

INSURANCE BROKERS AND AGENTS ERRORS AND OMISSIONS INSURANCE

NOTICE: THIS IS A CLAIMS MADE POLICY

EXCEPT TO SUCH EXTENT AS MAY BE PROVIDED OTHERWISE HEREIN, THIS POLICY IS LIMITED TO INDEMNITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE REVIEW THE POLICY CAREFULLY.

In consideration of the payment of the premium and the undertaking of the Insured to pay the deductible as described herein and in reliance upon the statements in the application attached hereto and made a part hereof, and subject to the Limits of Liability shown in the Schedule, and subject to all the terms of this Insurance, Underwriters agree with the Named Insured as follows.

INSURING AGREEMENTS

1. COVERAGE: CLAIMS MADE PROVISION

The Underwriters will indemnify the Insured for all sums which the Insured shall become legally obligated to pay as damages by reason of any negligent act, error or omission committed or alleged to have been committed by the Insured or by any person for whose negligent acts, errors or omissions the Insured is legally responsible which arise out of the conduct of the Insured's Professional Activities, provided always that:

- (a) a claim is first made against the Insured during the Policy Period by reason of such negligent act, error or omission, and
- (b) the Insured has no knowledge, on or prior to the effective date of this Policy, that such negligent act, error or omission may give rise to a claim against the Insured, or, there are no prior policy or policies which provide insurance for such liability or claims resulting from such negligent act, error or omission whether or not the deductible provisions and amount of such prior policy or policies are different from this Policy.

2. DISCOVERY CLAUSE

If during the Policy Period the Insured shall first become aware of any facts or circumstances which may subsequently give rise to a claim against the Insured by reason of any negligent act, error or omission for which coverage would be afforded hereunder, and if the Insured shall DURING THE POLICY PERIOD stated in the Schedule give written notice to Underwriters of such facts or circumstances, any such claim subsequently made against the Insured arising out of such negligent act, error or omission shall be deemed for the purpose of this Insurance to have been first made during the Policy Period stated in the Schedule. The Insured shall co-operate fully with Underwriters or its representatives as provided in Condition 1 and any investigation conducted by Underwriters or its representatives shall be subject to the terms set forth in this Insurance.

3. LIMITS OF LIABILITY

The liability of Underwriters for each claim made during the Policy Period, including claims expenses, shall not exceed the amount stated in the Schedule for "each claim". Subject to that limit for each claim, the total Limit of Underwriters' Liability for all claims made during the Policy Period, including claims expenses, shall never exceed the amount stated in the Schedule as "aggregate". The inclusion herein of more than one Insured or the making of claims or the bringing of suits by more than one person or organisation, shall not operate to increase the Limit of Underwriters' Liability for each claim or in the aggregate.

4. DEDUCTIBLE

The deductible amount stated in the Schedule shall be paid by the Named Insured, shall be applicable to each claim, and shall include claim payments and claims expenses, whether or not claim payment is made.

5. DEFENSE AND SETTLEMENT

- (a) The Insured shall not admit liability for or settle any claim or incur any claims expenses in connection therewith without the written consent of the Underwriters, who shall be entitled at any time to take over and conduct in the name of the Insured, the defense of any claims, and the Insured shall continue to co-operate fully with the Underwriters in such defense. All claims expenses shall be subject to the Limits of Liability available for such claims.
- (b) The Underwriters shall not settle any claim without the consent of the Insured. If however the Insured shall refuse to consent to any settlement recommended by the Underwriters and shall elect to contest or continue any legal proceedings in connection with such claim, then the Underwriters' liability for the claim shall not exceed the amount for which the claim could have been so settled including the claims expenses incurred with their consent up to the date of such refusal.

DEFINITIONS

1. THE INSURED

The unqualified word "Insured" whenever used in this Policy means:

- (a) the individual, partnership or corporation designated as the Named Insured in the Schedule;
- (b) any partner, executive officer, director, or employee of the Named Insured while acting within the scope of his duties as such;
- (c) any former partner, executive officer, director or employee of the Named Insured for acts committed while acting within the scope of his duties as such.

2. POLICY PERIOD

The term "Policy Period" whenever used in this Policy shall mean the period from the inception date of this policy to the expiration date as set forth in the Schedule or its earlier termination date, if any.

3. CLAIM

The unqualified word "claim" whenever used in this Policy shall mean a written demand received by the Insured for money or services, including the service of suit or demand for arbitration against the Insured. The filing of suit, or the filing of demand for arbitration, shall not constitute a claim within the meaning of the policy.

4. CLAIMS EXPENSES

"Claims Expenses" means:

- (a) fees charged by an attorney designated by Underwriters,
- (b) all other fees, costs and expenses incurred by Underwriters in the investigation, adjustment, defense and appeal of a claim, and
- (c) the reasonable fees charged by an attorney designated by the Insured with the written consent of Underwriters.

