

# Professional First™ – Life Agent Broker-Dealer Professional Liability Policy

In consideration of the payment of the premium, and in reliance upon the representations made in the **Application**, and subject to all terms, conditions and limitations of this policy, the **Insureds' Representative**, **Insureds** and **Insurer** agree as follows:

## SECTION I INSURING AGREEMENTS

### A. Agent – Registered Representative – Registered Investment Adviser

The **Insurer** shall pay **Loss** on behalf of any **Agent**, **Registered Representative** or **Registered Investment Adviser** as a result of a **Claim**:

1. first made against such **Insured** during the **Policy Period** for a **Wrongful Act** of such **Insured** occurring on or after the **Prior Acts Date** and prior to the end of the **Policy Period**; and
2. reported to the **Insurer** as required by this policy.

### B. Sponsor Broker-Dealer

The **Insurer** shall pay **Loss** on behalf of a **Sponsor Broker-Dealer** as a result of a **Claim**:

1. first made against such **Insured** during the **Policy Period** for a **Wrongful Act** taking place on or after the **Prior Acts Date** and prior to the end of the **Policy Period**; and
2. reported to the **Insurer** as required by this policy.

### C. Sponsor Company Vicarious Liability

The **Insurer** shall pay **Loss** on behalf of a **Sponsor Company** as a result of a **Claim** first made against such **Insured** during the **Policy Period** for a **Wrongful Act**:

1. committed by an **Agent**;
2. taking place on or after the applicable **Prior Acts Date** for such **Agent** and prior to the end of the **Policy Period**; and
3. reported to the **Insurer** as required by this policy.

This **Insuring Agreement C.** shall not apply to any **Claim** that contains any allegation of a **Wrongful Act** or other wrongdoing of the **Sponsor Company**, including, but not limited to, bad faith or the negligent hiring, training, management or supervision of such **Agent** who committed or was alleged to have committed a **Wrongful Act**.

## SECTION II CONDITIONS

Coverage provided under **Section I Insuring Agreements** applies only if, prior to the inception date of this policy, or that of the first policy issued and continuously renewed by the **Insurer** of which this policy is a renewal, no **Insured** knew or could have reasonably foreseen that such **Wrongful Act** did or might likely give rise to a **Claim**.

## SECTION III DEFINITIONS

1. "**Accredited Investor**" means an investor meeting the requirements of the Securities and Exchange Commission at the time of the occurrence of the first **Wrongful Act** giving rise to the **Claim**.

2. **“Administration of Employee Benefit Plans”** means with respect to employee benefit plans: **(a)** counseling of employees, participants or beneficiaries of such plans; **(b)** preparing, distributing, or filing required notices, including, without limitation, COBRA notices; **(c)** handling records; or **(d)** carrying out the enrollment, termination or cancellation of employees, participants or beneficiaries of such plans. **Administration of Employee Benefit Plans** shall not include third-party claims administration.
3. **“Agent”** means any:
- a. natural person who at the time of the actual or alleged **Wrongful Act** had the necessary federal, state and regulatory license(s) to perform the **Professional Services** set forth in the **Claim**, and who:
    - i. maintains(ed) an agent contract with the **Sponsor Company**; and
    - ii. enrolled for coverage under this policy, and whose enrollment is on file with the **Policyholder, Insureds’ Representative** or the broker identified in **Item 12.** of the Declarations, and is memorialized by a **Certificate**; or
  - b. corporation, partnership, or other business entity for which there is no other valid and collectible insurance, which is owned or controlled by the **Agent** described in subparagraph **a.** above; provided, however, that the extension set forth in this subparagraph **b.** shall apply solely with respect to the vicarious liability of such corporation, partnership, or other business entity resulting from a **Wrongful Act** of an **Agent**; or
  - c. natural person who at the time of the actual or alleged **Wrongful Act** was an administrative, secretarial or clerical employee of the **Agent** described in subparagraph **a.** above and who:
    - i. was solely performing administrative, secretarial or clerical services on behalf of the **Agent**; and
    - ii. received no fees, commissions, or charges pursuant to such **Professional Services** set forth in the **Claim**;
- but only with respect to **Claims** alleging **Wrongful Acts** of an **Agent** described in subparagraph **a.** above, where such **Claim** is also made and continuously maintained against such **Agent**.
4. **“Application”** means the application submitted to the **Insurer** for this policy together with any written materials attached thereto or submitted to the **Insurer** in connection with the underwriting of this policy and the application(s) for all previous policies of which this policy is a direct or indirect renewal or replacement.
5. **“Broker-Dealer”** means any ‘broker’ or ‘dealer’ as such terms respectively are defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, each as amended.
6. **“Certificate”** means an ACORD or other document provided by the broker identified in **Item 12.** of the Declarations that memorializes enrollment for cover under this policy, the endorsements provided, the Limit of Liability elected and the applicable Retention amounts. All natural persons and entities included as an **Agent**, or a **Registered Representative** or **Registered Investment Adviser**, under this policy by virtue of any **Certificate** shall share the same **Prior Acts Date**, Limit(s) of Liability and Retention of the **Agent**, **Registered Representative** or **Registered Investment Adviser** specifically named on the **Certificate**.

