



Markel Cambridge Alliance

A STOCK COMPANY



EVANSTON INSURANCE COMPANY

Ten Parkway North

Deerfield, IL 60015

INSURANCE POLICY

Coverage afforded by this policy is provided by the Company (Insurer) and named in the Declarations.

In **Witness Whereof**, the company (insurer) has caused this policy to be executed and attested and countersigned by a duly authorized representative of the company (insurer) identified in the Declarations.

Kathleen Anne Sturgeon

Secretary

Gerard Albouze Jr.

President



EVANSTON INSURANCE COMPANY

FINANCIAL ADVISORS PROFESSIONAL LIABILITY COVERAGE FORM

THIS IS A CLAIMS MADE AND REPORTED COVERAGE FORM. THIS COVERAGE FORM REQUIRES THAT A CLAIM BE MADE AGAINST YOU AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD. DEFENSE EXPENSE (CLAIMS EXPENSE) REDUCES THE APPLICABLE POLICY LIMIT OF LIABILITY, AND IS SUBJECT TO THE DEDUCTIBLE.

VARIOUS PROVISIONS IN THIS INSURANCE MAY RESTRICT OR EXCLUDE COVERAGE. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS AND DUTIES AND WHAT IS AND IS NOT COVERED.

Throughout this coverage form the words “**you**” and “**your**” refer to the Named Insured shown in the Declarations. The words “**we**”, “**our**”, and “**us**” refer to the Company providing this insurance.

Other words and phrases appearing in bold may have special meaning. Refer to **SECTION III – DEFINITIONS**.

SECTION I - COVERAGE

1. Insuring Agreement

We will pay on the **Insured’s** behalf those sums, in excess of the Deductible amount stated in the Declarations, which the **Insured** becomes legally obligated to pay as **Damages** and **Claims Expenses** resulting from **Claims** to which this insurance applies. In addition:

a. The Claim must:

- (1)** First be made against **you** during the **Policy Period** or any applicable **Extended Reporting Period**;
- (2)** First be reported to **us** during the **Policy Period** or any applicable **Extended Reporting Period**, or within sixty (60) days after the expiration of the **Policy Period**;
- (3)** Result from a **Wrongful Act** committed by an **Insured** or someone for whose acts **you** are legally responsible; and
- (4)** Result from a **Wrongful Act** which takes place in its entirety on or after the **Retroactive Date**.

b. The Wrongful Act must occur on or after the **Retroactive Date** and before the end of the **Policy Period**, provided that the **Claim** is reported to **us** in writing as soon as practicable but in no event later than sixty (60) days after termination of this insurance or any applicable **Extended Reporting Period**; and

c. Prior to the effective date of this insurance, the Insured must not have known or could not have reasonably foreseen that the **Wrongful Act** might give rise to a **Claim**.

2. Defense, Consent, Settlement And Cooperation

We shall have the right and duty to defend and investigate any **Claim** seeking **Damages** as a result of a **Wrongful Act** brought against the **Insured** and to which this insurance applies, even if such **Claim** is groundless, false or fraudulent, pursuant to the following provisions:

- a. Any **Claims Expenses** incurred in defending and investigating such **Claim** shall be a part of and not in addition to the Limits Of Liability stated in **Item 3.** of the Declarations. Such **Claims Expenses** shall reduce the Limits Of Liability and shall be applied against the Deductible. **We** shall have no obligation to pay any **Damages** or to defend or continue to defend any **Claim** or to pay **Claims Expenses** after the Limits Of Liability as stated in **Item 3.** of the Declarations have been exhausted by payment(s) of **Damages** and/or **Claims Expenses**.
- b. **We** shall select defense counsel; provided, however, that if the law of the state of the Named Insured's domicile (as stated in **Item 1.** of the Declarations) allows the **Insured** to control the selection of defense counsel where a conflict of interest has arisen between the **Insured** and **us**, **we** will provide a list of attorneys or law firms from which the **Insured** may designate defense counsel who shall act solely in the **Insured's** interest, and the **Insured** shall direct such defense counsel to cooperate with **us**. Such cooperation shall include:
 - (1) Providing to **us** on a regular basis, but not less frequently than every three (3) months, written reports on claimed **Damages**, potential liability, progress of any litigation, any settlement demands, or any investigation developments that materially affect the **Claim**;
 - (2) Providing any other reasonable information requested;
 - (3) Fully itemized billing on a periodic basis; and
 - (4) Cooperating with the **Insured** and **us** in resolving any discrepancies.
- c. **We** shall not settle any **Claim** without the **Insured's** prior written consent, but **we** shall have at all times the right to recommend a settlement of any **Claim**. If the **Insured** refuses to settle such **Claim** pursuant to our recommendations, then **our** liability in regard to such **Claim** shall not exceed:
 - (1) The amount for which the **Claim** could have been settled for an amount acceptable to the claimant;
 - (2) The amount of any **Claims Expenses** incurred up to the date of the **Insured's** refusal to settle the **Claim**. Such amounts are subject to the provisions of **SECTION II - LIMITS OF LIABILITY AND DEDUCTIBLE**.
- d. The **Insured** shall not, with respect to any **Claim** covered under this insurance, except at the **Insured's** own cost, make payment, admit any liability, settle any **Claim**, assume any obligation, agree to arbitration or any similar means of resolution of any dispute, waive any rights or incur any **Claims Expenses** without **our** prior written consent, such consent not to be unreasonably withheld. The **Insured** must take all reasonable action within the **Insured's** ability to prevent or mitigate any **Damages** or **Claims**. Any costs and expenses incurred by the **Insured** prior to giving written notice of the **Claim** to **us** shall be borne by **you** and will not constitute satisfaction of the Deductible.
- e. **You** shall cooperate with **us** and do whatever is necessary to pursue any right of indemnity, contribution or apportionment which **you** may have. Upon our request **you** shall:
 - (1) Submit to examination and interview by our representative, under oath if required;
 - (2) Attend hearings, depositions, and trials;
 - (3) Assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and in the defense of **Claims**;
 - (4) Give a written statement or statements to **our** representative(s) and meet with such representative(s) without cost to **us** for the purpose of determining whether there is coverage under this policy, and/or to assist in any obligation **we** may have to investigate and/or defend.

