

BROKER-DEALER PROFESSIONAL LIABILITY COVERAGE FORM CLAIMS-MADE COVERAGE

THIS POLICY IS A CLAIMS MADE AND REPORTED POLICY. EXCEPT AS OTHERWISE PROVIDED HEREIN, THIS POLICY ONLY COVERS CLAIMS FIRST MADE AGAINST THE INSURED(S) AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

THIS POLICY CONTAINS TERMS AND CONDITIONS THAT LIMIT THE AMOUNT OF DEFENSE COSTS RECOVERABLE HEREUNDER. PAYMENT FOR DEFENSE COSTS SHALL BE IN EXCESS OF THE RETENTION AND SUBJECT TO THE LIMITS OF LIABILITY SET FORTH IN THE DECLARATIONS.

Throughout this document, the word "Insured" means any person or entity qualified as such under **Part I. E. "Covered Persons and Entities."**

Other words and phrases that appear in **bold** have special meaning. Refer to **Part III. Definitions.**

PART I. Insuring Agreements

A. Covered Services

The Company will pay, on behalf of the Insured, **Damages** and associated **Claim Expenses** arising out of a negligent act, error, or omission resulting in a **Claim** for **Damages**, even if such **Claim** is groundless, false or fraudulent, provided that:

1. The negligent act, error, or omission took place in the rendering of or failure to render **Professional Services** by an Insured in its capacity as **Broker-Dealer** or a **Registered Representative** acting on behalf of an Insured **Broker-Dealer**; *and*,
2. The negligent act, error, or omission took place in the **Covered Territory**; *and*,
3. The negligent act, error, or omission took place after the **Retroactive Date** shown in the Declarations; *and*,
4. The **Claim** is first made against the Insured and reported to the Company during the Policy Period or any applicable Extended Reporting Period.

B. Defense and Settlement

1. The Company has the right and duty to defend any **Claim** to which coverage under this Policy applies, subject to the Policy Limits and all other terms and conditions of this Policy. **Claims Expenses** shall be included within the Policy Limits.
2. The Company has the right to select defense counsel; provided, however, if applicable law allows the Insured to control the selection of counsel because of a potential conflict of interest between the Insured and the Company, the Company will provide a list of attorneys or law firms from which the Insured may designate counsel, and the Insured agrees to direct such defense counsel to cooperate with the Company.
3. The reasonable fees and costs incurred by counsel, including those fees and costs generated by cooperation with the Company, as set forth above, shall be included in **Claim Expenses**.
4. The Company will not settle any **Claim** without the consent of the Named Insured. If, however, the Named Insured shall refuse to consent to any settlement recommended by the Company and shall elect to contest the **Claim** or continue any proceedings in connection with such **Claim**, then the Company shall not be obligated to pay **Claim Expenses** incurred subsequent to such refusal. Withholding of consent or refusal shall be deemed a refusal. Furthermore, the Company's liability for such **Claim** shall not exceed the amount for which the **Claim** could have been so settled and **Claim Expenses** incurred up to the date of such refusal.

C. Policy Limits

1. Regardless of the number of persons or entities insured or included in **Part I. E. Covered Persons or Entities**, or the number of claimants or **Claims** made against the Insured:
 - a) The maximum liability of the Company for the combination of all **Damages** and **Claim Expenses** resulting from each **Claim** made against the Insured during the Policy Period and any applicable Extended Reporting Period shall not exceed the amount shown in the Declarations as the Limit for each **Claim**;
 - b) The maximum liability of the Company for the combination of all **Damages** and **Claim Expenses** as a result of all **Claims** first made against the Insured during the Policy Period and any applicable **Extended Reporting Period** shall not exceed the amount shown in the Declarations as the Aggregate Limit.

2. **Claim Expenses** are included within and not in addition to the applicable Limits of Liability. Payment of **Claim Expenses** by the Company reduces the applicable Limits of Liability.
3. The Company shall not be obligated to pay any **Claim** for **Damages** or defend any **Claim** after the applicable Limit of Liability has been exhausted by payment of judgments, settlements, **Claim Expenses** or any combination thereof.
4. The inclusion of more than one Insured, or the making of **Claims** by more than one person or organization, does not increase the Company's Limit of Liability. Whenever made, all **Related Claims** shall be considered first made and reported to the Company during the **Policy Period** in which the earliest **Claim** arising out of such negligent act, error or omission was first made and reported to the Company, and all such **Claims** shall be subject to the same Limit of Liability.
5. Limits of Liability apply in excess of the Retention Amount set forth the Declarations.

