

PROFESSIONAL LIABILITY COVERAGE FOR INDEPENDENT AGENTS

NOTICE: THIS COVERAGE PART APPLIES ONLY TO INDEPENDENT AGENTS THAT ARE LISTED AS NAMED INSURED ON THE DECLARATIONS OF COVERAGE - PROFESSIONAL LIABILITY COVERAGE FOR INDEPENDENT AGENTS.

NOTICE: THIS IS A CLAIMS MADE AND REPORTED COVERAGE. THIS COVERAGE APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE COVERAGE PERIOD OR EXTENDED REPORTING PERIOD, IF APPLICABLE.

ALL WORDS OR PHRASES THAT ARE IN BOLD FACE TYPE, OTHER THAN THE CAPTION TITLES, HAVE THE SPECIAL MEANING SET FORTH IN SECTION III. DEFINITIONS.

In consideration of the payment of the premium and in reliance upon the statements made in the Application, which is made a part hereof and deemed attached hereto, and subject to the Declarations of Coverage and the limitations, conditions, provisions and other terms of the Coverage Part, the Named Insured and the Company agree as follows:

I. INSURING AGREEMENT

A. Professional Liability

The Company will pay on behalf of the Insured those sums that the Insured becomes legally obligated to pay as **Damages** because of a **Claim** arising out of a **Wrongful Act** of the Insured or a **Wrongful Act** of another for whom the Insured is legally responsible, and to which this insurance applies. Any **Claim** arising out of a **Wrongful Act** must first be made against the Insured and reported to the **Company** during the **Coverage Period** or **Extended Reporting Period**, if applicable. The **Wrongful Act(s)** must have been committed on or after the **Retroactive Date** shown in Item 7. of the Declarations of Coverage and before the end of the **Coverage Period**.

The Company shall not be obligated to pay any **Damages** or to defend any **Claim** after the applicable **Limit of Liability** described in Section M. LIMITS OF LIABILITY AND DEDUCTIBLE has been exhausted by the payment of **Damages and Claims Expenses**.

B. Defense and Claims Expenses

Claims Expenses are part of and erode Limits of Liability shown in Item 3. of the Declarations of Coverage.

The Company shall have the right and duty to defend the **Insured** against any **Claim** even if such **Claim** is groundless, false or fraudulent. However, the Company has no duty to defend any Insured against any **Claim** to which this insurance does not apply.

The **Insured** shall not admit or assume liability, or settle or negotiate to settle any **Claim** or incur any **Claims Expenses** without the prior written consent of the Company. The Company shall not be liable for any expense, settlement, assumed obligation or admission to which the Company has not consented. The Company shall have the right to appoint counsel and to make such investigation and defense of a **Claim** as it deems necessary.

The Company shall not settle any **Claim** without the written consent of the **Named Insured**. If the **Named Insured** refuses to consent to a settlement or a compromise recommended by the Company and acceptable to the Claimant, then the Limit of Liability under this Coverage Part with respect to such **Claim** shall be reduced to the amount of **Damages** for which the **Claim** could have been settled plus **Claims Expenses** incurred up to the time the Company made its recommendation to the **Named Insured**, which amount shall not exceed the Limits of Liability shown in Item 3. of the Declarations of Coverage.

The Company shall not be obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle any **Claim** after the applicable Limit of Liability shown in Item 3. of the Declarations of Coverage has been exhausted by payment of **Damages** and we will have the right to withdraw from the further defense of such **Claim** by tendering control of said defense to the **Insured**.

II. COVERAGE EXTENSIONS

A. Disciplinary Proceedings Coverage

The Company will reimburse the **Insured** for reasonable **Claims Expenses** that the **Insured** incurs in the investigation and defense of a **Disciplinary Proceeding** brought against the **Insured** during the **Coverage Period** and arising out of a **Wrongful Act** that is otherwise covered by this Coverage Part. The most the Company will reimburse the **Insured** under this Disciplinary Proceedings Coverage Extension is the amount shown in Item 5.A. of the Declarations of Coverage per **Coverage Period**.

The reimbursement of **Claims Expenses** under this Disciplinary Proceedings Coverage Extension is in addition to and does not reduce the Limits of Liability provided under this Coverage Part. No deductible shall apply to this Coverage Extension. However, the Company will not be obligated to reimburse any **Insured** for any expense, including **Claim Expenses**, after the Limits of Liability of this Coverage Part have been exhausted by the payment of **Damages**.

B. Regulatory Inquiry Coverage

The Company will reimburse the **Insured** for all reasonable attorney's fees and expenses incurred by the **Insured** in response to investigations by the following:

1. A state licensing board;
2. A self-regulatory body;
3. A public oversight board; or
4. A governmental agency with authority to regulate Professional Services.

The most the Company will reimburse the **Insured** under this Regulatory Inquiry Coverage Extension is the amount shown in Item 5.B. of the Declarations of Coverage per **Coverage Period**.

The reimbursement of expenses under this Regulatory Inquiry Coverage Extension is in addition to and does not reduce the Limits of Liability provided under this Coverage Part. No deductible shall apply to this Coverage Extension. However, the Company will not be obligated to reimburse any **Insured** for any expense after the Limits of Liability of this policy have been exhausted by the payment of **Damages**.

C. Pre-Claims Assistance

The Company will reimburse the **Insured** for all reasonable attorney's fees and expenses incurred by the **Insured** in responding to a subpoena or providing testimony, if during the **Coverage Period**:

- The **Insured** first receives a subpoena or a request for the **Insured's** testimony relative to a **Wrongful Act** in the performance of or failure to perform **Professional Services** by the **Insured** or by any other person or entity for whom the **Insured** is legally liable; and
- The **Insured** reports the receipt of such subpoena or request for the **Insured's** testimony, in writing, to the Company within thirty (30) days after such receipt and prior to a **Claim** being first made against the **Insured** and arising out of such **Wrongful Act**;

The Company will, at the **Insured's** request and upon receipt of a copy of the subpoena or request for the **Insured's** testimony, retain an attorney to advise the **Insured** regarding document production and represent the **Insured** during preparation and giving of testimony.

