

COMPANY SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS POLICY

THIS IS A CLAIMS MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER IN WRITING DURING THE POLICY PERIOD UNLESS AN EXTENDED REPORTING PERIOD APPLIES.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

In consideration of the payment of premium and in reliance upon the statements in the Application which is made a part hereof and incorporated by reference and subject to the Declarations, terms, conditions and exclusions in this Policy, the Company indicated in the Declarations (hereafter called the Insurer) and the Insureds agree as follows:

I. INSURING AGREEMENTS

A. Professional Liability

The Insurer shall pay on behalf of the Insured all Loss which the Insured shall become legally obligated to pay because of a Claim first made against the Insured during the Policy Period or an Extended Reporting Period, if applicable, for a Wrongful Act committed on or after the Retroactive Date by the Insured solely in the rendering or failing to render Professional Services.

II. DEFENSE AND SETTLEMENT

The Insurer shall have the right and duty to defend any Claim against the Insured seeking sums payable under this Policy, even if the allegations of the Claim are groundless or false. The Insurer shall make such investigation and settlement of any Claim as it deems expedient, but the Insurer shall not be obligated to pay any Claim or judgment or continue to defend any Claim after the applicable Limit of Liability has been exhausted by payment of Loss.

III. DEFINITIONS

For purposes of this Policy:

A. Agent means an individual who:

1. maintains an active affiliation with the Sponsoring Company;
2. has elected to enroll for coverage under this Policy and whose enrollment is on file with the Sponsoring Company;
3. has paid his or her premium;
4. is licensed by the appropriate authorities to solicit and sell life, accident and health insurance products and services; and
5. when required in rendering Professional Services, is properly registered as a registered representative with the National Association of Securities Dealers.

Provided, however, that where an individual is seeking coverage under this Policy as an Agent, such individual shall be required to submit a request to the Insured to obtain coverage under the Policy if that individual has:

- (a) more than one (1) action against them in the five (5) year period preceding the time the Agent would be an Agent under the Policy;

- (b) such action would be considered a Claim if he/she were covered under this Policy; and
- (c) where \$50,000 or more was paid or is to be paid on that Claim;

The right to grant or deny coverage for any such Agent shall remain in the sole discretion of the Insurer.

In all events, coverage as is afforded under this Policy with respect to an Agent shall only apply to a Claims or a class action suit made against an Agent after the Retroactive Date of the Agent pursuant to definition (b) above for any Wrongful Acts committed or allegedly committed prior to the time such Agent ceases to be an Agent.

B. Agent Contract means the contract between an Agent and the Sponsoring Company.

C. Agent Manager means Insureds as defined in Section III. H. 1 and 2.

D. Application means all signed applications and any attachments and materials submitted therewith for this Policy and for any policy in an uninterrupted series of policies issued by the Insurer or any Affiliate of the Insurer of which this Policy is a renewal or replacement. An "Affiliate of the Insurer" is an insurer controlling, controlled by or under common control with the Insurer.

E. Broker/Dealer means an entity acting as a "broker" or "dealer" in Securities as those terms are defined in sections 3(a)(4) and 3 (a)(5) of the Securities Exchange Act of 1934, and any amendments thereto.

F. Claim means:

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

including any appeal from the proceedings identified in paragraphs 2 and 3 above. Claim does not include a demand or proceeding for non-monetary or injunctive relief or any administrative or criminal proceeding.

G. Defense Costs mean reasonable and necessary fees, costs and expenses incurred by or at the direction of the Insurer in the defense of a Claim and the premium for appeal, attachment or similar bonds. The Insurer shall have no obligation to apply for or provide such bonds. Defense Costs shall not include regular or overtime wages, salaries, or fees of directors, officers, and employees of the Insured or Insurer or fees and expenses of independent adjusters.

H. Insured means:

1. an Agent;
2. a corporation, partnership or other business entity owned and controlled by an Agent but solely with respect to the liability of such organization as it arises out of the Agent rendering or failing to render Professional Services;
3. an employee acting in his or her capacity as such and on behalf of an Agent but solely with respect to liability of such employee as it arises out of the Agent rendering or failing to render Professional Services; and
4. heirs, executors, administrators or legal representatives of an Agent in the event of death, incapacity or bankruptcy.