SECTION II – LIMITS OF LIABILITY AND DEDUCTIBLE

1. Limits Of Liability

- a. **Our** total liability for the combination of **Claims Expenses** and **Damages** for each **Claim** first made against all **Insureds** during the **Policy Period** or any applicable **Extended Reporting Period**, shall not exceed the Limit Of Liability stated in **Item 3. (A)** of the Declarations as applicable to each **Claim**.
- b. Subject to the paragraph above, **our** total liability under this insurance shall not exceed the aggregate Limit Of Liability for all **Claims** as stated in **Item 3. (B)** of the Declarations for all **Claims Expenses** and **Damages** arising out of all **Claims** first made against any **Insured** during the **Policy Period** or any applicable **Extended Reporting Period**.
- c. The inclusion of more than one **Insured** in any **Claim** or the making of **Claims** by more than one person or organization shall not increase the Limits Of Liability stated in **Item 3.** of the Declarations. More than one **Claim** arising out of a single **Wrongful Act** shall be considered a single **Claim**. A Claim arising out of a **Wrongful Act** including **Interrelated Wrongful Acts** shall be deemed to have been first made on the date when the first notice of any **Claim** arising out of the alleged **Wrongful Act** including **Interrelated Wrongful Acts** is first made to an **Insured**.
- d. **Our** Limits Of Liability for any applicable **Extended Reporting Period** shall be part of, and not in addition to, **our** Limits Of Liability for the **Policy Period**.
- e. The Limits Of Liability available to pay **Damages** shall be reduced by **Claims Expenses**.

2. Deductible

- a. The Deductible amount stated in **Item 4.** of the Declarations shall be paid by **you** and shall be applicable to each **Claim** and shall include **Damages** and **Claims Expenses**, whether or not any **Damages** payments are made.
- b. The Deductible shall not increase the Limits Of Liability.
- c. **You** shall pay Deductible amounts to the person or entity designated by **us** within ten (10) days upon **our** written demand. The total payments requested from **you** in respect of each **Claim** shall not exceed the Deductible amount stated in **Item 4.** of the Declarations.

SECTION III – ADDITIONAL PAYMENT FOR LOSS CONTROL AND INVESTIGATIVE EXPENSES

If, during the **Policy Period** or any applicable **Extended Reporting Period**, **you** provide **us** with written notice of a **Wrongful Act** or incident that is reasonably expected to result in a **Claim** but as to which no **Claim** has yet been made, **we** may, at **our** sole option, choose to investigate the **Wrongful Act** or incident. Such an investigation will be at **our** expense and will not reduce the Limits Of Liability or be subject to the Deductible provisions of this insurance until one of the following occurs:

1. A **Claim** results from the **Wrongful Act** or incident under investigation; or
2. **We** incur \$5,000 in expenses arising from the investigation.

If a **Claim** is made and reported to **us**, or once **we** incur \$5,000 in investigative expense, any further payment will be considered **Claims Expense** and will reduce the applicable Limits of Liability and be subject to the Deductible provisions of this insurance.

SECTION IV - DEFINITIONS

1. **Application** means all materials and information, including all signed applications and any materials attached thereto or incorporated therein, submitted to **us** by **you** or on **your** behalf in connection with this insurance.

Application also includes:

- a. All documents filed with any federal, state, local or foreign regulatory agency by an **Insured** or on an **Insured's** behalf during the twelve (12) months preceding the inception of this insurance whether or not such documents are submitted with or attached to the applications; and
- b. Any materials submitted to **us** by an **Insured** or on an **Insured's** behalf in connection with any insurance issued by **us** for which this insurance is a direct or indirect renewal or replacement.

The **Application** is deemed attached to, incorporated into and made a part of this insurance contract.