The most the Company will reimburse the **Insured** under this Pre-Claims Assistance Coverage Extension is the amount shown in Item 5.C. of the Declarations of Coverage per **Coverage Period**.

The reimbursement of expenses under this Coverage Extension is in addition to and does not reduce the Limits of Liability provided under this Coverage Part. No deductible shall apply to this Coverage Extension. However, the Company will not be obligated to reimburse any **Insured** for any expense after

the Limits of Liability of this policy have been exhausted by the payment of **Damages**. Any notice provided by the **Insured** to the Company of such subpoena or request for the **Insured's** testimony shall be deemed notice of a Potential Claim pursuant to Paragraph **B.** of the Common Policy Conditions.

If any **Wrongful Act** or other event gives rise to coverage under more than one of the Coverage Extensions provided under Paragraphs **A, B or C** above, the most the Company will reimburse the **Insured** is the largest single Additional Limit available under either Paragraph **A, B or C** as shown in Items **5.A, 5.8.,** or **5.C.** of the Declarations of Coverage.

D. Mediation Deductible Credit

If the **Insured** and the **Company** jointly agree to utilize **Mediation** as a means to try to resolve a **Claim** made against the **Insured**, and if such **Claim** is resolved through the use of **Mediation**, then the **Insured's** deductible obligation shall be reduced as follows:

1. For a **Claim** which is resolved through the use of **Mediation** within one year from the date that the **Claim** was first made against the **Insured**, the **Insured's** deductible payment shall be reduced by 50%, subject to a maximum reduction of \$20,000;
2. For a **Claim** which is resolved through the use of **Mediation** more than one year from the date that the **Claim** was first made against the **Insured**, the **Insured's** deductible payment shall be reduced by 25%, subject to a maximum reduction of \$20,000.

E. Electronic Media Coverage

1. Subject to the Limits of Liability and Deductible shown in Item **5.E.** of the Declarations of Coverage, the Company shall pay those amounts that the **Insured** becomes legally obligated to pay as **Damages** resulting from a **Claim** that is first made against the **Insured** and reported to the Company during the **Coverage Period** or the Extended Reporting Period, if applicable, as a result of an act committed by the **Insured** on or after the **Retroactive Date** shown in Item **7.** of the Declarations of Coverage and before the end of the **Coverage Period**, arising from the following acts:
 - a. Misdirection of electronic mail or other electronic media, including but not limited to, an intranet, extranet or internet connection;
 - b. Loss of client information transmitted via electronic media;
 - c. Unintentional introduction of a computer virus to a third-party computer, computer system, or network causing harm or damage to a computer, computer system or network; or
 - d. Unintentional unauthorized access by a third-party to a computer, computer system or network, without authorization or exceeding authorization.

The Annual Aggregate Limit of Liability shown in Item **5.E.** of the Declarations of Coverage is the most the Company will pay for the sum of all **Damages** resulting from acts of the **Insured** provided under Subparagraph **11.E.1.**

Subject to Subparagraph **11.E.2.** above the Each Claim Limit shown in Item **5.E.** of the Declarations of Coverage is the most the Company will pay for all **Damages** arising out of a single **Claim** resulting from the acts of the **Insured** provided under Subparagraph **11.E.1.**

The Limits of Liability shown in Item **5.E.** of the Declarations of Coverage apply in addition to the Limits of Liability and Deductibles applicable to the Coverage Part, and such Electronic Media Coverage Limits will not reduce the Limits of Liability or Deductible applicable to the Coverage Part.

The Deductible amount stated in Item **5.E.** of the Declarations of Coverage is applicable to each and every **Claim** and shall be applied to the payment of **Damages** and/or **Claim Expenses**. The Deductible shall be paid by the **Insured** and shall be uninsured and shall remain uninsured during the **Coverage Period**.

The Limits of Liability shown in Item **5.E.** of the Declarations of Coverage are in addition to and in excess of the Deductible. The Company may advance payment of part or all of the Deductible and

upon written notification by the Company of such payment made; the **Insured** shall reimburse the Company for the Deductible amounts advanced by the Company within ten (10) days.

III. DEFINITIONS

A. **Broker/Dealer** means an organization licensed and registered to engage in the business of:

1. Effecting transactions in securities for the account of others; or
2. Buying and selling securities for its own account, through a broker or otherwise;

A **Broker/Dealer** does not include a **Trader**.

B. **Bodily Injury** means injury to the body, sickness, or disease sustained by a person, including death resulting from any of these at any time.

C. **Claim(s)** means a written demand for money, including any civil proceeding, brought against the **Insured** arising out of a **Wrongful Act** to which this insurance applies. **Claim(s)** shall not include any **Disciplinary Proceedings** or other regulatory inquiries.

D. **Claims Expenses** means:

1. Attorneys' fees, expert witness fees, and other reasonable fees and costs incurred by the Company, or by the **Insured** with the Company's prior written consent, in the investigation and defense of covered **Claim(s)**;
2. Premiums for appeal bonds, or bonds to release property used to secure a legal obligation, if required in a **Claim** the Company defends. The Company shall only pay, however, for bonds valued up to our applicable Limit of Liability. The Company has no obligation to appeal a **Claim** the Company defends or to apply for or furnish these bonds.
3. All interest on the full amount of any judgment that accrues after entry of the judgment and before the Company has paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Liability.
4. All reasonable expenses incurred by the **Insured** at our request to assist us in the investigation or defense of the **Claim**, including actual loss of earnings up to \$500 a day because of time off from work. The most the Company will pay for such actual loss of earnings is \$50,000 per **Coverage Period**.
5. Pre-judgment interest awarded against the **Insured** on that part of the judgment the Company pays. If the Company makes an offer to pay the applicable Limit of Liability, the Company will not pay any pre-judgment interest based on that period of time after the offer.
6. All court costs taxed against the **Insured** in the **Claim**. However, these payments do not include attorney's fees or attorney's expenses taxed against the **Insured**.

