorized access to or unauthorized use of **Personal Information** stored in a **Computer System**; or
 - ii. The theft or unauthorized copying of **Personal Information** in a **Computer System**; or
- b. The actual failure and inability to prevent the theft of **Personal Information** as a result of the physical theft by a person other than an **Insured** of a **Computer System**.

Social Engineering means an electronic, facsimile or written document or telephone contact received by an **Insured** from a third party which:

- a. relates to a client's product which is the subject of **Professional Services** rendered by an **Insured** and in which a third party has no legal right or interest;
- b. contains a misrepresentation of fact concerning a client of an **Insured**, which is relied upon by an **Insured** in believing that the document or contact is from his or her client or the client's authorized representative; and
- c. requests the withdrawal, surrender or transfer of funds held in the client's product which is the subject of **Professional Services** rendered by an **Insured**.

All other terms and conditions remain unchanged.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMEND THE DEFINITION OF INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

It is here by understood and agreed that:

Section IV – DEFINITIONS, H. Insured, of the Policy is modified by the addition of the following:

7. An independent contractor or sub-producer solely while performing **Professional Services** for or on behalf of the **Agent** or **Managing Agent**.

All other terms and conditions remain unchanged.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRYPTO CURRENCY AND NFT EXCLUSION ENDORSEMENT

CLAIM EXPENSES, AS WELL AS DAMAGES, ARE INCLUDED WITHIN AND WILL REDUCE THE LIMITS OF LIABILITY.

This endorsement modifies insurance provided under the following:

Section **V** – Exclusions, is amended to include the following:

This Policy shall not apply to, and the **Insurer** shall pay neither **Damages** nor **Claim Expenses** for, any **Claim**:

Arising out of, based upon or in consequence of, directly or indirectly resulting from or in any way involving, in whole or in part, individually or in conjunction with other matters, **Crypto Currency** and/or **NFT**; however this Exclusion shall not apply to mutual funds or securities registered with the Securities and Exchange Commission that are publicly traded on a national exchange.

Section **IV** – Definitions, is amended to include the following:

Crypto Currency means digital, computerized or on-line medium of exchange, including, but not limited to, any kind of virtual or electronic currency, that: (i) is not issued or guaranteed by a government central bank, domestic or foreign government or other public authority; or (ii) not adopted or authorized by a domestic or foreign government as a part of its currency.

NFT means a non-fungible token, which is any digital or virtual asset or unit of data stored on blockchain or other digital or virtual ledger, which represents a tangible or intangible item, such as, without limitation, graphic art, GIF, music, video or collectible, and grants or certifies the holder's ownership rights to such item, in whole or in part.

All other terms and conditions remain unchanged.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS AMENDATORY

This endorsement modifies insurance provided under the following:

COMPANY SPONSORED LIFE INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

I. The following is added to SECTION III – Settlement of Claims:

We will notify the **Insured** in writing of:

1. An initial offer to compromise or settle a **Claim** made or suit brought against any **Insured** under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
2. Any settlement of a **Claim** made or suit brought against the **Insured** under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

II. Paragraph C. of Section XII – Assistance and Cooperation is replaced by the following:

If any **Insured** shall commit fraud in reporting any **Claim**, there will be no coverage for that **Claim** from the date such fraudulent **Claim** is reported to the **Insurer**.

III. Section XIV – Termination of Coverage is amended as follows.

A. Paragraph 2. of B. Applicable To Sponsoring Company is replaced by the following:

The **Sponsoring Company** may terminate the Policy by sending written notice to the **Insurer** with the effective date of termination being not less than 30 days thereafter. Proof of mailing the notice of termination shall be sufficient proof of such notice. If the **Sponsoring Company** terminates the Policy, the **Insurer** shall return premium to be computed on a short rate basis proportional to the length of time from the inception date of the **Policy Period** to the termination date.

B. Paragraph 1. of C. Applicable To Insurer is replaced by the following:

This Policy may be terminated by the **Insurer** for the following reasons by providing written notice to the **Sponsoring Company** at the **Sponsoring Company's** address shown in the Master Policy Declarations with the effective date of termination being not less than 60 days thereafter. Proof of mailing the notice of termination shall be sufficient proof of such notice. If the **Insurer** terminates the Policy, the **Sponsoring Company** shall receive a return of premium to be computed on a short rate basis proportional to the length of time from the inception date of the **Policy Period** to the termination date. Any notice of termination shall state the precise reason for the termination:

1. Fraud in obtaining coverage;
2. Failure to pay premiums when due;
3. An increase in hazard within the control of the insured which would produce an increase in rate;
4. Loss of our reinsurance covering all or part of the risk covered by the policy; or
5. If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

Termination set forth in the above paragraph does not apply to any policy which has been in effect for less than 60 days and is not a renewal of a previously existing policy. In the case of a policy in effect for less than 60 days,

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the policy may be terminated for any reason except that, under the provisions of the Texas Insurance Code, the policy may not be terminated solely because the policyholder is an elected official by providing the **Sponsoring Company** written notice of termination, stating the reason for termination, not less than 10 days before the effective date of termination.

C. The following is added to SECTION XIV – Termination of Coverage:

This policy may be nonrenewed except that, under the provisions of the Texas Insurance Code, the policy may not be terminated solely because the policyholder is an elected official by the **Insurer** by mailing or delivering written notice to the **Sponsoring Company** at the **Sponsoring Company's** address shown in the Master Policy Declarations with the effective date of termination being not less than 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium. Proof of mailing the notice of termination shall be sufficient proof of such notice.

All other terms and conditions remain unchanged.



MARKEL AMERICAN INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS

The following is added to this policy:

Trade Or Economic Sanctions

This insurance does not provide any coverage, and we (the Company) shall not make payment of any claim or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose us (the Company) to a violation of any applicable trade or economic sanctions, laws or regulations, including but not limited to, those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

All other terms and conditions remain unchanged.