2. **Broker** shall have the meaning assigned to that term by the Securities Exchange Act of 1934, as amended; but **Broker** does not include a person who is a **Registered Representative**.

3. **Claim** means the following, provided that the **Claim** arises out of a **Wrongful Act** which is specifically within the scope of coverage as set forth elsewhere in this insurance:

- a. A demand for **Damages** made upon an **Insured**, including but not limited to a demand for **Damages** in a legal action, mediation or arbitration;
- b. A notice of investigation of violation(s) of law or regulation or disciplinary proceedings against an **Insured** by any governmental body or self regulatory organization, but only if the investigation of violation(s) of law or regulation or disciplinary proceedings were initiated by a complaint by an **Insured's** customer or client or former customer or client, arising from an **Insured's** rendering or failure to render **Professional Services** for that customer or client or former customer or client.

4. **Claims Expenses** includes:

- a. Reasonable and necessary fees and costs charged by an attorney(s) designated by **us** to defend a **Claim**;
- b. All expenses **we** incur.
- c. Expenses incurred on appeal, not including the principal amount of any bond;
- d. All costs assessed against the **Insured** by a court or arbitrator.
- e. Fees and costs incurred by an **Insured** in order to comply with a request to cooperate by **us** pursuant to **Item b.** of **SECTION I – COVERAGES, 2. Defense, Consent, Settlement And Cooperation** above.

However:

(1) **Claims Expenses** do not include salary, wages, overhead, benefit expenses or expenses of partners, principals, officers, directors, members or employees of **yours** or **ours**; and

(2) **Our** determination as to the reasonableness of **Claims Expenses** shall be binding upon all **Insureds**.

5. **Damages** means the sums which an **Insured** is legally obligated to pay solely as a result of a monetary judgment (including any pre- or post-judgment interest) arising from **Wrongful Acts** in an **Insured's** rendering of **Professional Services** for others; provided, however that **Damages** shall not include:

- a. Fines, penalties, or taxes;

- b. Compensation or interest charged to or due from an **Insured's** clients or customers, unless such compensation is used as a measure of **Damages** incurred by the claimant;
 - c. The cost of complying with any settlement for, or award of, non-monetary relief, including but not limited to specific performance and injunctive relief;
 - d. Amounts for which there is no legal recourse against an **Insured**, or which are uninsurable pursuant to the law of the jurisdiction where the **Claim** is made.
 - e. Amounts assessed under the Racketeer Influenced and Corrupt Organizations Act (RICO), 18 U.S.C., Section 1961, et seq. or similar federal or state law, including but not limited to any unfair business practices statute;
 - f. The value of any **Professional Services** rendered or expense incurred by an **Insured** for modification or correction of previous work, or any return, withdrawal, or reduction of professional fees; **or**
 - g. Punitive or exemplary **Damages**, and/or the multiplied portion, trebling, or enhancement of any **Damage** award.
6. **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**.
7. **Domestic Partner** means any natural person qualifying as a **Domestic Partner** under the provisions of any applicable federal law, the law of the State where the relationship was established, or under the provisions of any formal program established by **you**.
8. **ERISA** means the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006, as amended and any rules or regulations promulgated thereunder.
9. **Execution Error** means any **Claim** based upon, arising out of, or relating to the erroneous execution or failure to execute an order to purchase or sell **Securities** by an **Insured**.
10. **Extended Reporting Period** means the period of time, if applicable, available for reporting **Claims** pursuant to the terms and conditions of **SECTION VI – CONDITIONS, Item 6. Extended Reporting Period**.
11. **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 Advisor** or providing general financial education courses and seminars including, but not limited to, courses in support of Section 404(c) of the Employee Retirement Income Security Act of 1974 (**ERISA**).
12. **Financial Plan** means a written plan identifying a client's assets, liabilities, financial objectives and risk appetite and which recommends a course of activities or specific actions consistent with the client's risk tolerance to achieve the client's goals and objectives.
13. **Financial Planner** means an individual in the business of providing **Financial Planning Services** to others. It includes a **Registered Representative, Registered Investment Advisor** or **Life Insurance Agent** while they are providing **Financial Planning Services** as part of a **Financial Plan** or an **Investment Management Contract**.
14. **Financial Planning Services** means financial or investment advice given to individuals or their owned business organizations as part of a **Financial Plan**, comprehensive or modular, including advice with respect to personal risk management, investments, estate planning, retirement planning, college 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.
15. **Insured** means:
- a. The Named Insured stated in **Item 1.** of the Declarations;
 - b. Any **Predecessor In Interest**;

