

WEALTH ADVISERS' PROFESSIONAL LIABILITY INSURANCE POLICY

THIS POLICY IS WRITTEN ON A CLAIMS-MADE AND REPORTED BASIS AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST YOU AND REPORTED TO US IN WRITING UNLESS AN EXTENDED REPORTING PERIOD APPLIES. THE PAYMENT OF DEFENSE EXPENSES REDUCE THE LIMIT OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

Throughout this policy the words “**we**”, “**us**” and “**our**” refer to the Company providing this insurance. Other words and phrases that appear in **bold** have special meaning. Refer to Section 8. DEFINITIONS.

In consideration of and subject to the payment of the premium, **your** agreement to pay the Deductible amount stated in the Declarations and described herein, and in reliance upon the particulars, statements, representations, attachments and exhibits contained in and submitted with the Application which shall be the basis of this policy, and subject to all the terms, conditions, limitations and any endorsements to this policy, **we** and **you** agree as follows:

1. INSURING AGREEMENTS

1.1. Professional Liability

We will pay on **your** behalf **Damages** and associated **Defense Expenses** in excess of the applicable Deductible amount stated in the Declarations that **you** become legally obligated to pay as resulting from a **Claim** first made against **you** during the **Policy Period**, or **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you**, provided that:

- 1.1.1 **you** report the **Claim** in writing to **us** as soon as practicable, but in no event later than thirty (30) days after expiration or termination of this policy as permitted by Clause 6.1 of this policy, or during an Optional **Extended Reporting Period**, if applicable; and
- 1.1.2 the **Covered Act** was committed on or after the **Retroactive Date** and before the end of the **Policy Period**; and
- 1.1.3 prior to the inception date of this policy **you** did not have a basis to foresee that such **Covered Act** might reasonably be expected to give rise to a **Claim**, unless such **Claim** became known to **you** after the issue of **your** first Wealth Advisers Professional Liability Insurance policy by **us** as described in the Declarations Page and that has been continuously renewed by **us**.

1.2. Disciplinary Proceedings

Subject to a Limit of Liability of \$10,000, **we** will pay on **your** behalf **Defense Expenses** **you** incur responding to a **Disciplinary Proceeding** first commenced against **you** and reported to **us** in writing during the **Policy Period**, or an **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you** on or after the **Retroactive Date**.

The Limit of Liability applicable to this insuring agreement is the maximum amount payable for the **Policy Period**, regardless of the number of **Disciplinary Proceedings** first commenced during the **Policy Period** or the number of **you** subject to **Disciplinary Proceedings** and is in addition to the Aggregate Limit of Liability as set forth in the Declarations. No Deductible shall apply to this insuring agreement.

1.3. Subpoena Expenses

Subject to a Limit of Liability of \$10,000 each occurrence and \$25,000 in the aggregate per policy period, **we** will pay on **your** behalf reasonable **Defense Expenses** incurred in responding to a subpoena for documents or testimony first received by **you** during the **Policy Period**, or an **Extended Reporting Period**, if applicable, resulting solely from **your** rendering or failing to render **Professional Services** and which has not resulted in a demand for **Damages** against **you**. **We** will, at **your** request, and upon receipt of a copy of the subpoena, retain an attorney to advise **you** regarding the document production and represent **you** during the preparation and giving of testimony.

Any notification **you** give **us** of such subpoena shall be deemed to be notification of a **Covered Acts** that may give rise to a **Claim** pursuant to Section 9.1.

Defense Expenses paid pursuant to 1.3 Subpoena Expenses are in addition to the Aggregate Limit of Liability as set forth in the Declarations. No Deductible shall apply to 1.3 Subpoena Expenses.

1.4 Expense Reimbursement

Subject to a Limit of Liability of \$500 each day and an aggregate of \$10,000 for the **Policy Period**, **we** will reimburse each of **you** for actual loss of earnings and reasonable expenses incurred when **you** attend a hearing, trial or arbitration proceeding at **our** request in the course of defending an otherwise covered **Claim**.

The aggregate Limit of Liability applicable to this insuring agreement is the maximum amount payable for the **Policy Period**, for all of **you** regardless of the number of **Claims**, and is in addition to the Aggregate Limit of Liability as set forth in the Declarations. No Deductible shall apply to 1.4 Expenses Reimbursement.

2. DEFENSE and LIMIT OF LIABILITY

2.1 Defense

We have the sole right to appoint defense counsel and the right and duty to defend any **Claim** made against **you**. **We** will consider any request for the appointment of qualified defense counsel made by **you**.

We shall not be obligated to pay any **Damages** or **Defense Expenses**, or to undertake or continue the defense of any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Defense Expenses**, or the combined total of both.

2.2 Limit of Liability

2.2.1 Each **Claim: Defense Expenses** are included within the Limit of Liability; therefore, **our** maximum liability for the combined total of all **Damages** and **Defense Expenses**, resulting from each **Claim** or **Related Claim** covered by this policy shall be the Limit of Liability for each **Claim** set forth in Item 3 of the Declarations.

2.2.2 Aggregate: **Our** maximum aggregate liability for the combined total of all **Damages** and **Defense Expenses** resulting from all **Claims** or **Related Claims** covered by this policy during the **Policy Period** shall be the aggregate Limit of Liability for all **Claims** set forth in Item 3 of the Declarations.

