



Hudson Specialty Insurance Company
(A New York domiciled company, herein called the "Company")
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FINANCIAL ADVISORS PROFESSIONAL LIABILITY INSURANCE POLICY

IMPORTANT NOTICE

THIS IS A CLAIMS-MADE POLICY PLEASE READ IT CAREFULLY

THIS IS A **CLAIMS** MADE POLICY. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR **WRONGFUL ACTS** COMMITTED BY AN **INSURED** ACTING AS A **FINANCIAL ADVISOR** AND COMMITTED IN THEIR ENTIRETY SUBSEQUENT TO THE **RETROACTIVE DATE**, IF APPLICABLE, FOR WHICH **CLAIMS** ARE FIRST MADE AGAINST THE **INSURED** WHILE THE POLICY IS IN FORCE AND WHICH ARE REPORTED TO THE COMPANY NO LATER THAN THIRTY (30) DAYS AFTER THE TERMINATION OF THE POLICY. THE COVERAGE OF THIS POLICY DOES NOT APPLY TO **CLAIMS** FIRST MADE AGAINST THE **INSURED** AFTER THE TERMINATION OF THE POLICY UNLESS, AND IN SUCH EVENT ONLY TO THE EXTENT, AN **EXTENDED REPORTING PERIOD** APPLIES.

THE LIMITS OF LIABILITY AVAILABLE TO PAY **DAMAGES**, INCLUDING JUDGMENT OR SETTLEMENT AMOUNTS, ARE REDUCED BY AMOUNTS INCURRED FOR **CLAIMS EXPENSES**. FURTHER NOTE THAT AMOUNTS INCURRED FOR **CLAIMS EXPENSES** AND **DAMAGES** ARE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

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

INSURING AGREEMENTS

I. COVERAGE

The Company will pay on behalf of the **Insured** all sums in excess of the Deductible amount stated in the Declarations which the **Insured** shall become legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** to which this insurance applies first made against the **Insured** during the **Policy Period** or **Extended Reporting Period**, if applicable, as a result of a **Wrongful Act** by the **Insured** or someone for whose acts the **Insured** is legally responsible, committed on or after the **Retroactive Date** and before the end of the **Policy Period**, provided such **Claims** are reported in writing to the Company as soon as practicable but in no event later than 30 days after termination of the policy, or during the **Extended Reporting Period**, if applicable, provided that prior to the effective date of this Policy the **Insured** did not know or could not have reasonably foreseen that such **Wrongful Acts** might give rise to a **Claim**. This Policy shall only apply to **Claims** resulting from a **Wrongful Act** or **Interrelated Wrongful Acts** which take place in their entirety on or after the **Retroactive Date**.

2. DEFENSE, CONSENT, SETTLEMENT AND COOPERATION

The Company has the sole right to appoint defense counsel and the right and duty to defend any **Claim**, to which this insurance applies, brought against the **Insured** seeking **Damages** on account of a **Wrongful Act** even if such **Claim** is groundless, false or fraudulent.

The **Insured** shall not admit liability for or settle any **Claim** or incur any **Claims Expenses** without the written consent of the Company. However, the **Insured** must take all reasonable action within his, her or its ability to prevent or mitigate any **Claim** which would be covered under this Policy. The Company has the right to make such investigation and conduct negotiations and, with the written consent of the named insured, enter into the settlement of any **Claim** as the Company deems reasonable. If the Named Insured fails to provide written consent to settlement or compromise recommended by the Company and acceptable to the claimant, the Company's liability shall not exceed the amount for which the Company would have been liable for **Damages** and **Claims Expenses** if the **Claim** had been so settled or compromised, when and as so recommended, and the Company shall have the right to withdraw from the further defense of the **Claim** by tendering control of the defense thereof to the **Insured**.

The Company shall not be obligated to pay any **Damages** or **Claims Expenses**, or to undertake or continue the defense of any **Claim** after the applicable limit of the Company's liability has been exhausted by payment of **Damages** or **Claims Expenses** or after deposit of the applicable limit of the Company's liability with or subject to control of a court of competent jurisdiction, and that in such a case, the Company shall have the right to withdraw from further defense of the **Claim** by tendering control of the defense thereof to the **Insured**.