- c. Any person who is, was, or after the inception of the **Policy Period** becomes **your** partner, principal, officer, director, employee, or administrative staff, but only for **Professional Services** rendered on **your** behalf or on behalf of **your Predecessor In Interest**, during such time such person is a partner, principal, officer, director or employee of **yours** or **your Predecessor In Interest**;
 - d. If the Named Insured stated in **Item 1.** of the Declarations is a limited liability company, any past or current manager thereof, but only for **Professional Services** rendered on **your** behalf or on behalf of **your Predecessor In Interest** and within the scope of their duties as manager of such limited liability company and any past or current member thereof, but only for **Professional Services** rendered on **your** behalf or on behalf of **your Predecessor In Interest** and within the scope of their duties as a member of such limited liability company;
 - e. Any person who is, was, or after the inception of the **Policy Period** becomes the appointed Chief Compliance Officer pursuant to Rule 206(4)-7 of the Investment Advisers Act of 1940 solely while acting in that capacity for **you** or **your Predecessor In Interest**;
 - f. Any individual, professional or professional organization while rendering **Professional Services** on behalf of or under contract with **you**, but only if specifically endorsed by name onto this insurance;
 - g. The estate, heirs, executors, administrators, and legal representatives of each **Insured**, in the event of death, disability, incapacity, insolvency or bankruptcy of such **Insured**, but only with respect to liability arising out of **Professional Services** rendered on **your** behalf or on behalf of **your Predecessor In Interest**, prior to that **Insured's** death, disability, incapacity, insolvency, or bankruptcy, and only to the extent that **Insured** would have otherwise been provided coverage under this insurance; and
 - h. The lawful spouse or **Domestic Partner** of an **Insured**, but only to the extent that person is a party to a **Claim** solely in that person's capacity as an **Insured**, and only with respect to any **Claim** which seeks **Damages** recoverable from marital community property, property jointly held by such **Insured** and their spouse or **Domestic Partner**, or property transferred from such **Insured** to their spouse or **Domestic Partner**.
- 16. Interrelated Wrongful Acts** means **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, including, but not limited to a Pyramid Scheme or Ponzi Scheme. As used herein "Pyramid Scheme" means an investment program in which investors are paid returns primarily through the enrollment of others into the program. As used herein "Ponzi Scheme" means an investment program in which investors are paid returns primarily out of the money paid by subsequent investors in the program.
- 17. Investment Management Contract** means a written agreement wherein a client agrees to goals and strategies for the investment of the client's money, assisted by the **Registered Investment Advisor**, following a process which specifies investment goals, risk tolerance, asset allocation and guidelines for the selection and oversight of other registered investment advisors.
- 18. Investment Management Services** means providing financial advice, advising and/or supervising the purchase or sale of **Securities** for a client by a **Registered Investment Advisor** pursuant to an **Investment Management Contract**.
- 19. Life Insurance Agent** means an individual licensed, as required by any applicable Federal law and the law of the state where any part of the transaction occurs, to sell life, health, disability, long term care or accidental death and dismemberment 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.
- 20. Material Change** means:
- a. A change in legal name or nature of the Named Insured;
 - b. Any consolidation, acquisition or merger of the Named Insured with any other organization or the creation of any subsidiary or affiliated organization;

- c. A cumulative change of fifty percent (50%) or more in the numbers of **your** owners, partners, shareholders, members, managers or employees as reported on the **Application** for this insurance;
- d. The creation of an affiliation, association or relationship not disclosed on the **Application** for this insurance, with an otherwise unaffiliated organization which renders **Professional Services** on behalf of or under contract with the Named Insured; or
- e. A change in the risk presented by the Named Insured's business as described on the **Application** for this insurance and any and all supplemental attachments including the Form ADV, which substantially and materially increases the risk of loss, including but not limited to suspension, bankruptcy or dissolution.

21. Non-Traditional Life Insurance Products means viatical agreements, private placement life insurance products, life settlements, life settlement-backed securities (death bonds), senior settlements and any product originally issued in relation to a structured settlement, including but not limited to structured settlement factoring transactions as defined in the Internal Revenue Code.

22. Personal Injury means false arrest, wrongful detention or imprisonment, malicious prosecution, abuse of process, defamation, disparagement (including libel and slander), invasion of privacy, invasion of the right of private occupancy, or wrongful entry or eviction.

23. Policy Period means the period stated 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.

24. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, odors, noise, lead, asbestos, or asbestos-containing products and waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

25. Predecessor In Interest means any organization, some or all of whose shareholders, members or partners have joined the Named Insured, but only if the prior organization is listed on the **Application** for this insurance, and is specifically endorsed hereon by name.

26. Pro bono means **Professional Services** done for the public good and benefit, voluntarily and without payment.

27. Professional Services means services rendered for or advice given to others by an **Insured** for a fee, remuneration, **Pro bono** or other consideration in an **Insured's** practice as a **Financial Advisor**. **Professional Services** also includes services performed in the capacity of a fiduciary pursuant to **ERISA**.

Professional Services shall not include:

- a. Any services rendered during the period of any suspension or revocation of an **Insured's** certification, licensure, accreditation, appointment or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Advisor** or **Life Insurance Agent**; or
- b. Activities as a partner, principal, officer, director, manager, member, employee, independent contractor or administrative staff of any organization or public office other than the Named Insured or an organization specifically endorsed by name onto this insurance.

28. Registered Investment Advisor means an **Insured** who:

- a. Meets the definition of investment adviser as defined in the Investment Advisers Act of 1940, as amended; and
- b. Is registered as required by law with either the Securities Exchange Commission (SEC) or the appropriate state authority.

