

LIFE INSURANCE AGENTS PROFESSIONAL LIABILITY POLICY

THIS IS A "CLAIMS-MADE AND REPORTED" POLICY. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, COVERAGE UNDER THIS POLICY IS LIMITED TO LIABILITY FOR **WRONGFUL ACTS** FOR WHICH **CLAIMS** ARE FIRST MADE AGAINST THE **INSURED** WHILE THIS POLICY IS IN EFFECT AND WHICH ARE REPORTED TO US DURING THE **POLICY TERM** AND ANY APPLICABLE EXTENDED REPORTING PERIOD.

THE LIMITS OF LIABILITY AVAILABLE TO PAY FOR JUDGMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR **DEFENSE EXPENSES**.

Throughout this Policy the words "we", "us" and "our" refer to the Company providing this Insurance. The words "you" and "your" refer to the applicable **Insured**. Words and phrases that appear in bold have special meaning (Refer to SECTION III - **DEFINITIONS**).

In consideration of the payment of premium, and in reliance upon the statements in the Declarations Page of this Policy and Application and subject to all the terms and conditions of this Policy, we agree with the **Insured** as follows:

I INSURING AGREEMENT COVERAGE

- A.** We agree, subject to the applicable Limits of Liability and deductible, to pay on your behalf **Damages** and **Defense Expenses** which you become legally obligated to pay as a result of **Claims** made against you for **Wrongful Acts**.
- B.** The coverage set forth under Section I.A. above is afforded only if:
1. The **Claim** is first made against you and reported to us, in writing, during the **Policy Term** or during any applicable Extended Reporting Period; and,
 2. The **Claim** is based upon a **Wrongful Act(s)** which took place subsequent to the **Retroactive Date**, if any, and prior to the expiration date or earlier cancellation date of the Policy; and,
 3. You did not have knowledge of the **Wrongful Act(s)** prior to the effective date of this Policy.

II INVESTIGATION, SETTLEMENT AND DEFENSE

A. INVESTIGATION AND DEFENSE

We shall have the right and the duty to defend any **Claim** covered by this Policy brought against the **Insured** seeking **Damages** arising from a **Wrongful Act**, even if such **Claim** is groundless, false or fraudulent. We will conduct investigations and enter into the settlement of any **Claim** as we deem expedient. We have the sole right to select and appoint legal counsel to represent the **Insured**, with respect to any **Claim** to which this Policy applies.

B. SETTLEMENT

No **Claim** will be settled without your consent. If, however, you refuse to consent to any settlement recommended by us and elect to contest or continue any legal proceedings in connection with such **Claim**, then our liability for the **Claim**

shall not exceed the amount for which the **Claim** could have been so settled, including **Defense Expenses** incurred, with our consent up to the date of such refusal.

Our duty to defend any **Claim** ends after the applicable Limits of Liability have been exhausted by payment of **Damages** and/or **Defense Expenses**. We have no duty to defend any **Claims** not covered by this Policy.

C. DEFENSE REIMBURSEMENT

We will pay, with respect to any **Claim** we defend, all reasonable expenses incurred by the **Insured**, at our request, to assist us in the investigation of the **Claim**, including actual and provable loss of earnings because of time off from work up to a maximum of \$250 per day and with an aggregate maximum limit for all such loss of earnings and/or expenses of \$5,000 per **Claim**. **Defense Expenses** shall not include, and no reimbursement will be made by us for, the **Insureds'** salaries, overhead, benefit expenses or other fees and charges.

D. ALLOCATION OF DEFENSE EXPENSES

If any portion of a **Claim** made under this Policy does not come within the coverage provided by this Policy, we will use all reasonable efforts to agree with you upon a fair and proper allocation of **Defense Expenses** attributable to the covered portion of the **Claim** and the uncovered portion.

If there can be an agreement on the allocation of **Defense Expenses**, we will pay, on a current basis, **Defense Expenses** allocated to the covered portion of the **Claim** in accordance with our obligations under this Policy.

If there can be no agreement on an allocation of **Defense Expenses**, we, if requested by you, shall submit such dispute to binding arbitration. The rules of the American Arbitration Association shall apply. All administrative costs associated with the arbitration shall be shared equally between the parties. The amounts paid by you in connection with the arbitration will not be considered **Damages** under the terms of this Policy.