D. Retention Provisions

1. The retention amount applies to each **Claim**, and it includes **Damages**, and/or **Claim Expenses**, whether or not a loss payment is made.
2. Notwithstanding anything herein to the contrary, with regard to any **Cost of Corrections Claim**, the Retention Amount shall apply separately to each order to purchase or sell securities.
3. The Retention Amount stated in the Declarations shall be paid by the Insured. The Company shall have the right to initially pay the retention amount, in which case the Named Insured shall reimburse the amount paid within thirty (30) days. Failure of the Insured to remit amounts due in connection with settlements, judgments and **Claims Expenses** under this Policy, or any Policy of which this Policy is a renewal, shall be deemed to be equivalent to non-payment of premium, and may be used as a reason for cancellation.
4. The Insured agrees to pay fees and expenses incurred in connection with the recovery from the Insured any unreimbursed amounts.

E. Covered Persons and Entities

1. The **Named Insured** as stated in the Declarations Page;
2. Any present or former principal, partner, officer, director, or employee of the Named Insured, but only as respects **Professional Services** rendered on behalf of the Named Insured;
3. Heirs, executors, administrators, and in the event of an Insured's death, incapacity or bankruptcy, legal representatives of any Insured, but only with

respect to **Professional Services** rendered prior to such Insured's death, incapacity or bankruptcy.

4. **Registered Representatives** acting on behalf of a covered **Broker-Dealer**.

F. Covered Territory

This Policy applies to covered **Claims** arising out of actual or alleged negligent acts, errors, or omissions, committed by the Insured anywhere in the world, provided that such **Claims** are made within the United States of America, its territories or possessions, Puerto Rico or Canada.

G. Extended Reporting Period

1. If the Policy is not renewed for any reason, or is canceled for any reason other than for non-payment of premium (whether cancelled by the Company or by the Insured), the following Extended Reporting Period options may apply, but only for **Claims** resulting from negligent acts, errors or omissions committed before the termination date of the Policy and otherwise covered by this Policy. An **Extended Reporting Period** extends the time for reporting a **Claim** under the Policy past the expiration date of the Policy, but does not otherwise alter or increase coverage.

- a. **Automatic Extended Reporting Period:** If the Named Insured has not obtained another insurance policy covering **Professional Services** after the expiration date of this Policy, the Company shall provide to the Named Insured an automatic, non-cancelable Extended Reporting Period starting at the termination of the **Policy Period**, but only for **Claims** resulting from negligent acts, errors or omissions committed before the termination date of the Policy which are otherwise covered by this Policy. This automatic Extended Reporting Period will terminate at the earlier of the following dates: (a) after sixty (60) days or (b) at 12:01 A.M. on the date that another insurance policy covering the **Professional Services** of the Named Insured takes effect.
- b. **Optional Extended Reporting Period:** Alternatively, the Insured has the right to purchase an Extended Reporting Period for a period of twelve (12) months after the Policy terminates, but only for **Claims** resulting from negligent acts, errors or omissions committed before the termination date of the Policy which are otherwise covered by this Policy.

The premium for this Extended Reporting Period shall be 100% of the full annual premium set forth in the Declarations and attached endorsements. The Named Insured must elect such coverage and pay the additional premium to the Company within sixty (60) days after the effective date of the Policy's termination. Such additional

premium is deemed fully earned immediately upon the inception of the Extended Reporting Period.

The Optional Extended Reporting Period will be added by endorsement, and once endorsed, cannot be cancelled.

2. An Extended Reporting Period does not reinstate or increase the Limits of Liability. The Company's Limits of Liability during the Extended Reporting Period are included within, and not in addition to the Limits of Liability set forth in the Declarations.