7. **"Claim"** means:
- a. a written demand for monetary relief, including a request to toll any statute of limitations, or to engage in arbitration or mediation, which shall be deemed first made upon receipt by the **Insured** of such demand; or
  - b. a civil proceeding for monetary relief, which shall be deemed first made upon the service of a complaint or similar pleading upon the **Insured**.
8. **"Client"** means any natural person or entity that **Professional Services** are rendered to by an **Insured**. **Client** shall not include any insurance company, fraternal benefit society, insurance agent, general agent, registered representative, registered investment adviser, or **Broker-Dealer**, including any of the foregoing that may qualify as an **Insured** under this policy.
9. **"Corporate Registered Investment Adviser"** means a corporation registered as an Investment Adviser under the Investment Advisers Act of 1940, as amended.
10. **"Defense Costs"** means reasonable and necessary fees, costs and expenses incurred by, or at the direction of the **Insurer**, in the defense or appeal of any **Claim**, including the costs of an appeal bond, attachment bond or similar bond, but does not include the obligation to apply for or furnish such bonds.
- Defense Costs** shall not include: (a) any salaries, wages, overhead, benefits, benefit expenses or internal charges associated with any **Insured** or the **Insurer**; or (b) any fees, costs or expenses incurred by any **Insured** prior to the time that the **Claim** is noticed to the **Insurer**.
11. **"Due Diligence Services"** means an independent investigation to determine the: (a) accuracy of representations made by an issuer of securities; or (b) advisability of securities recommended in connection with the sale, attempted sale, or servicing of securities approved by the **Sponsor Broker-Dealer**.
12. **"Enforcement Authority"** means any governmental, regulatory or self-regulatory authority; including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority or the Department of Labor.
13. **"Financial Planning Services"** means the provision of financial or investment advice regarding covered **Professional Services** to a **Client** based upon an analysis of such **Client's** individual needs, financial circumstances and objectives.
14. **"Former Registered Representative"** means any natural person who does not qualify as a **Registered Representative** under this policy, but was registered with the Financial Industry Regulatory Authority as a registered representative or registered principal, was contracted with the **Sponsor Broker-Dealer** and was an 'insured' under any professional liability policy issued to or for the benefit of the **Sponsor Broker-Dealer** for which this policy is a renewal, replacement or succeeds in time.
15. **"Insured"** means any:
- a. **Agent**;
  - b. **Registered Representative** or **Registered Investment Adviser**;
  - c. **Sponsor Broker-Dealer**; or
  - d. **Sponsor Company**.
- Insured** shall not include the **Policyholder** or the **Insureds' Representative**.
16. **"Insureds' Representative"** means the purchasing group entity identified at **Item 3.** of the Declarations.

17. **“Insurer”** means the insurance company identified at **Item 4.** of the Declarations.
18. **“Investment Advisory Services”** means advisory services provided pursuant to the Investment Advisers Act of 1940, as amended, by a **Registered Investment Adviser**, but in all cases solely with respect to securities approved by the **Sponsor Broker-Dealer**, and then only if, prior to providing such services, the **Registered Investment Adviser** gave written notice to the **Sponsor Broker-Dealer** of the intent to provide such services and received written approval from the **Sponsor Broker-Dealer** to conduct such services.
19. **“Life Insurance Company”** means any entity that files its annual and/or quarterly statements as Life, Accident, and Health Company with the National Association of Insurance Commissioners (NAIC).
20. **“Loss”** means those amounts any **Insured** is legally obligated to pay as a result of a **Claim**, including, but not limited to:
- a. compensatory damages;
  - b. settlements and judgments, including costs and fees awarded pursuant to a covered judgment and pre-judgment and post-judgment interest on that portion of a covered judgment; and
  - c. **Defense Costs.**
- Loss** (other than **Defense Costs**) shall not include any of the following:
- i. taxes, fines or penalties imposed against an **Insured**;
  - ii. any amount for which an **Insured** is legally absolved from payment;
  - iii. costs incurred by an **Insured** to comply with any order for non-monetary relief (including injunctive relief) or with any agreement to provide such relief;
  - iv. any amount which constitutes disgorgement, restitution, rescission, the return of fees, commissions, charges or other compensation, including, without limitation, the structure of fees or excessive fees, paid to an **Insured**, provided, however, this shall not apply to surrender charges;
  - v. punitive or exemplary damages or the amount of any multiplied damage award which is in excess of the damage award so multiplied; or
  - vi. any amount not insurable under the law pursuant to which this policy shall be construed.
21. **“Management Control”** means:
- a. owning an interest in an entity representing more than fifty percent (50%) of the power to manage or control said entity, including the power to elect, appoint or designate a majority of the board of directors or equivalent executives of such entity; or
  - b. having the right with respect to an entity (including a limited liability company or joint venture), to elect, appoint or designate a majority of the board of directors or equivalent executives of such entity, pursuant to written contract, by-laws, charter, operating agreement or similar documents.
22. **“Policy Period”** means the period from the inception date to the expiration date of this policy as set forth in **Item 5.** of the Declarations (subject to its earlier cancellation in accordance with **Section XIV Cancellation**).
23. **“Policyholder”** means the entity identified at **Item 1.** of the Declarations.
24. **“Pollutants”** means, but is not limited to, any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on, any list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipality or locality

counterpart thereof, including, but not limited to, nuclear material or nuclear waste. Such substances shall include, without limitation, solids, liquids, gaseous, biological, radiological or thermal irritants, contaminants or smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals or waste materials and any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.

**25. "Prior Acts Date" means:**

- a. with respect to an **Agent**, the inception date of the first claims-made professional liability policy issued to or for the benefit of such **Agent**, which has been continuously maintained and in force without interruption up to the inception of this policy, and written documentation evidencing such continuously maintained insurance must be provided to the **Insurer** with any notice of a **Claim** under this policy;
- b. with respect to a **Registered Representative** or **Registered Investment Adviser**, the most recent date such **Registered Representative** or **Registered Investment Adviser** contracted with the **Sponsor Broker-Dealer**; or
- c. with respect to a **Sponsor Broker-Dealer**, the date set forth in **Item 10.** of the Declarations for each such **Sponsor Broker-Dealer**.

**26. "Private Placement" means an offering of unregistered securities regulated by the Securities and Exchange Commission, as promulgated under Regulation D of the Securities Act of 1933, as amended, and meets all rules and conditions set forth under Regulation D.**

**27. "Professional Services" means:**

- a. with respect to an **Agent** or a **Registered Representative** or **Registered Investment Adviser**, the following services provided to a **Client**:
  - i. the sale, attempted sale, or servicing of:
    1. life insurance, accident and health insurance, managed health care organization contracts, disability income insurance, fixed annuities, equity indexed annuities and 24-hour care coverage (as defined by statutory law); or
    2. KEOGH retirement plans, employee benefit plans, individual retirement accounts or arrangements; or
    3. variable annuities, variable life insurance or mutual funds that are registered with the Securities and Exchange Commission, if required, through a **Broker-Dealer**; or
    4. securities approved by the **Sponsor Broker-Dealer**; or
  - ii. the **Administration of Employee Benefit Plans**; or
  - iii. **Investment Advisory Services**; or
  - iv. solely in connection with the services described in subparagraphs i. through iii. above:
    1. **Financial Planning Services**, including when an additional fee is not charged; or
    2. the use of any internet marketing, including social media, to achieve the marketing and communication goals of an **Insured's** business; or
  - v. as a fiduciary adviser, as defined in the Pension Protection Act of 2006, as amended, or as described in Section 3(21) (A)(ii) of the Employee Retirement Income Security Act of 1974, as amended, and any rules promulgated thereunder, respectively; or
  - vi. as a notary public; or

vii. solely in connection with the services described above in this subparagraph a., the supervision, management and training of:

1. an **Agent** by a general agent, who is also an **Insured** under this policy; or
2. a **Registered Representative** or **Registered Investment Adviser** by a registered principal, who is also an **Insured** under this policy; or

b. with respect to the **Sponsor Broker-Dealer**: (i) **Investment Advisory Services**; (ii) **Supervisory Services**; or (iii) **Due Diligence Services**; but in all cases only to the extent any such services described in (i) through (iii) of this subparagraph b. are provided by the **Sponsor Broker-Dealer** in the course and scope of such **Insured's** business as a **Broker-Dealer**.

28. "**Registered Investment Adviser**" means any natural person **Registered Representative**, or any corporation, partnership or other business entity owned or controlled by such natural person **Registered Representative**, but solely with respect to **Investment Advisory Services** provided in such **Registered Representative's** capacity as an Investment Adviser registered under the Investment Advisers Act of 1940, as amended.

29. "**Registered Representative**" means any:

- a. natural person who, at the time of the actual or alleged **Wrongful Act**, had the necessary federal, state and regulatory license(s) to perform the **Professional Services** set forth in the **Claim**, and who:
  - i. is registered with the Financial Industry Regulatory Authority as a registered representative or registered principal, and who is contracted with the **Sponsor Broker-Dealer**; and
  - ii. enrolled for coverage under this policy, and whose enrollment is on file with the **Policyholder, Insureds' Representative** or the broker identified in **Item 12.** of the Declarations, and is memorialized by a **Certificate**; or
- b. corporation, partnership or other business entity for which there is no other valid and collectible insurance, which is owned or controlled by the **Registered Representative** described in subparagraph a. above; provided, however, that the extension set forth in this subparagraph b. shall apply solely with respect to the vicarious liability of such corporation, partnership or other business resulting from a **Wrongful Act** by such **Registered Representative** described in subparagraph a. above; or
- c. natural person who at the time of the actual or alleged **Wrongful Act** was an administrative, secretarial or clerical employee of the **Registered Representative** described in subparagraph a. above and who:
  - i. was solely performing administrative, secretarial or clerical services on behalf of the **Registered Representative**; and
  - ii. received no fees, commissions, or charges pursuant to such **Professional Services** set forth in the **Claim**;but only with respect to **Claims** alleging **Wrongful Acts** of a **Registered Representative** described in subparagraph a. above, where such **Claim** is also made and continuously maintained against such **Registered Representative**.

30. "**Related Wrongful Acts**" means all **Wrongful Acts** that are logically or causally connected by any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.

31. **“Sponsor Broker-Dealer”** means the entity(ies) specified in **Item 2.B.** of the Declarations, and any **Corporate Registered Investment Adviser** thereof.
32. **“Sponsor Company”** means the entity(ies) specified in **Item 2.A.** of the Declarations.
33. **“Supervisory Services”** means services relating to the **Sponsor Broker-Dealer’s** ensuring or failing to ensure that performance of **Professional Services** by an **Agent** or a **Registered Representative, Former Registered Representative** or **Registered Investment Adviser**, is or was in compliance with the procedures and duties established by any **Enforcement Authority**.
34. **“Wrongful Act”** means any actual or alleged negligent act, error, or omission committed by an **Insured** in the rendering of or failure to render **Professional Services**.

#### SECTION IV EXCLUSIONS

This policy shall not apply to any **Claim**:

##### A. Conduct

based upon, arising out of, or relating to any:

- i. criminal, intentional, dishonest, malicious, fraudulent or knowing act, error or omission, or any willful violation of any statute, rule or law by an **Insured**; or
- ii. **Insured** gaining any profit, financial or non-financial advantage or remuneration that such **Insured** is not legally entitled to receive;

provided, however, this exclusion shall only apply if a final adjudication adverse to such **Insured** in any underlying proceeding establishes that such conduct occurred or profit, advantage or remuneration was gained.

##### B. Prior Notice

based upon, arising out of, or relating to any **Wrongful Act**, fact, circumstance or situation which has been the subject of any written notice given before the inception of the **Policy Period** under any professional liability policy, provided the insurer of such policy does not reject such notice as invalid.

##### C. Pending and Prior Litigation

based upon, arising out of, or relating to essentially the same facts, circumstances, situations, transactions or events underlying or alleged in any litigation, any administrative or regulatory proceeding, any investigation, any arbitration, or any alternative dispute resolution proceeding against the **Insured**, that was pending on or prior to the inception date of this policy.

##### D. Prior Wrongful Acts

based upon, arising out of, or relating to any **Wrongful Acts** of a **Broker-Dealer** occurring or allegedly occurring before the date the **Insured** had **Management Control** of such **Broker-Dealer**, including any **Wrongful Acts** occurring or allegedly occurring on or after such date that are **Related Wrongful Acts** thereto.

##### E. Bodily Injury/Property Damage

for any actual or alleged:

- i. bodily injury, mental anguish, emotional distress, sickness, disease, or death of any person; or
- ii. damage to or destruction of any tangible property, including the loss of use thereof.

#### **F. Employment Practices**

based upon, arising out of, or relating to any actual or alleged:

- i. employment-related act, omission, error, misstatement, misleading statement, neglect or breach of duty; or
- ii. harassment of or discrimination against anyone.

#### **G. Antitrust/Unfair Competition**

based upon, arising out of, or relating to any actual or alleged:

- i. antitrust violations, including, without limitation, any violation of the Sherman Antitrust Act, the Clayton Act, the Robinson-Patman Act, each of the foregoing as amended, or any similar federal, state, local or foreign statutory, common or regulatory law; or
- ii. violation of any federal, state, local or foreign statutory, common or regulatory law with respect to business competition, unfair trade practices or tortious interference in another's contractual or business relationships.