Claims Expenses shall not include wages, salaries, fees or costs of directors, officers or employees of the Company or the **Insured**, except as provided in Subparagraph **D.4.** above.

E. **Coverage Period** means the period of time between the Effective Date and the Expiration Date shown in Item **2.** of the Declarations of Coverage or termination or cancellation of this Coverage Part.

F. **Covered Products** means **Insurance Products**.

G. **Damages** means any compensatory amount which the **Insured** becomes legally obligated to pay, including judgments, awards and settlements and will include punitive and exemplary damages as permitted by state law. All settlements must be negotiated and agreed upon with the prior written consent of the Company.

Damages shall not include:

1. Civil or criminal fines, penalties, or sanctions, whether pursuant to law, statute, regulation or court rule. However, **Damages** includes fines and penalties assessed against clients of the **Insured** by the Internal Revenue Service or any state or municipal taxing authority;
 2. Any matter, sum or award that is uninsurable under the law pursuant to which this Coverage Part shall be construed;
 3. The cost to comply with any injunctive or other non-monetary or declaratory relief or any agreement to provide such relief; and
 4. Wages, salaries, fees or costs of directors, officers or employees of the Company or any **Insured**.
- H. Disciplinary Proceeding(s)** means any proceeding by a regulatory, licensing, oversight or disciplinary official, board or agency to investigate charges of professional misconduct in the performance of **Professional Services**.
- I. Independent Agent** means an individual or entity **is properly licensed and registered, as required by law, to solicit, negotiate, place, recommend, sell and/or service Covered Products**.
- J. Insured(s) means:**
1. The **Named Insured** listed in Item 1. of the Declarations of Coverage.
 2. Any past, present or future principal, partner, officer, director, stockholder, trustee or employee of the **Named Insured** or its **Predecessor Firm(s)** but only with respect to **Professional Services** performed on behalf of the **Named Insured** or its **Predecessor Firm(s)**;
 3. The spouse or legally recognized domestic partner of any **Insured**, but only for a **Claim** arising solely out of his or her status as a spouse or legally recognized domestic partner of an **Insured** if the **Claim** seeks **Damages** from:
 - a. Marital community property;
 - b. Jointly held property; or
 - c. Property transferred from a natural person **Insured** to his or her spouse or legally recognized domestic partner.No coverage is provided for any actual or alleged **Wrongful Act** committed by such spouse or legally recognized domestic partner; or
 4. The estate, heirs, executors, administrators or legal representatives of any **Insured** described in Subparagraphs **1., 2., or 3.** above in the event of such **Insured's** death, incapacity, insolvency, or bankruptcy but only to the extent that such **Insured** would otherwise be provided coverage under this Coverage Part.
- K. Insurance Products** mean:
1. Individual and/or group life insurance and accident and health insurance;
 2. Individual and/or group disability income insurance;
 3. Long-term care insurance; or
 4. Medicare Supplemental Insurance or Medicare Advantage Plans.
- L. Mediation** means a non-binding process in which an independent panel or individual, that is compensated for such services, assists the parties in reaching their own settlement. To be considered **Mediation** under this Coverage Part, the process must be as set forth in the Commercial Mediation Rules of the American Arbitration Association or such other process as the Company may in its sole option approve.

M. Named Insured means the **Independent Agent** named in Item 1. of the Declarations of Coverage.

N. Personal Injury means injury arising out of one or more of the following offenses:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right to private occupancy;
4. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person or organization's goods, products or services;
5. Oral or written publication, in any manner, of material that violates a person's right of privacy; or
6. Infringing upon another's copyright, trade dress or slogan in the **Named Insured's Advertisement**.

For the purposes of this Subparagraph, **Advertisement** means:

A notice that is broadcast or published to the general public or specific market segments about the **Named Insured's** products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding websites, only that part of a website that is about the **Named Insured's** products or services for the purposes of attracting customers or supporters is considered an **Advertisement**.

O. Predecessor Firm(s) means any entity which was engaged in the same essential types of insurance activities as the **Named Insured**, in whose financial assets and liabilities the **Named Insured** is the majority successor in interest.

P. Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including without limitation, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and **Waste**. **Waste** includes materials to be recycled, reconditioned or reclaimed.

Q. Professional Services means the following services performed in connection with a **Covered Product** by an **Insured** in the conduct of the **Named Insured's** business:

1. Soliciting, negotiating, placing, recommending, selling and/or servicing of a **Covered Product**.
2. Providing advice, consultation, administration and financial planning services solely related to a **Covered Product**.
3. Providing services as a Notary Public.
4. Providing expert witness testimony related to **Professional Services** or a **Covered Product**.

R. Property Damage means:

1. Physical injury to, or loss or destruction of, tangible property, including the loss of use thereof; and
2. Loss of use of tangible property which has not been physically injured or destroyed.

S. Retroactive Date means the date specified in Item 7. of the Declarations of Coverage.

T. Trader means a person who buys and sells securities for his or her own account, either individually or in a fiduciary capacity, but not as part of a regular business.

U. Wrongful Act(s) means:

1. Any actual or alleged act, error, omission, misstatement, misleading statement, neglect or breach of

duty; or

2. Any actual or alleged negligent Personal Injury

Arising out of the performance of or failure to perform **Professional Services** by the **Insured** or by any other person or entity for whom the **Insured** is legally liable.

IV. LIMITS OF LIABILITY AND DEDUCTIBLE

The Limits of Liability shown in Item 3. of the Declarations of Coverage and the rules below fix the most the Company will pay regardless of the number of **Insureds, Claims** made or persons or entities making **Claims**.

A. Aggregate Limit

The Aggregate Limit of Liability shown in Item **3.A.** of the Declarations of Coverage is the most that the Company will pay for the sum of all **Damages** and **Claims Expense** under this Coverage Part.

B. Each Claim Limit

Subject to Paragraph **A.**, above, the Each Claim Limit of Liability shown in Item **3.B.** of the Declarations of Coverage is the most the Company will pay for all **Damages** and **Claims Expense** arising out of a single **Claim**.