- I. Loss means monetary judgments, awards, settlements or Defense Costs that an Insured is legally obligated to pay on account of a covered Claim. Loss shall include fees, charges, taxes, fines or penalties incurred by a claimant and included in such claimant's Claim against the Insured. Loss does not include:
1. civil or criminal fines or penalties imposed by law;
 2. punitive, exemplary or the multiple portion of a multiplied 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. matters which are deemed uninsurable by law; or
 6. any amounts constituting a waiver of fees, charges, costs or any other monetary amounts the Sponsoring Company is contractually entitled to impose upon a customer;
- J. Multiple Employer Welfare Arrangement shall have the same meaning as the term used by the Employee Retirement Income Security Act of 1974, and any amendments thereto. Multiple Employer Welfare Arrangement does not include an arrangement where the direct contract for providing benefits is between the recipient of the benefit and an insurance company: (1) recognized as an admitted insurer by the insurance regulatory agency in the applicable state or jurisdiction; and (2) appropriately licensed to provide the coverage in the state or jurisdiction where the coverage is in force.
- K. Personal Injury means injury or damage arising out of:
1. false arrest, detention or imprisonment;
 2. malicious prosecution; or
 3. libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy. However, there shall be no coverage for any such publication or utterance made in the course of or related to any form of advertising activities conducted by or on behalf of an Insured.
- L. Policy Period shall mean the period from the effective date of this Policy to the expiration date or earlier termination date, if any, of this Policy.
- M. Professional Services means:
1. the solicitation, sale or servicing of life insurance, accident and health insurance, long-term care insurance, workers' compensation insurance as part of a 24-hour accident and health insurance product or disability income insurance;
 2. providing services as a notary public; and
 3. the training and supervision of an Agent by an Agent Manager.
- A. Related Claims means all Claims, whether made against more than one Insured or by more than one claimant, arising out of a single Wrongful Act or a series of Wrongful Acts that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes.
- B. Retroactive Date means the inception date of the Agent's first claims-made life insurance agents professional liability policy from which date coverage has been maintained in force without interruption. The Retroactive Date for the Sponsoring Company and Insureds defined in Section III. H. 2 through 4 shall be the same as applicable to the Agent whose Wrongful Act gave rise to the Claim or the Agent who is responsible for the Wrongful Act of such other Insureds.

- C. Securities shall have the same meaning as the term used by the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisors Act of 1940, and any amendments thereto.
- D. Sponsoring Company means the insurance company listed in Item 1 of the Declarations and any Subsidiaries.
- E. Subsidiary means a corporation in which the Sponsoring Company listed in Item 1 of the Declarations:
1. owns as of the inception date of the Policy Period more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through one or more of its Subsidiaries and which corporation is engaged in Professional Services; or
 2. forms or acquires on or after the inception date of the Policy Period, if the Sponsoring Company listed in Item 1 of the Declarations owns, directly or indirectly through one or more of its Subsidiaries, more than fifty percent (50%) of the issued and outstanding voting stock and which corporation is engaged in Professional Services. Such corporation is automatically covered as of the date of formation or acquisition if the number of agents of such corporation total less than twenty percent (20%) of the total number of Agents of the Sponsoring Company as of the inception date of the Policy Period. The Sponsoring Company shall provide the Insurer with full particulars of the new Subsidiary within ninety (90) days of the date of formation or acquisition.
- F. Wrongful Act means a negligent act, error or omission or Personal Injury committed by an Insured.

IV. EXCLUSIONS

This Policy does not apply to any Claim:

- A. based upon, arising out of or in any way involving any fact, circumstance or situation which has been the subject of any written notice given under any policy of which this Policy is a direct or indirect renewal or replacement or which preceded this Policy;
- B. based upon, arising out of or in any way involving any act, error or omission occurring prior to the date of the Agent's initial enrollment as an Insured under this Policy or a previously issued policy by the Insurer if on the date of initial enrollment the Agent had knowledge of any act, error or omission which could reasonably be expected to result in a Claim;
- C. based upon, arising out of or in any way involving any prior or pending litigation against any Insured filed on or before the inception date of this Policy or under any other policy of which this Policy is a renewal, whichever is earlier, or the same or substantially the same fact, circumstance or situation underlying or alleged therein;
- D. based upon, arising out of or in any way involving any dishonest, fraudulent, criminal, malicious or purposeful act, error or omission committed by or at the direction of an Insured; however, notwithstanding the foregoing, the Insured shall be afforded a defense, subject to the terms of this Policy, until the allegations are subsequently proven by a final adjudication. In such event, the Insured shall reimburse the Insurer for all Defense Costs incurred by the Insurer;
- E. based upon, arising out of or in any way involving an Insured gaining, in fact, any profit, remuneration or pecuniary advantage to which the Insured was not legally entitled;
- F. based upon, arising out of or in any way involving a willful violation of the rules or regulations of the National Association of Securities Dealers, Securities and Exchange Commission, Securities Act of 1933, Securities Exchange Act of 1934, Investment Company Act of 1940, or the Investment Advisors Act of 1940 and any amendments thereto, or of any state securities statute or state regulatory agency;
- G. based upon, arising out of or in any way involving any commingling of or improper use of client funds;