The **Insured** shall cooperate with the Company and upon the Company's request, shall submit to examination and interrogation by a representative of the Company, under oath if required, and shall attend hearings, depositions, and trials and shall assist in effecting settlement,

securing and giving evidence, obtaining the attendance of witnesses and in the conduct of **Suits**, as well as in the giving of a written statement or statements to the Company's representatives and meetings with such representatives for the purpose of investigation and/or defense, and all without charge to the Company. The **Insured** shall take such action as may be necessary to secure and effect any rights of indemnity, contribution or apportionment which the **Insured** may have. Any action taken by the Company shall not effect a waiver of any of the **Insured's** duties to cooperate as defined herein.

DEFINITIONS

1. "**Broker**" shall have the meaning assigned to that term by the Securities Exchange Act of 1934, as amended; but **Broker** does not mean a person who is a **Registered Representative**.
2. "**Claim**" shall mean:
 - a. a demand for **Damages** made on the **Insured** arising out of a **Wrongful Act**;
 - b. any investigation into possible violations of law or regulation initiated by any governmental body or self regulatory organization, or any proceeding commenced by the filing of a notice of charges, or formal investigative order or similar document but only if a **Claim** arises out of a **Wrongful Act** which is specifically within the scope of coverage as set forth elsewhere in this Policy.

A **Claim** is considered first made against the **Insured** at the earlier of the following:

- a. Receipt by the **Insured** of notice of **Claim** from a claimant or his legal representative, or
 - b. Report by the **Insured** to any insurer of a **Wrongful Act** which might reasonably be expected to give rise to a **Claim**, whether or not such insurer affords coverage for such **Wrongful Act** or for any **Claim** subsequently arising out of such **Wrongful Act**.
3. "**Claims Expenses**" means (1) reasonable and necessary fees charged by an attorney(s) designated by the Company to defend a **Claim** and (2) all other fees, costs and charges resulting from the investigation, adjustment, defense and appeal of a **Claim**, if incurred by the Company. The determination by the Company as to the reasonableness of **Claims Expenses** shall be conclusive on the **Insured**. **Claims Expenses** do not include salary charges, wages, or expenses of partners, principals, officers, directors, members or employees of either the Company or the **Insured**.
 4. "**Damages**" shall mean a compensatory monetary judgment (including any pre-or post-judgment interest) or settlement negotiated with the approval of the Company, arising from **Wrongful Acts** in the **Insured's** performance of **Professional Services** for others. It does not include the value of any **Professional Services** rendered or expense incurred by the **Insured** for modification or correction of previous work, as necessitated by a **Claim**, or any return, withdrawal, or reduction of professional fees. **Damages** do not include punitive damages, exemplary damages, fines, taxes, sanctions, penalties, damages assessed under the Racketeer Influenced and Corrupt Organizations Act or similar federal or state law, or the multiple portion of any damages resulting from the multiplication of compensatory **Damages**, or awards deemed uninsurable under the law.

5. "**Dealer**" shall have the meaning assigned to that term by the Securities Exchange Act of 1934, as amended; but **Dealer** does not mean a person who is a **Registered Representative**.
6. "**Extended Reporting Period**" means the applicable period of time after the end of the **Policy Period** for reporting **Claims** arising out of **Wrongful Acts** committed or alleged to have been committed prior to the end of the **Policy Period** and on or subsequent to the **Retroactive Date** and otherwise covered by the Policy.
7. "**Financial Advisor**" means an individual who is in the business of providing **Financial Planning Services** as a **Financial Planner** or **Investment Management Services** as a **Registered Investment Adviser** or providing general financial education courses and seminars including, but not limited to, courses in support of Section 404(c) of the ERISA regulations.
8. "**Financial Institution**" shall mean an institution that collects funds from the public to place in financial assets including but not limited to stocks, bonds, money market instruments, bank deposits, insurance products, or loans.
9. "**Financial Plan**" shall mean a written plan identifying a client's assets, liabilities, financial objectives and appetite for risk; it recommends a course of activities or specific actions, consistent with the client's tolerance for risk, to achieve the client's goals and objectives.
10. "**Financial Planner**" shall mean an individual in the business of providing **Financial Planning Services** to others. It includes **Registered Representatives, Registered Investment Advisers, and Life Insurance Agents** while they are providing **Financial Planning Services** as part of a **Financial Plan** or an **Investment Management Contract**.
11. "**Financial Planning Services**" shall mean financial or investment advice given to individuals or their owned business entities as part of a **Financial Plan**, comprehensive or modular, including advice with respect to personal risk management, investments, estate planning, retirement planning, and taxes; or **Investment Management Services** provided pursuant to an **Investment Management Contract** as well as the implementation of the **Financial Plan** or the **Investment Management Contract** through the purchase or sale of **Securities** or life insurance products or other appropriate implementation strategies.
12. "**Insured**" shall mean only the following:
 - a. The Named Insured designated in Item 1 of the Declarations;
 - b. Any **Predecessor in Interest**;
 - c. Any person who is, was, or hereafter becomes a partner, principal, officer, director, member, or employee of the Named Insured, but only for **Professional Services** performed on behalf of the Named Insured or **Predecessor in Interest**, during such time such person is a partner, principal, officer, director, member, or employee of the Named Insured or **Predecessor in Interest**;
 - d. Any person who is, was, or hereafter becomes the appointed Chief Compliance Officer pursuant to Rule 206(4)-7 of the Investment Advisers Act of 1940 while solely acting in such a capacity for the Named Insured;
 - e. Any individual professional or professional firm while performing **Professional Services** on behalf of or under contract with the Named Insured; provided that any such