5. PROFESSIONAL ACTIVITIES. Those services provided in the Insured's business as an insurance agent, insurance broker, insurance general agent or surplus lines broker.

EXCLUSIONS

The Insuring Agreements and all other provisions of this Policy shall not provide indemnity or claims expenses for claims:

- (a) Arising out of any dishonest, fraudulent, criminal or malicious act committed or alleged to have been committed by, or at the direction of the Insured.
- (b) For punitive or exemplary damages, fines or penalties,

- (c) For bodily injury to, or sickness, disease or death of any person, or injury to or destruction of any tangible property, including the loss of use thereof,
- (d) For libel, slander, invasion of privacy or discrimination,
- (e) By any Insurer arising out of any alleged negligent act, error or omission by the Insured in their capacity as Insurance Agents or General Insurance Agents of that Insurer, unless that Insurer has obtained a judgement against the Insured in any Court in respect of that claim,
- (f) Arising out of the commingling of monies or accounts, or loss of monies received by the Insured or credited to the Insured's account,
- (g) Arising out of, due to or involving directly or indirectly the insolvency, receivership, bankruptcy liquidation or financial inability to pay, by any Insurance Company, Agent, Broker or intermediary with which the Insured has placed or obtained coverage for a client or an account.
- (h) By any entity or individual which is wholly or partially owned, operated or managed by the Insured or which wholly or partially owns, operates or manages the Insured, or which is wholly or partially under the same common ownership, operation or management as the Insured.
- (i) Arising out of the Insured's activities as a Managing General Agent, Managing General Underwriter, reinsurance underwriter, or claims adjuster.
- (j) Arising out of any alleged negligent acts, errors or omissions resulting from the Insured's activities as an insurance agent or broker of Life, Accident and Health products.

CONDITIONS

1. INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT

The Insured shall, as a condition precedent to their right to be indemnified under this Insurance, give to Underwriters immediate notice in writing of any claim first made against them, co-operate with Underwriters and upon Underwriters' request submit to examination and interrogation by Underwriters' representative, under oath if required, and attend hearings, depositions and trials, and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and assisting in the conduct of suits, as well as in the giving of a written statement or statements to Underwriters' representatives and meetings with such representatives for the purposes of investigation and/or defense, and all without charge to Underwriters.

2. SUBROGATION

In the event of any payment under this Policy, Underwriters

shall be subrogated to all the Insured's right of recovery therefor against any person or organisation 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.

3. ACTION AGAINST UNDERWRITERS

No action shall lie against Underwriters unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this Policy, nor until the amount of the Insured's obligation to pay shall have been fully and finally determined, either by judgement against the Insured after actual trial, or by written agreement of the Insured, the claimant and Underwriters.

4. FALSE OR FRAUDULENT CLAIMS

If the Insured shall proffer any claim knowing same to be false or fraudulent, as regards amount or otherwise, this Insurance shall become null and void and all coverage hereunder shall be forfeited.

5. APPLICATION

By acceptance of this Policy the Insured agrees that the statements in the application are his representations, that this Policy is issued in reliance upon the truth of such representations and that this Policy embodies all agreements existing between himself and Underwriters, or any of its agents, relating to this Insurance.

6. OTHER INSURANCE

Subject to the limitation of coverage as set forth in Insuring Agreement 1(b) regarding the application of a prior policy or policies, this Insurance is in excess of the amount of the applicable deductible of this Policy and any other valid and collectible insurance available to the Insured whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise.

7. ASSIGNMENT

Assignment of interest under this Policy shall not bind Underwriters until their consent is endorsed hereon. In the event of the death or incompetency of the Insured this Policy shall cover the Insured for any claims first made against the Insured or its legal representatives during the Policy Period and which would otherwise be covered by this Policy.

8. CANCELLATION

This Policy may be cancelled by the Named Insured by a written notice stating when thereafter such cancellation shall be effective. If cancelled by the Named Insured, Underwriters shall retain the customary short rate proportion of the earned Premium hereon.

This Policy may be cancelled by Underwriters by mailing

to the Named Insured written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective, but this Policy may be cancelled as aforesaid by not less than ten days notice when the cancellation is being effected by reason of the Insured's non-payment of premium. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the expiration date of the policy. Delivery of such written notice by the Named Insured, or Underwriters shall be equivalent to mailing. If cancelled by Underwriters, earned Premium shall be computed pro rata.

Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter. The check of Underwriters or any of its representatives, mailed or delivered, shall be sufficient tender of any refund due to the Named Insured.

9. SERVICE OF SUIT

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the designee named in the Schedule and that in any suit instituted against any one of them upon this Contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorised and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such suit shall be instituted.

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