C. Deductible

The **Deductible** amount stated in Item **4.** of the Declarations of Coverage is applicable to each and every **Claim** and shall be applied to the payment of **Damages** and/or **Claim Expenses**. The **Deductible** shall be paid by the **Insured** and shall be uninsured and shall remain uninsured during the **Coverage Period**.

The Limits of Liability shown in Item **3.** of the Declarations of Coverage are in addition to and in excess of the Deductible. The Company may advance payment of part or all of the Deductible and upon written notification by the Company of such payment made, the **Insured** shall reimburse the Company for the Deductible amounts advanced by the Company within ten (10) days.

D. Multiple Claims

All **Claims** arising out of the same **Wrongful Act** or series of interrelated **Wrongful Acts** shall be deemed to be a single **Claim** and shall be deemed to have been made at the time the first of such **Claims** is made against the **Insured**.

V. EXCLUSIONS

This Coverage Part does not apply to any **Claim** based on or arising out of:

A. Commingling/Illegal Profit

Any actual or alleged commingling or use of client funds or any actual or alleged profit, remuneration or pecuniary advantage gained by any **Insured** to which such **Insured** was not legally entitled as determined by final adjudication in the underlying action or in a separate action or proceeding.

B. Intentional and Criminal Acts

Dishonest, criminal, fraudulent, malicious or intentional acts, errors or omissions, or any willful violation of any statute, rule or regulation as determined by final adjudication in the underlying action or in a separate action or proceeding.

For the purposes of determining the applicability of the foregoing Exclusions **V.A.** and **V.B.**, the **Wrongful Act** of any director, officer or employee of the **Named Insured** shall not be imputed to any other director, officer or employee. Only facts pertaining to knowledge possessed by any past, present or future chief financial officer, in-house general counsel, risk manager, president, chief executive officer or chairperson of a **Named Insured** shall be imputed to the **Named Insured** to determine if coverage is available for the

Named Insured.

C. Bodily Injury, Property Damage or Personal injury

1. Any actual or alleged **Bodily Injury or Property Damage**; or
2. Any actual or alleged **Personal Injury** arising out of:
 - a. The oral or written publication of material, if done by or at the direction of any **Insured** with knowledge of its falsity;
 - b. The oral or written publication of material whose first publication took place before the **Retroactive Date**.

D. Broker/Dealer

A **Claim** brought against an **Insured** by a **Broker/Dealer**.

E. Contractual Liability

Any liability assumed by the **Insured** under any contract, except to the extent that such liability would have attached to the **Insured** even in the absence of such contract.

F. Promises/Guarantee

Any actual or alleged warranty, promise, guarantee or representation, either express or implied, or verbal or written, as to the market value or yield of any product, or as to non-guaranteed interest rates or fluctuations in interest rates or future premium payments related to any product.

G. Insured v. Insured/Related Entities

Any **Claim** by or on behalf of:

1. Another **Insured**;
2. Any Independent Agent or other insurance agent or broker regarding any business disputes regarding commissions, fees, client lists or non-compete agreements.
3. Any entity which is a parent, affiliate or co-venturer of an **Insured** or any other entity over which any Insured, by reason of ownership interest or otherwise, asserts influence or control; or
4. Any entity directly or indirectly controlled, operated or managed by an entity described in Subparagraph **V.G.3.** above.

H. Employment-Related Practices

Any actual or alleged **Wrongful Termination**, and/or **Discrimination**, and/or **Sexual Harassment** and/or **Workplace Torts**.

The following definitions apply to this exclusion:

Wrongful Termination means termination of an employment relationship in a manner which is against the law, wrongful, or in breach of an implied or written agreement to continue employment.

Discrimination means termination of an employment relationship or a demotion, or a failure or refusal to hire or promote an individual because of race, color, religion, age, sex, disability, pregnancy, natural origin, sexual orientation or other protected category or characteristic established pursuant to any applicable United States federal, state, or local law, regulation or ordinance.

Sexual Harassment means unwelcome sexual advances and/or requests for sexual favors and/or other verbal or physical conduct of a sexual nature that (1) are made a condition of employment and/or (2) are used as a basis for employment decisions and/or (3) create a work environment that interferes with performance.

Workplace Torts means retaliation, bullying, harassment, defamation, infliction of emotional distress, invasion of privacy, breach of employment contract, negligent evaluation, wrongful reassignment,

wrongful discipline, wrongful reference, failure to grant tenure, wrongful failure to employ or promote, wrongful demotion or wrongful failure to pay or underpayment of any wages, fees or commissions.

I. Anti-Trust

Any actual or alleged violation of any antitrust, restraint of trade or other law, rule or regulation which protects competition.

J. Employee Benefit Plans

Pension, profit-sharing, health and welfare or other employee benefit plan or trust sponsored, administered or designed by an **Insured** or any entity owned or controlled by an **Insured** or in which the **Insured** is a participant, administrator, plan sponsor, trustee or fiduciary, as defined under the Employee Retirement Income Security Act of 1974, the Pension Protection Act of 2006 (PPA), the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), all as amended from time to time, or any other similar federal, state, local or provincial statute or regulation, or common law.

K. Prior Knowledge, Prior Report of Wrongful Act and Prior and Pending Litigation

1. **A Wrongful Act** actually or allegedly committed prior to the beginning of the **Coverage Period**, if, on or before the earlier of the effective date of this Coverage Part or the effective date of any Policy issued by the Company to which this Coverage Part is a continuous renewal or replacement, the **Insured** knew or reasonably could have foreseen that the facts or circumstances that could lead to a **Wrongful Act** or a **Claim**.
2. **A Wrongful Act**, fact or circumstance which before the effective date of the Coverage Part was reported to the Company or any other Insurer.
3. Any prior or pending litigation or administrative or regulatory proceeding or investigation as of the Effective Date shown in Item **2.** of the Declarations of Coverage.
4. Any litigation or administrative or regulatory proceeding or investigation alleging or derived from the same or essentially the same facts or **Wrongful Act(s)** as alleged in any prior or pending litigation or administrative or regulatory proceeding or investigation as of the Effective Date shown in Item **2.** of the Declarations of Coverage.