#### **H. Confidential/Personally Identifiable Information**

based upon, arising out of, or relating to any actual or alleged misuse of (including but not limited to for purposes of sale or replacement of insurance coverage) or failure to protect any confidential information or personally identifiable information by or on behalf of an **Insured**, including, but not limited to, trade secrets, personal customer information, customer lists, a customer's personally identifiable financial or medical information and intellectual property.

#### **I. Insider Trading**

based upon, arising out of, or relating to any actual or alleged violation of the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar federal, state, local or foreign laws or statutes, or any rules or regulations promulgated under any of the foregoing, as amended.

#### **J. Clearing Agency Services**

based upon, arising out of, or relating to, an **Insured's** performance of or failure to perform services for or on behalf of a clearing agency or arising out of any function of any **Insured** as a clearing agency.

#### **K. Professional Services for Specified Persons/Entities**

based upon, arising out of, or relating to **Professional Services** performed for or on behalf of any:

- i. past or present **Insured**;
- ii. entity in which an **Insured** has or had, directly or indirectly: (a) the right to manage or operate; or (b) a 10% or more equity ownership at the time of such **Professional Services**, including any entity under **Management Control** of an **Insured**, directly or indirectly;
- iii. entity that has or had, directly or indirectly: (a) the right to manage or operate; or (b) a 10% or more equity ownership in an **Insured** at the time of such **Professional Services**, including any entity that has **Management Control** of an **Insured**;
- iv. parent, spouse, domestic partner, household member, or child of an **Insured**; or
- v. **Broker-Dealer**, other than one which buys, sells or trades in securities exclusively as a principal for its own account.

**L. Enforcement Authority**

brought or maintained by or on behalf of an **Enforcement Authority**; provided, however, this exclusion shall not apply to any **Claim** by an official of such **Enforcement Authority** if such natural person is bringing the **Claim** in his or her capacity as a **Client** of an **Insured** and not as an official of such agency or organization.

**M. Contractual Liability**

based upon, arising out of, or relating to:

- i. an **Insured's** alleged liability under any oral or written contract or agreement, including, but not limited to, express warranties or guarantees; or
- ii. the liability of others an **Insured** assumes under any oral or written contract or agreement;

provided, however, this exclusion shall not apply to an **Insured's** liability that exists in the absence of such contract or agreement.

**N. Representation/Guarantee**

based upon, arising out of, or relating to any representations or guarantees made by the **Insured** with respect to interest rates or fluctuations in interest rates, the market value or performance of any investment or insurance product, or future premium payments; provided, however, this exclusion shall not apply to future value or similar projections when they include an appropriate written disclaimer.

**O. Commingling**

based upon, arising out of, or relating to any actual or alleged commingling, theft, or use of the funds of any **Client** or prospective client.

**P. Insolvency**

based upon, arising out of, or relating to the insolvency, receivership, conservatorship, liquidation, bankruptcy, or inability or refusal to pay of any natural person, entity, benefit plan, trust or investment vehicle, insurance or reinsurance entity, managed health care organization, risk retention group or captive (or any self-insurance plan or trust by whatsoever name), or limited partnership, in which the **Insured** has placed business or obtained insurance coverage, or placed or recommended the placement of the funds of a **Client**; however, notwithstanding the foregoing, the **Insurer** shall have the right and duty to defend the **Insured** in any **Claim** alleging any of the foregoing acts described above, provided the **Claim** arises from the **Insured's** placement of coverage with an admitted insurance company with an A.M. Best rating of "A-" or better at the time of placement.

**Q. Employee Benefit Plans/Fiduciary Services**

based upon, arising out of, or relating to the responsibilities, obligations or duties imposed pursuant to the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, local or foreign statutory law or common law with respect to:

- i. any plans, programs and trusts, **(1)** established or maintained in whole or in part for the benefit of employees of the **Insured**; **(2)** sponsored by the **Insured**; **(3)** in which the **Insured** is a participant, trustee or named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, local or foreign statutory law or common law; or

- ii. any fiduciary services as defined in Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, local or foreign statutory law or common law.

**R. Discretionary Authority**

based upon, arising out of, or relating to any actual or alleged activities in connection with discretionary authority exercised by or on behalf of an **Insured** with regard to **Client** assets; provided, however, this exclusion shall not apply to the activities of the **Insured** when exercising discretionary authority as a **Registered Investment Adviser**.

**S. Mechanical Failure/ War/Pollutants**

based upon, arising out of, or relating to any:

- i. mechanical or electronic failure, breakdown or malfunction of machines or systems;
- ii. war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or confiscation, nationalization, requisition, or destruction of, or damage to, property by or under the order of any government, public or local authority; or
- iii. actual or alleged or threatened discharge, release, escape, seepage, migration or dispersal of any **Pollutants**, or any request, demand, order, direction, or statutory or regulatory requirement that any **Insured** or others test for, monitor, remove, contain, treat, detoxify, neutralize, clean up, or in any way respond to or assess the effects of such **Pollutants**.

**T. Investment Banking Activities**

based upon or arising out of any actual or alleged liability involving any advice or service relating to or in connection with any aspect of corporate mergers, acquisitions, securities offerings, restructuring, divestitures, market making (including the failure to make a market) for any securities, specialization in securities, or investment banking; provided, however, this exclusion shall not apply to any **Claim** related solely to conduct by the **Insured** that is detrimentally relied upon by **Clients** and does not arise from facts or circumstances affecting the offering generally including actual or alleged misrepresentations or omissions in the formal written offering materials, registration statements, offering memoranda and circulars.

**U. Unlicensed Entity**

based upon, arising out of, or relating to the placement of a **Client's** coverage or funds directly or indirectly with any organization, entity, or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; provided, however, this exclusion shall not apply to any **Claim** arising from or contributed to by the placement of a **Client's** coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business.

**V. Other Activities**

based upon, arising out of, or relating to any actual or alleged performance of or failure to perform services by or on behalf of an **Insured** as an actuary, accountant, attorney, property or casualty agent, real estate agent, or third-party administrator, including providing tax or legal advice, unless such tax or legal advice is an incidental part of the **Professional Services** being rendered by a natural person **Insured**.