2.3 Related Claims

Unless subject to coverage afforded by Clause 1.2. **Disciplinary Proceeding**, all **Related Claims** shall be deemed a single **Claim**, subject to a single each **Claim** Limit of Liability, if covered, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against an **Insured**, regardless of whether such date is before or during the **Policy Period**.

3. CLAIM MITIGATION

Subject to the conditions described therein, **your** Deductible obligation may be subject to one of the following:

- 3.1 In the event a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, as a result of **Alternative Dispute Resolution**, without resorting to litigation, **we** will waive **your** Deductible obligation for such **Claim** up to a maximum waiver of either \$25,000 each **Claim** or half of your Deductible, whichever is greater.
- 3.2 If within one year of being reported, or being deemed to have been made, in accordance with 9.1 of this policy, a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, and all **Damages** and **Defense Expenses** arising from such **Claim** have been paid, **your** Deductible obligation for such **Claim** shall be reduced by 25%, up to a maximum reduction of \$25,000.

4. DEDUCTIBLE

We shall only be liable for those amounts payable hereunder for **Damages** and **Defense Expenses** that are in excess of the applicable Deductible Amount set forth in Item 4 of the Declarations.

You shall be liable for the Deductible Amount set forth in Item 4 of the Declarations for each **Claim**. The Deductible Amount shall apply separately to each **Claim** and shall be borne by **you**. For purposes of the Deductible Amount, **Related Claims** shall be considered one **Claim**, and only one Deductible Amount shall apply thereto.

Notwithstanding any other terms in this Policy, with regard to any **Cost of Corrections**, the Deductible shall apply separately to each order to purchase or sell securities, unless the total of all individual **Cost of Corrections** arises from a **Related Claim**.

Upon written request by **us**, **you** shall pay the Deductible Amount within thirty (30) days of the date of such request.

5. TERRITORY

This policy applies to covered acts occurring worldwide and **claims** first brought in the United States, its territories and possessions and Canada.

6. EXTENDED REPORTING PERIODS

6.1 Automatic Extended Reporting Period

Without any additional premium being required, but solely for **Claims** other than lawsuits, **you** shall have sixty (60) days after the effective date of cancellation or, in the event of non-renewal, after the date upon which the **Policy Period** ends, to report any **Claim** first made against **you** during this sixty (60) day period. This Automatic **Extended Reporting Period** shall terminate, and **you** shall not be entitled to any such Automatic **Extended Reporting Period**, in the event that this insurance is replaced with the same or similar insurance issued by **us** or any other professional liability insurer, whether or not the terms, limits or deductibles are identical to those provided under this policy. This Automatic **Extended Reporting Period** Option shall not be available if this policy is canceled effective as of policy inception for non-payment of premium.

This Automatic **Extended Reporting Period** shall be included within the **Extended Reporting Periods** described in 6.2, 6.3 or 6.4, if such is purchased.

Claims which are lawsuits must be reported to the Company immediately upon receipt.

6.2 Optional **Extended Reporting Period**

If this policy is canceled or non-renewed, **we** will offer, for an additional premium, an Optional **Extended Reporting Period**.

You may select an Optional **Extended Reporting Period** Option starting at the end of the **Policy Period** and lasting for one (1), three (3), five (5) years or an Unlimited Period. The additional premium for each Optional **Extended Reporting Period** Option below shall be calculated using the following percentages of the full expiring annual premium:

- i. 125% for the One (1) Year Option;
- ii. 175% for the Three (3) Year Option;
- iii. 250% for the Five (5) Year Option

We will issue an Optional **Extended Reporting Period** endorsement only if:

6.2.1 **you** request it within sixty (60) days after the end of the **Policy Period**; and

6.2.2 **you** have paid all premiums for this policy at the time **you** request an Optional **Extended Reporting Period** Endorsement; and

6.2.3 **you** promptly pay when due the additional premium for the endorsement but no later than 60 days after the cancellation, termination or nonrenewal date of this policy.

During the Optional **Extended Reporting Period**, coverage under this policy applies as excess over any valid and collectible insurance available under policies in force, unless coverage is specifically bought as excess coverage, after such Optional **Extended Reporting Period** starts.

6.3 Applicable to all **Extended Reporting Periods**

The **Extended Reporting Periods**:

6.3.1 do not change the scope of coverage provided. The **Extended Reporting Periods** only apply to **Claims** resulting from **Covered Acts** committed before the end of the **Policy Period** and on or after the **Retroactive Date**, if any, shown in the Declarations;

6.3.2 do not reinstate or increase the Limits of Liability, unless specifically agreed by **us** and an endorsement evidencing such reinstatement or increase of Limits of Liability is attached hereto. The Limits of Liability for any **Extended Reporting Period** shall be a part of and do not increase the Limit of Liability listed on the Declarations. These apply regardless of the number and type of **Extended Reporting Periods** issued, the number of **you**, or any other factors;

6.3.3 are not renewable; and

6.3.4 cannot, once in effect, be canceled. **We** need not return any part of the premium paid for any reason whatsoever.

7 EXCLUSIONS

This policy does not apply to, and **we** shall not be liable for, **Damages** or **Claims Expenses** resulting from **Claims** made against **you** for, based upon, arising from, attributable to, related to, or in any way involving, directly or indirectly:

7.1 7.1.1 Any intentional wrongdoing, fraud, dishonesty, criminal or malicious **Covered Act** or the gaining in fact of any personal profit, remuneration or advantage to which **you** are not legally entitled, including but not limited to, any profit or advantage as a result of commingling funds or accounts.