III DEFINITIONS

For the purposes of this Policy:

A. “Basic Extended Reporting Period” means that 60-day period immediately following the end of the **Policy Term**, as referred to and described in Section VI of this Policy.

B. “Bodily Injury” means bodily injury, sickness or disease, mental anguish, psychological injury or emotional distress sustained by any person, including death at any time resulting therefrom.

C. “Claim” means any of the following:

1. a written demand for monetary damages and services received by an **Insured**;
2. a civil proceeding commenced against the **Insured** by the service of a complaint or similar pleading in which monetary damages and services are sought; or
3. an arbitration commenced against the **Insured** by the filing of a statement of claim in which monetary damages and services are sought;

provided, however, that all of the above are based upon a **Wrongful Act(s)**, actually or allegedly, committed by the **Insured**.

D. “Damages” means judgments, settlements, pre-judgment interest, post-judgment interest, attorney’s fees and costs that the **Insured** becomes legally obligated to pay resulting from a covered **Claim** under this Policy. **Damages** shall not include:

1. civil or criminal fines or penalties imposed by law;
2. punitive, exemplary or the multiple portion of a multiple damage award;
3. the return or withdrawal of fees, commissions or charges;
4. costs incurred as a result of any non-pecuniary or injunctive relief;
5. liquidated and/or contractual damages;
6. any matters which are deemed uninsurable by law; or
7. **Defense Expenses**.

E. “Defense Expenses” means reasonable and necessary costs and legal fees incurred at our direction and with our written approval in the investigation, adjustment, defense, or appeal of a **Claim** against you, but shall not include any amounts incurred or paid in connection with the defense of any criminal investigation, suit or proceeding.

F. “Insured” means:

1. The individual, partnership or corporation designated as the **Named Insured** on the Declarations Page of this Policy;
2. any partner, executive officer, director, or employee of the **Named Insured** while acting within the scope of his duties as such;
3. any former partner, executive officer, director or employee of the **Named Insured** for acts committed while acting

within the scope of his duties as such; or

4. The estate, heirs, assigns, or legal representatives in the event of death, incapacity, or bankruptcy of any individual **Insured** under this Policy, but only to the extent coverage otherwise would be available to such **Insured**.

G. “Intellectual Property Hazard” means any actual or alleged:

1. Infringement of a patent, trademark, service mark, trade dress, copyright, title or slogan;
2. Disparagement of a person or organization’s goods, products, or services;
3. Unfair competition;
4. Trade libel or slander;
5. Violation of the right of privacy or publicity, advertising ideas, style of doing business, trade secrets or market share agreements; and/or,
6. Violation of the Lanham Act and/or the Computer Fraud Act.

H. “Named Insured” means the individual, partnership, or corporation designated as the **Named Insured** on the Declarations Page of this Policy.

I. “Personal Injury” means:

1. Malicious prosecution, false arrest, detention, imprisonment, wrongful entry, or eviction or other invasion of the right of private occupancy;
2. Assault, battery, or sexual harassment, including any mental anguish, emotional distress, or mental shock arising therefrom;
3. Oral or written publication of material that slanders or libels a person or organization, disparages a person’s or organization’s reputation, goods, products or services, or violates a person’s right to privacy.

J. “Policy Term” means the period from the effective date of this Policy to the expiration date as set forth in the Declarations Page of this Policy, or any earlier cancellation date.

K. “Professional Services” means those Life Accident and Health Insurance related services to which this Insurance applies that are performed for others, for a commission or fee, in the course of the **Named Insured’s** profession as a:

1. Licensed Life, Accident and Health Insurance agent;
2. Licensed Life, Accident and Health Insurance agent who is placing business with any licensed insurance company;

provided, however, that **Professional Services** shall not include fee based consulting services of any kind.

For the purposes of this definition, the term “others” will not include the **Insured** or the **Insured’s** owned or controlled entities or any person or entity which owns or controls or is under common ownership or controlled by the **Insured**, or any entity that the **Insured** serves as an officer, partner, or principal shareholder.

L. “Related Claims” means collectively all **Claims** involving the same **Wrongful Act** or **Wrongful Acts** which are logically or causally connected by reason of any common

facts, circumstances, situations, transactions, events or decisions.

