



BCS INSURANCE COMPANY
A Stock Company, hereinafter called the Insurer.

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE

DECLARATIONS

Policy Number: AES-30416A

Renewal of Policy Number: N/A

NOTICE: THIS INSURANCE PROVIDES COVERAGE ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS AND CONDITIONS, COVERAGE UNDER THIS POLICY SHALL ONLY APPLY TO **CLAIMS** FIRST MADE AGAINST THE **INSURED** DURING THE **CERTIFICATE COVERAGE PERIOD** OR **EXTENDED REPORTING PERIOD**, IF APPLICABLE, IN ACCORDANCE WITH THE REPORTING AND NOTICE SECTION OF THIS POLICY. **CLAIMS EXPENSES** ARE INCLUDED WITHIN, AND SHALL REDUCE, THE LIMITS OF LIABILITY, AND ARE SUBJECT TO THE DEDUCTIBLE. THIS COULD RESULT IN THE LIMITS OF LIABILITY BECOMING COMPLETELY EXHAUSTED BY THE PAYMENT OF **CLAIMS EXPENSES**, IN WHICH CASE THE INSURER SHALL NOT BE LIABLE FOR FURTHER **CLAIMS EXPENSES** OR FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT. PLEASE READ AND REVIEW THE ENTIRE POLICY CAREFULLY AND CONSULT WITH YOUR BROKER OR AGENT.

ITEM 1. SPONSORING ORGANIZATION/INSURED - NAME AND ADDRESS:

Professional Agents Risk Purchasing Group
874 Walker Road
Dover, DE 19904

ITEM 2. POLICY PERIOD:

(A) Inception Date: 3/1/2023
(B) Expiration Date: 3/1/2025
both dates at 12:01 a.m. local time at the Address set forth in ITEM 1.

ITEM 3. AGGREGATE LIMIT OF LIABILITY (INCLUSIVE OF CLAIMS EXPENSES):

Aggregate Limit of Liability: \$ See Certificate of Ins.

ITEM 4. DEDUCTIBLE (SUBJECT TO LOSS):

COVERAGE UNDER THIS POLICY:

(A) Each **Claim** for Life, Accident and Health Insurance Products: \$ See Certificate of Ins.

OPTIONAL COVERAGE:

(B) Each **Claim** for Indexed Annuities/Fixed Annuities (**if purchased**): \$ See Certificate of Ins.

OPTIONAL COVERAGE:

(C) Each **Claim** for Variable Products/Mutual Funds (**if purchased**): \$ See Certificate of Ins.

ITEM 5. RETROACTIVE DATE:

RETROACTIVE DATE SHALL HAVE THE MEANING AS SET FORTH IN SECTION III. **DEFINITIONS** OF THE POLICY.

ITEM 6. ADDITIONAL PREMIUM FOR OPTIONAL EXTENDED REPORTING PERIODS:

AGENT/REGISTERED REPRESENTATIVE OPTIONAL EXTENDED REPORTING PERIOD:

Optional Extended Reporting Period	Premium (the percent of the Agents / Representative's last annual premium)
1 Year	100%
2 Years	160%
3 Years	200%
Unlimited	250%

ITEM 7. FORMS:

Forms made a part of this Policy at time of issue:

- 92.220 (10/18) Insurance Agents Professional Liability Insurance Policy
- 92.101 NY (05/21) Insurance Agents Professional Liability Insurance Declarations
- 92.507 (10/18) Plan Administrator or Fiduciary Exclusion
- 92.512 NY (05/21) Coverage Extensions Amendatory Endorsement Applicable State Amendatories and Notices
- 92.511 (04/19) Retroactive Date
- 92.821 NY (05/21) New York Amendatory Endorsement
- 92.825 NY (05/21) Addendum to the Application and Declarations Notice - NY

ITEM 8. NOTICE TO INSURER:

In the event of a **Claim**, notice should be sent to:

A. Notice of **Claim, Loss** or Covered Event:

Attn: Charles P. Burke III, CPCU, ARe, ARM
Vice President of Claims
BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, Illinois 60181
BCSclaims@bcscf.com

B. All Other Notices:

Attn: Timothy LeMarbre
Vice President, Property & Casualty Underwriting
BCS Insurance Company
2 Mid America Plaza, Suite 200
Oakbrook Terrace, Illinois 60181
BCSProfLiabUnderwriting@bcscf.com

Notice to any licensed agent of the Insurer in New York, with particulars sufficient to identify the **Insured**, shall be deemed notice to the Insurer.


This Declarations page, together with the **Application** for this Policy, the attached Policy form and all Endorsements thereto, shall constitute the contract between the Insurer and the **Insured**. The Policy is valid only if signed below by a duly authorized representative of the Insurer.

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by a duly authorized representative of the Insurer.


PRESIDENT


SECRETARY

03/08/2023
Date


Authorized Representative

BCS INSURANCE COMPANY
2 Mid America Plaza, Suite 200
Oakbrook Terrace, IL 60181
Telephone: 630-472-7700
(A Stock Company, hereinafter called the Insurer)

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

WORDS THAT APPEAR IN BOLD PRINT HAVE SPECIAL MEANINGS AND ARE DEFINED SEPARATELY. WHENEVER A SINGULAR FORM OF A WORD IS USED, THE SAME WILL INCLUDE THE PLURAL WHEN REQUIRED BY CONTEXT.

In consideration of the payment of the premium, and in reliance upon the **Application** (which shall be the basis of this Master Policy (hereinafter "Policy") and any **Certificate of Insurance** issued pursuant thereto), such **Application** shall be deemed to be incorporated herein, and subject to all the terms and conditions of this Policy, the Insurer and the **Insured** agree as follows:

I. INSURING AGREEMENT

The Insurer shall pay on behalf of the **Insured** all sums in excess of the Deductible and within the applicable Limits of Liability, as set forth in Item 3 of the Declarations for this Policy and in the **Certificate of Insurance** applicable to such **Insured**, which the **Insured** shall become legally obligated to pay as **Loss** resulting from **Claims** first made against the **Insured** during the **Certificate Coverage Period** for such **Insured**, or the **Extended Reporting Period**, if applicable, as a result of a **Wrongful Act** by the **Insured**; provided that:

- A.** The **Wrongful Act** giving rise to such **Claim** occurred on or after the applicable **Retroactive Date** and before the expiration or termination of the **Certificate Coverage Period**;
- B.** The **Insured** immediately reports such **Claim** to the Insurer in writing in accordance with Section **V. REPORTING AND NOTICE** of this Policy, but no later than:
 - 1. Expiration of the **Certificate Coverage Period**, or if the Insurer renews this Policy then expiration of the immediately following **Certificate Coverage Period**; or
 - 2. Expiration of the **Extended Reporting Period**, if applicable.
- C.** Prior to the date the **Insured** or the **Agent** or **Registered Representative** affiliated with the **Insured** initially enrolled under this Policy, or under any other policy issued by the Insurer (or any affiliate of the Insurer) of which this Policy is a direct or indirect renewal or replacement, whichever is earlier, such **Agent** or **Registered Representative** and its **Insureds** did not know of and could not have reasonably foreseen any **Wrongful Act** or circumstance that may reasonably be expected to give rise to such **Claim**;
- D.** No **Insured** gave notice of such **Claim** or **Wrongful Act** under any prior policy not issued by the Insurer or any affiliate of the Insurer; and
- E.** There is no other policy issued by the Insurer (or any affiliate of the Insurer) that provides insurance for such **Claim** or **Wrongful Act**.

II. COVERAGE EXTENSIONS

Subject to all other terms and conditions of this Policy, the following Coverage Extensions shall apply:

A. Disciplinary Proceedings Coverage

1. The Insurer shall reimburse an **Agent** or **Registered Representative** for reasonable and necessary attorney's fees and costs incurred in responding to a **Disciplinary Proceeding** solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative** on or after the **Retroactive Date** and before the expiration or termination of the applicable **Certificate Coverage Period**; provided that such **Disciplinary Proceeding** is first commenced against the **Agent** or **Registered Representative** during the **Certificate Coverage Period** or during the **Extended Reporting Period**, if applicable.
2. Regardless of the number of **Disciplinary Proceedings**, the maximum payment by the Insurer pursuant to this Section II. Paragraph A. **Disciplinary Proceedings Coverage**, shall be \$50,000 for each **Agent** or **Registered Representative**; provided that such amount shall be part of, and not in addition to, the Limit of Liability set forth in Item 3. of the Declarations for this Policy and in the **Certificate of Insurance**.
3. With respect to coverage pursuant to this Section II. Paragraph A. **Disciplinary Proceedings Coverage**:
 - a. No Deductible shall apply to such coverage, and no payments made by the Insurer under such coverage shall apply to any Deductible for other **Loss**; and
 - b. The Insurer shall not pay any amount under such coverage until the conclusion of the **Disciplinary Proceeding**; provided that the Insurer shall not make any payments under this Section II. A. for an **Agent** or **Registered Representative** if such **Disciplinary Proceeding** results in the suspension or revocation of such **Agent's** or **Registered Representative's** license.

B. Subpoena Compliance Coverage

1. The Insurer shall pay reasonable attorney's fees and costs incurred by the **Agent** or **Registered Representative** in connection with responding to a subpoena for document production or sworn testimony related to **Professional Services**, provided that:
 - a. Such a subpoena is issued in connection with a lawsuit in which the **Agent** or **Registered Representative** is not a party;
 - b. Such subpoena is solely in connection with **Professional Services** rendered by such **Agent** or **Registered Representative** on or after the **Retroactive Date** and before the expiration or termination of the **Certificate Coverage Period**;
 - c. Such fees and costs shall be subject to Section VI. **DEFENSE AND SETTLEMENT**; and
 - d. The **Agent** or **Registered Representative** receives the subpoena during the **Certificate Coverage Period** or during the **Extended Reporting Period**, if applicable.
2. Regardless of the number of such subpoenas received by the **Agent** or **Registered Representative**, the maximum payment by the Insurer pursuant to this Section II. Paragraph B. **Subpoena Compliance Coverage**, shall be \$10,000 for each **Agent** or **Registered Representative**, which is in addition to and not part of any other Limit of Liability under this Policy.
3. No Deductible shall apply with respect to coverage under this Section II., Paragraph B. **Subpoena Compliance Coverage**, and no payments made by the Insurer under such coverage shall apply to any Deductible for any other **Loss**.