7.1.2 Willful, wanton, or reckless misconduct committed by **you** or at **your** direction which constitutes violation of law or breach of duty; Unlawful discrimination by any of **you**.

7.1.3 The use of non-public information in a manner prohibited by applicable law, rule, or regulation.

This exclusion 7.1 shall not apply to any of **you** if **you** were unaware of such misconduct and, with the exercise of reasonable care, could not have been aware of such misconduct.

This exclusion 7.1 will not apply to **defense costs** incurred in defending any such **claims** until it is determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not, that **you** did commit such a dishonest, fraudulent, criminal or malicious act or omission, or deliberate misrepresentation, or intentional or knowing violation of law.

This exclusion 7.1 does not apply to any of **you** who did not intentionally participate in committing such act or had no knowledge or reason to believe such an act, omission or violation of law was being committed, and who made proper disclosure after obtaining personal knowledge of such conduct.

7.2 **Bodily injury**, sickness, disease, emotional distress, humiliation, mental anguish or illness, outrage, or death of any person, or damage to or destruction of any tangible property including loss of use thereof;

7.3 the liability of others assumed by any of **you** under any contract or agreement unless such liability would have attached to **you** even in the absence of such an agreement;

7.4 any of **your** activities as a partner, principal, officer, director, manager, employee, or member of any person or organization other than the Named Insured or any entity added to this policy by endorsement;

7.5 the manufacture, leasing, distribution, preparation, design or sale of a tangible product by any of **you**, including but not limited to, computer hardware and software;

7.6 the infringement or inducement of infringement of copyright, patent, trademark, service mark, trade name, or trade secret or unfair competition based upon infringement of copyright, patent, trademark, service mark, trade name or trade secret;

7.7 the actual or alleged insolvency, receivership, bankruptcy, liquidation, reorganization or financial inability to pay of **you** or any **Financial Institution, Broker-Dealer, Dealer, clearing agency or Registered Representative**;

- 7.8 trading or failure to trade in any **Securities** traded outside the United States of America, its territories, possessions, Puerto Rico or Canada; any function of any of **you** as a specialist or market maker for any **Securities** or failure to make a market for any **Securities** or brought by or on behalf of any clearing agency or arising out of any function of any of **you** as a clearing agency;
- 7.9 **Professional Services** rendered to or on behalf of or any recommendation to invest in any organization including but not limited to a corporation, company, limited liability company, limited liability partnership, partnership, sole proprietorship, not-for-profit organization, governmental entity, or other business organization including the subsidiaries thereof in which any of **you** or **your** spouse is a partner, principal, officer, director, manager, employee or a shareholder owning 1% or more of the outstanding stock or member at the time the **Covered Act** giving rise to said **Claim** took place;
- 7.10 disputes over the amount of, or for the return, restitution, disgorgement, forfeiture or rescission of any of the following: profit, remuneration, financial advantage, or monies to which an Insured was not entitled, including any actual or alleged commingling of funds or accounts; or reimbursement of fees, commissions or other sums paid to any of **you** for **Professional Services** rendered by any of **you**;
- 7.11 brought by or on behalf of **you**, in any capacity, against any other of **you** unless such **claim** arises solely out of **professional services** performed in an **investment adviser** relationship;
- 7.12 any action against any of **you** based upon or arising out of any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by any of **you** as an employer or in which any of **you** is a participant; Any action brought by or against **you** as a beneficiary or distributee of any trust or estate;
- 7.13 **your** warranties, promises or guarantees, express, implied or otherwise, as to interest rates, fluctuations in interest rates, future premium payments, market values, investment returns or income tax consequences; Disallowed deduction(s), credit(s) or other item(s) on a tax return; or for taxes which would be owed in any case by a client;
- 7.14 any action against a **Registered Representative** based upon, arising from, or in any way involving **Securities**, investment products or any services not approved or authorized by the **Broker-Dealer** or **Dealer** with which the **Registered Representative** is affiliated at the time the **Covered Act** giving rise to the **Claim** took place;
- 7.15 the purchase, sale, servicing, or recommendation to purchase, sell, or hold, any of the following financial instruments:
- 7.15.1 options, including the **writing** of puts and calls, futures, warrants, derivatives; however, this exclusion shall not apply to Exchange Traded Funds ("ETF") traded on a national exchange and shall not apply to the purchase of options, including puts and calls; or
- For the purpose of this exclusion "**writing**" means the selling of options to purchase securities, including calls, puts, spreads, strangles, and straddles, whether listed on an exchange or not.
- 7.15.2 hedge funds or fund of hedge funds whether or not registered with the SEC; or
- 7.15.3 viatical agreements, reverse mortgages, annuities used in connection with any structured settlement, Variable Pre-Paid Forward Contracts, or variable annuities not regulated by the Securities and Exchange Commission; or
- 7.15.4 private placements, securities exempt from registration; or