- H. based upon, arising out of or in any way involving investment products partially or totally owned by the Insured;
- I. based upon, arising out of or in any way involving bodily injury, sickness, disease or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;
- J. based upon, arising out of or in any way involving discrimination as defined by federal, state or local statute, regulation, law or ordinance;
- K. based upon, arising out of or in any way involving the liability of others assumed by the Insured under any contract or agreement unless such liability would have attached to the Insured even in the absence of such agreement;
- L. based upon, arising out of or in any way involving any pension, profit sharing, health and welfare, or other employee benefit plan or trust sponsored by the Insured as an employer;
- M. based upon, arising out of or in any way involving any professional services performed by the Insured as an actuary, accountant, attorney, real estate agent or real estate broker, property/casualty insurance agent or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section III. M. 1;
- N. based upon, arising out of or in any way involving insolvency, receivership, conservatorship, liquidation, bankruptcy, inability or refusal to pay of any organization, entity or vehicle of any kind, nature or structure in which the Insured has placed, recommended to be placed or obtained coverage or in which an Insured has placed or recommended to be placed the funds of a client or account; however, this Exclusion shall not apply if such organization, entity or vehicle is an insurance company that was rated A- or better by A.M. Best at the time the Insured placed, recommended to be placed or obtained such coverage for a client in such insurance company or in which an Insured has placed such funds of a client or account;
- O. based upon, arising out of or in any way involving the Insured's inability or refusal to pay or collect premium, claim or tax monies;
- P. brought or maintained, directly or indirectly, by or on behalf of :
 - 1. an Insured;
 - 2. any insurance company or Broker/Dealer;
 - 3. any insurance agent or broker;
 - 4. any individual or entity that is not a client of an Insured; however, this Exclusion shall not apply to a Claim brought by an individual or entity who is an alleged beneficiary or heir, executor or administrator of a deceased client of an Insured;
 - 5. any enterprise that owns, operates, controls or manages an Insured;
 - 6. an enterprise which an Insured owns, operates, controls or manages; or
 - 7. any governmental or quasi-governmental official or agency in any capacity, including but not limited to the Securities and Exchange Commission, National Association of Securities Dealers, the Securities Investor Protection Corporation, or any state or federal securities or insurance commission or agency; however, this Exclusion shall not apply to a Claim brought by or on behalf of such official or entity in its capacity as a client of an Insured;
- Q. based upon, arising out of or in any way involving the use of confidential information by an Insured, including but not limited to such use for the purpose of replacement of coverage;

- R. based upon, arising out of or in any way involving the placement of a client's coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; however, this Exclusion shall not apply to any Claim arising from or contributed to by the placement of a client's coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;
- S. based upon, arising out of or in any way involving the offering, sale or servicing of structured settlements; however, this Exclusion shall not apply to a Claim arising out of the selling or servicing of the underlying covered product;
- T. based upon, arising out of or in any way involving the ownership, formation, operation, or administration of a health maintenance organization, preferred provider organization, captive, risk retention group, self-insurance program or purchasing group;
- U. based upon, arising out of or in any way involving the placement of coverage with a Multiple Employer Welfare Arrangement;
- V. based solely upon a loss alleged to have been sustained through fluctuation in market value of any security;
- W. based upon, arising out of or in any way involving any Securities (other than variable annuities, variable life insurance and mutual funds) that were not authorized or approved by the Broker/Dealer subsidiary of the Sponsoring Company or Securities that were not processed through the Broker/Dealer subsidiary of the Sponsoring Company;
- X. based upon, arising out of or any way involving:
 - 1. any function of an Insured as a specialist or market maker for any Securities;
 - 2. an Insured failing to make a market for any Securities; or
 - 3. the purchase, sale or failure to purchase or sell Securities when the Insured is a specialist or market maker for such Securities;
- Y. based upon, arising out of or any way involving any activities in connection with any equity security priced under five dollars (\$5.00) at the time of purchase; however, this Exclusion shall not apply if the security is: (1) registered or approved for registration upon notice of issuance on a national exchange; (2) authorized or approved for authorization upon notice of issuance, for quotation in the NASDAQ system; or (3) issued by an investment company registered under the Investment Company Act of 1940 and any amendments thereto. For the purposes of this Exclusion, any equity security which is listed on the NASDAQ bulletin board or pink sheets shall not be considered approved for authorization upon notice of issuance for quotation in the NASDAQ system;
- Z. based upon, arising out of or any way involving the purchase, sale or the giving of advice regarding promissory notes, viatical or life settlements or any Security backed by viatical settlements, commodities, commodity future contracts, or option contracts other than covered call options;
- AA. based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding "junk bonds" or "high yield bonds". For purposes of this Exclusion, "junk bonds" or "high yield bonds" shall mean bonds which, at the time of purchase or sale were unrated or rated as below investment grade by any rating agency (including but limited to Moody's rated bonds of Ba or lower or S&P rated bonds of BB or lower);
- BB. based upon, arising out of or in any way involving the purchase, sale, or the giving of advice regarding callable certificates of deposit or any investment involving ATM machines, payphones or ETS payphones, Debentures, CDOs, CMOs, 412(i) Plans, 419 Plans, unregistered securities, DBSI Management products, Provident Royalties, Shale Royalties, Medical Capital Note Program, Black

Diamond Program, Desert Capital REIT, IMH Secured Loan, LLC and Geneva Exchange LLC/The Geneva Organization; or

CC. based upon, arising out of or in any way involving a self-funded or partially self-funded medical plan.

V. LIMIT OF LIABILITY, RELATED CLAIMS AND DEDUCTIBLE AMOUNT

A. Limit of Liability

1. Limit of Liability Each Claim: The Limit of Liability of the Insurer for all Loss for each Claim first made during the Policy Period and Extended Reporting Period, if applicable, shall not exceed the amount stated in Item 3 A. of the Declarations for Each Claim.
2. Limit of Liability Each Agent: The Limit of Liability of the Insurer for all Loss for all Claims first made against each Agent during the Policy Period and Extended Reporting Period, if applicable, shall not exceed the amount stated in Item 3 B. of the Declarations as Aggregate Each Agent.
3. Limit of Liability Sponsoring Company and Other Insureds: No additional Limits of Liability are provided to the Sponsoring Company under Section I.C. or to Insureds as defined in Section III. H. 2 through 4. The Limit of Liability of the Insurer for Loss for all Claims first made against the Sponsoring Company and Insureds as defined in Section III. H. 2 through 4 during the Policy Period or Extended Reporting Period, if applicable, shall be that Limit of Liability applicable to the Agent whose Wrongful Act gave rise to the Claim or the Agent who is responsible for the Wrongful Act of such other Insureds.