individual or firm shall be an **Insured** only if listed on the Application for insurance and specifically endorsed by name onto this Policy;

- f. The estate, heirs, executors, administrators, and legal representatives of an Insured, in the event of such Insured's death, disability, incapacity, insolvency, or bankruptcy, but only with respect to liability arising out of **Professional Services** rendered on behalf of the Named Insured or **Predecessor in Interest**, prior to such **Insured's** death, disability, incapacity, insolvency, or bankruptcy, and only to the extent such Insured would have otherwise been provided coverage under this policy;
 - g. The lawful spouse of any **Insured** , but only to the extent that such person is a party to a **Claim** solely in that person's capacity as a spouse of an **Insured** and only with respect to any **Claim** which seeks **Damages** recoverable from marital community property, property jointly held by such **Insured** and the spouse, or property transferred from such **Insured** to the spouse.
13. **"Interrelated Wrongful Act"** shall mean **Wrongful Acts** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes.
14. **"Investment Management Contract"** means a written agreement wherein the client agrees to goals and strategies for the investment of the client's money, assisted by the **Registered Investment Adviser**, following a process which specifies investment goals, risk tolerance, strategic allocation of investments among diversified asset classes and guidelines for the selection of money managers and ongoing monitoring and reporting.
15. **"Investment Management Services"** means advising and/or supervising the purchase or sale of **Securities** for a client by a **Registered Investment Adviser** pursuant to an **Investment Management Contract**.
16. **"Life Insurance Agent"** shall mean an individual licensed, as required by law, to sell life, health, disability or accident insurance including activities as a licensed life insurance consultant. It does not include anyone while acting as a general agent or in any similar capacity for a life insurance company.
17. **"Material Change"** shall mean:
- a. A change in legal name of the Named Insured; or
 - b. Any consolidation, acquisition or merger of the Named Insured with any other entity or the creation of any subsidiary or related entity;
 - c. A cumulative change of fifty (50) percent or more in the numbers of owners, partners, shareholders or employees as reported on the Application for this Policy; or
 - d. The creation of an association or relationship not disclosed on the Application for this Policy, with an otherwise unaffiliated firm which performs **Professional Services** on behalf of or under contract with the Named Insured;
 - e. A change in a manner material to the risk accepted by the Company in the Named Insured's business as described on the Application for this Policy and any and all supplemental attachments including the Form ADV.

