

**INSURANCE BROKERS AND AGENTS
ERRORS AND OMISSIONS INSURANCE**

NOTICE: THIS IS A CLAIMS MADE POLICY

EXCEPT TO SUCH EXTENT AS MAY BE PROVIDED OTHERWISE HEREIN, THIS POLICY IS LIMITED TO PAYMENT FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO UNDERWRITERS IN ACCORDANCE WITH THE TERMS OF THE POLICY. PLEASE REVIEW THE POLICY CAREFULLY.

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

INSURING AGREEMENTS

1. ERRORS AND OMISSIONS

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

- (a) the claim is first made against the Insured during the Policy Period by reason of such negligent act, error or omission, and
- (b) the negligent acts, errors, or omissions giving rise to the claim took place on or after the Retroactive Date set forth in Item 4. of the Schedule to this Policy, and
- (c) the Insured has no knowledge, on or prior to the effective date of this Policy, that such negligent act, error or omission may give rise to a claim against the Insured, or, there are no prior policy or policies which provide insurance for such liability or claims resulting from such negligent act, error or omission whether or not the deductible provisions and amount of such prior policy or policies are different from this Policy. If there are any such prior policies applicable to a claim, then notwithstanding CONDITIONS 6. of this policy, this policy shall not apply to such claim.

2. SUPPLEMENTARY PAYMENTS

Subject to the Per Day Limit of Liability and aggregate Limit of Liability set forth in Item 6.B. of the Schedule to this Policy for Supplementary Payments and to all of the other terms, conditions, limitations, and exclusions of this Policy, the Underwriters will reimburse the Insured for actual loss of earnings and reasonable expenses incurred at Underwriters' request for attendance at trial, court-ordered hearings, depositions, arbitration, or mediation, as the result of any claim against the Insured. The deductible is not applicable to any payment under this coverage section and any payments made under this coverage section will not reduce the Aggregate Limits of Liability for all Coverages set forth in Item 6.D. of the Schedule to this Policy.

3. DEFENSE OF ADMINISTRATIVE AND DISCIPLINARY PROCEEDINGS

Subject to the aggregate Limit of Liability for Defense of Administrative and Disciplinary Proceedings set forth in Item 6.C. of the Schedule to this Policy and to all of the other terms, conditions, limitations, and exclusions of this Policy, Underwriters will pay claim expenses incurred for the defense of Administrative and Disciplinary Proceedings first instituted against and received by the Insured during the Policy

Period. The deductible is not applicable to any payment under this coverage section and any payments made under this coverage section will not reduce the Aggregate Limits of Liability for All Coverages set forth in Item 6.D. of the Schedule to this Policy.

4. DISCOVERY CLAUSE

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

5. LIMITS OF LIABILITY

The liability of Underwriters for each claim made against the Insured during the Policy Period and reported to Underwriters in accordance with the terms of this Policy under the Errors and Omissions Coverage in Insuring Agreements 1. , including damages and claims expenses, shall not exceed the amount stated in item 6. A. 1. of the Schedule to this Policy for "each claim". Subject to that limit for each claim, the total limit of Underwriters' liability for all claims first made against the Insured during the Policy Period and reported to Underwriters in accordance with the terms of this Policy under Insuring Agreement 1., including damages and claims expenses, shall never exceed the Aggregate Limit of Liability stated in Item 6.A.2. of the Schedule to this Policy as "aggregate". The inclusion herein of more than one Insured or the making of claims, including but not limited to the bringing of suits, by more than one person or organization, shall not operate to increase the limit of Underwriters' liability for each claim or in the aggregate for all claims.

6. DEDUCTIBLE

The deductible amount stated in Item 7. of the Schedule shall be paid by the Named Insured, shall be applicable to each claim under Insuring Agreements 1. of this Policy, and shall include damages but shall not include claims expenses.

7. DEFENSE AND SETTLEMENT

- (a) Underwriters shall have the right and duty to defend any claims covered by this Policy as asserted against any Insured and seeking damages as covered by this Policy, including but not limited to the right to appoint defense counsel to represent the Insured as to any claim. The Insured shall cooperate fully with the Underwriters in such defense.
- (b) The Insured shall not admit liability for or settle any claim or incur any claims expenses in connection with any claim covered by this Policy without the prior written consent of the Underwriters.
- (c) The Underwriters shall not settle any claim without the consent of the Insured. If however the Insured shall refuse to consent to any settlement recommended by the Underwriters and shall elect to contest or continue any legal proceedings in connection with such claim, then the Underwriters' liability for the claim shall not exceed the amount for which the claim could have been so settled including the claims expenses incurred with Underwriters' consent up to the date of such refusal.