## W. Unsolicited Communications

based upon, arising out of, or relating to any actual or alleged violation of any federal, state or local anti-spam statute, ordinance or other regulation that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information, including any statute or regulation prohibiting the dissemination of unsolicited communications, including, but not limited to, the CAN-SPAM Act of 2003 or Telephone Consumer Protection Act of 1991, both as amended.

## X. Prohibited Products

based upon, arising out of, or relating to the actual or alleged recommendation, purchase, sale, attempted sale, or servicing, including any advice in connection therewith, of any:

- i. proprietary fund or investment products in which an **Insured** has any ownership interest;
- ii. coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefit plan involving self-funding in whole or in part, by any employer, union, or employment related entity;
- iii. product or service, which at the time of the **Wrongful Act** was not approved by the Sponsor **Broker-Dealer**;
- iv. commodities, futures contract, forwards contract or any type of options contract, or any similar investment or investment product, except: **(1)** as part of a mutual fund; or **(2)** covered call or covered put options;
- v. promissory note;
- vi. security in any market outside of the United States of America, or its territories or possessions;
- vii. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;
- viii. structured settlements, structured notes, principal protected notes, reverse convertible notes, life settlements, reverse mortgages, or similar transactions in which the present value of a conditional contract is exchanged or sold;
- ix. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN LIFE) or any similar transactions;
- x. issuer callable certificates of deposit or equipment sale-lease-buy-back transactions of any kind;
- xi. multiple or leveraged exchange traded funds or notes, multiple inverse exchange traded funds or notes, unit investment trusts, or auction rate securities;
- xii. life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;
- xiii. income stream from an annuity, disability policy or a pension plan, including, but not limited to, Voyager Financial Group products, military pension plans, retirement pension plans, or disability benefits;
- xiv. plans created under Sections 412 or 419 of the Internal Revenue Code or insurance or annuities sold as part of or to be used in conjunction with or to fund any plan created under Sections 412 or 419 of the Internal Revenue Code;

- xv. security that is not registered with the Securities and Exchange Commission, unless the security is exempt from registration with the Securities and Exchange Commission and is approved by the **Sponsor Broker-Dealer**;
- xvi. hedge fund, regardless of whether it is registered with the Securities and Exchange Commission;
- xvii. limited partnership or **Private Placement**, unless it is: **(a)** compliant with all applicable Blue Sky laws; **(b)** sold only to **Accredited Investors**; and **(c)** not otherwise excluded by another provision of this policy;
- xviii. public or private non-traded real estate investment trust (REIT), unless: **(a)** the **Claim** is by an **Accredited Investor**; **(b)** the REIT investment(s) for the **Client** met the applicable **Sponsor Broker-Dealer**, state and federal concentration guidelines at the time of the **Wrongful Act**; **(c)** the underlying property is not illiquid, insolvent, bankrupt or in receivership or foreclosure; and **(d)** the **Claim** is not otherwise excluded by any other provision of this policy;
- xix. Tenants in Common (TIC/1031 Exchange), unless: **(a)** the **Claim** is by an **Accredited Investor**; **(b)** the TIC investment(s) for the **Client** met the applicable **Sponsor Broker-Dealer**, state and federal concentration guidelines at the time of the **Wrongful Act**; **(c)** the underlying property is not illiquid, insolvent, bankrupt or in receivership or foreclosure; and **(d)** the **Claim** is not otherwise excluded by any other provision of this policy; or
- xx. security priced at or below \$5.00 per share at the time of the **Wrongful Act** triggering such **Claim**; provided, however, this exclusion shall not apply if the security is: **(a)** registered or approved for registration upon notice of issuance on a national securities exchange; **(b)** authorized or approved for authorization upon notice of issuance for quotation in the NASDAQ National Market System or the NASDAQ SmallCap Market; or **(c)** issued by an investment company registered under the Investment Company Act of 1940, as amended.

## SECTION V POLICY LIMITS

- A. The maximum liability of the **Insurer** for all **Loss** under this policy arising from all **Claims** combined shall be the Policy Aggregate stated in **Item 6.** of the Declarations. The Policy Aggregate applies regardless of the number of **Claims, Insureds, Wrongful Acts** or **Related Wrongful Acts**.
- B. The applicable each **Claim** Limit of Liability stated in **Item 7.** of the Declarations, or by endorsement to this policy, is the maximum limit of the **Insurer's** liability for all **Loss** for each **Claim** against the **Insured** under this policy, and such amount shall be part of, and not in addition to, the applicable aggregate Limit of Liability stated **Item 7.** of the Declarations. Both the each **Claim** and aggregate Limits of Liability shall be part of, and not in addition to, the Policy Aggregate stated in **Item 6.** of the Declarations. Coverage for **Loss** under **Insuring Agreement C.**, shall be subject to the each **Claim** and the aggregate Limit of Liability stated on the **Certificate** of the **Agent** who committed, or was alleged to have committed, a **Wrongful Act**, and shall in no way serve to reinstate or increase any such limit of liability.
- C. In the event of a **Claim** involving more than one **Insured**, the highest applicable each **Claim** Limit of Liability to any one such **Insured** shall be the maximum amount the **Insurer** shall be liable to pay on behalf of all **Insureds** involved in such **Claim**, and any subsequent **Claim** made against any **Insured** involving the same **Wrongful Act** or **Related Wrongful Acts** to such **Claim**.
- D. **Defense Costs** shall be part of, and not in addition to, the applicable Limits of Liability stated in **Item 7.** of the Declarations and the Policy Aggregate stated in **Item 6.** of the Declarations. Such **Defense Costs** shall reduce the applicable Limit of Liability and Policy Aggregate.

## SECTION VI RETENTION

- A. The applicable Retention as set forth in **Item 8.** of the Declarations shall apply to **Loss** resulting from each **Claim**.
- B. The **Insurer's** liability with respect to covered **Loss** resulting from each **Claim** shall be excess of the applicable Retention as set forth in **Item 8.** of the Declarations. The applicable Retention shall be borne by the **Insured** under this policy, and shall apply to all covered **Loss**.
- C. Each **Agent, Registered Representative** and **Registered Investment Adviser** is responsible for their pro rata share of the applicable Retention amount when more than one such **Insured** is named in a **Claim**, provided, however, that the Retention amount stated in **Item 8.B.** of the Declarations shall apply if a **Sponsor Broker-Dealer** is also named in such **Claim**, and such amount shall be paid by the **Sponsor Broker-Dealer**.

## SECTION VII RELATED CLAIMS

More than one **Claim** against one or more **Insured** involving the same **Wrongful Act** or **Related Wrongful Acts**, shall be considered a single **Claim**, and only one Retention shall be applicable to such single **Claim**. In the event such single **Claim** triggers more than one Retention, the highest Retention shall apply.

All such **Claims** constituting a single **Claim**, shall be deemed to have been first made on the earlier of the following dates: **(A)** the earliest date on which any such **Claim** was first made; or **(B)** the earliest date on which any such **Wrongful Act** or **Related Wrongful Acts** was reported under this policy or any other policy providing similar coverage, regardless whether such date is before or during the **Policy Period**. In no event shall a single lawsuit or proceeding constitute more than one **Claim** subject to more than one Retention.

## SECTION VIII DEFENSE AND SETTLEMENT

### A. Defense

- i. The **Insurer** shall have the right and duty to defend a **Claim** alleging a **Wrongful Act** even if the **Claim** is groundless, false or fraudulent.
- ii. The **Insurer** shall have the right to select and instruct defense counsel.
- iii. The **Insurer's** right and duty to defend and pay on the **Insured's** behalf ends when the applicable Limit of Liability stated in **Item 7.** of the Declarations or the Policy Aggregate stated in **Item 6.** the Declarations has been exhausted, whichever occurs first.
- iv. The **Insured** shall not incur any **Defense Costs** without the prior written consent of the **Insurer**.

### B. Settlement

The **Insured** shall not admit liability, offer to settle, or agree to any settlement in connection with any **Claim** without the express prior written consent of the **Insurer**, which consent shall not be unreasonably withheld or delayed. The **Insurer** shall not be liable under this policy for **Loss** incurred as a result of any such admission, offer or agreement to which the **Insurer** did not so consent. Notwithstanding the foregoing, the **Insureds** may settle all **Claims** subject to a single Retention without the **Insurer's** prior written consent if the settlement amount plus **Defense Costs** for all such **Claims** do not exceed the applicable Retention stated in **Item 8.** of the Declarations.

If any **Insured** refuses to consent to a settlement recommended by the **Insurer** within the applicable Limit of Liability stated in the Declarations of this policy, the **Insurer's** liability under this policy will be reduced to the amount for which the **Claim** could have been settled, plus all **Defense Costs**

incurred up to the time the **Insurer** made its recommendation, the total of which is not to exceed the applicable Limit of Liability stated in the Declarations of this policy.

## **SECTION IX ASSISTANCE AND COOPERATION OF THE INSURED**

Each **Insured** shall cooperate with the **Insurer**, and provide to the **Insurer** all information which the **Insurer** reasonably requests, without charge to the **Insurer**, including, but not limited to, attending hearings, depositions and trials and assistance in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and conducting the defense of any **Claim** covered by this policy. The **Insured(s)** shall do nothing that may prejudice the **Insurer's** position.

## **SECTION X NOTICE**

### **A. Notice of Claim**

The **Insureds** shall, as a condition precedent to their rights under this policy, give the **Insurer** written notice of any **Claim** made during the **Policy Period**. Notice provided pursuant to this section shall be given as soon as practicable after the **Insured** first learns of such **Claim**, but in no event later than the end of the **Policy Period**.

### **B. Notice of Potential Claims**

During the **Policy Period**, the **Insureds** may give written notice to the **Insurer** of circumstances that may reasonably be expected to give rise to a **Claim**. Notice shall set forth:

- i. a description of the specific **Wrongful Act** which forms the basis of the potential **Claim**;
- ii. the reasons for anticipating such a **Claim**;
- iii. full particulars as to dates, the insurance and/or investment products recommended, sold or serviced, and the **Clients** and **Insureds** potentially involved;
- iv. the facts and events by which the **Insureds** first became aware of the circumstances;
- v. the consequences which have resulted or may result; and
- vi. the nature of the potential monetary damages and non-monetary relief.

Any **Claim** which is subsequently made against such **Insured** alleging, arising out of, based upon or attributable to such circumstances, shall be considered made at the time notice of such circumstances was first given to the **Insurer**.

Notice of any such subsequent **Claim** shall be given to the **Insurer** as soon as practicable after the **Insured** first learns of such **Claim**. No coverage shall be provided under this policy for fees, costs, expenses or other **Loss** incurred as a result of such circumstances prior to the time such subsequent **Claim** is actually made and notice of same is provided to the **Insurer**.

### **C. Addresses for Notices**

Except as otherwise provided in this policy, all notices under any provision of this policy shall be in writing and given by email, prepaid express courier or certified mail properly addressed to the appropriate party. Notice to the **Insureds** may be given to the **Policyholder** at the address shown in **Item 1.** of the Declarations, or the **Insureds' Representative** at the address shown in **Item 3.** of the Declarations in accordance with **Section XXVI Authorization**. Notice to the **Insurer** shall be given to the respective address shown in **Item 9.** of the Declarations. If notice is given as described above, it shall be deemed to be received and effective upon the date of transmittal, subject to proof of transmittal.

**SECTION XI COVERAGE IMPLICATIONS OF MERGERS, ACQUISITIONS AND SALES OF THE POLICYHOLDER, SPONSOR COMPANY OR SPONSOR BROKER-DEALER**

**A. Merger or Acquisition of the Policyholder**

If during the **Policy Period** any of the following events occur:

- i. the **Policyholder**: (a) sells all or substantially all of its assets to any other person or entity or affiliated group of persons or entities; or (b) merges or consolidates with another entity such that the **Policyholder** is not the surviving entity; or
- ii. any person, entity or affiliated group of persons or entities acquires **Management Control** of the **Policyholder**;

(each a “transaction”) then coverage under this policy shall continue until expiration of the **Policy Period**, but only for **Wrongful Acts** taking place prior to the effective date of such transaction. This policy may not be cancelled after the effective date of the transaction and the entire premium for this policy shall be deemed earned as of such date.

**B. Addition of a Sponsor Company or a Sponsor Broker-Dealer**

- i. Except as set forth in subparagraph ii. below, if during the **Policy Period** a **Sponsor Company** or a **Sponsor Broker-Dealer** creates, or acquires direct or indirect **Management Control** of any **Life Insurance Company** or **Broker-Dealer**, then such entity shall be an **Insured**, but only with respect to **Wrongful Acts** occurring or allegedly occurring after such entity is created or acquired.
- ii. If during the **Policy Period** a **Sponsor Company** or **Sponsor Broker-Dealer** creates, or acquires direct or indirect **Management Control** of a **Life Insurance Company** or a **Broker-Dealer**, and the total number of **Agents** and **Registered Representatives** of the acquired entity is greater than 10% of the consolidated number of **Agents** and **Registered Representatives** enrolled for coverage under this policy as of the date of such creation or acquisition, then coverage under this policy for such entity as set forth in subparagraph i. above, shall cease 30 days after such entity was created or acquired, unless:
  - a. the **Policyholder** within such 30 days provides the **Insurer** with written notice of such creation or acquisition;
  - b. the **Policyholder** and the **Insurer** agree on any revisions to the policy either party may require; and
  - c. the **Policyholder** pays any additional premium required by the **Insurer** as a result of the addition of the new **Sponsor Company** or **Sponsor Broker-Dealer**;and then only with respect to **Wrongful Acts** occurring or allegedly occurring after such entity is created or acquired.

**C. Cessation of a Sponsor Company or a Sponsor Broker-Dealer**

If during the **Policy Period** a **Sponsor Company** or a **Sponsor Broker-Dealer** ceases to be under the direct or indirect **Management Control** of the **Policyholder**, then coverage for such entity under this policy shall only be available, subject to all other terms and conditions of this policy, for any **Wrongful Act** occurring or allegedly occurring prior to the date such entity ceased to be under direct or indirect **Management Control**.

## Section XII Other Insurance and Subrogation

### A. Other Insurance

All amounts payable under this policy will be specifically excess of, and will not contribute with, any other valid and collectible insurance, unless such other insurance is specifically excess of this Policy; provided this Policy shall apply on a primary basis with respect to any personal umbrella liability insurance policy purchased by an **Agent, Registered Representative or Registered Investment Adviser**. This policy will not be subject to the terms of any other insurance policy.

### B. Subrogation

In the event of any payment under this policy, the **Insurer** shall be subrogated to all of the **Insureds'** rights of recovery, and each and every **Insured** shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents as may be necessary to enable the **Insurer** to effectively bring suit in the name of such **Insured**. The **Insurer** assumes no duty to seek a recovery of any amounts paid under this policy.

## SECTION XIII EXTENDED REPORTING PERIODS

### A. Automatic and Optional Extended Reporting Periods

- i. In the event the **Insurer** shall cancel or refuse to renew this policy, the **Policyholder** shall have the right following the effective date of such cancellation or non-renewal to a period of 60 days ("Automatic Extended Reporting Period") in which to give written notice to the **Insurer** of **Claims** first made against the **Sponsor Company** or **Sponsor Broker-Dealer** during the Automatic Extended Reporting Period for any **Wrongful Act** occurring prior to the end of the **Policy Period** and otherwise covered under this policy. The Automatic Extended Reporting Period shall not apply where an Optional Extended Reporting Period has been purchased as set forth in subparagraph ii. below, or to **Claims** that are covered under any subsequent insurance that applies to such **Claims**, whether purchased by the **Insured** or others for the **Insured's** benefit.
- ii. In the event the **Insurer** refuses to renew this policy or the **Policyholder** cancels or non-renews this policy, the **Policyholder** shall have the right to elect an extension of the coverage provided by this policy for the time period and subject to the additional premium set forth in **Item 11.** of the Declarations ("Optional Extended Reporting Period") in which to give written notice to the **Insurer** of any **Claims** first made against the **Sponsor Company** or **Sponsor Broker-Dealer** during the Optional Extended Reporting Period for any **Wrongful Acts** occurring prior to the end of the **Policy Period** and otherwise covered by the terms of this policy.

As a condition precedent to the right to purchase the Optional Extended Reporting Period, the total premium for this policy must have been paid and a written request to elect the Extended Reporting Period, together with payment of the additional premium for the Extended Reporting Period, must be provided to the **Insurer** no later than 60 days following the effective date of such non-renewal or cancellation. The premium paid for the Extended Reporting Period is deemed nonrefundable at the inception of the Extended Reporting Period.

### B. Extended Reporting Period for Agents, Registered Representatives and Registered Investment Advisers

- i. In the event: **(a)** this policy is not renewed or is cancelled by the **Policyholder**; **(b)** an **Agent** is terminated by a **Sponsor Company** (other than for disciplinary reasons) or retires or becomes disabled or deceased during the **Policy Period**; or **(c)** a **Registered Representative** or **Registered Investment Adviser** is terminated by a **Sponsor Broker-Dealer** (other than for disciplinary reasons) or retires or becomes disabled or deceased during the **Policy Period**; then each **Agent, Registered Representative** or **Registered Investment Adviser** shall have the right following the effective date

of such cancellation or non-renewal, or termination, retirement, disability or death, to a period of one year ("Extended Reporting Period") in which to give written notice to the **Insurer of Claims** first made against such **Insured** during the Extended Reporting Period for any **Wrongful Act** occurring prior to such effective date and otherwise covered under this policy.

- ii. In the event any **Agent, Registered Representative** or **Registered Investment Adviser** is terminated by a **Sponsor Company** or a **Sponsor Broker-Dealer** during the **Policy Period** for disciplinary reasons, such **Agent, Registered Representative** or **Registered Investment Adviser** shall have a period of 90 days following the effective date of such termination ("Extended Reporting Period") in which to give written notice to the **Insurer of Claims** first made against such **Insured** during the Extended Reporting Period for any **Wrongful Act** occurring prior to such effective date and otherwise covered under this policy.
  - iii. The Extended Reporting Periods described above shall expire at such time that subsequent professional liability insurance is purchased by others for the **Insured's** benefit, or the **Insured** independently enrolls for or purchases professional liability insurance, and, in each case, regardless of whether coverage is available for such **Claim** under said other insurance.
- C. The Extended Reporting Periods described in this **Section XIII** shall not in any way increase the applicable Limit(s) of Liability stated in **Item 7.**, or the Policy Aggregate stated in **Item 6.**, of the Declarations, or in any endorsement. For purposes of the Limit of Liability and Policy Aggregate, the Extended Reporting Period is considered to be part of, and not in addition to, the **Policy Period**.

#### SECTION XIV CANCELLATION

- A. This policy may be cancelled by the **Insureds' Representative** at any time by prior written notice to the **Insurer** stating the effective time of such cancellation. Upon cancellation, the **Insurer** shall be entitled to retain the short rate proportion of the premium calculated from the effective date of such cancellation.
- B. This policy may be cancelled by the **Insurer** by written notice to the **Insureds' Representative** at the address shown in **Item 3.** of the Declarations stating the reason for such cancellation. Such cancellation shall be effective on the date specified in the written notice of cancellation given by the **Insurer**, provided such date is at least 90 days after the date such notice is given, or 10 days in the event of cancellation for non-payment of premium. If the premium due is paid in full by an **Insured** prior to such effective date, the **Insurer's** notice of cancellation shall be ineffective.

#### SECTION XV DISPUTE RESOLUTION PROCESS

The **Insurer** and the **Policyholder** shall attempt in good faith to resolve any dispute arising out of or relating to this policy on behalf of all **Insureds** promptly by negotiation between executives with authority to settle such dispute. If any dispute cannot be resolved through negotiation, the parties agree that they will submit the dispute to non-binding mediation. The parties will use best efforts to agree on the terms of any such mediation process, but if they do not agree within 30 days of either party requesting mediation, the dispute will be submitted to JAMS for mediation. Each party will bear their own costs, regardless of the mediation process used. If the dispute is not settled at mediation, no party may commence an action against any other party until at least 30 days after the final mediation session.

#### SECTION XVI ACTION AGAINST THE INSURER

- A. No action shall lie against the **Insurer** unless, as a condition precedent thereto, there shall have been full compliance by all **Insureds** with all the terms of this policy.

- B. No person or organization shall have any right under this policy to join the **Insurer** as a party to any **Claim** against an **Insured**, nor shall the **Insurer** be impleaded by any **Insured** or their legal representative in any such **Claim**.

#### SECTION XVII SPOUSES, DOMESTIC PARTNERS, ESTATES AND LEGAL REPRESENTATIVES

- A. The coverage provided by this policy shall also apply to an **Insured's** lawful spouse or domestic partner under applicable law or the provisions of any formal program established by the **Sponsor Company** or **Sponsor Broker-Dealer**, but only for a **Claim** arising out of any actual or alleged **Wrongful Acts** of such **Insured**.
- B. The coverage provided by this policy also shall apply to the estates, heirs, legal representatives or assigns of any natural person **Insured** in the event of their death, incapacity or bankruptcy, but only for **Claims** arising out of any actual or alleged **Wrongful Acts** of such **Insured**.

#### SECTION XVIII ASSIGNMENT

This policy and any and all rights hereunder are not assignable without the prior written consent of the **Insurer**, which consent shall be in the sole and absolute discretion of the **Insurer**.

#### SECTION XIX CONFORMITY TO STATUTE

Any terms of this policy which are in conflict with the terms of any applicable laws are hereby amended to conform to such laws.

#### SECTION XX TERRITORY

Where permissible by law, coverage shall apply to **Claims** made and **Wrongful Acts** committed anywhere in the world. Coverage shall not apply to any **Insured** that maintains a primary place of business, or has a **Certificate** provided or maintained by the **Policyholder**, **Insureds' Representative** or the broker identified in **Item 12.** of the Declarations bearing an address outside of the United States of America.

#### SECTION XXI COMPLIANCE WITH APPLICABLE TRADE AND ECONOMIC SANCTION LAWS

The **Insurer** shall not be deemed to provide cover under this policy and the **Insurer** shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the **Insurer** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

#### SECTION XXII CURRENCY

All premiums, limits, retentions, **Loss** and other amounts under this policy are and shall be expressed and payable in the currency of the United States. If any covered **Loss**, including judgments or settlements, is expressed in, calculated on or otherwise based upon any other currency, payment of such **Loss**, whether in such other currency or U.S. dollars, shall be made at the rate of exchange published in *The Wall Street Journal* on the date the **Insurer's** obligation to pay such **Loss** is established (or, if not published on that date, on the date of next publication).

#### SECTION XXIII BANKRUPTCY

Bankruptcy or insolvency of any **Insured** shall not relieve the **Insurer** of any of its obligations under this policy. In such event, the **Insureds** hereby waive and release any automatic stay or injunction in such

proceeding which may apply to this policy or its proceeds, and agree not to oppose or object to any efforts by the **Insurer** or any **Insureds** to obtain relief from any such stay or injunction.

#### SECTION XXIV HEADINGS

The descriptions in the headings of this policy form no part of the terms and conditions of the coverage under this policy.

#### SECTION XXV ENTIRE AGREEMENT

By acceptance of this policy, all **Insureds** and the **Insurer** agree that this policy (including the Declarations and **Application**) and any written endorsements attached hereto constitute the entire agreement between the parties. The terms, conditions and limitations of this policy can be waived or changed only by written endorsement hereto.

#### SECTION XXVI AUTHORIZATION, REPRESENTATIONS AND REQUIREMENTS

- A. By acceptance of this policy, the **Policyholder** shall act on behalf of all **Insureds** with respect to electing any dispute resolution process, giving notice of **Claim** and exercising, or declining to exercise, any optional extended reporting period; and the **Insureds** agree that the **Policyholder** shall act on their behalf. Each and every **Insured** covenants that the **Insureds' Representative** shall be their sole agent for purposes of giving and receiving all notices relating to cancellation, nonrenewal, conditional renewal, the payment of premiums and the receipt of any return premiums that may become due under this policy, and the agreement to and acceptance of endorsements.
- B. The **Insureds' Representative** represents that it is a properly formed purchasing group, that on and as of the inception date of this policy it is registered and compliant, in all states where an **Insured** is located, and that each such registration and compliance, shall be current for the entirety of the **Policy Period**.
- C. The **Policyholder** and the **Insureds' Representative** agree to provide the **Insurer**, upon request, a schedule including the name of each **Agent**, **Registered Representative** and/or **Registered Investment Adviser** for whom a **Certificate** has been provided or maintained, along with the complete address of such **Insured's** primary place of business and Limit of Liability option selected.