18. **"Personal Injury"** shall mean false arrest, detention or imprisonment, or malicious prosecution; the publication or utterance of a libel or slander or of other defamatory or disparaging material; a publication or utterance in violation of an individual's right of privacy; wrongful entry or eviction; or the invasion of the right of private occupancy.
19. **"Policy Period"** shall mean the period set forth in Item 2 of the Declarations or any shorter period that may occur as a result of a cancellation of this Policy, and specifically excludes any **Extended Reporting Period** hereunder.
20. **"Pollutants"** shall mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, asbestos, or asbestos-containing products and waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.
21. **"Predecessor In Interest"** means any firm or practice, some or all of whose partners or shareholders have joined the Named Insured, provided that the prior firm or practice is listed on the Application for this Policy, and specifically endorsed by name hereon.
22. **"Professional Services"** means services performed for or advice given to others by the **Insured** for fee, remuneration, or other consideration in the **Insured's** practice as a **Financial Advisor. Professional Services** shall not include any services performed during the period of any suspension or revocation of the **"Insured's"** certification, licensure, accreditation, appointment or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Adviser, or Life Insurance Agent. Professional Services** shall not include activities as a director, officer, partner, principal, manager, or employee of any enterprise, entity or public office other than the Named Insured or an entity specifically endorsed by name onto this Policy.
23. **"Registered Investment Adviser"** means an **Insured** who meets the definition of investment adviser as defined in the Investment Advisers Act of 1940, as amended, and who is registered as required by law with either the Securities Exchange Commission or the appropriate state authority.
24. **"Registered Representative"** shall mean a person who: (1) is registered with the National Association of Securities Dealers, Inc. as a **Registered Representative** of a **Broker** or **Dealer** pursuant to the provisions of the Securities Exchange Act of 1934; and (2) is in the business of buying and selling **Securities** for the account of others, including but not limited to, direct participation products such as limited partnerships, shares in mutual funds and unit investment trusts, and variable annuities. It does not encompass any person while acting in the capacity of a principal of a **Broker** or **Dealer**, including but not limited to a General Securities Principal and Limited Principal-General Securities Sales Supervisor.
25. **"Retroactive Date"** means the date specified in Item 6 of the Declarations.
26. **"Securities"** has the meaning assigned to that term by any and all of the following: the Securities Exchange Act of 1934, the Securities Act of 1933, and the Investment Advisers Act of 1940 as amended, and any rules issued pursuant to these acts.
27. **"Suit"** means a civil legal proceeding, including arbitration, brought against the **Insured** seeking monetary **Damages. Suit** does not mean criminal legal proceedings, legal proceedings seeking equitable relief such as injunctions or specific performance, or legal proceedings brought by a governmental or regulatory entity, including those seeking fines, penalties, taxes or suspension or revocation of license, registration, membership or other operating authority.

28. "**Underwriter**" has the meaning assigned to that term by the Investment Advisers Act of 1940, as amended, and any rules issued pursuant thereto.
29. "**Wrongful Act**" means any actual or alleged act, error, omission or breach of duty in the rendering or failure to render **Professional Services**.

EXCLUSIONS

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

1. intentional wrongdoing, fraud, dishonesty, criminal or malicious **Wrongful Acts** or the gaining in fact any personal profit, remuneration or advantage to which the **Insured** is not legally entitled including, but not limited to, any profit or advantage as a result of commingling funds or accounts. This exclusion shall not apply to an **Insured** if the **Insured** was unaware of such misconduct and, with the exercise of reasonable care, could not have been aware of such misconduct;
2. willful, wanton, or reckless misconduct committed by an **Insured** or at an **Insured's** direction which constitutes violations of law or breaches of duty under common law, or any of the laws, orders, rules or regulations of the United States, any state, district or territory, its subdivisions, the Securities and Exchange Commission, or the National Association of Securities Dealers, Inc.;
3. actual or alleged discrimination including but not limited to humiliation, harassment, or misconduct by the **Insured** because of race, creed, color, age, sex, sexual preference, national origin, ancestry, religion, handicap, marital status, or pregnancy;
4. the use of non-public information in a manner prohibited by applicable law, rule, or regulation;
5. **Personal Injury**, bodily injury, sickness, disease, emotional distress, mental anguish or illness, outrage, or death of any person, or damage to or destruction of any tangible property including loss of use thereof;
6. any **Claim** by an employee, former employee or job applicant of the **Insured** in their capacity as such;
7. the liability of others assumed by an **Insured** under any contract or agreement unless such liability would have attached to the **Insured** even in the absence of such an agreement;
8. any **Claim** by or on behalf of one **Insured** in any capacity against another **Insured**;
9. any **Claim** brought against an **Insured** by a person, firm or organization that is not a client or customer of an **Insured** or a client's or customer's appointed administrator, executor, receiver or trustee in bankruptcy;