M. “Retroactive Date” is the date stated in the **Retroactive Date** section of the Declarations Page of this **Policy**. This **Policy** does not apply to any **Claim** and we will not pay any **Damages** or **Defense Expenses** based upon or arising out of, or in any way related to any **Wrongful Act** committed or alleged to have been committed prior to the **Retroactive Date**.

N. “Supplemental Extended Reporting Period” means the time after the **Policy Term** and the **Basic Extended Reporting Period** specified for reporting a **Claim** due to a **Wrongful Act** which occurred on or after the **Retroactive Date** and before the end of the **Policy Term**.

O. “Wrongful Act” means any actual or alleged negligent act, error or omission committed by an **Insured** solely in the performance of, or failure to perform, **Professional Services**.

IV EXCLUSIONS

This Policy does not apply to any **Claim** and we will not pay any **Damages** or **Defense Expenses** based upon or arising out of, or in any way related to:

A. any activities or services related to or involving:

1. variable annuities, mutual funds, stocks and/or bonds;
2. viatical settlements, structured settlements, promissory notes, limited partnerships, discretionary agreements, or third party administration, whether the **Insured** performs such activities for a fee or no fee;
3. any underwriting, syndicating or investment banking or associated counseling or investment activities involving or related to mergers, acquisitions, divestitures, tender offers, leveraged buy-outs, re-organizations, capital structuring, re-capitalization, spin-offs, primary or secondary offering of securities, business valuation or financing for any enterprise, or any disclosure requirements in connection with the foregoing; and,
4. services performed as an attorney, actuary, accountant, notary public, Registered Investment Advisor, tax advisor, real estate agent or broker, or property and casualty insurance agent or broker;

B. any actual or alleged violations of any Federal, State or local Anti-Trust or Restraint of Trade statute, regulation, or ordinance;

C. any actual or alleged violations of the National Association of Securities Dealers Rules, Securities Act of 1933, the Securities Exchange Act of 1934, any state Blue Sky or securities laws, any rules or regulations adopted under any of these statutes or any Federal, State, or local statute or common law dealing with or regulating securities similar any actual or alleged violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 et seq.,

and any amendments thereto, or any rules or regulations promulgated thereunder;

E. any personal profit or advantage gained or allegedly gained by the **Insured** and to which the **Insured** was not legally entitled;

F. any litigation or arbitration that was commenced prior to the effective date of this Policy, whether or not such litigation or arbitration names the **Insured** as a party and including but not limited to, any proceeding filed in or pending before any Federal, State or local court; any Federal, State, or local agency; or any matter pending in any form of alternate dispute resolution;

G. any direct or consequential **Bodily Injury, Personal Injury**, or injury to, or destruction of any tangible property, including the loss of use thereof;

H. the placing of, or attempts to place, any insurance on property owned by the **Insured**, or on any risks in which the **Insured** has a financial interest;

I. any obligation the **Insured** has under any Workers’ Compensation, disability benefits, or other similar law;

J. any liability assumed by the **Insured** under any contract or agreement, unless the **Insured** would have been legally liable in the absence of such contract or agreement;

K. 1. premiums which the **Insured** collected or returned, or should have collected or returned on behalf of another person or organization;

2. commissions which the **Insured** collected or returned, or should have collected or returned on behalf of another person or organization;

3. taxes or fees which the **Insured** collected or paid, or should have collected or paid on behalf of another person or organization; and/or,

4. the amount of any contractual obligation or insurance benefit that the **Insured** paid or should have paid to another person or organization;

L. any actual, alleged or threatened Pollution, including, but not limited to, any governmental direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any form of Pollution;

M. any dishonest, criminal, fraudulent, malicious or knowingly **Wrongful Act** committed or alleged to have been committed by the **Insured**;

N. any of the **Insured’s** activities as an officer, director, partner, trustee, fiduciary, or employee of any pension, profit sharing, health and/or welfare, mutual or investment fund or trust, or any other employee benefit plan or trust;

O. the financial ability or inability to pay, insolvency, receivership, bankruptcy or liquidation of any entity or investment vehicle in which a customer has invested, any insurance company, risk retention group, any reinsurer, any organization, pool, syndicate, association or other combination formed for the purpose of providing insurance, health care, or reinsurance; however, this exclusion will not apply to any **Claim** relating to any insurance company

or other insurance issuing organization, if one of the following conditions are met:

1. At the most recent effective or renewal date of any policy issued to the **Insured's** client, the issuing entity was rated by the A.M. Best Key Rating Guide as A- or above; or
 2. The **Insured** can provide evidence of written notification provided to the client by the **Insured**, immediately prior to the most recent effective or renewal date of the Policy issued, regarding the current rating classification by the A.M. Best Key Rating Guide of the issuing entity and the implications and consequences of placing coverage with an insuring entity so rated;
- P.** any actual or alleged conduct relating, either directly or indirectly, to the employment, termination or application for employment of any person;
- Q.** any promises or guarantees as to interest rates, fluctuations in interest rates, future premium payments, or market value(s);
- R.** any actual or alleged infringement of any **Intellectual Property Hazard**, either through primary or secondary markets or through any stage of the stream of commerce, including, but not limited to, any **Claims** based upon or arising from actual or alleged violations of any non-disclosure, non-compete or non-solicitation agreements;
- S.** any actual or alleged violations by the **Insured** of the Employee Retirement Income Security Act of 1974 ("ERISA"), or any similar provisions of any Federal, State, local, or foreign statutory or common law, or any amendments thereto or regulations promulgated thereunder;
- T.** any actual or alleged involvement by the **Insured** with the marketing, underwriting, placement or servicing activities of any kind related to any of the following:
1. Multiple Employer Welfare Arrangements ("MEWA") and/or Multiple Employer Trusts ("MET"), as such are defined by ERISA, regardless of whether such is governed, in whole or in part, by State law;
 2. Medical stop-loss plans, captives, reciprocals, risk retention groups ("RRG"), risk purchasing groups ("RPG") or any other partially funded or self-insured insurance program;
- U.** any actual or alleged commingling of, or improper use of client funds, or inability or failure to collect or safeguard any funds;
- V.** 1. the quality of care rendered by or the lack of care rendered by or alleged malpractice of a participating provider of services, its employees, physicians or other practitioners, or any organization, pool, syndicate, association or other combination formed for the purpose of providing health care; or
2. the failure of any organization, pool, syndicate, association or other combination formed for the purpose of providing health care or other health care provider to pay the salaries or fees of any practitioner;

W. Professional Services provided after the revocation of the **Insured's** professional license;

X. Professional Services rendered by the **Insured** for which the **Insured** did not have a current and active professional license, as is required by Federal, State or local law;

Y. Wrongful Acts of any 1099 employees or independent contractors.

V LIMITS OF LIABILITY AND DEDUCTIBLE

A. LIMIT OF LIABILITY EACH CLAIM

The Limit of Liability for all **Damages** and **Defense** as to each **Claim** first made against the **Insured** and reported to the Company during the **Policy Term** or any applicable Extended Reporting Period, regardless of the number of **Insureds** or the number of claimants involved in the **Claim**, or when any payments are made, is the amount stated in the Declarations Page of this Policy.

B. AGGREGATE LIMIT OF LIABILITY

The Aggregate Limit of Liability for all **Damages** and **Defense Expenses** as to all **Claims** first made against the **Insured** and reported to the Company during the **Policy Term** or any applicable Extended Reporting Period, regardless of the number of **Insureds** or the number of claimants involved in the **Claim**, or when such payments are made, is the amount stated in the Declarations Page of this Policy.

C. DEDUCTIBLE

The deductible amount stated in the Declarations Page of this Policy shall be paid by the **Insured** and shall apply to each **Claim** and include **Damages** and **Defense Expenses**.

If we settle any **Claim** with your consent, we can, at our discretion, pay any specified deductible amount. We are not obligated to make any such payment, but, if we do make such a payment, the **Insured** agrees to repay us as soon as the **Insured** is notified by us of the settlement.

D. RELATED CLAIMS

All **Related Claims** shall be considered a single **Claim** for purposes of the Limits of Liability and the deductible and shall be deemed to have been first made against the **Insured** when the first of such **Related Claims** was made against any **Insured**.