B. Related Claims: All Related Claims shall be deemed a single Claim, subject to a single Each Claim Limit of Liability, if covered, and such Claim shall be considered first made on the date the earliest such Related Claim is first made against an Insured, regardless of whether such date is before or during the Policy Period.

C. Deductible Amount: The Deductible Amount stated in Item 4 of the Declarations is applicable to each Claim and applies only to the payment of Loss. The Limits of Liability set forth in Item 3 of the Declarations are in addition to and in excess of the Deductible Amount.

VI. EXTENDED REPORTING PERIODS

A. Group Extended Reporting Periods

1. Automatic Extended Reporting Period: The Insured shall have a period of sixty (60) days after the expiration of the Policy Period to report in writing to the Insurer any Claim which is first made during said sixty (60) day period, and arises out of a Wrongful Act committed on or after the Retroactive Date and prior to the end of the Policy Period.

This Automatic Extended Reporting Period shall not be available if the Insured has any other applicable insurance, including any policy issued subsequent to this Policy. This Automatic Extended Reporting Period shall be included within the Optional Extended Reporting Period described in paragraph A. 2. below, if such is purchased.

2. Optional Extended Reporting Period: In the event of cancellation or nonrenewal of this Policy by the Insurer, the Sponsoring Company, acting on behalf of all Insureds shall have the right to purchase an Optional Extended Reporting Period upon payment of an additional premium equal to 200% of the total annual premium which is the sum of the original annualized premium and the fully annualized amount of any additional premiums charged by the Insurer during the Policy Period. Pursuant to such Optional Extended Reporting Period, the Insured shall have a period of three years from the effective date of such cancellation or nonrenewal to give written notice to the Insurer of a Claim which is first made during such three year period and which arises out of a Wrongful Act committed on or after the Retroactive Date

and prior to the end of the Policy Period. The rights contained in this section shall terminate unless written notice of such election together with the additional premium due is received by the Insurer within thirty (30) days after the effective date of cancellation or nonrenewal.

3. If the Insurer cancels this Policy because the Sponsoring Company failed to pay a premium when due, the Insureds shall not have the right to the Automatic Extended Reporting Period or to purchase the Optional Extended Reporting Period as described in paragraphs A. 1. and 2. above.
4. The quotation of a different premium, deductible amount, limit of liability or policy terms or conditions for renewal shall not constitute a cancellation or nonrenewal for purposes of paragraph A.2 above.

B. Individual Agent Extended Reporting Periods

1. Automatic Extended Reporting Periods Due to Termination of Agent Contract: The insurance under this Policy shall cease as of the date of termination of the Agent Contract. In such event, the Agent shall be entitled to Extended Reporting Periods as follows:

- a. 90 Day Extended Reporting Period

The Insured shall have a period of ninety (90) days after the date of termination of the Agent Contract to give written notice to the Insurer of any Claim which is first made during said ninety (90) day period, and arises out of a Wrongful Act committed on or after the Retroactive Date and before the date of termination of the Agent Contract.

- b. 1 Year Extended Reporting Period

The Insured shall have a period of one (1) year after the date of termination of the Agent Contract to give written notice to the Insurer of any Claim which is first made during the one (1) year period, and arises out of a Wrongful Act committed on or after the Retroactive Date and before the date of termination of the Agent Contract. Such reporting period, however, shall be limited to Claims solely involving products issued by the Sponsoring Company or sold through its Broker/Dealer subsidiary. The Insured shall not be entitled to this one (1) year Extended Reporting Period if the Sponsoring Company terminated the Agent Contract with the Insured for disciplinary reasons.

2. Automatic Extended Reporting Period Due to Disablement, Retirement, or Death

If the Agent becomes disabled, retires from the business of providing Professional Services pursuant to and in accordance with formal retirement procedures of the Sponsoring Company or dies, the Insured or the legal representative of a deceased Agent, shall be entitled to a period of two (2) years after the date of termination of the Agent Contract by reason of disablement, retirement or death to give written notice to the Insurer of any Claim which is first made during said two (2) year period and arises out of a Wrongful Act committed on or after the Retroactive Date and before the date of termination of the Agent Contract due to disablement, retirement or death.

The Insured shall not be entitled to any of the Automatic Extended Reporting Periods described in paragraphs A. 1 and B. 1 and 2 if the Insured has any valid and collectible insurance which applies to any Loss.