10. any liability the **Insured** may have as a result of the **Insured's** activities in any profession other than a **Financial Advisor**, including but not limited to, **Broker** or **Dealer**, accountant, actuary, enrolled agent, tax preparer, lawyer, mortgage broker, property or casualty insurance agent, real estate agent or broker, securities analyst, third party administrator or administrator of any employee benefit plan. This exclusion applies regardless of whether the **Insured** has other insurance to cover such activities or whether such activities are excluded under such other insurance;
11. any **Claim** arising out of any **Insured's** activities as an officer, director, partner, principal, manager, employee, stockholder, member or trustee of any person, organization, corporation, company, operation or entity other than the Named Insured;
12. any **Claim** by or on behalf of present, past or future stockholders or employees, as such, of a corporate insured against the director, officers or employees of the corporate insured;
13. any **Claim** arising out of the manufacture, leasing, distribution, preparation, design or sale of a tangible product by an **Insured**, including but not limited to, computer hardware and software;
14. direct or indirect loss, damage or destruction of any documents, records, papers, accounts, data processing equipment or component parts, computer or computer systems or records, or out of mechanical or electronic failure, breakdown, or malfunction of machines or systems, including but not limited to telephonic or data processing systems or machines or delay caused by systems overload, or out of data processing services performed for others;
15. the infringement of trademark, patent, copyright, title, slogan, service name, or service mark;
16. the actual or alleged insolvency, receivership, bankruptcy, liquidation, reorganization or financial inability to pay of a **Financial Institution, Broker, Dealer**, a clearing agency, or any **Registered Representative** or other **Insured** under this Policy;
17. trading or failure to trade in any **Securities** traded exclusively outside the United States of America, its territories and possessions and Canada; any function of any **Insured** as a specialist or market maker for any **Securities** or any **Claim** arising out of failure to make a market for any **Securities** or any **Claim** brought by or on behalf of any clearing agency or arising out of any function of any **Insured** as a clearing agency;
18. any actual or alleged or threatened discharge, dispersal, release or escape of **Pollutants** or any governmental or regulatory directive or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**; or any **Claim** arising out of nuclear reaction, radiation or radioactive contamination;
19. **Professional Services** rendered to or on behalf of or any recommendation to invest in any organization including but not limited to a corporation, company, limited liability company, partnership, sole proprietorship, not-for-profit organization, governmental entity, or other business organization including the subsidiaries thereof in which any **Insured** or **Insured's** spouse is an officer, director, partner, principal, manager, employee or a more than 5% shareholder at the time the **Wrongful Act** giving rise to said **Claim** took place;

20. any **Claim** for disputes over the amount of, or for the return of or reimbursement of fees, commissions or other sums paid to an **Insured** for **Professional Services** performed by an **Insured**;
21. any **Claim** made against an **Insured** based upon or arising out of any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by an **Insured** as an employer or in which any **Insured** is a participant;
22. **Claims** brought by or against an **Insured** as a beneficiary or distributee of any trust or estate; or any **Claim** brought against an **Insured** as trustee, administrator, conservator, executor or guardian for others;
23. any **Claim** arising from an **Insured's** warranties, promises or guarantees as to interest rates, fluctuations in interest rates, future premium payments, market values, investment returns or income tax consequences;
24. any **Claim** arising from disallowed deductions(s), credit(s) or other item(s) on a tax return; or for taxes which would be owed in any case by a client;
25. any **Claim** made against a **Registered Representative** based upon, arising from, or in any way involving **Securities**, investment products or any services not approved or authorized by the **Broker-Dealer** with which the **Registered Representative** is affiliated at the time the **Wrongful Act** giving rise to the **Claim** took place;
26. any **Claim** involving options, futures, warrants, derivatives, limited partnerships, hedge funds or fund of hedge funds whether registered with the SEC or not, viatical agreements, private placements, unregistered securities, promissory notes, or any transaction involving real property, tangible property or tangible personal property; however, this exclusion shall not apply to employer granted stock options both non-qualified and incentive stock options, publicly traded mutual funds registered with the SEC, REITS traded on a national exchange, or limited or master limited partnerships traded on a national exchange;
27. any **Claim** arising out of ownership, formation, capitalization, syndication, operation, management or administration of a general or limited partnership, an investment related limited liability company, real estate syndicate, joint venture or any other type of ventures or syndicates, or any type of charitable enterprise or entity;
28. any **Claim** arising from acting as an **Underwriter**, syndicator, or investment banker and the associated counseling or investment activities for any of the foregoing, including but not limited to any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructurings, recapitalizations, spin-offs, primary or secondary offerings of **Securities** (regardless of whether the offering is a public offering or a private placement), business valuations, or efforts to advise, raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing.

CONDITIONS

1. NOTICE OF CLAIM OR WRONGFUL ACT THAT MAY GIVE RISE TO A CLAIM

If during the **Policy Period** the **Insured** becomes aware of a specific **Wrongful Act** that may reasonably be expected to give rise to a **Claim** against the **Insured**, such **Wrongful Act** must be reported to the Company during the **Policy Period** in writing with the particulars as to the reasons for anticipating such a **Claim**, the nature and dates of the alleged **Wrongful Act**, the alleged injuries or damages sustained, the names of potential claimants, and the manner in which the **Insured** first became aware of the specific **Wrongful Act**. Any **Claim** subsequently arising from such specific **Wrongful Act** duly reported in accordance with this paragraph shall be deemed under this Policy to be a **Claim** made during the **Policy Period**.

If during the **Policy Period** the **Insured** reports, as required by this Policy, a specific **Wrongful Act** that may reasonably be expected to give rise to a **Claim** against the **Insured**, the Company at its sole option, may investigate such specific **Wrongful Act** as it deems appropriate. Once the Company has incurred \$5,000 of **Claims Expenses** in such an investigation, a **Claim** arising from such specific **Wrongful Act** shall be deemed to have been made. Until such time that a **Claim** arising from such specific **Wrongful Act** has been made or deemed to have been made, such an investigation shall be at the Company's expense, shall not be subject to the Deductible and shall not reduce the applicable Limits of Liability.

Notice of any **Claim** or specific **Wrongful Act** shall be given in writing as described in Item 8 of the Declarations. Notice shall not be effective until the date of receipt by the Company at this address. Facsimile transmission will not be considered notice of **Claim**. All other notices under this Policy shall be given in writing as described in Item 8 of the Declarations, and with referral to the Policy Number indicated in the Declarations.

2. LIMITS OF LIABILITY

The Company's maximum liability for all **Claims Expenses** and **Damages** resulting from each **Claim** shall be the Limit of Liability for each **Claim** set forth in Item 3 of the Declarations. The Company's maximum aggregate liability for all **Claims Expenses** and **Damages** resulting from all **Claims** covered by this Policy shall be the aggregate Limit of Liability for all **Claims** set forth in Item 3 of the Declarations.

All **Claims** arising out of the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered first made within the **Policy Period** in which the earliest of such **Claims** was first made or deemed to be made pursuant to Condition 1 of this Policy, and all such **Claims** shall be subject to one such Limit of Liability.

The Limit of Liability of the Company for the **Extended Reporting Period**, if applicable, shall be part of, and not in addition to, the Limit of Liability of the Company for the **Policy Period**. The Limits of Liability available to pay **Damages** shall be reduced by **Claims Expenses**. The inclusion of more than one **Insured** under this Policy shall not operate to increase the limit of the Company's liability.

3. DEDUCTIBLE

The Company shall only be liable for those amounts payable hereunder for **Damages** or **Claims Expenses** which are in excess of the Deductible stated in Item 4 of the Declarations. This Deductible shall separately apply to each **Claim** and shall be borne by the **Insured** and remain uninsured. For purposes of the Deductible, **Claims** arising out of the same **Wrongful**

Act or **Interrelated Wrongful Acts** shall be considered one **Claim** and only one Deductible amount shall apply thereto. The Deductible shall not reduce or increase the Limits of Liability.

The **Insured** shall promptly make direct payments within the Deductible to appropriate parties as designated by the Company. The Company shall have no obligation to make payments within the Deductible and then to seek reimbursement from the **Insured**.