PART II. Exclusions

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

- A.** Based upon or arising out of any intentional, willful, criminal, fraudulent, malicious, or dishonest act or omission by an Insured, except where the **Claim** also includes allegations of a negligent act, error or omission in the performance of your **Professional Services**; however, this exclusion shall not apply to an **Insured** not alleged to have participated in or acquiesced in the intentional, willful, criminal, fraudulent, malicious, or dishonest act or omission, or an **Insured** not alleged to have gained profit, remuneration or advantage from the same; however, in no event will this Policy pay any **Damages** or subsequent **Claim Expenses** in the event of an adjudication or admission by an Insured that the act or omission was intentional, willful, criminal, fraudulent, malicious, or dishonest.
- B.** Based upon or arising out of liability of any type assumed by an Insured under a contract or agreement, including breach of an express or implied warranty or guarantee. This exclusion does not apply to liability that an Insured would have in the absence of the contract or agreement.
- C.** Based upon or arising out of or alleging or resulting, directly or indirectly, from:
 1. facts alleged, or the same acts or series of continuous, repeated, or related acts alleged or contained in any **Claim** which has been reported, or in any circumstances of which notice has been given, under any policy which this Policy is a renewal of or replacement of or succeeds in time;
 2. any act, circumstance, or event committed, omitted, or occurring prior to the Policy Period if, on or before the **First Inception Date**, the Named Insured knew or could have reasonably foreseen that such act, circumstance, or event could give rise to a **Claim** against a Named Insured; or,
 3. as of the **First Inception Date**, any pending or prior: (i) **Claim**, demand, suit, arbitration, mediation, or litigation, or (ii) administrative, bankruptcy, regulatory proceeding, or investigation, of which an Insured had notice, or alleging or derived from the same or essentially the same facts as alleged in such pending

or prior **Claim**, demand, suit, arbitration, mediation, litigation, or administrative bankruptcy, or regulatory proceeding or investigation.

- D.** Based upon, arising out of, or attributable to the sale, attempted sale or servicing of any of the following:
1. Commodities, commodity future contracts, any type of option contract or derivative. However, this exclusion shall not apply to fully covered options or puts.
 2. Any collectible, including but not limited to, stamps, art, sports, or other cards, jewelry, coins, antiques or any other tangible personal property.
 3. Any equity securities priced under \$5.00 or not listed on the New York Stock Exchange, NASDAQ, American Stock Exchange or similar national securities exchange at the time of the alleged act, error, or omission giving rise to such **Claim**. However, this exclusion shall not apply to the extent that such equity securities are included within a mutual fund and the sale, attempted sale or servicing is of such mutual fund and not of such equity securities on their own.
 4. Any securities in any market outside the United States of America and its territories and possessions and Canada.
 5. Annuities used in connection with any structured settlement.
 6. Corporate-owned Life insurance (COLI), bank-owned life insurance (BOLI), or any other types of policies where the purchaser of the life product does not have an insurable interest in the insured under such life product.
 7. Limited Partnerships, non-publicly-traded Real Estate Investment Trusts ("REITs"), promissory notes, issuer callable certificates of deposit and/or equipment sale-lease-buy-back transactions of any kind.
 8. Viatical settlements, reverse mortgages, or similar transactions in which the present value of a conditional contract is exchanged or sold; and/or
 9. Transactions involving the use of, or investment in, hedge funds of any kind.
- E.** Based upon or arising out of a Claim by one Insured under this Policy against another Insured under this Policy; or brought by or on behalf of any Insured, the successors or assigns of any Insured, or trustees in bankruptcy; or by or on behalf of any enterprise, trust or other entity that is operated or managed or owned, directly or indirectly, in whole or in part, by any Insured; or for which any Insured is a trustee, fiduciary, director or officer thereof.
- F.** Based upon or arising out of advice regarding or failure to advise regarding, provide, require, obtain or maintain any form of suretyship or bond.