L. Workers Compensation and Similar Laws

Any obligation for which any **Insured** is liable under any worker's compensation, unemployment compensation, disability benefits or similar law.

M. Nuclear and Pollutants

1. Any nuclear reaction, radiation or contamination, under any circumstances and regardless of cause;
2. Any actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **Pollutants** by any **Insured** at any time; or
3. Any request, demand or order that any **Insured** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **Pollutants**; including without limitation any **Claim**, suit or proceeding by or on behalf of a governmental authority, a potentially responsible party or any other person or entity for **Damages** because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of **Pollutants**.

N. Insolvency

Any inability, failure, or refusal of any insurance entity of any kind, to pay all or any part of any **Claim** or any kind of legal or financial obligation due to insolvency, bankruptcy, or going into, or being in any conservatorship, receivership, rehabilitation or liquidation status or proceeding. However, this Exclusion will not apply to any entity rated B+ or better by A.M. Best Company at the time of the placement of such coverage.

1. **Premium Monies, Fees and Commissions**

2. Any actual or alleged failure to collect, pay, or return to anybody any policy premium, return premium, commission, tax, or policy fee of any kind; or
3. Any dispute involving any fee, commission or other charge for any **Professional Services** performed or required to be performed by the **Insured**, or that portion of any settlement or award representing an amount equal to such fee, commission or other compensation; provided, however, that this exclusion shall not apply to covered **Claims Expenses** incurred in connection with a **Claim** alleging a **Wrongful Act**.

P. Specific Products

Any actual or alleged solicitation, negotiation, placement, recommendation, sale and/or service of any:

1. Coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended from time to time, or any employee benefits plan involving self-funding, in whole or in part, by any employer, union, or employment related entity;
2. Structured settlements agreements; life settlements; viatical settlements or similar transactions in which the present value of a conditional contract is exchanged or sold. However, this exclusion does not apply to a Claim solely based upon or arising out of the solicitation, negotiation, placement, recommendation, sale and/or service of a Covered Product used to fund a structured, life or viatical settlement;
3. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPINLIFE) or any similar transactions;
4. Promissory Notes; or\Commodities, futures contracts or option contracts.

Q. Specific Services

The following services performed by any **Insured**, whether or not such **Insured** is licensed or not:

1. Actuary;
2. Accountant;
3. Attorney;
4. Broker/Dealer;
5. Trader;
6. Real estate agent or broker;
7. Third party claims administrator; or
8. Tax advisor, except for tax advice that is incidental to the performance of **Professional Services**.

R. Trade Secrets, Confidential and Non-Public Information

1. Any actual or alleged unauthorized use, release or disclosure of trade secrets or confidential, non-public, private or proprietary information. However, this exclusion (Subparagraph **V.R.1.**) does not apply to coverage provided under the Electronic Media Coverage Extension; or
2. Any actual or alleged unauthorized use, release or disclosure of non-public information in a manner prohibited by the laws of the United States or any other jurisdiction, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, as amended from time to time, Section 10(b) of the Securities Exchange Act of 1934, as amended from time to time, and Rule 10b-5 thereunder, any state, commonwealth, province, territory or subdivision thereof, or the laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing.

S. Discretionary Authority

Any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets (whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character).

However, this exclusion does not apply if an **Insured** provides an asset allocation service with respect to **Covered Products** pursuant to a written allocation plan executed by the client.

T. Property Casualty Insurance Products or Services

Any sale or servicing of property and casualty insurance products including any related activities.

However, this exclusion does not apply if the **Insured** (1) is properly licensed to sell and service property and casualty insurance products and (2) **Insured's** total annual fee and commission income from the sale or servicing of such property and casualty insurance products is less than or equal to 25% of such annual fee or commission income.

U. Securities Law, Rules or Regulations

Any actual or alleged violation of:

1. The Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, any state "blue sky" law, any other federal, state or local securities law or any amendment thereto; or any rule or regulation promulgated thereunder, or any other provision of statutory or common law that regulates or imposes liability in connection with the offer to sell or purchase, or the sale or purchase of securities; or
2. The rules or regulations of:
 - a. Any government agency or entity; or
 - b. Any self-regulatory organization, including, but not limited to, FINRA.

V. Unlicensed Entity

The placement of any coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure that is not licensed to do business in the state or jurisdiction with authority to regulate such business. However, this exclusion does not apply to the placement of coverage or funds directly or indirectly with an eligible surplus lines insurance company.

W. Owned Funds or Investment Products

Any proprietary funds or investment products in which the Insured has an ownership interest

X. Violation of Statutes in Connection with Sending, Transmitting or Communicating any Material or Information

Any act that violates any statute, ordinance or regulation of any federal, state or local government including, any amendment of or addition to such laws, that includes, addresses or applies to the sending, transmitting or communicating of any material or information, by any means whatsoever.

VI. EXTENDED REPORTING PERIODS

In case of cancellation or nonrenewal of this Coverage Part, by either the **Named Insured** or the Company, for reason other than the **Named Insured's** failure to pay any premium or deductible amount due, or if the **Named Insured** commits fraud under this Coverage Part, the **Named Insured** shall have the right to an Extended Reporting Period as follows:

1. Automatic Extended Reporting Period

Coverage as provided under this Coverage Part shall automatically continue for a period of sixty (60)

days following the effective date of such cancellation or nonrenewal (the "Automatic Extended Reporting Period"), but only for a **Claim** first made against the **Insured** and reported to us during the Automatic Extended Reporting Period and only with respect to **Claims for Wrongful Acts** committed before the effective date of such cancellation or nonrenewal and subsequent to the **Retroactive Date** shown in Item 7. of the Declarations of Coverage.

The Limits of Liability for the Automatic Extended Reporting Period shall be a part of, and not in addition to, the Limits of Liability shown in Item 3. of the Declarations of Coverage;

2. Optional Extended Reporting Period

The **Named Insured** shall have the right, upon payment of the additional premium set forth in the table below to an extension of the coverage provided under this Coverage Part following the effective date of such cancellation or nonrenewal, but only for a **Claim** first made against the **Insured** and reported to the Company during the Optional Extended Reporting Period and only with respect to **Claims for Wrongful Acts** committed before the effective date of such cancellation or nonrenewal and subsequent to the **Retroactive Date** shown in Item 7. of the Declarations of Coverage.