4. EXTENDED REPORTING PERIOD

If the Company shall cancel or refuse to renew this Policy for reasons other than material misrepresentation in the Application for this Policy, non-payment of premium or Deductible, or the revocation, suspension, or surrender at the request of any regulatory authority of the **Insured's** license or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Adviser, Broker - Dealer or Life Insurance Agent**, or non-compliance with the terms and conditions of this Policy, the Named Insured shall have the right upon payment of additional premium, to an extension of coverage under this Policy subject to all other terms, conditions, limitations of and any endorsements to this Policy for a period of one year for an additional premium to be determined by the rules, rates and regulations in effect at such time following the effective date of such cancellation or refusal to renew but only with respect to any **Wrongful Act** committed before the date of such cancellation or non-renewal.

The offer of renewal terms, conditions, Limits of Liability and /or premium different from those of this Policy shall not constitute a cancellation or refusal to renew.

The **Extended Reporting Period** shall terminate on the effective date and hour of any other insurance issued to the Named Insured or successor to the Named Insured which replaces in whole or in part the coverage afforded by the **Extended Reporting Period**.

As a condition precedent to the Named Insured's right to purchase the **Extended Reporting Period**, the full premium for this Policy and **Policy Period** must have been paid.

The Named Insured's right to purchase the **Extended Reporting Period** must be exercised by notice in writing not later than thirty (30) days following the non-renewal or cancellation date of this Policy, and must include payment of all premiums due the Company. If such notice is not so given to the Company, the Named Insured shall not, at a later date, be able to exercise such right.

At the commencement of any **Extended Reporting Period**, the entire premium thereafter shall be deemed earned and in the event the Named Insured terminates the **Extended Reporting Period** before its expiration date, the Company shall not be liable to return to the Named Insured any portion of the premium for the **Extended Reporting Period**.

The fact that this Policy may be extended by virtue of an **Extended Reporting Period** shall not in any way increase the Limits of Liability as set forth in the Declarations. No **Extended Reporting Period** endorsement is renewable.

5. TERRITORY

The policy applies to covered **Claims** arising from **Wrongful Acts** committed worldwide provided the **Claim** is made against the **Insured** within the United States of America, its territories and possessions or Canada.

6. OTHER INSURANCE

If any **Claim** or **Wrongful Act** noticed to the Company under this Policy is insured by another valid policy or policies, then this Policy shall apply only in excess of the amount of any deductibles, retentions, and limits of liability under such other policy or policies, whether such other policy or policies are stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written specifically excess of this Policy by reference in such other policy to the Policy Number indicated on this Policy's Declarations. If more than one policy written with the Company applies to a **Claim**, the loss will be pro-rated in the amount that each applicable Company policy limit of liability bears to the total of all applicable Company policy limits.

7. SUBROGATION

In the event of any payment under this Policy, the Company shall be subrogated to all of the **Insured's** rights of recovery therefor 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 to prejudice such rights.

The Company shall not exercise any such rights against any persons, firms or corporations in their capacity as an **Insured**. Notwithstanding the foregoing, however, the Company reserves the right to exercise any rights of subrogation against an **Insured** with respect to any **Claim** brought about or contributed to by the intentional, dishonest, fraudulent, criminal or malicious act, error, or omission of such **Insured**.

Any amount so recovered shall be applied in the following order:

Any recovery shall first be used for the repayment of expenses incurred toward subrogation; second, for **Damages** and/or **Claims Expenses** paid by the Company; third, for any loss and expense payment by the **Insured** in excess of any Deductible; fourth, for any loss and expense payments by an excess insurer on behalf of the **Insured**; fifth, for any loss and expense payments by any other primary insurer on behalf of the **Insured**; and last, for repayment of the **Insured's** Deductible.

8. ALTERATION AND ASSIGNMENT

Notice to or knowledge possessed by any agent or other person acting on behalf of the Company or any other person shall not effect a waiver or change in any part of this Policy or prevent the Company from asserting rights under the terms of this Policy. 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 Company.

9. REIMBURSEMENT OF THE COMPANY

If the Company has paid any **Damages** or **Claims Expenses** in excess of the applicable Limit of Liability or within the amount of the applicable Deductible, the **Insured** shall be liable to the Company for any and all such amounts and, upon demand, shall pay such amounts to the Company promptly.

10. ENTIRE CONTRACT

The declarations, representations and warranties in the application for this Policy, and the applications for any policy issued by the Company of which this Policy is a renewal or replacement, including all supplemental materials and the Form ADV submitted to the Company

are relied on by the Company and are the basis on which the Company granted coverage under this Policy, and are considered as incorporated into and constituting a part of the Policy and are deemed a part of and attached hereto, as if physically attached hereto.

By accepting this Policy, the **Insured** agrees that the statements, declarations, representations and warranties in the application and in all supplemental materials are complete and accurate and each is deemed material to the acceptance of the risk by the Company under this Policy and that this Policy embodies all agreements existing between the **Insureds** and the Company.

11. AUDIT

The Company may examine and audit the **Insured's** books and records at any time during the **Policy Period** and within three (3) years after termination of this Policy, to the extent such books and records relate to the subject matter of this Policy.

12. NOTICE OF CANCELLATION

This Policy may be canceled by the Named Insured by surrender of this Policy to the Company or by giving written notice to the Company stating when thereafter such cancellation shall be effective. This Policy may also be canceled by the Company by mailing to the Named Insured by registered, certified or other first class mail, at the Named Insured's address shown in Item 1 of the Declarations, written notice stating when, not less than thirty (30) days thereafter or ten(10) days thereafter when cancellation is due to non-payment of premium or Deductible or the revocation, suspension, or surrender at the request of any regulatory authority of the **Insured's** license, or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Adviser, or Life Insurance Agent**, the cancellation shall be effective. 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. If this Policy shall be canceled by the Named Insured, the Company shall retain the customary short rate proportion of the premium hereon. If this Policy shall be canceled by the Company, the Company shall retain the pro-rata proportion of the premium hereon.

13. NAMED INSURED SOLE AGENT

The Named Insured shall be the sole agent of all **Insureds** hereunder for the purpose of effecting or accepting any amendments to or cancellation of this Policy, for the purpose of receiving such notices as may be required by law and/or any provision(s) of this Policy, for the completing of any Application and the making of any representations, for the payment of any premium and deductible and the receipt of any return premium that may become due under this Policy, and the exercising or declining to exercise any right under this Policy, including declining or exercising any **Extended Reporting Period** and providing written notices of consent to settle.

14. MEDIATION OF CLAIMS

If a **Claim** is fully and finally resolved to the satisfaction of all parties, including the Company, through mediation, the **Insured's** Deductible obligation for such **Claim** shall be reduced by fifty (50) percent up to a maximum reduction of \$12,500, provided such mediation is initiated and concluded and/or abandoned before and not subsequent to commencement of any litigation or arbitration. In the event such mediation does not fully and finally resolve the **Claim**, there shall be no reduction of the Deductible obligation, and all **Claims Expenses** incurred in the mediation proceedings shall be included in total **Claims Expenses** for the **Claim**.

15. MEDIATION AND/OR ARBITRATION OF DISPUTES ARISING UNDER THE POLICY

If a dispute arises out of or relates to this policy, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. Either party may either elect not to engage in mediation or may terminate the mediation at any time upon notice to the other party.

If the controversy or claim arising out of or relating to this contract, or the breach thereof, cannot be resolved by negotiation or mediation, it shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Alternative forums, rules or means for resolving any and all disputes arising under this contract will be accepted at the Company's sole election.

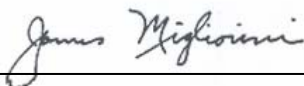
Except where prohibited by law, disputes arising out of or relating to this policy or the breach thereof shall be mediated and/or arbitrated in the State of New York according to the laws of the State of New York.

All other costs of mediation and arbitration shall be shared equally by the parties, unless an arbitration panel finds that one party failed to exercise good faith in the mediation or arbitration process, in which case, that party shall be responsible for all mediation and arbitration costs including the cost of legal representation of all parties.

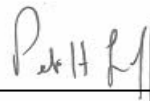
16. NOTICE OF MATERIAL CHANGE

Any **Material Change** must be reported to the Company within fifteen (15) days. Within ninety (90) days of such report of a **Material Change**, the Company may, at its sole option, cancel the Policy, or agree to appropriately endorse the Policy subject to additional premium or terms and conditions that the Company deems appropriate.

IN WITNESS WHEREOF, the Company has caused this policy to be signed by its President and Secretary, but the same shall not be binding upon the Company unless it has been countersigned on the Declarations page by a duly authorized representative of the Company.



James Migliorini
President



Peter Lovell,
SVP, General Counsel
& Corporate Secretary