- G. Based upon or arising out of estimates, opinions, warranties or guarantees of real estate value or value of any investment.
- H. Based upon or arising out of the return, restitution, disgorgement, forfeiture or rescission of any profit, remuneration or financial advantage, or monies to which an Insured was not entitled, including any actual or alleged commingling of funds or accounts.
- I. Brought by or behalf of any securities clearing corporation or introducing agent or introducing broker, based upon, arising out of, or attributable to any function of an Insured as a securities clearing agent or securities clearing broker; however, this exclusion shall not apply to any Claim for indemnification or contribution arising directly from a claim brought by an investor or entity not acting as a Broker-Dealer, Registered Representative, or Registered Investment Advisor.
- J. Based upon, arising out of, or attributable to, a dispute over fees actually or allegedly earned by, billed by, or due to an Insured, including without limitation, commissions, charges or other compensation, or the structure or reasonableness of any compensation.
- K. Based upon, arising out of, or attributable to any activities related to **Discretionary Trades** with regard to the management or disposition of the assets of others, whether the assets of individuals, groups, employee benefit plans, or other entities of any legal form or character, including the handling of trust funds.
- L. Arising out of any proceeding or administrative action brought by any federal, state or local entity or regulatory authority, including but not limited to any actions, decisions, orders or proceedings by any federal, state or local governmental agency; or brought by or on behalf of any governmental or quasi-governmental official, agency or self-regulatory organization, including without limitation, the Securities and Exchange Commission, the National Association of Securities Dealers (NASD), the Securities Investor Protection Corporation, the Financial Industry Regulatory Authority (FINRA), or any state or federal securities or insurance commission, agency or official. This exclusion shall not apply to any **Claim** brought by a direct client of an Insured.
- M. Based upon, arising out of, or attributable to the rendering or failure to render **Professional Services** to any **Broker-Dealer** which buys, sells, or trades in securities exclusively as a principal for its own account.
- N. Based upon, arising out of, or attributable to, investment products partially or totally owned or controlled by any Insured, or to securities for which the Insured acts as a **Market Maker**; or based upon, alleging, arising out of, based upon or attributable to the Insured failing to disclose its status as a **Market Maker** in connection with any research or recommendations provided to a customer or client of the Insured **Broker-Dealer**.
- O. Based upon, arising out of, or attributable to the Insured failing to disclose to a customer or client of the Insured that it has an investment banking relationship with a company, the securities of which have been recommended to such customer or client for either purchase or sale.

- P. Based upon, arising out of, or attributable to the management, operation, condition or activities of any 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 Employee Retirement Income Security Act of 1974 as amended.
- Q. Based upon, arising out of, or attributable to use by an Insured of, or an Insured's disclosure to another person of, non-public information in a matter prohibited by the laws of the United States, including without limitation Section 10(b) or (20)(A) of the Securities Exchange Act of 1934 (as amended) and Rule 10b-5 thereunder, or the laws of any state, commonwealth, territory or subdivision thereof, or the laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing.
- R. Based upon or arising out of infringement of copyright, patent, trademark, trade name, service mark, trade dress, title or slogan.
- S. Based upon or arising out of false advertising or misrepresentation in advertising, or unfair competition based thereon.
- T. Based upon, arising out of, or attributable to any mechanical or electronic failure, breakdown or malfunction of computers, computer memory, memory storage, machines or systems, including hardware and software, used by an Insured to perform **Professional Services**.
- U. For actual, alleged or threatened **Bodily Injury, Property Damage, Personal Injury, Advertising Injury Liability** or the discharge, dispersal, seepage, migration, **Release** or escape of **Pollutants**.
- V. Arising out of **Discrimination or Employment Related Practices**.
- W. That would be recoverable under the 2001 or 2004 ISO Occurrence Commercial General Liability Form.

PART III. Definitions

- A. **Advertising Injury Liability** means liability arising out of one or more of the following offenses, in relationship to the Insured's own promotional activities:
 - 1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - 2. Oral or written publication of material that violates a person's right of privacy or publicity;
 - 3. Infringement, during the course of promotional activities, of copyright, trademark, trade name, service mark, trade dress, title or slogan.

- B. Bodily Injury** means physical or mental harm, mental anguish, emotional distress, humiliation, sickness or disease sustained by a person, including death resulting from any of these at any time.
- C. Broker-Dealer** shall mean a real person or entity with current valid registration with the Securities and Exchange Commission to act as an intermediary to buy and sell securities.
- D. Cost of Corrections Claim** means any **Claim** based upon, arising out of, or relating to the erroneous execution and/or settlement of the or failure to execute and/or settle an order to purchase or sell securities.
- E. Covered Territory:** actual or alleged negligent acts, errors, or omissions, committed by the Insured anywhere in the world, provided that any resulting **Claims** are made within the United States of America, its territories or possessions, Puerto Rico or Canada.
- F. Claim** means a written demand for money or services received by the Insured, including service of suit and including declaratory judgment actions or the demand for arbitration proceedings against the Insured.
- G. Claim Expenses** means expenses incurred by the Company, or by the Insured with the Company's consent, in the investigation, adjustment, negotiation, arbitration, mediation and defense of covered **Claims**, whether paid by the Company or the Insured with the Company's consent, and include:
1. Attorney fees;
 2. Costs assessed against the Insured in any **Claim** defended by the Company;
 3. Interest on that part of any judgment within the applicable Limit of Liability after entry of the judgment and before the Company has paid, offered to pay or deposited in court that such part of any judgment;
 4. The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the available applicable Policy limit, and only if said **Claim** is covered by the Policy;
 5. Reasonable expenses incurred by the Insured at the Company request other than loss of earnings and salaries or other compensation paid to any Insured.
- H. Damages** means monetary compensation for financial loss incurred by an entity other than an Insured, including monetary judgment, award or settlement, except those for which insurance is prohibited by law. **Damages** shall not include:
1. Punitive or exemplary damages, fines, penalties, sanctions, taxes, awards or **Damages** that are multiples of any covered fees, deposits, commissions or charges for goods or services;