- 7.15.5 adjustable rate mortgages, Collateralized Debt Obligations, Collateralized Bond Obligations, collateralized loan obligations, Collateralized Mortgage Obligations, commercial promissory notes; or
- 7.15.6 credit default swaps or any other financial instruments where **you** guarantee the principal or interest of any stock, bond, mortgage or other financial instrument; or
- 7.15.7 any transaction involving limited partnerships, real property, tangible property or tangible personal property; however, this exclusion subsection 7.15.7 shall not apply to employer granted stock options both non-qualified and incentive stock options, publicly traded mutual funds registered with the SEC, Real Estate Investment Trusts (“REITs”) traded on a national exchange, or limited or master limited partnerships traded on a national exchange; or
- 7.15.8 Any equity securities priced under \$5.00 and not listed on the New York Stock Exchange, NASDAQ, or American Stock Exchange at the time of the alleged act, error, or omission giving rise to such **Claim**. However, this exclusion shall not apply to the extent that such equity securities are included within a mutual fund and the sale, attempted sale or servicing is of such mutual fund and not of such equity securities on their own; or
- 7.15.9 Corporate-owned Life insurance (COLI), bank-owned life insurance (BOLI), or any other types of policies where the purchaser of the life product does not have an insurable interest in the insured under such life product; or
- 7.15.10 Commodities or commodity future contracts; However, this exclusion does not apply to commodities that are part of a nationally traded mutual fund; or
- 7.15.11 Any collectible, including but not limited to, stamps, art, sports, or other cards, jewelry, coins, antiques or any other tangible personal property; or
- 7.15.12 Any auction-rate security, including any corporate or municipal bond or debt in which the interest rate is set by auction periodically.
- 7.16 for, based upon, or arising from the actual or alleged use by any **Registered Representative**, or aiding and abetting by any **Registered Representative** in the use of, or actual or alleged participating after the fact by any **Registered Representative** in the use of, non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988 (as amended), Section 10(b) or (20)(A) of the Securities Exchange Act of 1934 (as amended), and Rule 10b-5 thereunder; any state, commonwealth, territory or subdivision thereof, or the laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, or based upon any claim alleging or arising from market timing or the after-hours trading of any security;
- 7.17 ownership, formation, capitalization, syndication, operation, management or administration of a general or limited partnership, an investment related limited liability company, real estate syndicate, joint venture or any other type of ventures or syndicates, or any type of charitable enterprise or entity; or acting as an **Underwriter**, syndicator, or investment banker and the associated counseling or investment activities for any of the foregoing, including but not limited to any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructurings, recapitalizations, spinoffs, primary or secondary offerings of **Securities** (regardless of whether the offering is a public offering or a private placement), business valuations, or efforts to advise, raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing.

- 7.18 Brought by or behalf of any securities clearing agency or brokerage firm, based upon, arising out of, or attributable to any function of an Insured as a securities clearing agent or brokerage firm.
- 7.19 Other than as provided in 1.2 Disciplinary Hearings, any proceeding or administrative action brought by any federal, state or local entity or regulatory authority, including but not limited to any actions, decisions, orders or proceedings by any federal, state or local governmental agency; or brought by or on behalf of any governmental or quasi-governmental official, agency or self-regulatory organization, including without limitation, the Securities and Exchange Commission, the National Association of Securities Dealers (NASD), the Securities Investor Protection Corporation, the Financial Industry Regulatory Authority (FINRA), or any state or federal securities or insurance commission, agency or official. This exclusion 7.19 shall not apply to any **Claim** brought by a direct client of an Insured.
- 7.20 the rendering or failure to render **Professional Services** to any **Broker-Dealer** which buys, sells, or trades in securities exclusively as a principal for its own account.
- 7.21 failing to disclose to a customer or client of the Insured that it has an investment banking relationship with a company, the securities of which have been recommended to such customer or client for either purchase or sale.
- 7.22 investment products partially or totally owned or controlled by any Insured, or to securities for which the Insured acts as a **Market Maker**; or based upon, alleging, arising out of, based upon or attributable to the Insured failing to disclose its status as a **Market Maker** in connection with any research or recommendations provided to a customer or client of the Insured **Broker-Dealer**.

8. DEFINITIONS

- 8.1 **Affiliated Firm**, other than and not including a **Broker-Dealer**, means any person or entity with which **you** have entered into a professional relationship or agreement and which is performing **Professional Services** at **your** direction or on **your** behalf.
- 8.2 **Alternative Dispute Resolution** means the use of arbitration or non-binding mediation in a form approved by **us** in which a neutral panel or individual assists the parties in reaching their own settlement.
- 8.3 **Bodily Injury** means physical injury, sickness or disease sustained by an individual, including death resulting from any of these at any time.
- 8.4 **Broker-Dealer** shall have the meaning assigned to that term by the Securities Exchange Act of 1934, as amended; but **Broker-Dealer** does not mean a person who is a **Registered Representative**.
- 8.5 **Claim** means:
- 8.5.1 a written or verbal demand received by **you** for **Damages** or injunctive relief arising out of a **Covered Act** committed by **you**; or
- 8.5.2 a notice of an investigation of violation(s) of law or regulation initiated by any governmental body or self regulatory organization, but only if a **Claim** arises out of a **Covered Act** which is specifically within the scope of coverage as set forth elsewhere in this policy; or

8.5.3 a notice of a proceeding commenced by the filing of a notice of charges, or formal investigative order or similar document, but only if a **Claim** arises out of a **Covered Act** which is specifically within the scope of coverage as set forth elsewhere in this policy.

8.5.4 a **Disciplinary Proceeding** or subpoena but only to the extent of coverage provided by Insuring Agreements 1.2 and 1.3.