DEFINITIONS

1. INSURED

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

- (a) the individual, partnership or corporation designated as the Named Insured in the Schedule;
- (b) any partner, executive officer, director, or employee of the Named Insured while acting within the scope of his duties as such;
- (c) any former partner, executive officer, director or employee of the Named Insured for acts committed while acting within the scope of his duties as such;
- (d) independent contractors retained by the Insured to perform, or assist the Insured to perform Professional Activities, but only to the extent the services giving rise to any claim are performed by the independent contractor

on behalf and at the direction of the Insured pursuant to a written contract or agreement.

2. POLICY PERIOD

The term "Policy Period" whenever used in this Policy shall mean the period from the inception date of this policy to the expiration date set forth in Item 3. of the Schedule or its earlier termination date, if any, all dates being at 12:01 am at the location set forth in Item 1. of the Schedule to this Policy.

3. CLAIM

The unqualified word "claim" whenever used in this Policy shall mean a written demand, suit, arbitration, or other civil proceeding served on or received by the Insured seeking compensatory monetary damages or services based on negligent acts, errors, or omissions in the conduct of the Insured's Professional Activities. "Claim" shall not include any criminal proceeding of any kind; any demand or proceeding seeking non-monetary or injunctive relief; or any administrative or disciplinary proceeding as provided coverage under Insuring Agreements 3. The filing of suit, the filing of an arbitration demand, or the filing of any other civil proceeding without service on or receipt by the Insured shall not constitute a "claim" as defined in this policy.

4. CLAIMS EXPENSES

"Claims Expenses" means:

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

5. DAMAGES

"Damages" means a monetary judgment, award, or settlement, but shall not mean and shall specifically exclude:

- (a) The return, waiver, or forgiveness of fees or other compensation paid or payable to the Insured;
- (b) Punitive or exemplary damages, or the multiplied portion of any award or

judgment of compensatory monetary Damages;

- (c) Fines, penalties, sanctions, or taxes imposed on the Insured due to a claim.

6. PROFESSIONAL ACTIVITIES

"Professional Activities" means those services provided in the Insured's business as an insurance agent, insurance broker, insurance general agent or surplus lines broker, including but not limited to the electronic solicitation of applicants for insurance coverage; the electronic receipt, review and processing of applications for insurance coverage; and the electronic servicing of insurance coverage placed by the Insured for others.

7. ADMINISTRATIVE AND DISCIPLINARY PROCEEDINGS

"Administrative and Disciplinary Proceedings" means a proceeding by a federal, state, or local regulatory or disciplinary official, board, agency, or body to investigate charges of professional misconduct by the Insured solely in the rendering or failure to perform Professional Activities.

EXCLUSIONS

The coverage afforded under this Policy shall not apply to and Underwriters will not pay any damages or claim expenses for any claims:

1. Arising out of any dishonest, fraudulent, criminal or malicious act committed or alleged to have been committed by, or at the direction of the Insured, provided, however, that this exclusion shall not apply unless and until a final non-appealable adjudication in the claim against the Insured for such excluded conduct, or the Insured admits, pleads to, or otherwise agrees that such excluded conduct was committed by or at the direction of the Insured.
2. For punitive or exemplary damages, fines, penalties, sanctions, or taxes, provided, however, that if a claim seeks both compensatory monetary damages and punitive or exemplary damages, fines, penalties, sanctions, or taxes, Underwriters, subject to all other coverage considerations, will provide a defense to such claim, without

- any obligation to pay any such excluded amounts.
3. For bodily injury to, or sickness, disease or death of any person, or injury to or destruction of any tangible property, including the loss of use thereof,
 4. For libel, slander, invasion of privacy or discrimination,
 5. By any insurer against the Insured in the Insured's capacity as Insurance Agents or General Insurance Agents of that insurer, unless such claim arises out of any alleged negligent act, error or omission by the Insured and only after that insurer has obtained a judgment against the Insured in any Court in respect of that claim,
 6. Arising out of the commingling of monies or accounts, or loss of monies received by the Insured or credited to the Insured's account,
 7. Arising out of, due to or involving directly or indirectly the insolvency, receivership, bankruptcy liquidation or financial inability to pay, by any insurer of any type or nature, or by any agent, broker or intermediary with or through whom or which the Insured has placed or obtained coverage for a client or an account, provided, however, that this exclusion shall not apply to claims resulting from the insolvency of any insurer if, on the date that the Insured first binds the underlying insurance coverage that is the subject of the claim, or the date that the Insured last binds the renewal insurance coverage that is the subject of the claim, the insurer is:
 - i. Rated A- by A. M. Best Company, or
 - ii. Rated A or better by Demotech, Inc.
 8. By any entity which is wholly or partially owned, operated or managed by the Insured or which wholly or partially owns, operates or manages the Insured, or which is wholly or partially under the same common ownership, operation or management as the Insured.
 9. Arising out of the Insured's activities as a Managing General Agent, Managing General Underwriter, reinsurance underwriter, or claims adjuster.
 10. For liability assumed by the Insured under any contract, guarantee, agreement, warranty, or indemnity, whether written or oral, and whether express or implied, unless the Insured would have been legally liable in the absence of such contract, guarantee, warranty, or indemnity based on negligent acts, errors, or omissions by the Insured in the conduct of Professional Activities.
 11. Arising out of any Professional Activities conducted by the Insured for which the Insured, at the time such Professional Activities were conducted, did not have a current, active and unrevoked license or other legal authorization for such Professional Activities as required by Federal, State, or local law, regulation, or ordinance.
 12. Arising out of, due to, or involving directly or indirectly variable annuities, mutual funds, stocks and/or bonds;
 13. Arising out of, due to, or involving directly or indirectly 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;
 14. Arising out of, due to, or involving directly or indirectly 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,
 15. Arising out of, due to, or involving directly or indirectly any services performed as an attorney, actuary, accountant, notary public, Registered Investment Advisor, tax advisor, real estate agent or broker;
 16. any actual or alleged violations of any Federal, State or local Anti-Trust or Restraint of Trade statute, regulation, or ordinance;
 17. any actual or alleged violations of the National Association of Securities Dealers Rules, the Securities Act of 1933, the Securities Exchange Act of 1934, any state blue sky or securities law or any other Federal or State securities law or any

amendments thereof or additions thereto, or rules or regulations promulgated thereunder;

18. Any actual or alleged violations of the Racketeer Influenced and Corrupt Organizations Act, 18 USC Section 1961 et seq., and any amendments thereto or rules or regulations promulgated thereunder;
19. Any actual or alleged violations of the Employee Retirement Income Security Act of 1974 (ERISA), the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Health and Safety Act and any amendments to or rules or regulations promulgated under such statutes, or any similar provisions of any federal, state or local statutory or common law;
20. 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;
21. 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:
 - (a) 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;
 - (b) Medical stop-loss plans, captives, reciprocals, risk retention groups ("RRG"), risk purchasing groups ("RPG") or any other partially funded or self-insured insurance program;

CONDITIONS

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

The Insured shall, as a condition precedent to any coverage under this policy, give to Underwriters

immediate notice in writing of any claim first made against the Insured during the Policy Period, cooperate with Underwriters and upon Underwriters' request submit to examination and interrogation by Underwriters' representatives, under oath if required, and attend hearings, depositions and trials, and assist in effecting settlement, securing and giving evidence, obtaining the attendance of witnesses and assisting in the conduct of suits, as well as in the giving of a written statement or statements to Underwriters' representatives and meetings with such representatives for the purposes of investigation and/or defense, and all without charge to Underwriters, except as may be provided coverage under Insuring Agreements 2.

2. SUBROGATION

In the event of any payment under this Policy, Underwriters shall be subrogated to all of the Insured's rights of recovery for any such payment as against any person or organization and the Insured shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing to prejudice such rights.

3. ACTION AGAINST UNDERWRITERS

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

4. FALSE OR FRAUDULENT CLAIMS

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

5. APPLICATION

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

6. OTHER INSURANCE

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

7. ASSIGNMENT

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

8. CANCELLATION

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

This Policy may be cancelled by Underwriters by mailing to the Named Insured written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective, but this Policy may be cancelled by not less than ten (10) days notice when the cancellation is by reason of the Insured's non-payment of premium. The mailing of notice as aforementioned shall be sufficient notice and the effective date of cancellation stated in the notice shall become the expiration date of the Policy as of 12:01am at the location set forth in Item 1. Of the Schedule. Delivery of such written notice by the Named Insured, or Underwriters shall be equivalent to mailing. If cancelled by Underwriters, earned Premium shall be computed pro rata.

Premium adjustment may be made at the time cancellation is effected or as soon as practicable thereafter. The transmittal of the premium adjustment by Underwriters or any of its representatives by mail or other form of delivery, shall be sufficient tender of any amount due to the Named Insured.

9. SERVICE OF SUIT

It is agreed that in the event of the failure of Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the designee named in Item 11. of the Schedule and that in any suit instituted against any one of them upon this Contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

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

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

10. CONDITIONS

The insured has made representations in the application as to the documentation of communications, transactions, and other aspects of its covered Professional Activities. As noted in the Policy, Underwriters have issued this Policy in reliance on the statements made in the application, which is part of this Policy. It is

therefore a condition precedent of coverage under this Policy that the insured produce and maintain such documentation at all times as to any and all Professional Activities provided coverage under this Policy. No coverage will be afforded under this Policy for any damages and/or claims expenses incurred as to any claim regarding which the Insured has failed to produce and maintain such documentation as to any Professional Activities that provide basis for any claim against the Insured.

SPECIMEN