3. Optional Extended Reporting Periods

- a. An Agent who becomes disabled or retires from the business of providing Professional Services pursuant to and in accordance with formal retirement procedures of the Sponsoring Company or the legal representative of a deceased Agent may elect to purchase an Extended Reporting Period for Claims which are first made against an Insured and reported in writing to the Insurer within:

- (i) three (3) years of the date of termination of the Agent Contract, if the Agent or the legal representative of the deceased Agent pays an additional premium equal to 200% of the

Agent's last annual premium within sixty (60) days of the date of termination of the Agent Contract; or

- (ii) five (5) years of the date of termination of the Agent Contract, if the Agent or the legal representative of the deceased Agent pays an additional premium equal to 300% of the Agent's last annual premium within sixty (60) days of the date of termination of the Agent Contract; or
- (iii) an unlimited amount of time after the date of termination of the Agent Contract, if the Agent or the legal representative of the deceased Agent pays an additional premium equal to 400% of the Agent's last annual premium within sixty (60) days of the date of termination of the Agent Contract.

b. These Optional Extended Reporting Periods shall be in addition to any Automatic Extended Reporting Periods described in VI. A. and B above.

C. The Extended Reporting Periods do not reinstate or increase the Limit of Liability beyond the limits shown on the Declarations, nor extend the Policy Period.

D. Claims which are properly reported during an Extended Reporting Period will be deemed to have been made on the last day of the Policy Period.

VII. CONDITIONS

A. Notice and Cooperation

1. The Insured shall, as a condition precedent to the availability of rights provided under this Policy, give written notice to the Insurer as soon as practicable during the Policy Period but in no event more than sixty (60) days after the end of the Policy Period, of any Claim made against the Insured during the Policy Period, unless an Extended Reporting Period is applicable in which case its terms shall be controlling.

Notwithstanding the requirements of the preceding paragraph, if continuous coverage is in effect pursuant to consecutive policies issued by the Insurer, a Claim may be reported to the Insurer in writing, as soon as practicable, during the policy period consecutive to and immediately following this Policy Period without constituting a violation of this provision. In such condition, the Claim will be deemed reported on the last day of the Policy Period.

2. The Insured shall not agree to arbitration or mediation, admit liability, make any payment, consent to any judgment, settle any Claim without the written consent of the Insurer.
3. The Insured shall furnish the Insurer with copies of demands, reports, investigations, pleadings and related papers, and provide other such information, assistance and cooperation as the Insurer may reasonably request in the investigation, settlement and defense of a Claim.
4. The Insured shall further cooperate with the Insurer and do whatever is necessary to secure and effect any rights of indemnity, contribution or apportionment that the Insured may have.
5. All written notices provided for in this Policy shall be in writing and addressed to the Insurer at:

Arch Specialty Insurance Group
Attn: Brown & Brown of California, dba Lancer Claims Services
P.O. Box 7048
Orange, CA 92863-7048

For Claims and potential Claims: Attn: Professional Liability Claims

All Other Notices: Attn: Vice President – Life Insurance Agents

B. Notice of Circumstances Giving Rise to a Claim

If during the Policy Period, an Insured becomes aware of a Wrongful Act that could give rise to a Claim against an Insured and gives written notice to the Insurer prior to the end of the Policy Period of the following:

1. the names of all potential claimants;
2. the names of each Insured that committed the Wrongful Act;
3. a detailed description of the Wrongful Act;
4. the damage which has or may result from the Wrongful Act; and
5. the circumstances by which the Insured first became aware of such Wrongful Act;

then any Claim which subsequently arises out of such Wrongful Act shall be treated as a Claim first made during the Policy Period.

C. Territory

This Policy applies to Wrongful Acts committed anywhere in the world provided that the Claim is made against the Insured in the United States of America, its territories or possessions.

D. Other Insurance

If the Insured has other insurance which applies to any Loss insured under this Policy, this Policy shall be excess over any other valid and collectible insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written as specific excess insurance over this Policy.

This provision will not apply if the Insured has other insurance with the Insurer, or an Affiliate of the Insurer. In such event, the Insured must elect the Policy under which the Claim will be made. If an Insured, other than the Agent, is entitled to coverage for the Claim, the Agent whose Wrongful Act is the basis of the Claim or who is legally responsible for such Wrongful Act shall be entitled to make the election and such election shall be binding on all other Insureds.

E. Subrogation

In the event of any payment under this Policy, the Insurer shall be subrogated to all the Insured's rights of recovery thereof 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 after loss to waive or prejudice such rights. Any amounts recovered in excess of the Insurer's total payment shall be paid to the Insureds, less the cost to the Insurer of recovery. The Insurer agrees to waive any such rights of recovery against the Sponsoring Company.

F. Changes

Notices to any agent or knowledge possessed by any agent shall not effect a waiver or a change in any part of this Policy or prevent the Insurer from asserting any rights under the terms of this Policy, nor shall the terms of this Policy be waived or changed, unless endorsed hereon.

G. Action Against the Insurer

No action shall be taken against the Insurer 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 finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Insurer. Any person or organization or the legal representative thereof who has secured a judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy to join the Insurer in any action against the Insured to determine the Insured's liability, nor shall the Insurer be impleaded by the Insured or their legal representative.

H. Assignment of Interest

No assignment of interest under this Policy shall be binding on the Insurer unless its consent is endorsed hereon.