29. Registered Representative means a person who:

- a. Is registered with the Financial Industry Regulatory Authority (FINRA) or its successor as a **Registered Representative** of a **Broker** or **Dealer** pursuant to the provisions of the Securities Exchange Act of 1934; and

- b. 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, unit investment trusts and variable annuities.

Registered Representative does not include any person while acting in the capacity of a principal of a **Broker** or **Dealer**, including but not limited to a General Securities Principal or Limited Principal General Securities Sales Supervisor.

30. Retroactive Date means the date stated in **Item 6.** of the Declarations.

31. Security shall have the meaning assigned to that term by the following:

- a. The Securities Exchange Act of 1934;
- b. The Securities Act of 1933;
- c. The Investment Advisers Act of 1940 as amended; and/or
- d. Any rules issued by the Securities Exchange Commission pursuant to any of these acts.

Securities means the plural of **Security** as defined herein.

32. Underwriter shall have the meaning assigned to that term by the Investment Advisers Act of 1940, as amended.

33. Wrongful Act means:

- a. Any actual or alleged act, error and omission, breach of duty or breach of fiduciary duty in the rendering or failure to render **Professional Services**; or
- b. **Interrelated Wrongful Acts.**

SECTION V - EXCLUSIONS

This insurance does not apply to **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, any of the following even if acting or operating concurrently or in any sequence with an otherwise covered basis for a **Claim**:

1. Any willful, wanton, reckless or intentional wrongdoing or any fraudulent, dishonest, criminal or malicious **Wrongful Act** by the **Insured**. This exclusion shall not apply if the **Insured** was unaware of such misconduct and, with the exercise of reasonable care, could not have been aware of such misconduct. Each **Insured** agrees that if **we** have no liability under this policy to pay covered **Damages** because of this **Exclusion #1.**, the **Insured** will repay us all **Claims Expenses** paid by **us** relative to the **Claim**.
2. Any profit, advantage or remuneration gained by the **Insured** 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 if the **Insured** was unaware of such profit, advantage or remuneration and, with the exercise of reasonable care, could not have been aware of such misconduct. Each **Insured** agrees that if **we** have no liability under this policy to pay covered **Damages** because of this **Exclusion #2 .**, the **Insured** will repay **us** all **Claims Expenses** paid by **us** relative to the **Claim**.
3. Unlawful discrimination committed by an **Insured** or at an **Insured's** direction.
4. The use of non-public or confidential information in a manner prohibited by applicable law, rule, or regulation.
5. **Personal Injury**, bodily injury, sickness, disease, emotional distress, humiliation, mental anguish or illness, outrage, or death of any person, or loss of, damage to or destruction of any tangible property including but not limited to real and personal property, and any loss of use thereof.

6. Any **Claim** brought by an employee, former employee or job applicant of **yours** 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 an **Insured** even in the absence of such an agreement.
8. Any **Claim** made against an **Insured** by any other **Insured** or by any **Predecessor In Interest**, parent organization or any subsidiary, division or affiliated organization.
9. Any **Claim** brought against an **Insured** by a person or organization that is not a client or customer of an **Insured** or a client's or customer's appointed administrator, executor, receiver, trustee in bankruptcy, beneficiary or heir.
10. Any liability an **Insured** may have as a result of an **Insured's** activities in any profession other than **Financial Advisor**, including but not limited to, **Broker, Dealer**, accountant, actuary, enrolled agent, tax preparer, lawyer, mortgage broker, property or casualty insurance agent, real estate agent or broker, securities analyst, or third party administrator.
11. An **Insured's** activities as an owner, partner, joint venture, principal, officer, director, manager, employee, independent contractor, administrative staff, shareholder, member, attorney in fact, or trustee of any person or organization other than the Named Insured.
12. Any **Claim** by or on behalf of any present, past or future partner, principal, officer, director, manager, shareholder, member or employee of **yours**, in their capacity as such, against any other present, past or future partner, principal, officer, director, manager, shareholder, member or employee of **yours**.
13. The manufacture, leasing, distribution, preparation, design or sale of a tangible product by an **Insured**, including but not limited to computer hardware.
14. The manufacture, leasing, distribution, design or sale of electronic media and records, including the following:
 - a. Media, meaning disks, tapes, film, drums, cells or other media which are used with electronically controlled equipment
 - b. Data, meaning information or facts stored on such media;
 - c. Any computer program, meaning a set of related electronic instructions which direct the operations and functions of a computer or a device connected to it, and/or which enable the computer or device to receive, process, restore, retrieve or send data;
 - d. Software, including systems and applications software.
15. Data or record system services, failures or violations, including but not limited to:
 - a. Unauthorized access of or direct or indirect loss, corruption, damage or destruction of any data, document, record, paper, account, data processing equipment or component part, computer or computer system or record;
 - b. Mechanical or electronic failure, breakdown, or malfunction of any machine or system, including but not limited to, telephonic or data processing systems or machines or delay caused by systems' overload; or
 - c. Data processing services rendered for others.
16. The infringement or inducement of infringement of copyright, patent, trademark, service mark, trade name, or trade secret or unfair competition.
17. Any allegation arising out of, based upon, or attributable to any bankruptcy, insolvency, conservatorship, receivership or liquidation of or suspension of payment or inability or refusal to pay by, any **Broker** or **Dealer** in **Securities** or commodities, clearing agency, bank or banking firm, insurance or reinsurance entity, or **you**.