VI EXTENDED REPORTING PERIOD COVERAGE

Extended Reporting Periods provide additional time in which to report **Claims** that arise from **Wrongful Acts** which occur subsequent to the **Retroactive Date** but prior to the end of the **Policy Term**. They do not extend the **Policy Term** or change the scope of coverage provided by the Policy. Once in effect, Extended Reporting Periods may not be cancelled.

Extended Reporting Periods do not apply to **Claims** that are covered under any other insurance the **Insured** purchased subsequent to the end of the **Policy Term** or to **Claims** that would be covered but for the exhaustion of any subsequently purchased insurance applicable to such **Claims**.

A. BASIC EXTENDED REPORTING PERIOD

1. A **Basic Extended Reporting Period** is automatically provided, without additional charge, if this Policy is terminated by cancellation or non-renewal. This period starts upon the expiration date or cancellation date of the **Policy Term** and lasts for 60 days. This automatic extension will cover **Claims** first made against the **Insured** during this 60 day period arising from **Wrongful Acts** that took place subsequent to the **Retroactive Date** and before the expiration or earlier cancellation date of the **Policy Term**. The **Basic Extended Reporting Period** shall be considered part of the **Policy Term** and the same Limits of Liability applicable for **Claims** first made against the **Insured** and reported to us during the **Policy Term** will apply to **Claims** first made and reported to us during the **Basic Extended Reporting Period**.

B. SUPPLEMENTAL EXTENDED REPORTING PERIOD

1. If this Policy is terminated by non-renewal or cancellation, the **Insured** has the right to obtain a **Supplemental Extended Reporting Period**. The **Supplemental Extended Reporting Period** begins when the **Basic Extended Reporting Period** ends and may, at the **Insured's** option, run for a period of 1 year. We will provide the **Insured** with a **Supplemental Extended Reporting Period** only:

- a. If the **Insured** cancels or non-renews this Policy and writes to us within 60 days from the effective date of cancellation advising that you wish to purchase **Supplemental Extended Reporting Period**; or,
 - b. If we cancel or non-renew this Policy and the **Insured** writes to us within 60 days after the termination date advising that you wish to purchase a **Supplemental Extended Reporting Period**; and,
 - c. The **Insured** pays us any outstanding earned premium and pays the required premium for the **Supplemental Extended Reporting Period** coverage to us promptly when due.
2. The premium for the **Supplemental Extended Reporting Period** coverage will be equal to 100% of the premium for this Policy as stated in the Declarations Page of this Policy. This period starts upon the expiration date or cancellation date of the **Policy Term** and lasts for 1 year.
3. The **Supplemental Extended Reporting Period**, if issued, will apply only to **Claims** first made against the **Insured** during such extension period arising from **Wrongful Acts** that occurred subsequent to the **Retroactive Date** and prior to the end of the **Policy Term**.
4. The **Supplemental Extended Reporting Period** shall

be considered part of the **Policy Term** and the same Limits of Liability applicable for **Claims** first made against the **Insured** and reported to us during the **Policy Term** will apply to **Claims** first made and reported to us during the **Supplemental Extended Reporting Period**.

5. If during the **Policy Term** or any Extended Reporting Period the **Insured** dies or meets the requirements for total and permanent disability set forth below, the **Supplemental Extended Reporting Period** shall automatically apply to **Claims** made against such **Insured**, without premium charge, for a period of twelve (12) months following the death or the beginning of the disability (as defined below), or until the executor or administrator is discharged, whichever is earlier.

The requirements for total and permanent disability under this Section are:

- a. If the **Insured** has been rendered totally and permanently disabled prior to the expiration date of the **Policy Term** as a result of sickness or accidental **Bodily Injury**; and,
- b. A medical doctor, who is not the **Named Insured** or falls within the definition of **Insured** under this Policy, nor is employed by, a shareholder of, or manages or controls the **Named Insured**, or is a member of the **Insured's** immediate family, must certify that the **Insured** is unable to perform the duties of an insurance agent.

VII REPORTING OF CIRCUMSTANCES

If, during the **Policy Term**, the **Insured** becomes aware of any circumstance which may subsequently give rise to a **Claim** against the **Insured** by reason of any alleged or actual **Wrongful Act** for which coverage would be afforded by this Policy and if the **Insured**, during the **Policy Term**, gives written notice to the Company of any such circumstance, including the specific **Wrongful Act**, the identity of the possible claimant, the nature of the possible **Damages** and the means by which the **Insured** first became aware of the circumstance, any **Claim** that is subsequently made against the **Insured** arising out of such **Wrongful Act** shall be deemed, for the purposes of this Policy, to have been first made during the **Policy Term** stated in the Declarations Page of this Policy. The **Insured** shall cooperate fully with the Company and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this Policy.