C. Public Relations – Crisis Management Coverage

1. If, during the **Certificate Coverage Period**, a **Crisis Event** occurs, the Insurer shall reimburse the **Insured** for:

- a. Reasonable and necessary fees and expenses incurred by a public relations firm as a result of such **Crisis Event** to minimize potential harm to public confidence in the competence, integrity or viability of the **Agent** or **Registered Representative** to provide **Professional Services**; provided that the Insurer hires or grants its prior consent to hire such public relations firm; and
 - b. Reasonable and necessary printing, advertising, mailing or travel expenses incurred by such public relations firm as a result of such **Crisis Event**.
2. No Deductible shall apply with respect to coverage under this Section II., Paragraph C., and no payments made by the Insurer under such coverage shall apply to any Deductible for any other **Loss**. The maximum payment by the Insurer pursuant to this Section II., Paragraph C., for each **Agent** or **Registered Representative** and its **Insureds**, collectively, for each **Certificate Coverage Period** shall be \$10,000, which is in addition to and not part of any other Limit of Liability under this Policy.

D. Reimbursement of Expenses Coverage

If the Insurer requests the **Insured** to attend hearings, depositions or trials which relate to the defense of a **Claim**, the Insurer shall reimburse the **Insured's** actual loss of earnings and reasonable expenses due to such attendance up to \$500 per day.

The maximum payment by the Insurer pursuant to this Section II. Paragraph D. for each **Claim** shall be \$10,000, which is part of and not in addition to the Policy Period Aggregate Limit of Liability set forth in Item 3. of the Declarations for this Policy and in the **Certificate of Insurance**.

E. Pre-Claims Assistance Coverage

If the **Insured** reports a **Wrongful Act** to the Insurer pursuant to Section V., Paragraph B., the Insurer shall reimburse reasonable fees and expenses incurred by the **Insured** to investigate such **Wrongful Act**. No Deductible shall apply to coverage under this Section II., Paragraph E., and no payments made by the Insurer under such coverage shall apply to any Deductible for any other **Loss**. The maximum payment by the Insurer pursuant to this Section II., Paragraph E., for each **Agent** or **Registered Representative** and its **Insureds**, collectively, for each **Certificate Coverage Period** shall be \$10,000, which is in addition to and not part of any other Limit of Liability under this Policy.

III. DEFINITIONS

A. Agent means an individual or entity owned or controlled by an individual, but only:

- 1. In connection with the rendering of or failure to render **Professional Services** provided by such entity or individual; and
- 2. If such entity or individual:
 - a. Maintains an agent or **General Agent** contract with a life and/or health insurance company;
 - b. Is properly licensed by the appropriate authority to solicit, sell and service life, accident or health insurance products; and
 - c. Has :
 - i. Elected to enroll for coverage under this Policy and has paid the required premium;
 - ii. If applicable, made certain that such enrollment is on file with the **Sponsoring Organization**; and

iii. If applicable, requested and qualified for a preferred risk premium, based upon information submitted to the Insurer.

- B. Application** means all signed applications (including all materials attached thereto or incorporated therein) for this Policy or any **Certificate of Insurance** issued thereunder, or for any policy in an uninterrupted series of policies issued by the Insurer of which this Policy is a renewal or replacement.
- C. Broker/Dealer** shall have the same meaning as the term is defined or used in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Insurer Act of 1940, or the Investment Advisers Act of 1940, as amended.
- D. Certificate of Insurance** means the document issued by the Insurer to the respective **Named Insured** evidencing the terms, limits, premium, deductibles, optional coverages and endorsements under this Policy applicable to such **Named Insured** and its **Insureds**.
- E. Certificate Coverage Period** means with respect to any **Insured** the period of time between the inception date set forth in the **Certificate of Insurance** for such **Insured** and the expiration date set forth in such **Certificate of Insurance**, subject to its earlier expiration or termination.
- F. Claim** means a written demand for monetary damages against an **Insured** alleging a **Wrongful Act** brought by or on behalf of a **Client**. **Claim** does not include a demand for non-monetary or injunctive relief or any criminal proceeding.
- G. Claims Expenses** means reasonable and necessary fees, costs and expenses incurred by the Insurer, or incurred by the **Insured** with the prior written consent of the Insurer, as a result of the investigation, adjustment, defense or appeal of a **Claim**, including the cost of appeal bonds; provided that the Insurer shall not be obligated to apply for or furnish appeal bonds. **Claims Expenses** do not include compensation, benefits or other overhead expenses attributable to partners, principals, officers, directors, members or employees of the **Insured** or the Insurer.
- H. Client** means an individual to whom or entity to which **Professional Services** are rendered by an **Agent** or **Registered Representative**.
- A **Client** does not include:
1. An indirect or incidental beneficiary of **Professional Services**;
 2. Any insurance company;
 3. Any insurance agent; or
 4. Any **Broker/Dealer**.
- I. Controlling Interest** means, with respect to any entity, an **Insured** or a member of an **Insured's Immediate Family**, directly or indirectly:
1. Owns 10% or more of the outstanding equity interest in such entity;
 2. Owns 10% or more of the issued and outstanding securities or voting rights representing the present right to vote for election of directors or equivalent executives of such entity;
 3. Is entitled to receive 10% or more of the profits of such entity; or
 4. Is a general partner of such a limited partnership, managing general partner of such a general partnership, or holds a comparable position in any such other business enterprise.

- J. Crisis Event** means the first publication in a daily newspaper or other written media of general circulation, or a radio, internet or television news report, of unfavorable information regarding the **Agent** or **Registered Representative** that is reasonably likely to lessen public confidence in the competence, integrity or viability of such **Agent** or **Registered Representative** to provide **Professional Services**.
- K. Disciplinary Proceeding** means any proceeding commenced by a regulatory or disciplinary official, board or agency, provided that such official, board or agency has the: (i) authority to regulate **Professional Services**; and (ii) obligation to investigate charges of professional misconduct arising solely from the rendering of or failing to render **Professional Services**.
- L. Domestic Partner** means any person qualifying as such under any federal, state or local laws or under any formal program established by the **Insured** entity.
- M. Electronic Data** means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CDROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- N. Employee Benefit Plan Administration** means advising and counseling participants or beneficiaries of an employee benefit plan, but only if such advising and counseling is solely limited to explaining the provisions of such plan, or providing ministerial functions required by such plan (which include, but are not limited to, the handling of records or effecting enrollment, termination or cancellation of participants or beneficiaries, as well as giving notice to such participants or beneficiaries under the employee benefit plan). **Employee Benefit Plan Administration** also includes third-party claims administration with respect to an employee benefit plan.
- O. Extended Reporting Period** means the applicable period of time after the expiration or termination of the applicable **Certificate Coverage Period** during which coverage is afforded pursuant to Section **XI**. below, but only with respect to **Claims** otherwise covered under this Policy for **Wrongful Acts** committed prior to the expiration or termination of the **Certificate Coverage Period**, whichever is earlier, and on or subsequent to the **Retroactive Date**.
- P. General Agent** means an entity or individual authorized pursuant to a contract with a life and/or health insurance company to distribute insurance products or to manage, supervise or train standard line insurance agents and brokers on behalf of such company.
- Q. Immediate Family** of an **Agent** or **Registered Representative** means:
1. The spouse or **Domestic Partner** of the **Agent** or **Registered Representative**;
 2. The parent(s), adoptive parent(s) or step-parent(s) of the **Agent** or **Registered Representative**;
 3. The sibling(s) or step-sibling(s) of the **Agent** or **Registered Representative**; or
 4. The child(ren), adoptive child(ren) or step-child(ren) of the **Agent** or **Registered Representative**.
- R. Insured** means:
1. An **Agent** or **Registered Representative**;
 2. An employee of an **Agent** or **Registered Representative**, but solely for services performed within his or her capacity as such and on behalf of such **Agent** or **Registered Representative**; and provided further that:
 - a. Such employee is not otherwise contracted as an agent with an insurance company and did not receive any commission income as a result of such employee's activities; and

- b. Such employee's actions are solely in connection with **Professional Services** provided by such **Agent** or **Registered Representative**;
- 3. Solely in the event of such **Agent's** or **Registered Representative's** death, incapacity or bankruptcy, the legal heir, executor, administrator or legal representative of an **Agent** or **Registered Representative**, provided no coverage is afforded under this Policy for **Wrongful Acts** by such heir, executor, administrator or representative;
- 4. The lawful spouse or **Domestic Partner** of any individual who qualifies as an **Insured** under Subsections 1., 2., or 3. above, provided no coverage is afforded under this Policy for **Wrongful Acts** by such spouse or **Domestic Partner**; or
- 5. The **Sponsoring Organization**, if the only allegation against such **Sponsoring Organization** is for vicarious liability based upon the **Wrongful Acts** of an **Agent** or **Registered Representative**. The **Sponsoring Organization** shall not be an **Insured**, and shall not be covered under this Policy, with respect to any **Claim** which alleges in whole or in part a **Wrongful Act** committed by the **Sponsoring Organization**, regardless of whether or not the **Sponsoring Organization** is also alleged to be vicariously liability for **Wrongful Acts** of an **Agent** or **Registered Representative**;

Provided that **Insured** shall not include any **Agent** or **Registered Representative** if the **Sponsoring Organization** terminated its relationship with such **Agent** or **Registered Representative** for failure to pay to the **Sponsoring Organization** any amounts due for coverage under this Policy.

- S. **Interrelated Wrongful Acts** means all **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, transaction or event, or a series of causally connected facts, circumstances, situations, transactions or events.
- T. **Loss** means a compensatory monetary amount for which an **Insured** is legally liable, including judgments, awards, or settlements negotiated with the prior approval of the Insurer, and **Claims Expenses**; provided that **Loss** shall not include:
 - 1. Any disgorgement, return, forfeiture, restitution or reduction of any sums or compensation paid or owed to an **Insured**, including any sums or compensation which are or were in the possession or control of any **Insured**;
 - 2. Any amounts credited to any **Insured's** account;
 - 3. Fines, sanctions, taxes or penalties;
 - 4. Punitive, exemplary or liquidated damages or the multiple portion of any multiplied damages award;
 - 5. Injunctive, equitable or other non-monetary relief, or fees, costs or expenses incurred by an **Insured** to comply with any such relief or any agreement to provide such relief;
 - 6. Any amount constituting or resulting from the collection, payment or return of, or the failure to collect, pay or return, any tax, funds, premium or claim monies;
 - 7. Any amounts resulting from disputes involving any customer lists, non-compete agreements or similar agreements with the **Agent's** or **Registered Representative's Client**;
 - 8. Any amounts resulting from disputes involving the commissions, fees, charges, entitlements or other compensation of an **Agent** or **Registered Representative**; or
 - 9. Any amounts deemed uninsurable pursuant to any applicable law.
- U. **Named Insured** means the **Agent** or **Registered Representative** set forth in the **Certificate of Insurance**.