Claim does not include a criminal proceeding unless otherwise covered by Exclusions 7.1.

A **Claim** is considered first made when **you** receive notice of the **Claim** from a claimant or his legal representative, or when deemed to be made pursuant to 9.1 of this policy.

8.6 **Cost of Corrections** means any **Claim** based upon, arising out of, or relating to the erroneous execution and/or settlement of the or failure to execute and/or settle an order to purchase or sell securities.

8.7 **Covered Act** means any actual or alleged act, error, omission or **Personal Injury** committed in the rendering of or failure to render **Professional Services**.

8.8 **Damages** means a compensatory monetary amount for which **you** may be held legally liable, including prejudgment interest, judgments, awards, or settlements negotiated with our approval. **Damages** shall not include punitive or exemplary damages or the multiple portion of any multiplied damage award if such damages are insurable pursuant to applicable law. **Damages** do not include:

8.8.1 fines or penalties levied against **you**; or

8.8.2 fines, sanctions, taxes, penalties or awards deemed uninsurable pursuant to any applicable law; or

8.8.3 the value of any **Professional Services** rendered or expense incurred by any of **you** for modification or correction of previous work, as necessitated by a **Claim**, or any return, withdrawal, or reduction of professional fees; or

8.8.4 damages assessed under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C., Section 1961, et seq. or similar federal or state law.

8.9 **Dealer** shall have the meaning assigned to that term by the Securities Exchange Act of 1934, as amended, but **Dealer** does not mean a person who is a **Registered Representative**.

8.10 **Defense Expenses** means:

8.10.1 reasonable and necessary fees charged by an attorney(s) designated by **us** to defend a **Claim** or by **you** with **our** prior written consent in the defense of that portion of any **Claim** for which coverage is afforded under this policy; and;

8.10.2 all other fees, costs and charges, resulting from the investigation, adjustment, defense, and appeal of a **Claim**, if incurred by **us**, including premiums on appeal bonds, provided that **we** shall not be obligated to apply for or furnish such appeal bonds.

The determination by **us** as to the reasonableness of **Defense Expenses** shall be conclusive on **you**. **Defense Expenses** do not include salary charges, wages or expenses of any of **you** or **us**, except as provided by Section 1.4 of this policy.

8.10 **Disciplinary Proceeding** means a proceeding before a state or federal licensing board, peer review committee or governmental regulatory agency.

- 8.11 **Extended Reporting Period(s)** means the applicable period of time after the end of the **Policy Period** for reporting **Claims** arising out of **Covered Acts** committed or alleged to have been committed, prior to the end of the **Policy Period** and on or after the **Retroactive Date**, and otherwise covered by this policy.
- 8.12 **Financial Adviser** means a professional who renders investment advice and **financial planning services** to individuals and businesses for a fee and/or commission.
- 8.13 **Financial Institution** means an institution that collects funds from the public to place in financial assets including, but not limited to stocks, bonds, money market instruments, bank deposits, insurance products, or loans.
- 8.14 **Financial Plan** means a written plan identifying a client's assets, liabilities, financial objectives and risk appetite and which recommends a course of activities or specific actions, consistent with the client's risk tolerance, to achieve the client's goals and objectives.
- 8.15 **Financial Planner** means an individual in the business of providing **Financial Planning Services** to others. It includes a **Registered Representative, Registered Investment Adviser, Financial Adviser, and Life Insurance Agent** while they are providing **Financial Planning Services** as part of a **Financial Plan** or an **Investment Management Contract**.
- 8.16 **Financial Planning Services** means financial or investment advice given to individuals or their owned business organizations as part of a **Financial Plan**, comprehensive or modular, including advice with respect to personal risk management, investments, estate planning, retirement planning, and taxes; or **Investment Management Services** provided pursuant to an **Investment Management Contract** as well as the implementation of the **Financial Plan** or the **Investment Management Contract** through the purchase or sale of **Securities** or life insurance products or other appropriate implementation strategies.
- 8.17 **Investment Adviser** means an individual who is in the business of providing:
- 8.18.1 **Financial Planning Services** as a **Financial Planner**; or,
 - 8.18.2 **Investment Management Services** as a **Registered Investment Adviser** or,
 - 8.18.3 **Life Insurance Agent**; or
 - 8.18.4 **Registered Representative**; or
 - 8.18.5 providing general financial education courses and seminars including, but not limited to, courses in support of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- 8.18 **Investment Management Contract** means a written agreement wherein a client agrees to goals and strategies for the investment of the client's money, assisted by the **Registered Investment Adviser**, following a process which specifies investment goals, risk tolerance, allocation of investments among diversified asset classes and guidelines for the selection of money managers and ongoing monitoring and reporting.
- 8.19 **Investment Management Services** means advising and/or supervising the purchase or sale of **Securities** for a client by a **Registered Investment Adviser** pursuant to an **Investment Management Contract**.
- 8.20 **Life Insurance Agent** means an individual licensed, as required by law, to sell life, health, disability or accident insurance including activities as a licensed life insurance consultant. It does not include anyone while acting as a general agent or in any similar capacity for a life insurance company.
- 8.21 **Market Maker** means an entity that quotes both a buy or bid price and a sell or offer price for a financial instrument or security, in order to make a profit on the spread between the buy/bid and sell/offer price.