2. Any amounts that represent, or are substantially equivalent to, the return, restitution, disgorgement, forfeiture or rescission of any profit, remuneration or financial advantage, or monies to which an Insured was not entitled;
 3. Compensation paid to or claimed by an **Insured** for **Professional Services**, unless such compensation is used as a measure of damages incurred by the claimant; or
 4. The cost of any remedial, preventive or other non-monetary relief, including without limitation, any costs associated with compliance with any such relief of any kind or nature imposed by any judgment, settlement, or governmental authority.
- I. Discretionary Trades** are the purchase or sale of financial instruments, securities or insurance products by an Insured in the absence of an order from a client designating the specific name of the financial instrument, security or insurance product and the amount to be purchased or sold.
- J. Discrimination or Employment Related Practices** means—on the basis of race, creed, color, sex, age, disability, national origin, sexual orientation, sexual preference, marital status or potential terrorist threat—any of the following actions:
1. The differential treatment, including fees charged, of any person;
 2. The hiring or negligent supervision of any person; or,
 3. The refusal to employ any person; or,
 4. The demotion, reassignment, reduction in salary of, or the failure to promote, any person; or,
 5. The termination of any employee; or,
 6. Unequal pay, benefits or titles given to any employee; or,
 7. Unequal fees charged to different clients; or
 8. The coercion, discipline, defamation or humiliation of any person or group of persons.
- K. First Inception Date** means the inception date of the first errors and omissions, professional, media or other liability policy that (i) provides or provided the same or essentially the same coverage as this Policy and (ii) was issued by Gotham Insurance Company, New York General and Marine Insurance Company, or any member of the NYMAGIC, Inc., group of companies, to the Named Insured and continually renewed through to the Policy Period of this policy.
- L. Market Maker** means an entity that quotes both a buy or bid price and a sell or offer price for a financial instrument or security, in order to make a profit on the spread between the buy/bid and sell/offer price.
- M. Personal Injury** means injury arising out of one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. Wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Libel, slander, defamation of character, or violations of a person's right of privacy.

N. Policy Period means the period of time stated in the Declarations, or any shorter period resulting from Policy cancellation or amendment to the Policy.

O. Pollutants means any solid, liquid, gaseous or thermal irritant, contaminant or toxin, including but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, metals, silica, asbestos, asbestos compounds or materials containing asbestos, waste or any like substances. In addition to **Pollutants** to be disposed of, waste also includes materials to be recycled, reconditioned, or reclaimed. The term "pollutants" shall include products which have been **Released** from tanks, drums, pipelines, hoses or any other conveyance or container and, as a consequence, pose a threat to health or the environment.

P. Professional Services means the following:

1. Services performed by a **Broker-Dealer** or **Registered Representative** on behalf of a **Broker-Dealer**:
 - a) if performed in connection with the purchase or sale of financial instruments or **securities**, including related planning or advice; and
 - b) if approved by said **Broker-Dealer**; and
 - c) if performed in accordance with all licenses required by applicable law or regulation.
2. Providing brokerage services for individual retirement accounts (IRAs), Keogh retirement plans, or employee benefit plans (other than multiple employer or multi-employee welfare arrangements).
3. "Professional Supervision" of **Registered Representatives**, as defined as the selection by the **Broker-Dealer** of products approved for sale by its **Registered Representatives**, the oversight and direction in the performance of its **Registered Representatives**, and its creation and implementation of compliance and supervisory procedures.