V. Personal Injury means injury or damage sustained by any person or organization caused by or arising out of:

1. False arrest, detention or imprisonment, or malicious prosecution;
2. Libel, slander, oral or written publication of defamatory or disparaging material; or
3. Wrongful entry or eviction, or invasion of the right of private occupancy.

W. Policy Period means the period of time set forth in Item 2. of the Declarations for this Policy or any shorter period that may occur as a result of a termination as set forth in Section **XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE**.

X. Professional Services:

1. **Professional Services** means the following, but only with respect to an **Agent**, and only if such **Professional Services** are provided in the course and scope of such **Agent's** business and such **Agent** has obtained all appropriate license(s) in the **Client's** resident state or jurisdiction and the state or jurisdiction where such **Agent** conducts business:

a. The sale, attempted sale or servicing of:

- (i) Life insurance, accident and health insurance, disability insurance and managed care organization contracts (provided that such contracts do not require a securities license);
- (ii) Indexed/fixed annuities, but only if such coverage is purchased as set forth in the **Certificate of Insurance**; or
- (iii) Variable products/mutual funds, but only if such coverage is purchased as set forth in the **Certificate of Insurance**; or

b. Services as a Notary Public;

c. Financial planning activities in conjunction with the sales or services set forth in Paragraph 1. a. above, whether or not a separate fee is charged, but only if such coverage is purchased as set forth in the **Certificate of Insurance**; or

d. The supervision, management and training of an **Agent** by a **General Agent**, but only if the **General Agent** has otherwise been issued a **Certificate of Insurance** under this Policy, and only with respect to activities otherwise covered by this Policy;

Provided that such **Agent** engages in the sales or services set forth in Paragraphs 1. a. through d. above for an actual or anticipated fee, commission or other consideration.

2. **Professional Services** means the following, but only with respect to a **Registered Representative**, and only if such **Professional Services** are provided in the course and scope of such **Registered Representative's** business and such **Registered Representative** has obtained all appropriate license(s) in the **Client's** resident state or jurisdiction and the state or jurisdiction where such **Registered Representative** conducts business:

a. The sale, attempted sale or servicing of variable annuities, variable insurance requiring a securities license, or mutual funds that are registered with the Securities and Exchange Commission, if required, through a **Broker/Dealer** that is a member of the Financial Industry Regulatory Authority, but only if such coverage is purchased as set forth in the **Certificate of Insurance**; or

b. Financial planning activities in connection with the sales or services set forth in Paragraph 2. a., above, whether or not a separate fee is charged, but only if such coverage is purchased as set forth in the **Certificate of Insurance**;

Provided that such **Registered Representative** engages in the sales or services set forth in Paragraph 2. a. above, for an actual or anticipated fee, commission or other consideration.

Y. Registered Representative means:

1. An individual:
 - a. Who is registered with the Financial Industry Regulatory Authority as a registered representative or registered principal;
 - b. Who maintains a contract with a **Broker/Dealer** in connection with rendering **Professional Services**;
 - c. Who has elected to enroll for coverage under this Policy and has paid the required premium; and
 - d. Whose enrollment for coverage under this Policy is on file with the **Sponsoring Organization**; or
2. Any corporation, partnership or other business entity that is owned or controlled by an individual as defined in Paragraph 1. above, but only with respect to the liability of such organization arising out of the rendering of or failure to render **Professional Services** provided by such individual as defined in Paragraph 1. above.

Z. Retroactive Date means:

1. With respect to an **Agent**, the inception date of the **Agent's** first claims-made insurance agent's professional liability policy if such coverage was subsequently maintained in force without interruption until inception of this Policy; provided that written proof of such continuous coverage reasonably acceptable to the Insurer is submitted to the Insurer at the time the **Insured** provides written notice to the Insurer of a **Claim** under this Policy; and
2. With respect to a **Registered Representative**, the latest date the **Registered Representative** contracted with a **Broker/Dealer** in connection with rendering **Professional Services**, subject to written proof of such contract at the time the **Insured** provides written notice to the Insurer of a **Claim** under this Policy.

Any **Insured** as defined under Sections III. **DEFINITIONS**, Paragraph R. Subsections 2. through 5., shall share the same **Retroactive Date** as such **Insured's Agent** or **Registered Representative**.

AA. Sponsoring Organization means the entity set forth in Item 1. of the Declarations for this Policy.

BB. Wrongful Act means any negligent act, error or omission of, or **Personal Injury** caused by, the **Insured**, as defined in Section III., Paragraph R., Subparagraphs 1. and 2. above, arising solely from the rendering of or failure to render **Professional Services** for a **Client**.

IV. EXCLUSIONS

A. The Insurer shall not be liable for **Loss** resulting from that portion of any **Claim** based upon, arising out of, directly or indirectly, in whole or in part, or in any way involving:

1. Any:
 - a. Demand, suit, litigation or other proceeding pending against, or
 - b. Order, decree or judgment entered for or against,

Any **Insured** which was pending on or existed prior to the inception date of the **Agent's** or **Registered Representative's** first **Certificate of Insurance** under this Policy or under any prior policy issued by the Insurer of which this Policy is a direct or indirect renewal or replacement, or in any way involving, in whole or in part, the same or substantially the same facts, circumstances, situation or allegations underlying or alleged therein.

2. Any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, error or omission, or any actual or alleged willful violation of any statute or law as determined by a final and non-appealable adjudication in the underlying action or in a separate action or proceeding; provided that:
 - a. This exclusion shall not apply to the Insurer's obligation to pay **Claim Expenses** or to defend a **Claim**;
 - b. The facts pertaining to and knowledge possessed by any **Insured** shall not be imputed to any other **Insured**; and
 - c. Only facts pertaining to and knowledge possessed by any executive officer of an **Insured** entity shall be imputed to such **Insured** entity.
3. Any actual or alleged services by an **Agent** or **Registered Representative**:
 - a. As an accountant, actuary, attorney, property or casualty insurance agent, real estate agent or third-party administrator;
 - b. As a market-maker or specialist in any securities; or
 - c. Relating to tax advice, except when such tax advice is incidental to **Professional Services**.
4. Any sale, surrender, conversion or alteration of any product the sale or servicing of which is a **Professional Service** under this Policy if the proceeds of such sale, surrender, conversion or alteration are used for the purchase of a product the sale or servicing of which is not a **Professional Service**.
5. Any actual, alleged or proposed pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the **Insured** or any entity owned or controlled by the **Insured** or in which the **Insured** is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act or 1974, as amended, or any similar common or statutory law, including without limitation the design of any such plan or trust.
6. Any actual or alleged **Employee Benefit Plan Administration**.
7. Any actual or alleged placement of a **Client's** coverage or funds directly or indirectly with any entity which is not licensed to conduct business in the state or jurisdiction with authority to regulate such business; provided that this Exclusion shall not apply to the placement of a **Client's** coverage or funds directly or indirectly with an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business.
8. Any actual or alleged sale, attempted sale, servicing, or administration of, or advice or planning with respect to:
 - a. Any multiple employer benefit plan or arrangement;
 - b. Any employee benefit plan involving self-funding, in whole or in part, by any employer, union, or employment-related entity, other than such a plan administered by an **Insured** which affords health benefits;
 - c. Any:
 - i. Structured settlements, structured notes or principal protected notes;
 - ii. Viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements; or

- iii. Life settlements, reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;

Provided that this Exclusion **A.8.**, Subparagraph **c.** shall not apply to an underlying covered product;

- d. Any securities, other than mutual funds and variable annuities;
 - e. Any commodities, commodities futures contracts, or any type of option contract with the exception of covered call writing;
 - f. Any promissory notes;
 - g. Any ETS pay phone investments or similar type investments;
 - h. Any Stranger Owned or Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN-LIFE) or any similar transactions; or
 - i. Any KEOGH retirement plan or employee benefit plans (other than Group Life and Group Health plans).
9. Any securities that are unregistered including, but not limited to, private placements, limited partnerships, real estate investment trusts, or tenants in common.
10. Any auction rate securities, issuer callable certificates of insurance, equipment sale-lease-buy-back transactions, inverse exchange traded funds, unit investment trusts, IRS Section 412(i) or 419 plans or IRS Section 1031 exchanges.
11. Any actual or alleged:
- a. financial inability or refusal to pay;
 - b. insolvency;
 - c. receivership;
 - d. conservatorship;
 - e. bankruptcy; or
 - f. liquidation,

Of any entity in which an **Agent** or **Registered Representative** has placed coverage or placed the funds of a **Client**, or recommended coverage or recommended the placement of funds of a **Client**; provided that this Exclusion shall not apply with respect to any insurer that was rated A- or better by A.M. Best at the time of the **Agent's** or **Registered Representative's** acts.

12. Any actual or alleged liability of others assumed by an **Insured** under any written or oral contract or agreement; provided that this Exclusion shall not apply to the extent that the **Insured** would have been liable in the absence of such contract or agreement.
13. Any actual or alleged making of promises, guarantees or representations as to the future value of any investment by the **Insured** including, but not limited to, promises, guarantees or representations as to future premium payments, market value(s), interest rates, or fluctuation in interest rates.
14. Any actual or alleged gaining of personal profit or advantage to which an **Insured** is not legally entitled, as determined by a final and non-appealable adjudication in the underlying action or in a separate action or proceeding.
15. Any:
- a. **Insured's** inability or refusal to pay or collect premium, claim or tax monies; or
 - b. Disputes involving fees, commissions or charges including without limitation, the structure of fees or excessive fees; provided that this Exclusion **A.15. b.** shall not apply to surrender charges.