This exclusion will not apply to **Wrongful Acts** committed solely in connection with **your** investment on behalf of the claimant in the public equity or publicly traded debt of any **Broker** or **Dealer** in **Securities** or commodities, clearing agency, bank or banking firm, insurance or reinsurance entity.

18. Any of the following:

- a. Trading or failure to trade in any **Securities** traded exclusively outside the United States of America, its territories, possessions, Puerto Rico or Canada.
- b. Any function of an **Insured** as a specialist or market maker for any **Securities**.
- c. Failure to make a market for any **Securities**.
- d. Any action brought against an **Insured** by or on behalf of any clearing agency or arising out of any function of **yours** as a clearing agency.

19. 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**.

20. **Professional Services** rendered to or on behalf of, or any recommendation to invest in any organization including the subsidiaries in which **you**, **your** spouse or **Domestic Partner** is a partner, principal, trustee, officer, director, manager, employee or a more than five percent (5%) shareholder or ownership interest at the time the **Wrongful Act** giving rise to said **Claim** took place.

21. Any **Claim** involving the amount of, return of, disgorgement of or reimbursement of fees, commissions or other sums paid to **you** for **Professional Services** rendered by an **Insured**.

22. Any **Claim** brought 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.

23. Any **Claim** brought 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.

24. An **Insured's** warranties, promises or guarantees, express or implied, as to interest rates, fluctuations in interest rates, future premium payments, market values, investment returns, and/or income tax consequences,

25. Disallowed deduction(s), credit(s) or other item(s) on a tax return; or for taxes which would be owed in any case by a client.

26. Any **Claim** 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** or **Dealer** with which the **Registered Representative** is affiliated at the time the **Wrongful Act** giving rise to the **Claim** took place.

27. The purchase, sale, servicing, or recommendation to purchase, sell, or hold, any of the following:

- a. Unregistered Securities and private placements;
- b. **Non-Traditional Life Insurance Products**;
- c. Any **Security** that derives its value by combining a derivative or financial instrument with another financial instrument. Such structured financial products include, but are not limited to, exchange-traded notes, asset backed securities, mortgage backed securities, credit default swaps, and collateralized or securitized debt obligations;
- d. Promissory notes, real property, tangible property or tangible personal property;
- e. Any pooled investment vehicle not registered with the Securities Exchange Commission, including but not limited to any hedge fund (registered or not), private equity fund, venture capital fund or mezzanine fund;
- f. Any **Security** or contract whose value is linked to or derived from the value of an underlying asset such as commodities or other financial instruments including bonds, or market benchmarks such as interest rates or

indexes. Such derivatives include, but are not limited to, future contracts, warrants, forward contracts, options, swaps, and exchange-traded funds.

However, this exclusion shall not apply to mutual funds, publicly traded real estate investment trusts, publicly traded master limited partnerships, publicly traded limited partnerships, non-leveraged exchange traded funds or FDIC insured structured CD products.

28. The 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 venture or syndicate, or any type of charitable enterprise or entity.
29. An **Insured's** actions 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.

SECTION VI - CONDITIONS

1. Notice In The Event Of A Claim

- a. An **Insured** must notify **us** in writing as soon as practicable of any **Claim** first made against an **Insured** during the **Policy Period** or any applicable **Extended Reporting Period**. A **Claim** must be reported to **us** within sixty (60) days after the end of the **Policy Period**.
- b. In the event a **Claim** is made against an **Insured**, **you** shall immediately forward to us every demand, notice, summons or other process received by **you** or **your** representatives.
- c. Written notice as required in **SECTION VI – CONDITIONS** is a condition precedent to coverage under this coverage form.
- d. Written notice must be delivered to us at the physical address listed under **Item 8.** of the Declarations or via confirmed delivery to the following email address:

Newclaims@markelcorp.com

2. Notice In The Event Of A Wrongful Act That May Give Rise To A Claim

- a. An **Insured** must notify **us** in writing as soon as practicable if, during the **Policy Period**, an **Insured** first becomes aware of a specific **Wrongful Act** which is reasonably expected to result in a **Claim**. If **we** receive such written notice during the **Policy Period**, then any **Claim** subsequently made against an **Insured** arising out of the **Wrongful Act** shall be deemed to have been first made on the date **we** received the written notice.
- b. Subject to the paragraph above, if, during the **Policy Period**, an **Insured** provides **us** with written notice of a specific **Wrongful Act** or **Execution Error** which is reasonably expected to result in a **Claim**, **we** may, at **our** sole option, investigate the specific **Wrongful Act** or **Execution Error**. In the event that **we** make any payment of **Damages** and/or **Claims Expenses** as a result of an **Insured's** written notice pursuant to this provision, then such matter shall be deemed to be a **Claim** and shall be subject to all terms, conditions and provisions of this insurance that are applicable to a **Claim**.