Notwithstanding the above, Professional Services shall not include the following:

1. Investment banking, including but not limited to the following: underwriting, syndicating or promoting any security or partnership interest in connection with any actual, alleged, or threatened merger, acquisition, divestiture, tender offer, proxy contest, leveraged buy-out, public offering, going-private transaction, reorganization, restructuring, recapitalization, spin-off, primary or secondary offering of securities, whether public or private, or dissolution or sale of all or substantially all of the assets or stock of a business entity, or any effort to raise or furnish capital or financing for any enterprise or entity; or
2. Any acquisition or sale of securities by an Insured **Broker-Dealer** for its own account; or
3. Any activity by an Insured as a specialist or **Market Maker** for any securities; or
4. Any disclosure requirements in connection with any of the foregoing subparagraphs 1. through 3., including, but not limited to the rendering of advice or recommendations, or the rendering of a written opinion in connection with any of the foregoing; or
5. Services performed as a **Registered Investment Advisor**; or
6. Preparation of tax returns or providing advice regarding the preparation of tax returns; or
7. Services in any of the following capacities: actuary, accountant (including tax preparation), attorney, real estate agent, real estate broker, property and/or casualty insurance agent, third party claims administrator, trustee, escrow agent, notary public or mortgage banker or mortgage broker.

Q. Property Damage means physical injury to or destruction of tangible property, including all resulting loss of use of that property, or loss of use of tangible property that is not physically injured.

R. Registered Investment Advisor shall mean an entity registered as an investment advisor with the Securities and Exchange Commission and/or state securities regulatory departments which provides investment advice and/or management services to clients.

S. Registered Representative shall mean:

1. a real person duly licensed by the appropriate state and/or federal regulatory authorities to buy and sell securities, and
2. who is otherwise legally able to act as an agent, and
3. who is in good standing with the National Association of Securities Dealers Inc., or

4. the heirs, executors, administrators, or legal representatives of any real person described in 1 through 3 above, in the event of death, incapacity or bankruptcy of that real person, or
5. any legal entity owned in its entirety by one or more real persons(s) described in 1 through 3 above, or
6. employees of any real person described in 1 through 3 above or of any entity described in 5 above,

Provided that a real person or entity described above will be deemed a **Registered Representative** only with respect to his, her or its rendering of Professional Services on behalf of the **Broker-Dealer**.

- T. Related Claims** mean two or more **Claims, whether made against more or more than one Insured, whether made by one or more than one claimant**, which arise out of a single negligent act, error or omission, or a series of related negligent acts, errors or omissions, which are logically or causally connected by common facts, or circumstances, situations, transactions, events, advice, or decisions, including sales of the same product, service, or security.
- U. Release** means discharge, dispersal, seepage, migration, release or escape of **pollutants**.
- V. Retroactive Date** means the date stated in the Declarations on or after which any alleged or actual negligent act, error or omission must have taken place in order to be considered for coverage under this Policy.
- W. Securities** shall mean investment instruments, other than insurance policies or fixed annuities, as defined in the Securities Exchange Act of 1934 or similar state law.

PART IV. Conditions

A. Notice of Claim or Circumstances

i. Claims:

- a. During the Policy Period or Extended Reporting Period, if applicable, the Insured must immediately send copies to the Company of any legal notices, summonses, complaints, or legal papers received in connection with any **Claim**, and must authorize the Company to obtain records and other information.
- b. The Insured must send any **Claims** other than legal notices, summonses, complaints, or legal papers to the Company as soon as practicable, but in no event later than 60 days after receipt by the Insured, and must authorize the Company to obtain records and other information.

- ii. Incidents or Notices of Circumstances: At any time during the Policy Period or Extended Reporting Period, if applicable, the Insured must notify the Company, as soon as practicable, of an act, error, omission, incident, circumstance, occurrence or offense that may reasonably be expected to result in a **Claim**.