16. Any actual or alleged:
- a. Commingling or use of **Client** funds; or
 - b. Profit, remuneration or other advantage gained by any **Insured**, to which the **Insured** was not legally entitled, as determined by a final and non-appealable adjudication in the underlying action or in a separate action or proceeding; provided that:
 - i. The facts pertaining to and knowledge possessed by any **Insured** shall not be imputed to any other **Insured**; and
 - ii. Only facts pertaining to and knowledge possessed by any executive officer of an **Insured** entity shall be imputed to such **Insured** entity.
17. Any financial product or insurance owned, in whole or in part, by a current or former **Insured**.
18. Any actual or alleged investment advice provided by:
- a. A fiduciary adviser if such investment advice is not provided pursuant to and in accordance with all of the requirements of the Pension Protection Act of 2006, as amended; or
 - b. Investment Manager pursuant to Section 3(21) or 3(38) of the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law.
19. Any actual or alleged bodily injury, sickness, injury, emotional distress, mental anguish, disease or death of any person; or injury to or destruction of any tangible property, including loss of use of such injured or destroyed property.
20. Any actual or alleged underwriting, syndicating, or investment banking activities, or associated counseling or investment activities including, but not limited to, any aspect of any actual, attempted or threatened merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, going private transaction, reorganization, restructuring, recapitalization, spin-off, primary or secondary offering of securities (whether the offering is a public offering or a private placement), dissolution or sale of all or substantially all of the assets or stock of any entity, or efforts to raise or furnish capital or financing for any enterprise or entity or any acquisition or sale of securities by any **Insured** for its own account, or any activity by an **Insured** as a specialist or market maker for any securities, or any disclosure requirement in connection with any of the foregoing, or the rendering of advice or recommendations in connection with any of the foregoing.
21. Any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets, whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character.
22. Any actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct; provided that:
- a. The facts pertaining to and knowledge possessed by any **Insured** shall not be imputed to any other **Insured**; and
 - b. Only facts pertaining to and knowledge possessed by any executive officer of an **Insured** shall be imputed to such **Insured** entity.
23. Any actual or alleged use, misuse or disclosure of:
- a. Confidential information including, but limited to, such use for the purpose of replacement of coverage;
 - b. Non-public information in a manner prohibited by the laws of the United States including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws or any other jurisdiction; or

- c. Any rules or regulations promulgated under any of the foregoing, all as amended.
24. Any employment practices including, but not limited to, discrimination in or termination of employment.
 25. One party suing, or a group of parties suing, as a representative of a larger class, including any **Claim** brought in federal court that is governed by Federal Rule of Civil Procedure 23.
 26. Any actual or alleged violation of:
 - a. The United States of America CAN-SPAM Act of 2003 or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state, or local statutory law or common law anywhere in the world;
 - b. The United States of America Telephone Consumer Protection Act (TCPA) of 1991 or any amendments thereto or any rules or regulations promulgated thereunder, or any similar provisions of any federal, state, or local statutory law or common law anywhere in the world; or
 - c. Any other law, ordinance, regulation or statute used to impose liability in connection with any unsolicited communication, distribution, publication, sending or transmission via telephone, telephone facsimile machine, computer or other telephonic or electronic devices.
 27. Any **Insured Broker/Dealer** acting as a successor in interest to another entity including, but not limited to, another securities broker/dealer.
 28. Any actual or alleged **Wrongful Acts** or **Interrelated Wrongful Acts** by, or liability of, any **Broker/Dealer** acquired by an **Insured**, where such **Wrongful Acts** or **Interrelated Wrongful Acts** were committed, attempted, or allegedly committed or attempted prior to such acquisition.
 29. Any proprietary fund or investment products in which an **Agent** or **Registered Representative** has any ownership interest.
 30. Any security issued by an entity unable to meet the minimum capitalization and other standards for listing and maintenance on the NASDAQ SmallCap Market.
 31. Any actual or alleged loss of, loss of use of, damage to, corruption of, inability to access, unauthorized access to or inability to manipulate **Electronic Data**.
 32. The use of or investment in any:
 - a. Security that is not registered with the Securities and Exchange Commission; provided that this Exclusion shall not apply to securities which are both exempt from registration with the Securities and Exchange Commission and approved by the **Broker Dealer**; or
 - b. Hedge fund, whether it is registered or not with the Securities and Exchange Commission, unless such coverage is specifically endorsed onto this Policy.
- B.** The Insurer shall not be liable for **Loss** resulting from that portion of any **Claim** brought or maintained by or on behalf of, or for the benefit of:
1. Any past or present **Insured**, whether an individual action, class action or derivative action; provided that this Exclusion shall not apply to the extent such **Claim** is brought by an **Insured** in its capacity as a **Client** of an **Insured**;
 2. Any insurance agent or broker;
 3. Any entity:

- a. That is not a **Client** of an **Agent** or **Registered Representative**; provided that this Exclusion **B. 1. c.** shall not apply to any **Claim** brought by an entity which is a beneficiary, heir, executor, conservator, or administrator of a deceased **Client** of an **Agent** or **Registered Representative**;
 - b. In which the **Agent** or **Registered Representative** has a **Controlling Interest**;
 - c. In which the **Agent** or **Registered Representative** is an officer, director or partner; or
 - d. Which wholly or partly owns, operates, or manages the **Agent** or **Registered Representative**;
- 4. Any governmental or quasi-governmental entity, or Self-Regulatory Organization including, but not limited to, any state or federal insurance or securities commission or agency; or
 - 5. The Financial Industry Regulatory Authority or the Securities and Exchange Commission; provided that this Exclusion shall not apply to a **Claim** brought by or on behalf of such entity in its capacity as a **Client** of an **Agent** or **Registered Representative** and does not limit the availability of coverage pursuant to Section **II. EXTENSIONS OF COVERAGE**, Paragraph **A.**

V. **REPORTING AND NOTICE**

- A.** As a condition precedent to exercising any right to coverage afforded by this Policy, if a **Claim** is made against any **Insured**, such **Insured** shall report such **Claim** to the Insurer in writing as soon as practicable and shall forward to the Insurer every demand, notice, summons, complaint or other process and any pleading received by such **Insured** or their representatives.
- B.** If, during the **Certificate Coverage Period** or any **Extended Reporting Period**, if exercised, an **Insured** first becomes aware of a **Wrongful Act** which may reasonably be expected to give rise to a **Claim**, and during the **Certificate Coverage Period** or the **Extended Reporting Period**, if applicable, such **Insured** gives written notice to the Insurer of such **Wrongful Act** as required in Paragraphs **F.** and **G.** below, then any **Claim** subsequently made against the **Insured** arising from such **Wrongful Act** shall be deemed to have been first made at the time such written notice was received by the Insurer.
- C. Additional Time in Which to Report Claims Made at the End of the Certificate Period:**

Notwithstanding the requirement that the **Claim** must be first made against the **Insured** and reported to the Insurer during the **Certificate Coverage Period**, if a **Claim** is made against an **Insured** during the last fifteen (15) days of the **Certificate Coverage Period**, such **Claim** shall be treated as if it had been reported to the Insurer during the **Certificate Coverage Period** if the **Insureds**:

 - 1. Make reasonable efforts to report such **Claim** to the Insurer immediately; and
 - 2. Give the Insurer written notice of such **Claim** no later than thirty (30) calendar days after the end of the **Certificate Coverage Period**.
- D.** Notwithstanding anything to the contrary set forth herein, the Insurer shall not be responsible for or pay any **Loss**:
 - 1. In connection with any default judgment entered against an **Insured** prior to notice to the Insurer or as a result of untimely notice to the Insurer; or
 - 2. If the Insurer's interests have been prejudiced because of the **Insured's** failure to provide timely notice to the Insurer.

- E.** Except as provided in this Section **V.**, Paragraph **B.** above, a **Claim** shall be deemed to be made:
1. In the case of a civil proceeding or arbitration, on the earliest date of service upon or other receipt by any **Insured** of a complaint or similar document against the **Insured** in such proceeding or arbitration; or
 2. In the case of a written demand for monetary damages, on the **Insured's** receipt of such demand.

F. Reporting Requirements of Actual and Potential Claims

Any notice to the Insurer of a **Claim** or a potential **Claim** must include:

1. The specific facts and circumstances which constitute the **Wrongful Act**, including the date(s) thereof, and the **Agent** or **Registered Representative** and **Client(s)** involved;
2. The date and circumstances by which the **Insured** became aware of such **Wrongful Act**; and
3. The **Loss** that may reasonably result therefrom.

G. Notice To Insurer

1. The **Insureds** shall give written notice to the Insurer under this Policy as specified in Paragraph **G. 2.** below, which shall be effective upon receipt.
2. Refer to Item 8 of the Declarations for information as to where to send Notice of a **Claim**, potential **Claim**, or All Other Notices.
3. All correspondence should make reference to the **Certificate of Insurance**.

VI. DEFENSE AND SETTLEMENT

A. The Insurer:

1. Shall have:
 - a. The sole right to appoint defense counsel for any **Claim** covered by this Policy; and
 - b. The right and duty to defend any **Claim** covered by this Policy,
Even if any of the allegations of the **Claim** are groundless, false or fraudulent; and
2. May make any investigation and negotiate settlement of any **Claim** it deems expedient;

Provided that under this Section **VI.** Paragraph **A.**, the Insurer shall not be obligated to pay any **Loss** or to defend or continue to defend any **Claim** after the applicable limit of the Insurer's liability has been exhausted by the payment of **Loss**.

B. As a condition precedent to exercising any right to coverage afforded by this Policy, the **Insured** agrees not to:

1. Settle or offer to settle any **Claim**;
2. Incur any **Claims Expenses**; or
3. Assume any contractual obligation or admit any liability,

With respect to any **Claim** without the Insurer's prior written consent, which consent shall not be unreasonably withheld.

The Insurer shall not be liable for:

- (i) Any element of **Loss** incurred;
 - (ii) Any obligation assumed; or
 - (iii) Any admission made,
- By any **Insured** without the Insurer's prior written consent.

- C. The **Insured** must take all reasonable actions within its ability to prevent or mitigate any **Claim** which would be covered under this Policy. The **Insured** shall also provide the Insurer with such cooperation, assistance and information as the Insurer may request, all without charge to the Insurer. The **Insured** agrees to do nothing that may prejudice the Insurer's position or its potential or actual rights of recovery.

When requested by the Insurer and without charge to the Insurer, the **Insured** shall:

- (i) Submit to examination by a representative of the Insurer, under oath if required;
 - (ii) Attend depositions, hearings and trials;
 - (iii) Assist in the conduct of **Claims** including, but not limited to, securing evidence and giving evidence, coordinating witness attendance, effecting settlement, providing written statements to the Insurer's representatives and meeting with such representatives for the purposes of investigation or defense; and
 - (iv) Furnish the Insurer with copies of reports, investigations, pleadings, and all related papers and such other information as the Insurer may reasonably request.
- D. The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without the prior written consent of the Insurer. In the event any **Claim** is submitted to arbitration, the Insurer, as soon as practicable, shall notify the **Insured** of the date of the arbitration hearing. The Insurer shall be entitled to exercise all of the **Insured's** rights in the choice of arbitrators and in the conduct of any arbitration proceeding involving a **Claim** covered by this Policy.

VII. **TERRITORY**

This Policy applies to **Wrongful Acts** committed by an **Agent** or **Registered Representative** anywhere in the world, but only with respect to **Claims** made or suits brought and held against the **Insured** in the United States of America, its territories or possessions, or in Canada.