VIII GENERAL POLICY CONDITIONS

A. POLICY TERM

This Policy will begin at 12:01 A.M. on the effective date at the address shown on the Declarations Page of this Policy and continue until 12:01 A.M. on the expiration date at the

address shown on the Declarations Page of this Policy, or any earlier cancellation date, unless we agree to extend it.

B. POLICY TERRITORY

This Policy applies to **Claims** arising out of or resulting from **Wrongful Acts** committed or allegedly committed, by the **Insured**, anywhere in the world, provided that the **Claim** is made against the **Insured** in the United States of America, its territories or possessions, and Canada.

C. AUDIT

The **Insured** agrees to allow us to examine its financial books and records that relate to this Insurance at any time up to 5 years after this Policy ends.

D. INSURED'S DUTIES IN THE EVENT OF CLAIM

1. In the event of a **Claim**, the **Insured** shall, as a condition precedent to coverage under this Policy, provide us with:
 - a. written notice of the **Claim** as soon as practicable. The notice must contain the following: all individuals involved in the actual or alleged **Wrongful Act(s)**; the identity of the claimant; complete details relative to the time, place and circumstances of the **Wrongful Act(s)** complained of; as well as the names and addresses of any available witnesses; and,
 - b. every demand letter, notice, summons or other process served upon the **Insured** or the **Insured's** representative.

No **Claim** reported pursuant to a. above shall be provided coverage under this Policy unless notice is given to us during the **Policy Term**, or during the Extended Reporting Period, if applicable.

2. The **Insured** will fully cooperate with us or our designee in the investigation, settlement, and defense of all **Claims** including, but not limited to attending hearings, depositions and trials, securing and giving evidence, obtaining the attendance of witnesses and the enforcing of any right of contribution or indemnity against another who may be liable to the **Insured**. The **Insured** shall, as we at our discretion may require, submit to examination and interrogation by our representative, under oath if required, as well as give a written statement or statements to our representatives and meet with such representatives for the purpose of investigation and/or defense, all without charge to us.
3. The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment, admit any liability, assume any obligations, settle any **Claim**, or incur any expense without our prior written consent.

E. OTHER INSURANCE

This Policy shall be excess Insurance over any other valid and collectable insurance available to the **Insured**, whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as a specific excess insurance over the Limits of Liability provided in this Policy.

F. RIGHTS OF RECOVERY

If we make any payment, we may be entitled to recover what we paid from other parties. Any person to or for whom we make payment must transfer to us their rights of recovery against any other party and must do everything necessary to secure these rights and must do nothing that would jeopardize them.

G. ACTION BY YOU AGAINST US

1. Any dispute between you and us based upon, arising from or in connection with this Policy, including but not limited to any dispute sounding in contract or tort, shall be submitted to binding arbitration.
2. You, however, shall first have the option to resolve the dispute by mediation.
3. If the parties cannot resolve the dispute by mediation, the parties shall submit the dispute to binding arbitration pursuant to the rules of the American Arbitration Association, except the arbitration panel shall consist of one arbitrator selected by you, one arbitrator selected by us, and a third arbitrator selected by the first two arbitrators. Unless you and we otherwise agree, within thirty (30) days of our submitting the case and related documentation, the arbitration panel will issue a written decision resolving the controversy and stating the facts reviewed, conclusions reached, and the reasons for reaching those conclusions. The arbitration panel may make an award of compensatory damages but may not award extra contractual, punitive or exemplary damages. The decision of the arbitration panel will be final and binding on both of us in any court. You will bear the expense of the arbitrator chosen by you. We will bear the expense of the arbitrator chosen by us. You and we will share equally the expense of the other arbitrator. You and we will each bear our own fees and costs. The arbitration panel will allocate any remaining costs of the arbitration proceeding.