This right shall terminate, however, unless written notice of such election and payment of the additional premium is received by the Company no later than sixty (60) days after the effective date of cancellation or nonrenewal.

The first sixty (60) days of the Optional Extended Reporting Period, if it becomes effective, shall run concurrently with the Automatic Extended Reporting Period.

Any change in premium or the terms of this Coverage Part shall not be considered a refusal to renew.

The Optional Extended Reporting Period shall not:

- a. Extend the **Coverage Period** or in any way change the scope of coverage provided by this Coverage Part;
- b. Change, increase or reinstate the Limits of Liability. The Limits of Liability for the Optional Extended Reporting Period shall be a part of, and not in addition to, the Limits of Liability shown in Item 3. of the Declarations of Coverage;
- c. Be renewable or be canceled once in effect; and
- d. If the Optional Extended Reporting Period is purchased, the entire premium shall be deemed fully earned at its commencement without any obligation by the Company to return any portion thereof

Optional Extended Reporting Period	Flat Premium (the percent of the annual premium shown on the Declarations)
1 year	100%
2 years	150%
3 years	200%
4 years	250%
5 years	300%

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions. Words and phrases that appear in bold face type have special meaning. Refer to the Definitions Section of the applicable Coverage Part as shown in Item **8. Forms Schedule** of the Declarations of Coverage.

A. Notice of Claims

The **Insured**, as a condition precedent to the obligations of the Company under this Coverage Part, shall give written notice to the Company of any **Claim** made against the **Insured**, as soon as practicable, but in no event later than sixty (60) days after the end of the **Coverage Period**, or during the extended reporting period, if applicable.

The **Insured** shall immediately forward to the Company every demand, notice, summons, or other process or pleadings received by the **Insured** or its representatives.

B. Notice of Potential Claims

If during the **Coverage Period**, any **Insured** becomes aware of any **Wrongful Act** which may reasonably be expected to be the basis of a **Claim** against the **Insured**, and during the **Coverage Period** gives written notice thereof to the Company with all available particulars, including but not limited to:

1. The specific **Wrongful Act**;
2. The dates and persons involved;
3. The identity of anticipated or possible Claimants;
4. The circumstances by which the **Insured** first became aware of the possible **Claim**;

Then any **Claim** which is subsequently made against the **Insured** arising from such **Wrongful Act**, and properly reported to the Company, shall be deemed to have been made at the time such written notice is given to the Company.

Notice hereunder shall be given in writing to:

Brian Hobbs, Esq.
brianh@trans11claims.com
TransEleven Claims Managers, Inc.
5900 South Lake Forest Drive, Suite 300
McKinney, TX 75070

If mailed, the date of mailing such notice shall constitute the date that such notice was given and proof of mailing shall be sufficient proof of notice.

C. Assistance and Cooperation

The **Insured** shall cooperate with the Company and provide to the Company all information and assistance which the Company reasonably requests, including without limitation, attending hearings, depositions and trials and assisting in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and conducting the defense of any **Claim** covered by this Coverage Part. The **Insured** shall do nothing that may prejudice the Company's position.

D. Action Against the Company

No person or organization has a right under this Coverage Part:

1. To join the Company as a party or otherwise bring the Company into a suit asking for **Damages** from an **Insured**; or
2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue the Company to recover on an agreed settlement or on a final judgment against an **Insured**; but we will not be liable for **Damages** that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of liability. An agreed settlement means a settlement and release of liability signed by the Company, the **Insured** and the claimant or the claimant's legal representative.

E. Other Insurance

This Coverage Part shall be excess over any other valid and collectible insurance, self-insurance or indemnification available to the **Insured**, whether such other insurance or indemnification is stated to be primary, contributory, excess, contingent, self-insured or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability of this Coverage Part.

F. Changes

Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person shall not effect a waiver or a change in any part of this Coverage Part or prevent the Company from asserting any right under the terms of this Coverage Part; nor shall the terms of this Coverage Part be waived or changed except by endorsement issued to form a part of this Coverage Part and signed by an authorized representative of the Company.

G. Territory

This Coverage Part applies to **Wrongful Acts** taking place anywhere in the world provided that the **Claim** is made against the **Insured** within the United States of America, its territories or possessions, Puerto Rico or Canada.

Notwithstanding the foregoing, payment of **Damages** under this Coverage Part shall only be made in full compliance with all United States of America economic or trade sanction laws or regulations, including, but not limited to, sanctions, laws and regulations administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

H. Subrogation

In the event of any payment under this Coverage Part, the Company shall be subrogated in the amount of such payment to the **Insured's** rights of recovery therefore against any person or entity. 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. However, in no event shall the Company be subrogated in a right of action against another **Insured**.

I. Bankruptcy

Bankruptcy or insolvency of the **Insured** or the **Insured's** estate shall not relieve the Company of any obligations hereunder.

J. Assignment

No assignment of interest of the **Insured** under this Coverage Part shall be valid unless the written consent of the Company is endorsed hereon.

K. Named Insured Sole Agent

The entity or person first named in Item 1. of the Declarations of Coverage shall be the sole agent of all **Insureds** hereunder for the purpose of effecting or accepting any notices hereunder, any amendments to or cancellations of this Coverage Part, for the completing of any Applications and the making of any statements, representations, or for the payment of any premium and the receipt of any return premium.

that may become due under this Coverage Part, and the exercising or declining to exercise any right under this Coverage Part.

L. Cancellation

1. Cancellation of Declaration of Coverage

- a.** The Company may cancel a Declaration of Coverage by delivering or mailing to the **Named Insured** by registered, certified or other first class mail written notice stating when, not less than sixty (60) days thereafter, and such cancellation shall be effective.
- b.** The **Named Insured** may cancel a Declaration of Coverage by surrendering its Declaration of Coverage or by mailing or delivering to the Company written notice stating when thereafter such cancellation shall be effective.
- c.** The mailing of notice as aforesaid shall be sufficient proof of notice. If a Declaration of Coverage is cancelled by the Company, the earned premium shall be computed on a pro rata basis. If a Declaration of Coverage is cancelled at the **Named Insured's** request, the minimum earned premium shall be computed at the percentage shown in Item **6.B.** of the Declarations of Coverage. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- d.** In the event that the Company cancels a Declaration of Coverage due to non-payment of the Premium set forth in the Declaration of Coverage, the Company may cancel such Declaration of Coverage by delivering or mailing to the **Named Insured** by registered, certified or other first class mail written notice stating when, not less than ten (10) days thereafter, such cancellation shall be effective.
- e.** The cancellation of any Declaration of Coverage shall have no effect on any other Declaration of Coverage currently in force.
- f.** The Company will deliver or mail its cancellation notices to the **Named Insured's** last mailing address known to the Company.
- g.** Notice of cancellation will state the effective date of cancellation. The **Coverage Period** will end on that date.

2. Cancellation of Master Policy

- a.** The Company may cancel this Master Policy by delivering or mailing to the policyholder shown in Item **1.A.** of the Master Policy Declarations by registered, certified or other first class mail written notice stating when, not less than ninety (90) days thereafter, such cancellation shall be effective.
- b.** The policyholder may cancel this Master Policy by surrendering this Master Policy or by mailing or delivering to the Company written notice stating when thereafter such cancellation shall be effective.
- c.** The mailing of notice as aforesaid shall be sufficient proof of notice.
- d.** Cancellation of the Master Policy shall have no effect upon the Declarations of Coverage issued prior to the effective date of cancellation. Such Declarations of Coverage shall remain in force until their expiration date or earlier cancellation date.
- e.** Notwithstanding the cancellation of the Master Policy, the terms and conditions of this Master Policy shall apply to the Declarations of Coverage issued during the time the Master Policy was in effect.
- f.** No Declarations of Coverage can be issued after the effective date of cancellation of the Master

- g. The Company will deliver or mail its cancellation notices to the policyholder's last mailing address known to the Company.
- h. Notice of cancellation will state the effective date of cancellation. The **Policy Period** will end on that date.

M. Application

By acceptance of this Coverage Part the **Insured** agrees that:

1. All the information and statements provided to the Company by the **Insured** which are contained herein, attached to or incorporated in the Application for this Coverage Part are true, accurate, and complete and shall be deemed to constitute material representations made by the **Insured**;
2. This Coverage Part is issued in reliance upon such **Insured's** representations;
3. This Coverage Part, including all endorsements hereto, and the completed and signed Application and any and all supplementary information and statements provided by the **Insured** to the Company (all of which are deemed to be incorporated herein) embody all of the agreements existing between the **Insured** and the Company and shall constitute the entire contract between the **Insured** and the Company.

N. Acquisitions and Mergers

In the event of any merger, consolidation, amalgamation or acquisition involving the **Named Insured** with any other party, the **Insured** shall notify the Company of such change within 30 days of the effective date of such change. If such notification is not made to the Company all coverage for the merged or acquired entity will cease 30 days after the date of the merger or acquisition. The Company at their sole discretion may charge an additional premium or amend or cancel coverage following any merger or acquisition.

O. Service of Suit

In the event of the Company's failure to pay any amount claimed to be due hereunder, the Company, at the **Insured's** request, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's 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 the 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 Counsel, Mendes & Mount, LLP 750 Seventh Avenue New York, NY 10019 or his or her representative, and that in any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office as the Company's true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by the **Insured** or on the **Insured's** behalf or any beneficiary hereunder arising out of this policy of insurance and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

P. Arbitration

Exclusive Remedy: Notwithstanding Condition **U. Service of Suit** above, if the Company and the **Insured** disagree on any matter under this Coverage Part, it is mutually agreed that such dispute shall be submitted to binding arbitration before a panel of three (3) arbitrators consisting of two (2) party-

nominated non-neutral arbitrators and a third impartial arbitrator (hereinafter, "umpire") as the sole, exclusive and final remedy for the resolution of the dispute.

Rules of the Arbitration: Except as otherwise provided herein, the arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association including its Optional Rules for Emergency measures of protection (together, hereinafter, the "Rules") and judgment on the award rendered by the arbitrators may be entered in any court having competent jurisdiction of the dispute.

Selection of Panel: The party initiating arbitration of a dispute (the "Initiating Party") shall send notice in writing of its submission of the dispute to arbitration to the other party (the "Respondent"), said notice including the name, address and occupation of the arbitrator appointed by the Initiating Party. The Respondent, within thirty (30) days following receipt of the notice from the Initiating Party, shall notify the Initiating Party in writing of the name, address and occupation of the arbitrator nominated by the Respondent. If the Respondent fails to notify the Initiating Party of its appointed arbitrator within said thirty (30) days, the Initiating Party shall nominate the Respondent's arbitrator. The two (2) arbitrators so selected shall, within thirty (30) days of the appointment of the second arbitrator, select an umpire. If the arbitrators are unable to agree upon an umpire, the election of the umpire shall be submitted to the American Arbitration Association to be appointed in accordance with R-15 and R-18 of the Rules.

Choice of Law and Venue of the Arbitration: The arbitration proceedings shall take place in New York City or such other place as may be mutually agreed by the **Insured** and the Company. Unless otherwise agreed by the Parties and subject to the substance and intent of "Formality of Proceeding", below, the rights of the Parties under the Policy shall be governed by the laws of the State of the New York, exclusive of conflict or choice of law rules.

Communication with Arbitrators: Unless otherwise agreed by the Parties, the party appointed arbitrators may communicate with the party that appointed them throughout the selection process and during the entire pendency of the proceedings.

Formality of Proceedings: Notwithstanding "Choice of Law and Venue of the Arbitration Proceedings", above, the panel shall be relieved of all judicial formality, shall not be obligated to adhere to the strict rules of law or of evidence, shall seek to enforce the intent of the parties hereto and may refer to, but are not limited to, relevant legal principles.