VIII. **LIMITS OF LIABILITY**

- A. The Insurer's maximum aggregate liability for all **Loss** resulting from all **Claims** made against all **Insureds** under this Policy shall be the Policy Period Aggregate Limit of Liability set forth in Item 3. of the Declarations for this Policy, regardless of the total number of **Insureds** under this Policy, the total number of **Certificates of Insurance** issued under this Policy, the total number of **Claims** made against the **Insureds**, or the total number of persons or entities bringing such **Claims**.
- B. The Insurer's maximum liability for all **Loss** resulting from each **Claim** shall be the Each **Claim** Limit of Liability set forth in the **Certificate of Insurance**, and the Insurer's maximum aggregate liability for all **Loss** resulting from all **Claims** made against any one **Agent** or **Registered Representative** and its **Insureds**, collectively, shall be the **Agent/Registered Representative** Aggregate Limit of Liability set forth in the **Certificate of Insurance**. Such Limits of Liability shall be part of, and not in addition to, the Policy Period Aggregate Limit of Liability described above.
- C. The Limits of Liability of the Insurer for any **Extended Reporting Period** shall be an extension of, part of, and not an increase of or in addition to, the respective Limits of Liability of the Insurer set forth in Item 3 of the Declarations for this Policy and in the **Certificate of Insurance**.

- D. The Insurer shall have no obligation to pay **Loss**, including **Claims Expenses**, or to defend or continue to defend any **Claim** after the Insurer's applicable Limit of Liability with respect to such **Claim** has been exhausted.
- E. If:
 1. any **Claim** under this Policy; or
 2. any fee, cost or expense covered under Section II. **COVERAGE EXTENSIONS** (hereinafter "Coverage Extension Expenses"),

is also covered by one or more other policies issued by the Insurer to: (i) the **Sponsoring Organization** or the **Named Insured**; or (ii) any person who controls, is controlled by, or is affiliated by common control with the **Sponsoring Organization** or the **Named Insured**, then with respect to such **Claim** and Coverage Extension Expenses:

- a. The Insurer shall not be liable under this Policy for a greater proportion of the **Loss** or Coverage Extension Expenses than the applicable Limit of Liability under this Policy bears to the total applicable limits of liability of all such policies; and
- b. The maximum amount payable under all such other policies shall not exceed the largest applicable limit of liability of such other policies.

IX. DEDUCTIBLE

Subject to the applicable Limit of Liability, the Insurer shall only be liable for **Loss** which is in excess of the applicable Deductible(s) set forth in Item 4. of the Declarations and as set forth in the **Certificate of Insurance**; provided that if:

- A. An **Agent** or **Registered Representative** has:
 1. Purchased Optional Coverage, other than Life, Accident and Health coverage, as set forth in the Optional Coverage Table within the **Certificate of Insurance**; and
 2. Been enrolled as an **Insured** under this Policy continuously for at least one (1) year; and
 3. Had no other **Claims** made against the **Agent** or **Registered Representative** and their **Insureds** under this Policy;

Then the Deductible for such Optional Coverage shall be as follows:

POLICY YEAR	DEDUCTIBLE
Year 2 of coverage under this Policy	75% percent of the amount set forth in the Certificate of Insurance
Year 3 of coverage under this Policy	50% percent of the amount set forth in the Certificate of Insurance
Year 4 of coverage under this Policy	25% percent of the amount set forth in the Certificate of Insurance
Year 5 of coverage under this Policy	\$0

If more than one Deductible is applicable to any **Claim**, the maximum aggregate Deductible for such **Claim** shall be the largest of such Deductibles.

X. INTERRELATED WRONGFUL ACTS – CLAIMS FIRST MADE

All **Claims** arising out of the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Claim** which shall be deemed to be first made on the earliest date that:

- A. Any of the **Claims** were first made, regardless of whether the **Certificate of Insurance** was in effect at the time; or

- B. Valid notice was given by the **Insured** under this Policy or any prior policy of any **Wrongful Act** which underlies such **Claim**.

XI. **EXTENDED REPORTING PERIODS**

A. **Agent/Registered Representative Extended Reporting Period**

1. If during the **Policy Period** an **Agent** or **Registered Representative** ceases their status as an **Agent** or **Registered Representative** with the **Sponsoring Organization** ("Agent/Representative Termination Date"), then:
 - a. If such **Agent** or **Registered Representative** has been continuously enrolled as an **Insured** in this Policy and any predecessor policy issued by the Insurer for at least three (3) years, such **Agent** or **Registered Representative** shall be entitled to an automatic ten (10) year Extended Reporting Period, at no additional cost; and
 - b. If such **Agent** or **Representative** has been continuously enrolled as an **Insured** in this Policy and any predecessor policy issued by the Insurer for less than three (3) years, such **Agent** or **Registered Representative** shall have the right, upon payment of the respective additional premium set forth in Item 6 of the Declarations for this Policy, to elect an Optional Extended Reporting Period as set forth in Item 6 of the Declarations for this Policy.
2. Coverage for any **Claim** pursuant to an Extended Reporting Period described in 1.a or b. above shall be subject to the following:
 - a. The **Claim** is made and reported to the Insurer during such Extended Reporting Period; and
 - b. Such **Claim** is for a **Wrongful Act** or **Interrelated Wrongful Act** which was committed:
 - i. After the applicable **Retroactive Date**; and
 - ii. Prior to the termination or the expiration date of the **Certificate Coverage Period**, whichever is earlier, and

Provided further that:

- (1) Such **Wrongful Act** is otherwise covered under the terms and conditions of this Policy; and
 - (2) Such Extended Reporting Period shall begin on the Agent/Representative Termination Date.
3. Any such Extended Reporting Period does not extend the **Policy Period** or the **Certificate Coverage Period**, and does not change the scope of coverage provided under this Policy.
 4. If a **Claim** is first made during any such Extended Reporting Period, this insurance will be excess over any other valid and collectible insurance that the **Insured** may have purchased.

B. **Sponsoring Organization Optional Extended Reporting Period**

1. A **Sponsoring Organization** shall have the right, upon payment of the additional premium set forth in Item 6. of the Declarations for this Policy, to elect on behalf of all **Insureds** an Optional Extended Reporting Period as set forth in Item 6. of the Declarations for this Policy, if the **Sponsoring Organization** cancels or non-renews this Policy, or if the Insurer cancels or non-renews this Policy, other than for nonpayment of Premium. This Extended Reporting Period shall be referred to as the **Sponsoring Organization** Optional Extended Reporting Period.

2. As a condition precedent to the right to purchase any **Sponsoring Organization** Optional Extended Reporting Period, the total premium for this Policy must have been paid. The right to purchase the **Sponsoring Organization** Optional Extended Reporting Period shall end unless the Insurer receives written notice and full payment of the premium for such period within thirty (30) days after the end of the **Policy Period**.
3. If the **Sponsoring Organization** Optional Extended Reporting Period is purchased, any Automatic Extended Reporting Period shall be included within and not in addition to the Optional Extended Reporting Period, and the entire premium for the Optional Extended Reporting Period shall be deemed earned at its commencement without any obligation by the Insurer to return any portion thereof.
4. If the **Sponsoring Organization** purchases the **Sponsoring Organization** Optional Extended Reporting Period, then coverage otherwise afforded under this Policy for **Claims** against any **Insured** is extended for the amount of time set forth in Item 6. of the Declarations for this Policy; provided that:
 - a. The **Claim** is made and reported to the Insurer during such **Sponsoring Organization** Optional Extended Reporting Period; and
 - b. Such **Claim** arises out of a **Wrongful Act** or **Interrelated Wrongful Act** which was committed:
 - i. After the applicable **Retroactive Date**; and
 - ii. Prior to the termination or the expiration date of the **Certificate Coverage Period**, whichever is earlier, and

Provided further that:

- (1) Such **Wrongful Act** is otherwise covered under the terms and conditions of this Policy; and
 - (2) If, during the **Policy Period** an **Agent** or **Registered Representative** ceases their status as an **Agent** or **Registered Representative** with the **Sponsoring Organization**, then there is no coverage provided to such **Agent** or **Registered Representative** or its **Insureds** under the **Sponsoring Organization** Optional Extended Reporting Period.
- C. An **Agent** or **Registered Representative** and its **Insureds** shall not be covered under any Automatic or Optional Extended Reporting Period under this Policy if the **Sponsoring Organization** or the **Broker/Dealer** terminated its relationship with such **Agent** or **Registered Representative** for disciplinary reasons in conformance with the **Sponsoring Organization's** or the **Broker/Dealer's** written practices and procedures in effect at the time of the termination of the relationship.
 - D. Any Automatic or Optional Extended Reporting Period under this Policy shall not apply to any **Agent** or **Registered Representative** and its **Insureds** if the **Agent** or **Registered Representative** has any other applicable coverage or insurance policy (including a policy issued subsequent to this Policy) for **Wrongful Acts** covered under such Extended Reporting Period, whether or not the other insurance coverage/policy actually affords coverage.
 - E. No **Insured** shall be entitled to any Automatic or Optional Extended Reporting Period if the Insurer has cancelled his or her coverage for non-payment of premium when due.
 - F. The applicability of any Automatic or Optional Extended Reporting Period under this Policy shall not in any way increase the Limits of Liability set forth in the **Certificate of Insurance** or the Declarations for this Policy.

XII. SUBROGATION

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all of the **Insureds'** rights of recovery. As a condition precedent to the Insurer's payment under this Policy, the **Insureds** agree to execute all papers required and shall take all reasonable actions to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer to effectively bring suit or otherwise pursue subrogation rights in the name of the **Insureds**. The **Insured** shall do nothing to prejudice such rights.

Any amount so recovered shall be apportioned in the following order of priority, after first deducting from the recovery the fees and expenses incurred in obtaining such recovery:

1. The **Insureds** shall first be reimbursed for any payments by the **Insureds** in excess of the amount paid under this Policy.
2. The Insurer shall then be reimbursed for any payments by the Insurer under this Policy.
3. The **Insureds** shall then be reimbursed for any remaining recovery.

XIII. ALLOCATION

- A.** If the **Insured** incurs loss that is only partially covered by this Policy because a **Claim** includes both covered and uncovered matters or is made against both covered and uncovered parties, such loss shall be allocated between covered **Loss** and non-covered loss based upon: (i) the relative legal and financial exposures of the parties to such covered and uncovered matters; and (ii) if a settlement occurs, the relative benefit of the parties from settlement of such covered and uncovered matters.
- B.** If the Insurer and the **Insured** cannot agree as to the amount of **Claim Expenses** to be advanced under this Policy, then the Insurer shall advance the **Claim Expenses** that it believes to be covered under this Policy, if any, until a different amount shall be agreed upon or determined pursuant to Section **XIX**. below.