H. CHANGES

No provision of this Policy can be waived, changed or modified except by written endorsement issued by us to form a part of this Policy. Notice to any of our agents or knowledge possessed by any such agent or any other person shall not act as a waiver or change in any part of this Policy. Such notice will not prevent us from asserting our rights under the provisions of this Policy.

I. TRANSFER OF INTEREST

The **Insured** must first obtain our written consent to transfer or assign this Policy. If the **Insured** dies, the Policy will continue for the remaining part of the **Policy Term**; first for the benefit of the **Insured's** legal representative while acting within his or her duties as such, and second for the benefit of anyone having proper temporary custody of the **Insureds'** property until a legal representative is appointed.

J. PREMIUM

All premium charges under this Policy will be computed

according to our rules and rating plans which apply at the time of the charge. Premiums for this Policy are payable to us in advance. There is a minimum earned premium of 25%. They may be paid to us or our representative. The premium is due on the effective date of the Policy. Each renewal premium is due before the renewal takes effect. Any premium not paid on or before its due date will be considered to be in default.

K. REPRESENTATIONS

By accepting this Policy, the **Insured** agrees:

1. The statements in the Application for Insurance under this Policy or any predecessor policy of the Company providing this Insurance are true and complete to the best of the **Insureds'** knowledge and recollection;
2. We have issued this Policy in reliance upon the **Insureds'** representations;
3. This Policy may be rendered void as to the **Insured**, if the **Insured** intentionally conceals or misrepresents any material fact or circumstance related to this Insurance, whether before or after a **Claim** is made against the **Insured**.

L. BANKRUPTCY

Bankruptcy or insolvency of the **Insured** or **Insureds'** estate will not relieve us of our obligations under this Policy.

M. WHEN WE DO NOT RENEW

If we decide not to renew this Policy, 30 days advance written notice shall be mailed or delivered to the **Named Insured** at the address shown in the Declarations Page of this Policy. This provision shall not apply in the event of nonpayment of premium, or if the **Insured** has requested or agreed to non-renewal, or accepted replacement coverage elsewhere. If notice is mailed, proof of mailing will be sufficient proof of notice.

N. CANCELLATION

The **Named Insured** shown in the Declarations Page of this Policy may cancel this Policy by mailing or faxing advance written notice of cancellation to us, or any of our authorized representatives.

We may cancel this Policy by mailing to the **Named Insured** written notice of cancellation at least:

1. Ten (10) days before the effective date of cancellation, if we cancel for non-payment of premium; or
2. Thirty (30) days before the effective date of cancellation, if we cancel for any other reason.

We will mail our notice of cancellation to the **Named Insured's** last mailing address known to us stating the date the cancellation will be effective.

If the **Named Insured** cancels the Policy before the expiration date, the return portion of the unearned premium will be calculated at the standard industry short rate. If we cancel the Policy before the expiration date, the unearned premium will be calculated on a pro-rata basis.

If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

O. MATERIAL STRUCTURAL CHANGES

If, during the **Policy Term**, the **Named Insured** acquires or creates another entity or subsidiary, or the **Named Insured** becomes a member of a joint venture or partner in a partnership which is not designated in the Declarations Page of this Policy, or if the **Named Insured** merges or consolidates with another entity (any of which events is referred to as a "Transaction" in this condition); then, we shall have the option of providing coverage in respect of such newly formed entity or subsidiary. No coverage shall be afforded under this Policy for any **Claim** in any way involving the entity or subsidiary which is acquired, created, merged with or consolidated into, unless:

1. the **Named Insured** gives us notice of such Transaction as soon as possible, but in no event later than twenty-one (21) days after the effective date of the Transaction;
2. the **Named Insured** gives us such information regarding the Transaction at our request; and,
3. we specifically agree, by written endorsement to this Policy, to provide coverage in respect to such entity or subsidiary and the **Named Insured** accepts any terms, conditions, exclusions, limitations, and additional premium as we, in our sole discretion, impose;

If we, in our sole discretion, elect to provide coverage with respect to such entity or subsidiary, this Policy shall not apply to, and we shall not pay any **Damages** or **Defense Expenses** for, any **Claim** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** by such entity or subsidiary or any **Insured** happening before:

- a. the effective date of the Transaction; or
- b. the effective date of coverage under this Policy for such entity or subsidiary as set forth in an endorsement to be issued to extend coverage to such entity or subsidiary, whichever is later.