The Insured shall include within any such notice (called a “notice of circumstances”), the following information, with specificity, to the extent known by the Insured at the time of such notice:

- A. a description of the alleged act, error, omission, incident, circumstance, occurrence or offense and;
 - B. the date(s) it was committed or happened, and;
 - C. a summary of the facts, and;
 - D. the alleged or potential **Damages** that may result from the act, error, omission, incident, circumstance, occurrence or offense and;
 - E. the names of any claimants, and;
 - F. the names of any other Insured(s) involved, and;
 - G. the names of any employees who committed or allegedly committed the act, error, omission, and;
 - I. the date and circumstances by which the Insured(s) first became aware of such loss.
3. A **Claim** shall be considered to be reported to the Company when notice is first given to the Company by or through the Named Insured in the Declarations.
 4. An act, error, omission, incident, circumstance, occurrence or offense that may reasonably be expected to result in a **Claim** shall be considered to be reported to the Company when notice of circumstances is first given to the Company by or through the Named Insured in the Declarations, including the details enumerated in the above subparagraph 2. Should a **Claim** later result from the act, error, omission, incident, circumstance, occurrence or offense in the notice of circumstances, then that resulting **Claim** shall be deemed to have been timely reported under this subsection **A. Notice of Claim or Circumstances**.
 5. All **Claims** arising out of the same, continuing or related Professional Services shall be considered a single **Claim** and deemed to have been made at the time the first of the related **Claims** is reported to the Company and shall be subject to one Limit of Liability.

B. Prohibition of Voluntary Payments and Settlements by Insured

With respect to any **Claim** covered under this Policy, the Insured shall not, except at the Insured's own expense, make any payment, admit liability, settle **Claims**, assume any obligation, agree to arbitration or any other means of dispute resolution, waive any rights or incur any expenses without prior written approval by the Company.

C. Cooperation Clause

The Insured shall cooperate with the Company in the conduct of the investigation and defense of a **Claim**, and upon the Company's request, submit to examination and interrogation by the Company representatives, under oath if required, and attend hearings, depositions, and trials, and assist in affecting settlements, securing and giving evidence, and in obtaining the attendance of witnesses. The Insured agrees to promptly tender the defense of any Claim to any other insurer which also has available insurance for a Claim covered under this Policy.

D. Notice of Cancellations and Non-renewal

The Named Insured may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation.

For other than non-payment of premium, the Company will give the Named Insured sixty (60) days written notice prior to cancellation or non-renewal of this Policy by mailing or delivering the notice to the first Named Insured's last known mailing address. If the Company cancels the Policy due to the Named Insured's failure to pay a premium when due, this Policy may be canceled by the Company giving not less than 10 days written notice of cancellation.

The cancellation notice will state the effective date of the cancellation, and the Policy will terminate on that date. If canceled by the Company, the earned premium shall be computed pro-rata. If canceled by the Insured, the earned premium shall be computed on a short rate basis, in which case the Company shall return 90% of the unearned premium.

E. Authorization

The first Named Insured listed in the Declarations agrees to act as the Named Insured with respect to the giving and receiving of all notices, exercising of the **Extended Reporting Period** option, canceling of the Policy, paying of all premiums and retentions, and the receiving of any return premiums that may become due.

F. Change

This Policy contains all of the agreements concerning the insurance provided. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this Policy with the Company's consent. The Policy terms can be amended or waived only by written endorsement issued by the Company, and made a part of this Policy.

G. Subrogation

In the event of any **Claim** under this Policy, the Company shall be subrogated to all Insured's rights of recovery against any person or organization, and the Insured shall execute and deliver instruments and papers, and do whatever else is necessary to secure such rights. The Insured shall do nothing after the loss to prejudice such rights. The Insured shall not waive the company's right of recovery in advance of any claim.

H. Other Insurance Clause, Excess Clause, and Pro Rata Clause

This Policy is excess over, and will not contribute with, any other existing insurance, unless such other insurance is specifically written to be excess of this Policy.

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

I. Actions against the Insurer

No action will be taken against the Company unless, as a condition precedent, the Insured is in full compliance with all of the terms of this Policy, and until the amount of the Insured's obligations to pay have been finally determined, either by judgment against the Insured after actual trial, or by written agreement of the Insured, the claimant, and the Company.

J. Non-transferability

The Insured's rights and duties under this Policy may not be transferred without the written consent of the Company.

K. Coverage in bankruptcy

Bankruptcy or insolvency of the Insured or of the Insured's estate does not relieve the Company of its obligations under this Policy.

L. Material Representations

Statements made on the application, attachments, or other material representations made by the Insured are accepted as true and material in the decision to underwrite this Policy. Any fact materially represented may void the coverage provided by this Policy.

Notice to New York State Policyholders:

During the first several years of the claims-made relationship, claims-made rates are comparatively lower than occurrence rates, and the insured can expect substantial annual premium increases, independent of overall rate level increases, until the claims-made relationship reaches maturity.