3. Written Notice Requirements

An **Insured** who becomes aware of a **Claim** or circumstances which may result in a **Claim** must notify **us** in writing as soon as practicable. Such written notice must contain the following information:

- a. The description of the specific **Wrongful Act**;

- b. The date on which the **Wrongful Act** occurred;
- c. The injury or **Damage** which is alleged to result, may result, or has resulted from the **Wrongful Act**;
- d. The identity(ies) of the **Insured(s)** who may be the subject of the **Claim**;
- e. The identity(ies) of any potential claimant; and
- f. The circumstances by which **you** first became aware of the **Wrongful Act**.

4. Deductible Reduction In Cases Of Successful Mediation

Your Deductible obligation to **us** shall be reduced by fifty percent (50%) up to a maximum reduction of \$12,500 for a **Claim** that is fully and finally resolved through mediation to the satisfaction of all parties, including **us**. Such mediation must be 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 **your** Deductible obligation and all **Claims Expenses** incurred in the mediation proceedings shall be included in total **Claims Expenses** for the **Claim**. This paragraph does not apply to mediation which occurs after litigation or arbitration is filed against the **Insured**.

5. Mediation And/Or Arbitration Of Disputes Arising Under This Insurance

- a. **Mediation:** If a dispute arises out of or relates to this insurance, or the breach thereof, and if the dispute cannot be settled through negotiation, all **Insureds** and **we** 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. An **Insured** or **we** may either elect not to engage in mediation or may terminate the mediation at any time upon notice to all other participants. The cost of mediation will be shared equally between **us** and the **Insured(s)** participating in the mediation. All participants in mediation will pay his/her/its own attorneys' fees and expenses relative thereto.
- b. **Arbitration:** Any and all disputes arising from or in any way related to the rights, duties and obligations under this policy, including any claims for breach of the covenant of good faith and fair dealing that may be implied in the policy, or any similar state law, statutory or common law claim, which cannot be resolved by negotiation or mediation, shall be resolved by final and binding 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. Any arbitration shall include every cause of action that has arisen between **us** and **you** and any other **Insured**. **We** and all **Insureds** acknowledge and agree that any right to a trial by jury is waived.

The cost of arbitration shall be shared equally between **us** and the **Insured(s)** participating in the arbitration, and all participants in arbitration will pay his/her/its own attorneys fees and expenses relative thereto, unless an arbitration panel finds that a party failed to exercise good faith in the arbitration process, in which case that party shall be responsible for all mediation and arbitration costs including the attorneys fees and expenses of all other parties.

- c. **Venue:** Except where prohibited by law, disputes arising out of or relating to this insurance or the breach thereof shall be mediated and/or arbitrated in the state where **we** are domiciled, according to the laws of that state.

6. Extended Reporting Period

- a. Upon payment of additional premium, **you** shall have the right to purchase an **Extended Reporting Period** for this insurance if:
 - (1) **You** non-renew or cancel this insurance; or
 - (2) **We** non-renew or cancel this insurance for reasons other than:
 - (a) Non-payment of premium;

- (b) Non-payment of Deductible;
- (c) The **Insured's** license or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Advisor, Broker, Dealer** or **Life Insurance Agent** is revoked, suspended or surrendered at the request of any regulatory authority; or
- (d) Non-compliance with the terms and conditions of this insurance, including but not limited to an **Insured's** failure to disclose information on the **Application**.

The offer of renewal terms, conditions, Limits Of Liability and/or premium different from those of this insurance shall not constitute a cancellation or nonrenewal.

- b. As conditions precedent to the right to purchase the **Extended Reporting Period**, you must have paid:
 - (1) All Deductibles when due;
 - (2) All premiums due for the **Policy Period**; and
 - (3) All Deductibles and premiums due on any other insurance issued by **us** or any of **our** affiliated companies in an uninterrupted series of policies for which this insurance is a renewal or replacement.
- c. **Your** right to purchase the **Extended Reporting Period** shall terminate unless we receive **your** written request together with full payment for the **Extended Reporting Period** within thirty (30) days after the effective date of cancellation or non-renewal.
- d. The **Extended Reporting Period**, if applicable, shall:
 - (1) Apply to **Claims** first made against **you** and reported to **us** for a period of one (1) year pursuant to **SECTION VI – CONDITIONS** of this coverage form; and
 - (2) Apply only to **Claims** arising from **Wrongful Acts** that occurred on or after the **Retroactive Date** and prior to the effective date of cancellation or non-renewal.
- e. The premium for the **Extended Reporting Period** shall not exceed one hundred percent (100%) of the full annual premium for this insurance.
- f. The entire premium for the **Extended Reporting Period** shall be deemed fully earned at its commencement. **We** shall not be liable to return any portion of the premium for the **Extended Reporting Period** to **you** in the event that **you** terminate the **Extended Reporting Period** before its expiration date.
- g. The purchase of the **Extended Reporting Period** shall not in any way increase the Limits Of Liability as stated in the Declarations. No **Extended Reporting Period** endorsement shall be renewable.