8.22 **Material Change** means:

- 8.22.1 a change in legal name of the Named Insured;
- 8.22.2 any consolidation, acquisition or merger of the Named Insured with any other organization or the creation of any subsidiary or affiliated organization;
- 8.22.3 a cumulative change of fifty percent (50%) or more in the numbers of owners, partners, shareholders, members, managers or employees as reported on the application for this policy; or,
- 8.22.4 the creation of an affiliation, association or relationship not disclosed on the application for this policy, with an otherwise unaffiliated organization which renders **Professional Services** on behalf of or under contract with the Named Insured.

8.23 **Personal Injury** means (a) false arrest, detention or imprisonment, covered entry or eviction, other invasion of private occupancy, or malicious prosecution; (b) the publication or utterance of libel, slander or other defamatory or disparaging materials, or a publication or an utterance in violation of an individual's right of privacy; (c) injury arising out of an offense occurring in the course of **your** advertising activities, including but not limited to, infringement of copyright, title, slogan, patent, trademark, trade dress, trade names, services marks or service number. **Personal Injury** also includes emotional distress and mental anguish arising from any of the circumstances described in this clause 8.24.

8.24 **Predecessor in Business** means any firm or individual's practice which has ceased providing professional services for their own account and in their own name, and to whose assets or liabilities **you** are a successor in interest. **Predecessor in Business** includes, without limitation, any firm or individual practice merged or acquired by **you** during the **Policy Period**, provided details of such firm or individual practice are provided to **us** in writing as soon as reasonably practical, but in any event no later than the expiration of the **Policy Period**.

8.25. **Professional Services** means services rendered for or advice given to others by any of **you** for a fee, remuneration or other consideration in **your** practice as an **Investment Adviser**. **Professional Services** shall include **your** activities performed on behalf of any professional association.

Notwithstanding any other provision in this policy, **Professional Services as an Investment Adviser** shall not include any of the following:

- 8.25.1 any services rendered during the period of any suspension or revocation of the **Insured's** certification, licensure, accreditation, appointment or other right to practice as a **Registered Representative, Registered Investment Adviser, Financial Adviser, and Life Insurance Agent**; or
- 8.25.2 activities as a Certified Public Accountant, Accountant, Actuary, Tax Preparer, Enrolled Agent, Broker-Dealer, real estate broker or real estate agent, escrow agent, notary public, mortgage banker or mortgage broker, or Attorney, unless otherwise added by endorsement to this policy.
- 8.25.3 Investment banking, including but not limited to the following: underwriting, syndicating or promoting any security or partnership interest in connection with any actual, alleged, or threatened merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, public offering, going-private transaction, reorganization, restructuring, recapitalization, spin-off, primary or secondary offering of securities, whether public or private, or dissolution or sale of all or substantially all of the assets or stock of a business entity, or any effort to raise or furnish capital or financing for any enterprise or entity; or
- 8.25.4 Any acquisition or sale of securities by an Insured **Broker-Dealer** for its own account;

or

- 8.25.5 Any activity by an Insured as a specialist or **Market Maker** for any securities; or
- 8.25.6 Any disclosure requirements in connection with any of the foregoing subparagraphs 1. through 3., including, but not limited to the rendering of advice or recommendations, or the rendering of a written opinion in connection with any of the foregoing; or
- 8.25.7 Providing advice related to taxes or personal risk management, unless otherwise added by endorsement to this policy.
- 8.26 **Policy Period** means the period of time stated in Item 2 of the Declarations or any other period resulting from policy cancellation or amendment to this policy.
- 8.27 **Property Damage** means injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.
- 8.28 **Registered Investment Adviser** means any of **you** who meets the definition of investment adviser as defined in the Investment Advisers Act of 1940, as amended, and who is registered as required by law with either the Securities Exchange Commission ("SEC") or the appropriate state authority.
- 8.29 **Registered Representative** means a person who: (1) is registered with the National Association of Securities Dealers, Inc. as a **Registered Representative** of a **Broker-Dealer** pursuant to the provisions of the Securities Exchange Act of 1934; and (2) is in the business of buying and selling **Securities** for the account of others, including but not limited to, direct participation products such as limited partnerships, shares in mutual funds, unit investment trusts and variable annuities. It does not include any person while acting in the capacity of a principal of a **Broker-Dealer**, including but not limited to a General Securities Principal or Limited Principal General Securities Sales Supervisor.
- 8.30 **Retroactive Date** means the date specified in Item 5 of the Declarations or by endorsement to this policy. This policy shall only apply to **Claims** resulting from **Covered Acts** committed on or after that date.
- 8.31 **Related Claim** means all **Claims**, whether made against more than one of **you** or by more than one claimant, arising out of a single **Covered Act** or a series of **Covered Acts** that are causally connected.
- 8.32 **Securities** shall have the meaning assigned to that term by the following: (1) the Securities Exchange Act of 1934; (2) the Securities Act of 1933; (3) the Investment Advisers Act of 1940 as amended; and/or (4) any rules issued pursuant to any of these acts.
- 8.33 **Subsidiary** means any entity, as agreed by endorsement to this policy, in which **you** own more than 50% of the available stock or shares, either directly or indirectly, that performs **Professional Services** as otherwise covered by this policy. This policy only applies to **Covered Acts** arising from **Professional Services** performed by a **Subsidiary** on or after the **Retroactive Date** as appears in Item 5 of the Declarations, the date of formation by **you**, the date of merger or acquisition by **you**, or as otherwise stated by endorsement attaching to this policy.
- 8.34 **Underwriter** shall have the meaning assigned to that term by the Investment Advisers Act of 1940, as amended, and any rules issued pursuant thereto.
- 8.35 **You** and/or **your** means only the following:
- 8.35.1 the Named Insured designated in the Declarations, or by endorsement to this policy;

- 8.35.2 any person who is, was, or hereafter becomes **your** partner, principal, officer, director, member, or employee, but only while acting on **your** behalf;
- 8.35.3 any of **your** present or former temporary or leased personnel, or a present or former subcontractor engaged by **you**, but only while acting on **your** behalf;
- 8.35.4 any person who is, was, or hereafter becomes the appointed Chief Compliance Officer pursuant to Rule 206(4)-7 of the Investment Advisers Act of 1940 solely while acting in such a capacity for the Named Insured or **Predecessor In Interest**;
- 8.35.5 the heirs, executors, administrators, and legal representatives of any of **you**, in the event of the death, incapacity or bankruptcy of any of **you**, but only for **Covered Acts** committed prior to such death, incapacity or bankruptcy, and only to the extent **you** would have otherwise been provided coverage under this policy;
- 8.35.6 any **Subsidiary** or **Predecessor in Business** of **you**;
- 8.35.7 any **Affiliated Firm**;
- 8.35.8 the lawful spouse of any of **you** solely by reason of:
 - 8.35.8.1 spousal status, or;
 - 8.35.8.2 a spouse's ownership interest in property or assets that are sought as recovery. This definition shall not apply to the extent a **Claim** alleges any wrongful act by such spouse.

9. CONDITIONS

9.1 Reporting of Covered Acts That May Give Rise To A **Claim**

If during the **Policy Period**, **you** become aware of a specific **Covered Act** that may reasonably be expected to give rise to a **Claim** against **you**, and if **you** report such specific **Covered Act** to **us** in writing during the **Policy Period**, then any **Claim** subsequently arising from such specific **Covered Act** duly reported in accordance with this paragraph shall be deemed under this policy to be a **Claim** made during the **Policy Period**. Such written notice to **us** shall include:

- 9.1.1 particulars as to the reasons for anticipating such a **Claim**; and
- 9.1.2 the nature and dates of the alleged **Covered Act**; and
- 9.1.3 the alleged injuries or damages sustained; and
- 9.1.4 the names of potential claimants, if available; and
- 9.1.5 the manner in which **you** first became aware of the specific **Covered Act**.

9.2 Notice

In the event of a **Claim**, **you** shall as a condition precedent to the coverage afforded by this policy:

- 9.2.1 immediately forward to **us** every demand, notice, summons or other process including institution of arbitration proceedings received by **you**; and,

- 9.2.2 give written notice containing particulars sufficient to identify **you** and the claimant and full information with respect to the time, place and circumstances of the event complained of, and the names and addresses of the injured and of available witnesses, to **us** as soon as practicable.

Notice of any **Claim** or specific **Covered Act** or all other notices under this policy shall be given in writing to the address indicated in the Declarations.

9.3 Notice Of Material Change

Any **Material Change** must be reported to the Company within thirty (30) days of such change taking place. Within ninety (90) days of such report of a **Material Change**, the Company may, at its sole option, cancel the policy, or agree to appropriately endorse the policy subject to additional premium or terms and conditions that the Company deems appropriate.

9.4 Liberalization

If **we** adopt any revision that would broaden coverage under this policy without additional premium at any time during the **Policy Period**, the broadened coverage: i) will immediately apply to this policy beginning the effective date of the approval by the regulatory authorities of the state in which this policy is issued or otherwise implemented by us; and ii) will not apply to **Claims** that were first made against **you** prior to the effective date of such revision.

9.5 Prohibition Of Voluntary Payments And Settlements Provision

With respect to any **Claim** covered under this policy **you** shall not, except at **your** cost, make any payment, admit liability, settle any **Claim**, assume any obligation, agree to **Alternative Dispute Resolution** or any other means of resolution of any dispute, waive any rights or incur **Defense Expenses** without **our** prior written approval.

9.6 Cooperation

You shall cooperate with **us** and upon **our** request submit to examination and interrogation by **our** representative, under oath if required, and shall attend hearings and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of the defense of **Claims**.

9.7 Authorization

The first person or entity named in the Declarations Page agrees to act as the Named Insured with respect to the giving and receiving of all notices, the exercising of **Extended Reporting Periods**, the cancellation of this policy, the payment of premiums and Deductible amounts, and receiving of any return premiums that may become due.

9.8 Subrogation

To the extent of any payment under this policy, **we** shall be subrogated to all **your** rights of recovery therefore against any person, organization, or entity and **you** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing after any loss to prejudice such rights.

9.9 Other Insurance

This policy shall be excess over, and shall not contribute with, any other existing insurance, bond, indemnification plan or self-insurance program written for the benefit of the Named Insured, unless such other insurance is specifically written to be excess of this policy.

If it is determined that both this insurance and any other primary, excess or contingent insurance or self-insurance, apply to any **Claim** covered by this policy on the same basis, **we** shall not be liable under this policy for a greater proportion of the **Damages** and **Defense Expenses** than the applicable Limit of Liability under this policy for such **Damages** and **Defense Expenses** bears to the total applicable Limit of Liability of all valid insurance whether or not collectible against such **Claims**.

9.10 Legal Action Against Us

A person or organization may bring a suit against **us** including, but not limited to, a suit to recover on an agreed settlement or a final judgment against **you**; **we** will not be liable for **Damages** or **Defense Expenses** that are not payable under this policy or that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by **us**, **you** and the claimant or the claimant's legal representative. No person or organization shall have any right under this policy to join **us** in any action against **you** to determine **your** liability, nor shall **we** be impleaded by **you** or **your** legal representative.

However, no action by any of **you** shall lie against **us** unless there has been full compliance with all of the terms of this policy.

9.11 Coverage In Bankruptcy

Your personal bankruptcy or insolvency or that of **your** estate shall not relieve **us** of **our** obligations under this policy.

9.12 Cancellation

- 9.12.1 **We** may cancel this policy for non-payment of any premium due by providing to the Named Insured written notice stating when, not less than, ten (10) days thereafter, such cancellation shall be effective.
- 9.12.2 We may cancel this policy for any other reason by providing to the Named Insured written notice stating when, not less than, ninety (90) days thereafter, such cancellation will be effective.
- 9.12.3 The Named Insured may cancel this policy on behalf of all of **you** by mailing **us** written notice stating when thereafter such cancellation will be effective. Notice of cancellation must be sent to **us** by certified mail to the address set forth in the Declarations.
- 9.12.4 If we cancel the policy, unearned premium will be returned on a pro rata basis.
- 9.12.5 Subject to any minimum premium provisions set forth in this policy, if **you** cancel the policy, unearned premium will be returned of at the customary short rate basis (ninety (90%) percent of the pro rata unearned premium), unless applicable law requires that the return premium be computed on a pro-rata basis.
- 9.12.6 We shall refund the paid premium less the pro rata or short rate return premium within thirty (30) days of the effective date of cancellation.
- 9.12.7 In such event, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- 9.12.8 Where premiums are calculated on an exposure basis, cancellation by either **us** or **you** will not relieve **you** of the duty to pay any additional premiums due hereunder.

9.13 Arbitration and Mediation

Should **we** disagree with **you** as to the interpretation or application of this policy, including the appropriateness or value of any settlement or final disposition of any **Claim**, the dispute shall be resolved through the following procedure:

9.13.1 Mediation

The parties agree to first meet with a mediator appointed by the American Arbitration Association in a good faith effort to negotiate a resolution of the dispute. Mediation shall continue until resolution of the dispute, or the mediator notifies the parties that it is unlikely that the dispute will be resolved through mediation, or any party elects after a minimum of thirty (30) days of mediation effort to end mediation.

9.13.2 Arbitration

If the dispute is not resolved through mediation as described in 9.13.1 above, the dispute will be submitted to final and binding arbitration which, except as set forth below, shall be conducted in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of one arbitrator selected by **us**, one arbitrator selected by **you**, and one arbitrator selected by the two arbitrators. In the event that the two arbitrators selected cannot agree on a third arbitrator then the American Arbitration Association shall appoint an arbitrator. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

If acceptable to **us** and **you**, any dispute may, in lieu of binding arbitration, be submitted to another form of alternative dispute resolution.

9.14 Sending of Notices

Any notice of cancellation, nonrenewal or renewal premium increase or change in policy terms will be mailed by first class registered or certified mail to the first Named Insured at the last mailing address known to **us**. Proof of mailing will be sufficient proof of notice.

9.15 Innocent Insureds

Whenever coverage under any provision of this policy would be excluded, suspended or lost because of noncompliance with the terms or conditions relating to the giving of notice to **us** of any **Claim** with respect to which any other of **you** shall be in default solely because of the default or concealment of such default by one or more of **you** responsible for the loss or damage otherwise covered hereunder, **we** agree that such insurance as would otherwise be afforded under this policy shall apply with respect to those of **you** who did not personally commit or personally participate in committing one or more acts, errors or omissions described in such exclusion or condition; provided that if the condition be one with which **you** can comply, after receiving knowledge thereof, those of **you** entitled to the benefit of this condition shall comply with such condition promptly after obtaining knowledge of such noncompliance.

9.16 Conformity to Statute

Notwithstanding anything contained herein to the contrary, in the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall by this statement, be amended to conform to such law or laws.

9.17 Service of Suit

Except with respect to any policy issued in any state in which **we** are licensed as an admitted insurer to transact business, it is agreed that in the event of **our** failure to pay any amount claimed to be due hereunder, **we**, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice

of such court. Nothing in this clause constitutes or should be understood to constitute a waiver of the **our** rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Senior Claims Officer of MUTUAL MARINE OFFICE, INC., 919 THIRD AVE 10th FLOOR, NEW YORK, NY 10022, or his designee and that in any suit instituted against **us** upon this policy, **we** will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, **we** hereby designates the Superintendent, Commissioner, or Director of Insurance or other official specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this policy, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

9.18 Declarations and Applications

By acceptance of this policy, **you** agree that the statements in the application(s) and any attachment(s) attached hereto and made a part hereof, and all information communicated by **you** to **us** are **your** agreements and representations, and all such communicated information shall be deemed material to **our** issuance of this policy; and that this policy is issued in reliance upon the truth of such representations that this policy embodies all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

In Witness whereof, we have caused this policy to be signed by its President and Secretary.



President



Secretary