I Cancellation and Termination

1. Termination: This Policy shall terminate at the earliest of the following times:

- a. upon expiration of the Policy Period as set forth in Item 2 of the Declarations, or the effective date of cancellation, if earlier;
- b. ten (10) days after receipt by the Sponsoring Company of a written notice of termination from the Insurer for failure to pay a premium when due; or
- c. as to the Agent, upon termination of the Agent Contract.

2. Cancellation:

- a. This Policy may be cancelled by the Sponsoring Company by surrender thereof to the Insurer or by providing written notice to the Insurer stating when thereafter cancellation shall be effective. If this Policy is cancelled by the Sponsoring Company, the Insurer shall retain the customary short rate proportion of the premium.
- b. This Policy may be cancelled by the Insurer by providing written notice of cancellation to the Sponsoring Company at the address shown in Item 1 of the Declarations, with the effective date of the cancellation not less than sixty (60) days thereafter. Proof of mailing the notice of cancellation shall be sufficient proof of notice and this Policy shall terminate on the date and time specified in such notice. If the Insurer cancels this Policy, the earned premium shall be computed prorata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of cancellation.

J. Transactions Changing Coverage

1. Change of Control of Sponsoring Company

If during the Policy Period, the Sponsoring Company consolidates with or merges into, or sells all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert; or any person or entity or group of persons or entities acting in concert shall acquire an amount of the outstanding securities representing more than fifty percent (50%) of the voting power for election of directors of the Sponsoring Company, or acquires the voting rights of such an amount of securities, then this Policy shall continue in full force and effect as to Wrongful Acts committed prior to the effective date of such event.

The Sponsoring Company shall give the Insurer written notice of any such event as soon as practicable but not later than thirty (30) days after the date of such event.

2. Cessation of Subsidiaries

If an organization ceases to be a Subsidiary, coverage with respect to such Subsidiary shall continue until termination of this Policy. Such coverage continuation shall apply only with respect to Claims for covered Wrongful Acts committed prior to the date such organization ceased to be a Subsidiary.

K. Authorization Clause

By acceptance of this Policy, the first listed Sponsoring Company named in Item 1 of the Declarations shall act of behalf of the Insureds for all purposes, including but not limited to the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this Policy, giving and receiving notice of cancellation, termination or nonrenewal, or reimbursement to the Insurer of any Deductible Amount advanced.



Signature Page

IN WITNESS WHEREOF, Arch Insurance Company has caused this policy to be executed and attested.

A handwritten signature in cursive script that reads "John Mentz".

John Mentz
President

A handwritten signature in cursive script that reads "Patrick K. Nails".

Patrick K. Nails
Secretary

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT

It is agreed that:

1. In the event of the failure of the Insurer to pay any amount claimed to be due hereunder, the Insurer, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction. All matters arising under this Policy shall be determined in accordance with the law and practice of such Court, provided that nothing shall prohibit the Insurer from removing any action, suit or proceeding to a United States District Court. The Insurer shall abide by the final decision of such court or any appellate court in the event of an appeal.
2. Service of process in the above described action, suit or proceeding may be made upon: General Counsel, Arch Insurance Group Inc., One Liberty Plaza, 53rd floor, New York, NY 10006. Upon the request of the Insured, such General Counsel shall give a written undertaking to enter an appearance on behalf of the Insurer in the event that such an action, suit or proceeding shall be instituted.
3. Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Insurer hereby designates the Superintendent, Commissioner, or Director of Insurance or other officer specified in such statute as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted against the Insurer upon this Policy. The Superintendent, Commissioner or Director of Insurance or other officer is hereby authorized and directed to accept service of process on behalf of the Insurer in any such action, suit or proceeding and to mail a copy of such process to the above mentioned General Counsel.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 1

Policy Number: CAP0045442 06

Named Insured: Superior Performers, Inc., DBA National Agents Alliance

Endorsement Effective Date: 09/01/2017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

FEE ARRANGEMENT EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed that the Insurer shall not be liable to make any payment for Loss in connection with any claim made against any Insured alleging, arising out of, based upon or attributable to any allegation(s) that any Insured intentionally or negligently permitted, or aided or abetted others in using, was aware of others using, or was a participant or connected in any way in the use of an agreement or other arrangement between an insurance broker or insurance agent and an insurance carrier involving the payment of increased fees, commissions or other compensation based on the volume, profitability or type of business referred to the insurance carrier, whether referred to as a Market Placement Agreement, Market Service Agreement, Placement Services Agreement or Contingent Commission Agreement or similar agreement or arrangement, however named.

It is the intent of the parties that the this Policy shall exclude such Loss regardless of the form, style, or denomination of any such Claim, regardless of whether the Claim is criminal, administrative or civil, and shall specifically apply but not be limited to Claims alleging bid rigging, bribes or kickbacks, schemes to provide fictitious quotes, conflict of interest, breach of contract, failure to supervise, negligent supervision or negligence of any contract, controlling person liability, breach of fiduciary duty, personal profiting, improper, undisclosed or unlawful fees, commissions or charges of any kind, criminal activity, market manipulation, violation of any law related to the insurance industry, misrepresentation, estoppel or repudation of any commitment and any other theory of liability.

All other terms and conditions of the Policy remain unchanged.