7. Coverage Territory

This insurance applies worldwide, provided the **Claim** is made in the United States of America, its territories and possessions, Puerto Rico or Canada.

8. Other Insurance

This insurance shall apply excess of the Deductible stated in **Item 4.** of the Declarations and any other insurance available to an **Insured**, whether such insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits Of Liability provided by this insurance.

9. Subrogation

In the event of any payment under this insurance, all of **your** rights of recovery against any person or organization shall be subrogated to **us** and **you** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing to prejudice such rights. Any amount so recovered shall be apportioned as follows:

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

10. Alteration And Assignment

Notice provided to or knowledge possessed by any agent or other person acting on **our** behalf or any other person shall not:

- a. Affect a waiver or change in any part of this insurance; or
- b. Prevent **us** from asserting rights under the terms and conditions of this insurance.

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

11. Reimbursement

If **we** have paid any **Damages** or **Claims Expenses** in excess of the Limits Of Liability or within the Deductible, **you** shall be liable to **us** for any and all such amounts and, upon demand, shall reimburse **us** promptly for such amounts.

12. Entire Contract

We have relied upon many items as the basis on which **we** have granted coverage under this insurance. Such items include, but are not limited to, the:

- a. Declarations;
- b. Representations and warranties in the **Application**;
- c. **Applications** for any insurance issued by **us** for which this insurance is a renewal or replacement;

Such items, if applicable, 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 insurance, all **Insureds** agree that the Declarations, information and statements contained in the **Application** and in all supplemental materials are complete and accurate and each is deemed material to **our** acceptance of the risk under this insurance and that there are no agreements between an **Insured** and **us** other than those expressed in this policy.

13. Notice Of Cancellation

- a. **You** may cancel this insurance on behalf of all **Insureds** by mailing written notice to **us** stating when thereafter such cancellation shall be effective.
- b. **We** may cancel this insurance by mailing written notice to the Named Insured at the address stated in **Item 1.** of the Declarations. Such notice shall state when, not less than thirty (30) days thereafter such cancellation shall be effective.

Such notice shall state when, not less than ten (10) days thereafter such cancellation shall be effective if **we** cancel this insurance for one of the following reasons:

- (1) Non-payment of premium or Deductible, including premium or Deductibles due on any other insurance issued to **you** by **us** or one of our affiliated companies in an uninterrupted series of policies for which this insurance is a renewal or replacement; or
 - (2) **Your** license or other right to practice as a **Financial Planner, Registered Representative, Registered Investment Advisor, Broker, Dealer or Life Insurance Agent** is revoked, suspended or surrendered at the request of any regulatory authority.
- c. Mailing of notice shall be sufficient notice and the effective date of cancellation stated in the notice shall become the end of the **Policy Period**. Such notice shall be binding upon all **Insureds**. Delivery of such written notice by **you** or **us** shall be equivalent to mailing.
 - d. The earned premium shall be computed at the customary short rate if **you** cancel this insurance. Payment or tender of unearned premium shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.
 - e. Earned premium shall be computed pro rata if **we** cancel this insurance. Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter.

14. Named Insured Sole Agent

The first Named Insured stated in **Item 1.** of the Declarations shall be the sole agent of all **Insureds** hereunder for:

- a. Effecting or accepting any amendments to or cancellation of this insurance;
- b. Receiving such notices as may be required by law and/or any provision(s) of this insurance;
- c. Completing any **Applications** for this insurance;
- d. Making any representations regarding this insurance;
- e. Payment of any premium and/or Deductible;
- f. Receipt of any return premium that may become due under this insurance;
- g. Exercising or declining to exercise any right under this insurance, including exercising or declining any **Extended Reporting Period**; and
- h. Providing written notices of consent to settle.

15. Action Against Us

- a. No action shall lie against **us** unless, as conditions precedent thereto:
 - (1) The **Insured** has fully complied with all the terms and conditions of this insurance; and
 - (2) The amount of the **Insured's** obligation to pay **Damages** has been fully and finally determined either by judgment against the **Insured** in an actual trial or by written agreement between the **Insured**, the claimant, and **us**.
- b. Nothing contained in this insurance shall give any person or organization any right to join **us** as a party or otherwise bring **us** into any legal proceeding or arbitration asking for **Damages** from an **Insured**; or to sue **us** on this policy unless all of its terms have been fully complied with.
- c. Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve **us** of our obligations under this policy.

16. Notice Of Material Change

Any **Material Change** must be reported to **us** within thirty (30) days of such change taking place. Within ninety (90) days of such report of a **Material Change**, **we** may, at our sole option, cancel the insurance or issue an endorsement subject to additional premium or terms and conditions that **we** deem appropriate.