Finality and Timing of Award: The decision of at least two (2) of the three (3) panel members shall be binding and final and not subject to appeal except for grounds of fraud and/or gross misconduct by any of the arbitrators and/or umpire. The award shall be issued within thirty (30) days of the close of the hearings. The arbitrators are not empowered to award punitive or exemplary damages and the Parties waive any right to recover any such damages.

Expense of Arbitration: Each party shall bear the expenses of its appointed arbitrator and shall jointly and equally share with the other the expense of the umpire and the arbitration.

Confidentiality: The Parties shall maintain the confidential nature of the arbitration proceedings and the award, including the hearing(s), except as may be necessary to prepare for or conduct the arbitration hearing on the merits, or except as may be necessary in connection with a court application for a preliminary remedy, a judicial challenge to an award or its enforcement or unless otherwise required by law or judicial decision.

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA3100
15 September 2010

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

08/94
LSW1001 (Insurance)

SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), 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 the 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

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 authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a 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 Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998

24/04/1986

ILLINOIS CANCELLATION AND NONRENEWAL CLAUSE

The provisions shall apply and supersede any provisions to the contrary contained in the attached insurance.

1. **CANCELLATION NOTICE.** This insurance may be cancelled by the Assured at any time by written notice or by surrender of this contract of insurance to the Correspondent issuing this insurance. This insurance may also be cancelled with or without the return or tender of the unearned premium by Underwriters by mailing notice of cancellation to the Assured at the last mailing address known by Underwriters. The Correspondent shall maintain proof of mailing of such notice on a recognized U.S. Post Office form and a copy of such notice shall be sent to the Assured's producer. The mailing of such notice as aforesaid shall be sufficient proof of notice and this insurance shall terminate at the date and hour specified in such notice.
2. **CANCELLATION NOTICE PERIOD.** Notice of cancellation must be mailed at least 30 days prior to the effective date of cancellation during the first 60 days of coverage. After coverage has been effective for 61 days or more, all notices must be mailed at least 60 days prior to the effective date of cancellation. Where cancellation is for non-payment of premium, 10 days' notice shall be given. If the attached insurance provides for a longer notice period, such longer period shall apply.
3. **RETURN PREMIUM.** In the event of cancellation, Underwriters shall refund the paid premium less the earned portion thereof on demand. The earned premium shall be calculated as stated in the insurance to which this is attached. If the attached insurance does not provide for calculation of the earned premium, the following shall apply: (A) If this insurance is cancelled by the Assured, Underwriters shall retain the short rate proportion of the premium hereon, or of any minimum premium stipulated herein, in accordance with the table below. (B) If this insurance is cancelled by Underwriters, Underwriters shall retain the pro rata proportion of the premium hereon, or of any minimum premium stipulated herein.
4. **REASON FOR CANCELLATION.** If this insurance has been in effect for 60 days, Underwriters can cancel only for one of the following reasons: (a) non-payment of premium; (b) the insurance was obtained through material misrepresentation; (c) the Assured violated any of the terms and conditions of the contract of insurance; (d) the risk originally accepted has measurably increased; (e) certification to the Director of Insurance of the State of Illinois of the loss of reinsurance by Underwriters which provides coverage to Underwriters for all or a substantial part of the underlying risk insured; or (f) a determination by the Director of Insurance of the State of Illinois that the continuation of this insurance could place Underwriters in violation of the insurance laws of the State of Illinois.
5. **NOTICE OF NONRENEWAL.** If Underwriters elect not to renew this insurance, they will mail written notice of nonrenewal to the Assured at the last mailing address known by Underwriters. The notice of nonrenewal shall be mailed at least 60 days prior to the expiration date of this insurance. and shall state the reason for nonrenewal. The Correspondent shall maintain proof of mailing of such notice on a recognized U.S. Post Office form and a copy of such notice shall be sent to the Assured's producer. This paragraph shall not apply, if Underwriters have manifested their willingness to renew to the Assured. and the Assured has failed to comply with the terms of the renewal offer.

SHORT RATE CANCELLATION TABLE FOR TERM OF ONE YEAR

Days Insurance in Force		Per Cent. of One Year Premium	Days Insurance in Force		Per Cent. of One Year Premium
1		5	154-156		53
2		6	157-160		54
3-4		7	161-164		55
5-6		8	165-167		56
7-8		9	168-171		57
9-10		10	172-175		58
11-12		11	176-178		59
13-14		12	179-182	(6 months)	60
15-16		13	183-187		61
17-18		14	188-191		62
19-20		15	192-196		63
21-22		16	197-200		64
23-25		17	201-205		65
26-29		18	206-209		66
30-32	(1 month)	19	210-214	(7 months)	67
33-36		20	215-218		68
37-40		21	219-223		69
41-43		22	224-228		70
44-47		23	229-232		71
48-51		24	233-237		72
52-54		25	238-241		73
55-58		26	242-246	(8 months)	74
59-62	(2 months)	27	247-250		75
63-65		28	251-255		76
66-69		29	256-260		77
70-73		30	261-264		78
74-76		31	265-269		79
77-80		32	270-273	(9 months)	80
81-83		33	274-278		81
84-87		34	279-282		82
88-91	(3 months)	35	283-287		83
92-94		36	288-291		84
95-98		37	292-296		85
99-102		38	297-301		86
103-105		39	302-305	(10 months)	87
106-109		40	306-310		88
110-113		41	311-314		89
114-116		42	315-319		90
117-120		43	320-323		91
121-124	(4 months)	44	324-328		92
125-127		45	329-332		93
128-131		46	333-337	(11 months)	94
132-135		47	338-342		95
136-138		48	343-346		96
139-142		49	347-351		97
143-146		50	352-355		98
147-149		51	356-360		99
150-153	(5 months)	52	361-365	(12 months)	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for an insurance written for a term of one year.
- B. If insurance has been in force for more than one year:
 - 1. Determine full annual premium as for insurance written for a term of one year.
 - 2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the insurance was originally written.
 - 3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.

NMA2463

02/03/1992