Endorsement Number: 2

Policy Number: CAP0045442 06

Named Insured: Superior Performers, Inc., DBA National Agents Alliance

Endorsement Effective Date: 09/01/2017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IMPROPER MUTUAL FUND AND VARIABLE ANNUITY PRACTICES EXCLUSION

In consideration of the premium charged, it is agreed that the Insurer shall not make any payment for Loss and/or Defense Costs in connection with any claim made against any Insured alleging, arising out of, based upon or attributable to any allegation(s) that any Insured intentionally or negligently permitted, or aided or abetted others in using, was aware of others using, or was a participant or connected in any way in the use of: 1) Late Trading; 2) Market Timing; 3) Soft-dollar Activity; 4) Front Running; or 5) Revenue Sharing related to a mutual fund or variable annuity.

It is the intent of the parties that the this Policy shall exclude such Loss regardless of the form, style, or denomination of any such Claim, regardless of whether the Claim is criminal, administrative or civil, and shall specifically apply but not be limited to Claims alleging breach of contract, failure to supervise, negligent supervision or negligence of any kind, controlling person liability, breach of fiduciary duty, personal profiting, improper or unlawful fees or charges of any kind, criminal activity, market manipulation, violation of any law related to mutual funds, misrepresentations, estoppel or repudiation of any commitment and any other theory of liability.

I. DEFINITIONS

For purposes of this Endorsement, Policy Section III. DEFINITIONS is amended as follows:

The following definitions are added:

Late Trading means: 1) any transaction involving mutual fund shares made after the determination of the mutual fund's Current Net Asset Value (as defined in Rule 2a-4 of the Investment Company Act of 1940), including but not limited to, the placement or confirmation of orders for, or the purchase or redemption of mutual fund shares, but made at a price based on the fund's previously determined Current Net Asset Value calculated that same day, in contravention of Rule 22c-1 of the Investment Company Act of 1940; or, 2) any transaction defined as late trading by any state or federal statute or regulation, or any prospectus, policy, limitation, agreement or procedure of the mutual fund.

Market Timing means the making of short-term purchases or sales of mutual fund shares or variable annuities, contrary to or in violation of any mutual fund prospectus, variable annuity contract, policy, limitation, agreement or procedure, or contrary to or in violation of any state or federal statute or regulation, and the conduct associated therewith, including, but not limited to:

- (1) the waiver of redemption fees associated with Short-Term Trading contrary to the mutual fund's prospectus, policies, limitations, agreements or procedures;
- (2) the failure to abide by written representations regarding the permissibility of Short-Term Trading, or written representations regarding the mutual fund's efforts to monitor or prevent Short-Term Trading;
- (3) the receipt of fees or other compensation from certain investors in exchange for providing such investors with Short-Term Trading privileges not available to other investors;
- (4) the failure to monitor, detect, identify or remediate Short-Term Trading.

Short-Term Trading means the redemption of shares of a mutual fund, or sale of a variable annuity contract, in a time period less than that provided in a mutual fund prospectus, or a variable annuity contract, or the policies, limitations, agreements or procedures of a mutual fund or variable annuity, or at law, including without limitation any so-called "in and out" trading of mutual fund shares or variable annuity contracts or any other trade of mutual fund shares or variable annuity contracts designed to take

advantage of inefficiencies in the method the mutual fund uses to price its shares or the variable annuity uses to price its contracts.

Soft Dollar Activities means paying or providing, or receiving or accepting, fees, commissions, bonuses, gratuities, expenses, services or any other form of revenue or compensation in exchange for the preferential treatment of a particular mutual fund or particular class of mutual fund share or particular variable annuity.

Front Running means the trading by anyone associated with a mutual fund of any security or variable annuities based on information received internally, before third parties have been given the information.

Revenue Sharing means any undisclosed compensation to the Insured(s) by a Sponsoring Company for the purchase or sale of their mutual fund or variable annuity.

All other terms and conditions of the Policy remain unchanged.

Endorsement Number: 3

Policy Number: CAP0045442 06

Named Insured: Superior Performers, Inc., DBA National Agents Alliance

Endorsement Effective Date: 09/01/2017

MOLD AND FUNGUS EXCLUSION

In consideration of the premium charged, it is hereby understood and agreed as follows:

I. Section IV. EXCLUSIONS, is amended to add the following:

This Policy does not apply to any CLAIM based upon or arising out of water intrusion, condensation or other accumulation of moisture that results directly or indirectly in the presence of:

1. any FUNGUS(I) or SPORE(S); or
2. any substance, vapor or gas produced by or arising out of any FUNGUS(I) or SPORE(S).

II. For the purposes of this Endorsement, the Section II. DEFINITIONS is amended to add the following:

1. FUNGUS(I) includes but is not limited to:
 - a) any form or type of mold, mushroom or mildew,
 - b) any other fungal structure, and
 - c) any volatile organic compounds, mycotoxins, allergenic proteins or other substances or gases produced by or arising out of any mold, mushroom, mildew, fungal structure or SPORE(S).
2. SPORE(S) means any reproductive body produced by or arising out of any FUNGUS(I).

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

Policy Number: CAP0045442 06

Named Insured: Superior Performers, Inc., DBA National Agents Alliance

Endorsement Effective Date: 09/01/2017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA STATE AMENDATORY ENDORSEMENT

Endorsement forming part of and attaching to this Policy as stated above.