XIV. REIMBURSEMENT OF THE INSURER

If the Insurer has paid any **Loss** in excess of the applicable Limits of Liability, within the amount of the applicable Deductible or subject to the right to seek repayment, the **Insured** who incurred such **Loss** shall be liable to the Insurer for any and all such amounts and, upon demand, shall pay such amounts to the Insurer promptly. If it is determined by agreement of the parties or pursuant to Section **XIX**. below that any **Loss** is not covered under this Policy, the **Insured** who incurred such **Loss** shall promptly repay the Insurer the amount of such **Loss** not covered.

XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE

- A.** This Policy may be cancelled by the Insurer for:
1. Non-payment of any premium when due, by providing to the **Sponsoring Organization** written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective. Failure to pay the initial policy premium when due will be deemed a rejection of the Insurer's offer to insure, and no coverage under this Policy shall be effective; and
 2. Any other reason, by providing to the **Sponsoring Organization** written notice stating when, not less than sixty (60) days thereafter, such cancellation shall be effective.

- B. The **Insureds** grant the exclusive authority to cancel this Policy to the **Sponsoring Organization**. However, the **Insureds** who are covered pursuant to a **Certificate of Insurance** may cancel such **Certificate of Insurance** by giving prior written notice of such cancellation to the Insurer as specified in Section **V. G. 2** above. The mailing of such notice as aforesaid shall be sufficient proof of notice and such **Certificate of Insurance** shall terminate thereafter at the date and hour specified in such notice.
- C. This Policy may be cancelled by the **Sponsoring Organization** by giving written notice to the Insurer stating when thereafter such cancellation shall be effective.
- D. The **Sponsoring Organization** will give written notice of cancellation to the Insurer by registered, certified or other first class mail at the Insurer's address set forth in Section **V.**, Paragraph **G. 2**, of this Policy. The Insurer will give written notice of cancellation to the **Sponsor Organization** by registered, certified or other first class mail at the address set forth in Item 1. of the Declarations for this Policy. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.
- E. Notwithstanding anything to the contrary set forth in Paragraphs **A. 1.** and **2.** above, **Certificates of Insurance** in effect at the time of termination of this Policy shall remain in effect until the earlier of expiration of the **Certificate of Insurance** as set forth in such **Certificate of Insurance** or cancellation of such **Certificate of Insurance** pursuant to Paragraph **B.** above, and **Claims** submitted under such **Certificates of Insurance** shall be otherwise governed by this Policy.
- F. If applicable state law permits, the premium for this Policy and any **Certificate of Insurance** shall be deemed fully earned upon payment of the premium. If and to the extent applicable state law does not permit fully earned premiums, then in the event of cancellation by the Insurer or the **Insureds** of this Policy or a **Certificate of Insurance** pursuant to this Section **XV.**, the Insurer shall refund the unearned premium computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such cancellation, but such payment shall be made as soon as practicable.

XVI. SOLE AGENT

The **Sponsoring Organization** shall be the sole agent of all **Insureds** hereunder for the purpose of: (i) effecting or accepting any amendments to or cancellation of this Policy; and (ii) receiving such notices as may be required by law or any provision(s) of this Policy.

XVII. ALTERATION AND ASSIGNMENT

No change in, modification of, or assignment of, interest under this Policy shall be effective except when made by written endorsement signed by an authorized representative of the Insurer.

XVIII. NO ACTION AGAINST INSURER

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** has fully complied with all the terms and conditions of this Policy. In addition, no action shall be taken against the Insurer until the amount of any **Insured's** obligation or liability to a third party has been finally determined by an award or judgment against any **Insured** in an actual adjudicatory proceeding.

No person or entity shall have any right under this Policy to join the Insurer as a party to any action against any **Insured** to determine such **Insured's** liability nor shall the Insurer be impleaded by such **Insured** or legal representatives of such **Insured**.

XIX. RESOLUTION OF DISPUTES

If the Insurer and the **Insureds** cannot agree upon the resolution of any dispute arising out of or related to this Policy or the breach, termination or invalidity of this Policy, the Insurer and the **Insured** shall

participate in a non-binding mediation regarding such dispute. The parties shall share costs, but pay for their own legal fees and expenses, in such mediation.

After ninety (90) days has passed from the termination of the mediation, either the Insurer or the **Insured** may commence a judicial proceeding or binding arbitration proceeding with respect to such dispute. In the event that both the Insurer and the **Insured** commence either a judicial proceeding or binding arbitration within 120 days after termination of the mediation, the **Insured's** proceeding shall take precedence over the Insurer's proceeding, and the Insurer shall withdraw and dismiss its judicial or binding arbitration proceeding. In the event that both the Insurer and the **Insured** commence either a judicial proceeding or binding arbitration more than 120 days after termination of the mediation, the first such proceeding or arbitration shall take precedence over the subsequent proceeding or arbitration, which shall be withdrawn and dismissed.

In the event of a binding arbitration, such proceeding shall be pursuant to such rules and procedures as the parties may agree. If the parties cannot agree, the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing Commercial Arbitration Rules. The arbitration panel shall consist of one arbitrator selected by the **Insured**, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the two party-appointed arbitrators. In any such arbitration, each party will bear its own legal fees and expenses. The arbitration or any court proceeding shall take place in Chicago, Illinois and Illinois law shall apply, without application of any applicable conflict of law analysis.

XX. **CHANGES**

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

XXI. **ENTIRE AGREEMENT**

It is agreed that this Policy, including the **Application**, any materials submitted or required to be submitted therewith, and any written endorsements attached, shall constitute the entire agreement existing between the Insurer, the **Insured**, and the **Sponsoring Organization**.

XXII. **TITLES**

The titles of paragraphs, sections or any endorsements to this Policy are intended solely for convenience and reference, and are not deemed in any way to modify the provisions to which they relate.

XXIII. **OTHER INSURANCE**

If any **Claim** is insured under any other valid and collectible policy(ies), this Policy shall apply only to the extent the **Loss** exceed the Limit of Liability under such other valid and collectible insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is only written specifically as excess insurance over this Policy.

XXIV. **LIBERALIZATION**

In the event that there is an inconsistency between a state amendatory endorsement attached to this Policy and any term or condition of this Policy, the Insurer shall apply those terms and conditions of either the amendatory endorsement or the Policy which are more favorable to the **Insured**; provided that this Section **XXIV**. shall not apply to the extent that the more favorable amendatory endorsement or Policy provision is against public policy or the law of such state.

XXV. AUTHORIZATION CLAUSE

If an **Agent** or **Registered Representative** has provided an enforceable written payment authorization upon initially enrolling, such payment authorization shall remain in full force and effect until rescinded in writing by an **Insured**.

XXVI. COMPLIANCE WITH TRADE SANCTIONS

Coverage under this Policy does not apply to the extent that trade or economic sanctions or other similar laws or regulations prohibit the Insurer from providing such coverage.

BCS INSURANCE COMPANY
INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE
PLAN ADMINISTRATOR OR FIDUCIARY EXCLUSION

This endorsement modifies insurance provided under the following:

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed and understood that Exclusion A., 18 in Section IV is deleted and replaced in its entirety by the following:

18. Any actual or alleged investment advice provided by:
- a. A fiduciary adviser if such investment advice is not provided pursuant to and in accordance with all of the requirements of the Pension Protection Act of 2006, as amended;
 - b. Investment Manager pursuant to Section 3(21) or 3(38) of the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; or
 - c. A plan administrator or fiduciary under the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act or the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments, regulations or enabling statutes pursuant thereto, or any other similar federal, state or provincial statute or regulation; however this exclusion shall not apply to the extent such **Claim** alleges the **Insured** is liable pursuant to the U.S. Department of Labor's Rules regarding Best Interest Contracts.

THIS ENDORSEMENT FORMS A PART OF POLICY NUMBER: AES-30416A

Issued by: BCS Insurance Company

Issued to: Professional Agents Risk Purchasing Group

Effective date: March 1, 2023

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

BCS INSURANCE COMPANY
INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE
RETROACTIVE DATE/PENDING AND PRIOR LITIGATION EXCLUSIONS

This endorsement modifies insurance provided under the following:

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Endorsement No.

It is agreed:

1. Except as otherwise stated in paragraph 2 of this Endorsement, any limitation to coverage under this Policy based upon a **Wrongful Act** occurring or **Professional Services** rendered on or before the **Retroactive Date**, including without limitation any such coverage limitation in Section I.A, II.A.1, II.B.1.b, III.O, XI.A.2.b.i and XI.B.4.b.i, shall not apply.
2. Exclusion A.1 in Section IV. of this Policy is amended to read in its entirety as follows:

The Insurer shall not be liable for **Loss** resulting from that portion of any **Claim** based upon, arising out of, directly or indirectly, in whole or in part, or in any way involving:

1. Any:
 - a. Demand, suit, litigation or other proceeding pending against, or
 - b. Order, decree or judgment entered for or against, an **Insured** which was pending on or existed prior to the applicable **Retroactive Date**, or in any way involving, in whole or in part, the same facts, circumstances, situations or allegations underlying or alleged therein.

THIS ENDORSEMENT FORMS A PART OF POLICY NUMBER: **AES-30416A**

Issued by: **BCS INSURANCE COMPANY**

Issued to: **Professional Agents Risk Purchasing Group**

Effective date: **March 1, 2023**

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

BCS INSURANCE COMPANY
NEW YORK
COVERAGE EXTENSIONS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

1. Section II. **COVERAGE EXTENSIONS**, subsections **A. Disciplinary Proceedings Coverage**, **B. Subpoena Compliance Coverage**, **C. Public Relations – Crisis Management Coverage**, **D. Reimbursement of Expenses Coverage** and **E. Pre-Claims Assistance Coverage** are deleted in their entirety.
2. Section III. **DEFINITIONS**, subsections **J.** and **K.** are deleted in their entirety.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT FORMS A PART OF POLICY NUMBER: AES-30416A

Issued by: **BCS Insurance Company**

Issued to: **Professional Agents Risk Purchasing Group**

Effective date: **March 1, 2023**

BCS INSURANCE COMPANY
NEW YORK AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

INSURANCE AGENTS PROFESSIONAL LIABILITY INSURANCE POLICY

1. Section I. **INSURING AGREEMENT**, subsection B. is deleted in its entirety and replaced by the following:

B. The **Insured** reports such **Claim** to the Insurer, or to the Insurer's licensed agent, in writing, as soon as practicable during the **Certificate Coverage Period**, or if the Insurer renews this Policy then the immediately following **Certificate Coverage Period**, or the **Extended Reporting Period**, if applicable, in accordance with Section V. **REPORTING AND NOTICE** of this Policy.

2. Section I. **INSURING AGREEMENT**, subsection C. is deleted in its entirety and replaced by the following:

C. Prior to the date the **Insured** or the **Agent** or **Registered Representative** affiliated with the **Insured** initially enrolled under this Policy, such **Agent** or **Registered Representative** and its **Insureds** did not know of and could not have reasonably foreseen any **Wrongful Act** or circumstance that may reasonably be expected to give rise to such **Claim**;

3. Section I. **INSURING AGREEMENT**, subsection E. is deleted in its entirety.

4. Section III. **DEFINITIONS**, subsection A. 2. c. iii. is deleted in its entirety.

5. Section III. **DEFINITIONS**, subsection Z. is amended by the addition of the following:

The **Retroactive Date** may not be changed during a claims-made relationship or any applicable **Extended Reporting Period**.

6. Section IV. **EXCLUSIONS**, subsection A. 2. is deleted and replaced by the following:

2. Any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, or any actual or alleged willful violation of any statute or law as determined by a final and non-appealable adjudication in the underlying action or in a separate action or proceeding; provided that:

a. This exclusion shall not apply to the Insurer's obligation to pay **Claim Expenses** or to defend a **Claim**;

b. The facts pertaining to and knowledge possessed by any **Insured** shall not be imputed to any other **Insured**; and

c. Only facts pertaining to and knowledge possessed by any executive officer of an **Insured** entity shall be imputed to such **Insured** entity.

7. Section IV. **EXCLUSIONS**, subsection A. 11. is deleted in its entirety.

8. Section V. **REPORTING AND NOTICE**, subsection C. is deleted in its entirety.

9. Section **V. REPORTING AND NOTICE**, subsection **G. 1.** is deleted and replaced by the following:

1. The **Insureds** shall give written notice to the Insurer under this Policy as specified in Paragraph **G. 2.** below, or to the Insurer's licensed agent, which shall be effective upon receipt. Failure to give any notice required to be given by this Policy within the time prescribed therein shall not invalidate any **Claim** made by the **Insured**, an injured person or by any other claimant if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible. Further, failure to give notice as required shall not invalidate a **Claim** under this Policy unless the failure to provide timely notice has prejudiced the Insurer.

10. The following is added to Section **V. REPORTING AND NOTICE**:

Notwithstanding any provision in this Policy to the contrary, with respect to any **Claim** alleging personal injury, if the Insurer disclaims liability or denies coverage based upon the failure to provide timely notice, then the injured person or other claimant may bring an action against the Insurer, provided the sole question is whether the Insurer's disclaimer or denial based is based on the failure to provide timely notice, unless within sixty days following such disclaimer or denial, the **Insured** or the Insurer brings an action to declare the rights of the parties under the Policy and names the injured person or other claimant as a party to the action.

However, the injured person, someone acting for the injured person or other claimant may not bring an action if within 60 days after the Insurer denies coverage, or does not admit liability, the Insurer or any **Insured** under the policy:

- (a) brings an action to declare the rights of the parties under the policy; and
- (b) names the injured person, someone acting for the injured person or other claimant as a party to the action.

11. Section **VI. DEFENSE AND SETTLEMENT**, subsection **A.** is deleted in its entirety and replaced by the following:

A. The Insurer:

1. Shall have:
 - a. The right to appoint defense counsel for any **Claim** covered by this Policy; and
 - b. The right and duty to defend any **Claim** covered by this Policy,
Even if any of the allegations of the **Claim** are groundless, false or fraudulent; and
2. May make any investigation and negotiate settlement of any **Claim** it deems expedient;

The **Sponsoring Organization** or **Insureds**, as applicable, shall have the option to:

- a. select the defense attorney or to consent to the Insurer's choice of defense attorney, which consent shall not be unreasonably withheld;
- b. participate in, and assist in the direction of, the defense of any **Claim**; and
- c. consent to a settlement, which consent shall not be unreasonably withheld;

Provided that under this Section VI. Paragraph A., the Insurer shall not be obligated to pay any **Loss** or to defend or continue to defend any **Claim** after the applicable limit of the Insurer's liability has been exhausted by the payment of **Loss**.

Limitation on the Insurer's Duty to Defend

If the Insurer concludes that the Limit of Liability applicable to a **Claim** may become exhausted prior to the conclusion of any **Claim**, the Insurer will notify the **Insureds**, in writing, to that effect.

When the Limit of Liability applicable to a **Claim** has actually been exhausted prior to the conclusion of the **Claim**, the Insurer will notify the **Insured**, in writing, as soon as practicable, that such limit has been exhausted and that the Insurer's duty to defend such **Claim** and any other **Claim** has ended.

The Insurer will initiate, and cooperate in, the transfer of control to the **Insured**, of any **Claims** which were subject to that Limit of Liability and which were reported to the Insurer prior to the exhaustion of such limit. The **Insured** must cooperate in the transfer of control of such **Claims**.

The Insurer agrees to take the necessary steps as the Insurer deems appropriate to avoid a default in, or continue the defense of, such **Claims** until such transfer has been completed, provided that the **Insureds** are cooperating in completing such transfer.

The **Insured** must reimburse the Insurer for expenses the Insurer incurs in taking those steps the Insurer deems appropriate to avoid a default in, or continuing the defense of, any **Claim**. The Insurer will not take any action with respect to any **Claim** that would have been subject to such Limit of Liability, had it not been exhausted, if the **Claim** is reported to the Insurer after that limit has been exhausted.

The exhaustion of any limit by payment of any **Claim**, and the resulting end of the Insurer's duty to defend, will not be affected by the Insurer's failure to comply with any of the terms and conditions of this provision.

12. Section VIII. **LIMITS OF LIABILITY**, subsections **A.**, **B.** and **C.** are deleted in their entirety and replaced with the following:

- A.** Subject to paragraph **B.** below, the Insurer's maximum liability for all **Loss** resulting from each **Claim** made against any one **Agent** or **Registered Representative** and its **Insureds** shall be the Each **Claim** Limit of Liability set forth in the **Certificate of Insurance**.
- B.** The Insurer's maximum aggregate liability for all **Loss** resulting from all **Claims** made against any one **Agent** or **Registered Representative** and its **Insureds**, collectively, shall be the **Agent/Registered Representative** Aggregate Limit of Liability set forth in the **Certificate of Insurance**.
- C.** The Limits of Liability of the Insurer for any **Extended Reporting Period** shall be an extension of, part of, and not an increase of or in addition to, the respective Limits of Liability of the Insurer set forth in the **Certificate of Insurance**, unless otherwise stated in section XI. **EXTENDED REPORTING PERIODS**.

13. Section VIII. **LIMITS OF LIABILITY**, subsection **E. b.** is deleted in its entirety.

14. Section XI. **EXTENDED REPORTING PERIODS**, subsections **A. B.**, **E.** and **F.** are deleted and replaced with the following:

A. Agent/Registered Representative Extended Reporting Period

1. If during the **Policy Period** an **Agent** or **Registered Representative** ceases their status as an **Agent** or **Registered Representative** with the **Sponsoring Organization** (“Agent/Representative Termination Date”), or if the **Sponsoring Organization** or Insurer cancels or non-renews this Policy or **Certificate of Insurance**, or decreases limits, reduces coverage, increases deductibles, adds a new exclusion, or makes any other change in coverage less favorable to the **Insured** then:
 - a. The **Agent** or **Registered Representative** shall be entitled to a sixty (60) day Automatic Extended Reporting Period, at no additional cost; and
 - b. The **Agent** or **Representative** shall have the right, upon payment of the respective additional premium set forth in Item 6 of the Declarations for this Policy, to elect an Optional **Extended Reporting Period** as set forth in Item 6 of the Declarations for this Policy. The premium for the **Agent/Registered Representative Extended Reporting Period** shall be computed in accordance with the premium in effect when the **Certificate of Insurance** was last issued or renewed.
 - i. The **Insurer** will notify the **Agent** or **Registered Representative** within 30 days of the date of termination of the availability of, the premium for, and the importance of purchasing additional extended reporting period coverage. The **Agent** or **Registered Representative** shall have the greater of 60 days from the effective date of termination, or 30 days from the date of mailing or delivery of the advice of the availability to purchase the Optional **Extended Reporting Period** coverage, to submit written acceptance of the Optional **Extended Reporting Period** coverage. The premium for such Optional **Extended Reporting Period** must be paid promptly when due.
 - ii. If the **Agent/Registered Representative Extended Reporting Period** is purchased, the sixty (60) day Automatic **Extended Reporting Period** shall be included within and not in addition to the **Agent/Registered Representative Extended Reporting Period**, and the entire premium for the **Agent/Registered Representative Extended Reporting Period** shall be deemed earned at its commencement without any obligation by the Insurer to return any portion thereof.
2. Coverage for any **Claim** pursuant to an **Extended Reporting Period** described in 1.a or b. above shall be subject to the following:
 - a. The **Claim** is made and reported to the Insurer during such **Extended Reporting Period**; and
 - b. Such **Claim** is for a **Wrongful Act** or **Interrelated Wrongful Act** which was committed:
 - i. After the applicable **Retroactive Date**; and
 - ii. Prior to the termination or the expiration date of the **Certificate Coverage Period**, whichever is earlier, and

Provided further that:

- (1) Such **Wrongful Act** is otherwise covered under the terms and conditions of this Policy; and

(2) Such **Extended Reporting Period** shall begin on the Agent/Representative Termination Date.

3. Any such **Extended Reporting Period** does not extend the **Policy Period** or the **Certificate Coverage Period** and does not change the scope of coverage provided under this Policy.
4. If a **Claim** is first made during any such **Extended Reporting Period**, this insurance will be excess over any other valid and collectible insurance that the **Insured** may have purchased.

B. Sponsoring Organization Optional Extended Reporting Period is not applicable in New York.

E. The provisions of Optional **Extended Reporting Period** coverage will not apply, except for a sixty (60) day Automatic **Extended Reporting Period**, if the claims-made relationship has been less than one year and the Policy was terminated for nonpayment of premium or fraud. If the Policy or **Certificate of Insurance** is canceled at any time due to nonpayment of premium or fraud, the Insurer will not provide a premium quotation unless requested by the **Insured**.

F. The applicability of any Automatic or Optional Extended Reporting Period under this Policy shall not in any way increase the Limits of Liability set forth in the **Certificate of Insurance** or the Declarations for this Policy except for the following:

Limits of Liability for the **Agent/Registered Representative** Optional **Extended Reporting Period** shall be:

1. equal to 100 percent of the **Agent/ Registered Representative** Aggregate Limit of Liability set forth in the **Certificate of Insurance** where a claims made coverage relationship has continued for three years or more; or
2. if the claims made coverage relationship has continued for less than three years, the Limit of Liability shall be at least equal to the greater of:
 - a. the amount of coverage remaining in such **Agent/ Registered Representative** Aggregate Limit of Liability set forth in the **Certificate of Insurance**, or
 - b. 50 percent of such **Agent/ Registered Representative** Aggregate Limit of Liability.

15. Section **XIII. ALLOCATION**, subsections **A.** and **B.** are deleted in their entirety.

16. Section **XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE**, subsection **A.** is deleted in its entirety and replaced by the following:

A. Cancellation by the Insurer

1. Policies or Certificates of Insurance In Effect For 60 Days or Less

The Insurer may cancel the Policy or **Certificate of Insurance** by mailing or delivering to the **Sponsoring Organization** and the **Named Insured** and to the authorized agent or broker written notice of cancellation at least:

- a. Thirty (30) days before the effective date of cancellation if the Insurer cancels for any reason not included in paragraph A.2. below.
- b. Fifteen (15) days before the effective date of cancellation if the Insurer cancels for any of the reasons in paragraph A.2 below.

2. Policies or Certificates of Insurance In Effect For More Than 60 Days

If this Policy or **Certificate of Insurance** has been in effect for more than 60 days, or is a renewal or continuation of a Policy or **Certificate of Insurance** that the Insurer issued, the Insurer may cancel only for any of the reasons listed below, provided the Insurer mails the **Sponsoring Organization** and **Named Insured** and to the authorized agent or broker written notice at least 15 days before the effective date of cancellation:

- a. Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the **Sponsoring Organization** and **Named Insured** of the amount due.
- b. Conviction of a crime arising out of acts increasing the hazard insured against;
- c. Discovery of fraud or material misrepresentation in the obtaining of the Policy or **Certificate of Insurance** or in the presentation of a **Claim**;
- d. After issuance of the Policy or **Certificate of Insurance** or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period or **Certificate Coverage Period**;
- e. Material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- f. Required pursuant to a determination by the Superintendent that continuation of the Insurer's present premium volume would jeopardize the Insurer's solvency or be hazardous to the interest of the Insurer's policyholders, creditors or the public;
- g. A determination by the Superintendent that the continuation of the Policy or **Certificate of Insurance** would violate, or would place the Insurer in violation of, any provision of the Insurance Code; or
- h. Revocation or suspension of the **Named Insured's** license to provide **Professional Services**.

17. Section **XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE**, subsection **D.** is deleted in its entirety and replaced by the following:

- D.** The **Sponsoring Organization** will give written notice of cancellation to the Insurer by registered, certified or other first class mail at the Insurer's address set forth in Section **V.**, Paragraph **G. 2**, of this Policy. The Insurer will give written notice of cancellation to the **Sponsor Organization** by registered, certified or other first class mail at the address set forth in Item 1. of the Declarations for this Policy, and to the **Named Insured** at the last known mailing address, and to the authorized agent or broker. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy or **Certificate of Insurance** shall terminate at the date and hour specified in such notice.

18. Section **XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE**, subsection **F.** is deleted in its entirety and replaced by the following:

- F.** If and to the extent applicable state law does not permit fully earned premiums, then in the event of cancellation by the Insurer or the **Insureds** of this Policy or a **Certificate of Insurance** pursuant to this Section **XV.**, the Insurer shall refund the unearned premium computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such cancellation, but such payment shall be made as soon as practicable.

19. The following is added to Section **XV. TERMINATION OF MASTER POLICY OR CERTIFICATES OF INSURANCE**:

Nonrenewal / Conditional Renewal

1. If the Insurer decides not to renew this Policy or **Certificate of Insurance**, the Insurer will send notice as provided in paragraph 3. below along with the reason for nonrenewal.
2. If the Insurer conditions renewal of this Policy or **Certificate of Insurance** upon:
 - a. A change of limits;
 - b. A change in type of coverage;
 - c. A reduction of coverage;
 - d. An increased deductible;
 - e. An addition of exclusion; or
 - f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

The Insurer will send notice as provided in paragraph 3. below.

3. Notice of nonrenewal and conditional renewal will be provided as follows:
 - a. If the Insurer decides not to renew this Policy or **Certificate of Insurance** or to conditionally renew this Policy or **Certificate of Insurance** as provided in paragraphs 1. and 2. above, the Insurer will mail or deliver written notice to the to the **Sponsoring Organization** or **Named Insured** at least 60 but not more than 120 days before:
 - (1) The expiration date; or
 - (2) The anniversary date if this is a continuous Policy or **Certificate of Insurance**.
 - b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
 - c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
4. If the Insurer violates any of the provisions of the paragraphs above by sending the **Sponsoring Organization** or **Named Insured** an incomplete or late notice of conditional renewal or notice of nonrenewal:
 - a. If notice is provided prior to the expiration date of the Policy or **Certificate of Insurance**, coverage will remain in effect at the same terms and conditions of this Policy or **Certificate of Insurance** at the lower of the current rates or the prior Policy's or **Certificate Coverage Period's** rates until sixty (60) days after such notice is mailed or delivered, unless the **Sponsoring Organization** or **Named Insured**, during this sixty (60) day period, has replaced the coverage or elects to cancel.
 - b. If notice is provided on or after the expiration date of this Policy or **Certificate of Insurance**, coverage will remain in effect at the same terms and conditions of this Policy or **Certificate of Insurance** for another policy period or certificate period at the lower of the current rates or the

prior Policy's or **Certificate Coverage Period's** rates, unless the **Sponsoring Organization** or **Named Insured**, during this additional policy period or **Certificate Coverage Period**, has replaced the coverage or elects to cancel.

This subsection shall not create a new annual aggregate liability limit (if any) for the covered Policy, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extension pursuant to this section; provided, however, that if the **Sponsoring Organization** or **Named Insured** elects to accept the terms, conditions and rates of the conditional renewal notice pursuant to this section, a new annual aggregate limitation (if any) shall become effective as of the inception date of the renewal, subject to regulations promulgated by the superintendent.

20. Section **XIX. RESOLUTION OF DISPUTES** is deleted in its entirety and replaced by the following:

If the Insurer and the **Insureds** cannot agree upon the resolution of any dispute arising out of or related to this Policy or the breach, termination or invalidity of this Policy, either party may make a written demand for arbitration. As an absolute condition to any arbitration, the **Insured** and the Insurer must mutually agree to arbitration and the arbitration procedure. Judgment upon the award may be entered in any court having jurisdiction. The arbitrator has the power to decide any dispute between the Insurer and the **Insured** concerning the application or interpretation of this Policy; provided however, the arbitrator will have no power to revise or reform the actual language of this Policy. The **Insured** and the Insurer will share equally in the cost of arbitration.

21. Section **XXIII. OTHER INSURANCE** is deleted in its entirety and replaced by the following:

If any **Claim** is insured under any other valid and collectible policy(ies), this Policy shall apply only to the extent the **Loss** exceeds the amount paid under such other valid and collectible insurance, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is only written specifically as excess insurance over this Policy.

22. Section **XXIV. LIBERALIZATION** is deleted in its entirety.

23. The following is added:

BANKRUPTCY

The bankruptcy or insolvency of any **Insured** or of an **Insured's** estate shall not relieve the Insurer of any of its obligations under this Policy.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT FORMS A PART OF POLICY NUMBER: AES-30416A

Issued by: **BCS Insurance Company**

Issued to: **Professional Agents Risk Purchasing Group**

Effective date: **March 1, 2023**

**ADDENDUM TO THE APPLICATION AND DECLARATIONS
NOTICE - NEW YORK**

THIS POLICY PROVIDES COVERAGE ON A CLAIMS MADE BASIS, SUBJECT TO ITS TERMS AND CONDITIONS. NO COVERAGE IS AVAILABLE FOR CLAIMS ARISING OUT OF INCIDENTS, SITUATIONS OR ACTS OR OMISSIONS WHICH TOOK PLACE PRIOR TO THE RETROACTIVE DATE STATED IN THE POLICY.

THIS POLICY COVERS ONLY CLAIMS ACTUALLY MADE AGAINST AN INSURED UNDER THE POLICY WHILE THE POLICY REMAINS IN EFFECT, AND ALL COVERAGE FOR CLAIMS MADE UNDER THE POLICY CEASES UPON THE TERMINATION OF THE POLICY, EXCEPT FOR THE AUTOMATIC EXTENDED REPORTING PERIOD COVERAGE, UNLESS OPTIONAL EXTENDED REPORTING PERIOD COVERAGE IS PURCHASED.

UPON TERMINATION OF COVERAGE, A SIXTY (60) DAY AUTOMATIC EXTENDED REPORTING PERIOD WILL BE GRANTED AT NO ADDITIONAL CHARGE. AS PROVIDED IN THE POLICY, THE AGENT/REGISTERED REPRESENTATIVE WILL BE ABLE TO PURCHASE AN OPTIONAL EXTENDED REPORTING PERIOD OF:

Optional Extended Reporting Period	Premium (percent of the agents last annual Premium)
1 Year	100%
2 Years	160%
3 Years	200%
Unlimited	250%

WITHIN 30 DAYS AFTER TERMINATION OF COVERAGE, THE INSURER WILL GIVE WRITTEN NOTIFICATION THAT THE AUTOMATIC EXTENDED REPORTING PERIOD APPLIES, WHICH NOTICE WILL STATE THE IMPORTANCE OF PURCHASING AN ADDITIONAL EXTENDED REPORTING PERIOD AND THE PREMIUM FOR SUCH ADDITIONAL COVERAGE. POTENTIAL COVERAGE GAPS MAY ARISE UPON EXPIRATION OF SUCH EXTENDED REPORTING PERIOD COVERAGE.

DURING THE FIRST SEVERAL YEARS OF THE CLAIMS-MADE RELATIONSHIP, CLAIMS-MADE RATES ARE COMPARATIVELY LOWER THAN OCCURRENCE RATES. SUBSTANTIAL ANNUAL PREMIUM INCREASES CAN BE EXPECTED, INDEPENDENT OF OVERALL RATE LEVEL INCREASES, UNTIL THE CLAIMS-MADE RELATIONSHIP REACHES MATURITY.

DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE DEDUCTIBLE. THIS COULD RESULT IN THE LIMIT OF LIABILITY BECOMING COMPLETELY EXHAUSTED BY THE PAYMENT OF DEFENSE COSTS, IN WHICH CASE, NO FURTHER COVERAGE IS PROVIDED BY THIS POLICY.