- I. Subsection C. of Section VI., EXTENDED REPORTING PERIODS, is hereby deleted in its entirety and replaced by the following:

C. The Extended Reporting Periods shall reinstate the Limit of Liability to the limits shown on the Declarations. The Extended Reporting Periods do not extend the Policy Period.

- II. Paragraph F., Changes, of Section VII, CONDITIONS, is hereby deleted in its entirety and replaced by the following:

F. Changes

Notices to any agent or knowledge possessed by any agent shall constitute proper notice to the Insurer and that the Insurer possesses such knowledge.

- III. Paragraph 1., Termination of Subsection I., Cancellation and Termination of Section VII, CONDITIONS is hereby revised as follows:

1. Termination: This Policy shall terminate at the earliest of the following times:

- a. upon expiration of the Policy Period as set forth in Item 2 of the Declarations, or the effective date of cancellation, if earlier;
- b. fifteen (15) days after receipt by the Sponsoring Company of a written notice of termination from the Insurer for failure to pay a premium when due; or
- c. as to the Agent, upon termination of the Agent Contract.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 5

Policy Number: CAP0045442 06

Named Insured: Superior Performers, Inc., DBA National Agents Alliance

Endorsement Effective Date: 09/01/2017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

P & C ENDORSEMENT

In consideration of the additional premium of \$500 per Agent, it is agreed that Section III. DEFINITIONS, M.1 is deleted in its entirety and replaced by the following:

M. Professional Services means:

1. the solicitation, sale or servicing of life insurance, accident and health insurance, long-term care insurance, workers' compensation insurance as part of a 24-hour accident and health insurance product or disability income insurance;
2. providing services as a notary public;
3. the training and supervision of an Agent by an Agent Manager; and
4. Property & Casualty Insurance;

It is further understood and agreed that Section IV. EXCLUSIONS, I. and M. are deleted in their entirety and replaced by the following:

- I. based upon, arising out of or in any way involving bodily injury, sickness, disease or death of any person;
- M. based upon, arising out of or in any way involving any professional services performed by the Insured as an actuary, accountant, attorney, real estate agent or real estate broker or third party claims administrator; however, this Exclusion shall not apply to tax advice incidental to the sale of products listed in Section III. M. 1 and 2;

For the purposes of this Endorsement, it is agreed that the coverage for property & casualty insurance is subject to a per Claim deductible of \$5,000, which is applicable to both Loss and Defense Costs.

All other terms and conditions of this Policy remain unchanged.

Issued By: ARCH INSURANCE COMPANY

Endorsement Number:6

Policy Number: CAP0045442 06

Named Insured: SUPERIOR PERFORMERS, INC., DBA NATIONAL AGENTS ALLIANCE

Endorsement Effective Date: 09/01/2017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUTURE INCOME PAYMENT EXCLUSION - DRAFT

It is agreed that the following will be added to Section IV. EXCLUSIONS:

- (zz) based upon, arising out of, in consequence or in any way involving, in whole or in part, the solicitation, sale, servicing, recommendation, advice, consultation and/or financial planning with respect to investments, offerings, purported loans, advances, income streams, products, contracts and/or agreements of any type or nature issued or provided by Future Income Payments LLC and/or any affiliated or related company, organization or entity, including, but not limited to:

FIP LLC;
Cash Flow Investment Partners LLC;
Pension Advance LLC;
BuySellAnnuity Inc.;
Cash Flow Investment Partners East LLC;
Cash Flow Investment Partners MidEast LLC;
Lumpsum Pension Advance Atlantic LLC;
Lumpsum Pension Advance Southeast LLC;
Lumpsum Pension Advance West, LLC;
PAS California LLC;
PAS Great Lakes LLC;
PAS Northeast LLC;
PAS Southwest LLC;
Pension Advance Carolina LLC;
Pension Advance Midwest LLC; and/or
Pension Loans South LLC;

and/or any other company, organization or entity that provides investments, offerings, purported loans, advances, income streams, products, contracts and/or agreements of any type or nature similar to those issued or provided by FIP, in connection with the acceleration or lump sum payments of pension or retirement benefits (hereinafter "FIP," collectively).

The foregoing exclusion shall, without limitation, apply to any **Claim** based upon, arising out of, in consequence or in any way involving, in whole or in part, investments, offerings, purported loans, advances, income streams, products, contracts and/or agreements of any type or nature issued or provided by FIP, and, in whole or in part, the solicitation, sale or servicing of life insurance or any other insurance products, as well as financial planning, advice and consultation with respect to the foregoing, and/or the rendering of any other **Professional Services**.

All other terms and conditions of this Policy remain unchanged.

Issued By:

Endorsement Number:

Policy Number:

Named Insured:

Endorsement Effective Date:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIUM FINANCING EXCLUSION

It is agreed that the following will be added to Section IV. EXCLUSIONS:

- Z. based upon, arising out of or in any way involving any **Professional Services** in which a premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;

All other terms and conditions of this Policy remain unchanged.

Issued By:

Endorsement Number:

Policy Number:

Named Insured:

Endorsement Effective Date: