



**ARCH INSURANCE COMPANY**

(A Missouri Corporation)

Home Office Address:  
2345 Grand Blvd, Suite 900  
Kansas City, MO 64108

Administrative Address:  
Harborside 3  
210 Hudson Street, Suite 300  
Jersey City, NJ 07311-1107  
Tel: (866) 413-5550

**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.**

**DECLARATIONS**

Policy No. CAP0064733-00 Renewal of: NA

Item 1. Sponsoring Company: Messer Financial Group  
Mailing Address: 4301 Morris Park Drive  
Mint Hill, NC 28227  
Producer Name: Cal-Surance Associates  
A Division of Brown & Brown Program Insurance Services, Inc.  
Mailing Address: 681 S. Parker Street, Suite 300  
Orange, CA 92868

Item 2. Policy Period: From: 04/01/2020 To: 04/01/2021  
12:01 a.m. local time at the address shown in Item 1

Item 3. Limit of Liability: \$1,000,000 Each Claim  
\$1,000,000 Aggregate Each Agent

-or-

\$1,000,000 Each Claim  
\$3,000,000 Aggregate Each Agent

-or-

\$2,000,000 Each Claim  
\$2,000,000 Aggregate Each Agent

Item 4. Deductible Amount: (Inclusive of Damages and Defense Costs)  
 \$500 Each Claim each Agent for the products of the Sponsoring Company;  
 \$1,500 Each Claim each Agent for all other covered products;

Item 5. Premium: See Rate table below  
 Agent Premium: See Rate table below  
 Deposit Premium: \$ 25,000

**Rates:**

INDIVIDUAL AGENTS – NO Annuities Program			
Limit	LIFE (no Annuities)	w/ P&C Personal Lines	w/ P&C Personal and Commercial
<b>Less than \$50,000 Revenue</b>			
1M/1M	\$285	\$660	\$835
1M/3M	\$330	\$705	\$880
2M/2M	\$475	\$850	\$1,025
<b>\$50,000-\$100,000 Revenue</b>			
1M/1M	\$315	\$715	\$890
1M/3M	\$355	\$755	\$930
2M/2M	\$505	\$905	\$1,080
<b>\$100,000-\$250,000 Revenue</b>			
1M/1M	\$345	\$780	\$955
1M/3M	\$380	\$815	\$990
2M/2M	\$535	\$970	\$1,145

INDIVIDUAL AGENTS – WITH Annuities Program			
Limit	LIFE WITH Annuities	w/ P&C Personal Lines	w/ P&C Personal and Commercial
<b>Less than \$50,000 Revenue</b>			
1M/1M	\$335	\$710	\$885
1M/3M	\$360	\$735	\$910
2M/2M	\$535	\$910	\$1,085
<b>\$50,000-\$100,000 Revenue</b>			
1M/1M	\$365	\$765	\$940
1M/3M	\$385	\$785	\$960
2M/2M	\$565	\$965	\$1,140
<b>\$100,000-\$250,000 Revenue</b>			
1M/1M	\$395	\$830	\$1,005
1M/3M	\$410	\$845	\$1,020
2M/2M	\$595	\$1,030	\$1,205

<b>AGENCIES – NO Annuities Program</b>			
<b>Limit</b>	<b>LIFE (no Annuities)</b>	<b>w/ P&amp;C Personal Lines</b>	<b>w/ P&amp;C Personal and Commercial</b>
<b>Less than \$250,000 Revenue</b>			
1M/1M	\$640	\$1,140	\$1,490
1M/3M	\$790	\$1,290	\$1,640
2M/2M	\$965	\$1,465	\$1,815
<b>\$250,000-\$500,000 Revenue</b>			
1M/1M	\$715	\$1,290	\$1,615
1M/3M	\$890	\$1,465	\$1,790
2M/2M	\$1,165	\$1,740	\$2,065
<b>\$501,000-\$750,000 Revenue</b>			
1M/1M	\$865	\$1,590	\$1,990
1M/3M	\$1,115	\$1,840	\$2,240
2M/2M	\$1,465	\$2,190	\$2,590
<b>\$751,000-\$1,000,000 Revenue</b>			
1M/1M	\$1,165	\$2,140	\$2,690
1M/3M	\$1,465	\$2,440	\$2,990
2M/2M	\$1,965	\$2,940	\$3,490

<b>AGENCIES – WITH Annuities Program</b>			
<b>Limit</b>	<b>LIFE &amp; Annuities</b>	<b>w/ P&amp;C Personal Lines</b>	<b>w/ P&amp;C Personal and Commercial</b>
<b>Less than \$250,000 Revenue</b>			
1M/1M	\$715	\$1,215	\$1,565
1M/3M	\$915	\$1,415	\$1,765
2M/2M	\$1,115	\$1,615	\$1,965
<b>\$250,000-\$500,000 Revenue</b>			
1M/1M	\$815	\$1,390	\$1,715
1M/3M	\$1,040	\$1,615	\$1,940
2M/2M	\$1,465	\$2,040	\$2,365
<b>\$501,000-\$750,000 Revenue</b>			
1M/1M	\$1,015	\$1,740	\$2,140
1M/3M	\$1,290	\$2,015	\$2,415
2M/2M	\$1,715	\$2,440	\$2,840
<b>\$751,000-\$1,000,000 Revenue</b>			
1M/1M	\$1,365	\$2,340	\$2,890
1M/3M	\$1,715	\$2,690	\$3,240
2M/2M	\$2,365	\$3,340	\$3,890

Item 6. Endorsements Effective at Inception: See attached Schedule of Forms and Endorsements

**SCHEDULE OF FORMS AND ENDORSEMENTS**

<b>NAMED INSURED:</b> Messer Financial Group	<b>TERM:</b> 4/1/2020 to 4/1/2021
<b>POLICY NUMBER:</b> CAP0064733-00	

<u>ENDT. NO.</u>	<u>FORM NO.</u>	<u>TITLE</u>
	05 CAP0001 00 04 03	COMPANY SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS POLICY DECLARATIONS
	00 ML0012 00 01 03	SCHEDULE OF FORMS AND ENDORSEMENTS
	00 CAP0002 00 04 03	COMPANY SPONSORED LIFE INSURANCE AGENTS ERRORS AND OMISSIONS POLICY
	05 ML0002 00 12 14	SIGNATURE PAGE
	06 ML0014 00 03 03	CLAIMS HANDLING PROCEDURES
	00 ML0065 00 06 07	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS
1	00 ML0003 00 08 07	SERVICE OF SUIT
2	00 CAP0004 034 05 04	NORTH CAROLINA STATE AMENDATORY ENDROSEMENT
3	00 CAP0133 00 02 18	NETWORK SECURITY BREACH & PRIVACY COVERAGE
4	00 MPX0336 00 03 18	SUPPLEMENTAL PAYMENTS – SUBPOENA EXPENSE COVERAGE (SUPPLEMENTAL PAYMENTS ERODE LIMIT OF INSURANCE)
5	00 ML0207 00 11 03	PREMIUM FINANCING EXCLUISON
6	00 CAP0139 00 09 19	FUTURE INCOME PAYMENT EXCLUSION
7	00 ML0207 00 11 03	INSOLVENY EXCLUSION CARVEBACK
8	00 ML0207 00 11 03	PROPERTY & CASUALTY ENDORSEMENT

**COMPANY SPONSORED LIFE INSURANCE AGENTS  
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**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**.

**B. Wrongful Supervision or Termination**

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

**C. Vicarious Liability**

The Insurer shall pay on behalf of the **Sponsoring Company** all **Loss** which the **Sponsoring Company** shall become legally obligated to pay because of a **Claim** first made during the **Policy Period** or an Extended Reporting Period, if applicable, solely arising out of a **Wrongful Act** of an **Agent** committed on or after the **Retroactive Date** solely in the rendering or failing to render **Professional Services**. The **Wrongful Act** must be attributable solely to an **Agent** in the rendering or failing to render **Professional Services** and not due to any actual or alleged independent wrongdoing or bad faith of the **Sponsoring Company**.

**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 agent or general agent contract 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.
- 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**;
  4. heirs, executors, administrators or legal representatives of an **Agent** in the event of death, incapacity or bankruptcy; and
  5. the **Sponsoring Company** but only with respect to coverage provided under Section I. C.

- I. **Loss** means monetary judgments, awards or settlements 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;
  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; or
  7. **Defense Costs**.
- 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:
    - a. life insurance, accident and health insurance, long-term care insurance, workers' compensation insurance as part of a 24-hour accident and health insurance product, disability income insurance or fixed annuities;
    - b. variable annuities, flexible and scheduled premium annuities and variable life insurance;
    - c. mutual funds registered with the Securities and Exchange Commission and sold or serviced through a **Broker/Dealer** that is a member of the National Association of Securities Dealers; and
    - d. **Securities** (other than variable annuities, variable life insurance and mutual funds) that were authorized or approved by the **Broker/Dealer** subsidiary of the **Sponsoring Company** or that were processed through the **Broker/Dealer** subsidiary of the **Sponsoring Company**;

2. the solicitation, sale or administration of employee benefit plans, other than **Multiple Employer Welfare Arrangements**, including group plans, group or ordinary pension or profit sharing plans, retirement annuities, and life, accident and health or disability plans;
  3. financial planning, advice and consultation solely in connection with any of the products listed in paragraphs 1 and 2 above; and
  4. providing services as a notary public.
- N. **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 **Wrongful Supervision or Termination Act** or a series of **Wrongful Acts** or **Wrongful Supervision or Termination 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.
- O. **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** or **Wrongful Supervision or Termination Act** gave rise to the **Claim** or the **Agent** who is responsible for the **Wrongful Act** or **Wrongful Supervision or Termination Act** of such other **Insureds**.
- P. **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.
- Q. **Sponsoring Company** means the insurance company listed in Item 1 of the Declarations and any **Subsidiaries**.
- R. **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.
- S. **Wrongful Act** means a negligent act, error or omission or **Personal Injury** committed by an **Insured**.
- T. **Wrongful Supervision or Termination Act** means a negligent, act, error or omission:
1. arising out of the supervision and training of an agent contracted with the **Agent Manager**, but only with respect to **Wrongful Acts** of such agent which constitute covered **Professional Services**; or
  2. arising out of the termination of the agency contract between an **Agent Manager** and an agent, provided, however, there shall be no coverage for discrimination as defined by federal, state or local statute, regulation, law or ordinance.



**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 and 2;
- 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**; however, this Exclusion shall not apply to a **Claim** covered under Section I. B;
  - 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; or
  - 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).
- V. LIMIT OF LIABILITY, SUPPLEMENTARY PAYMENTS, 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** or **Wrongful Supervision** or **Termination Act** gave rise to the **Claim** or the **Agent** who is responsible for the **Wrongful Act** or **Wrongful Supervision** or **Termination Act** of such other **Insureds**.
  - B. Supplementary Payments: The Insurer will pay, in addition to the applicable Limit of Liability, **Defense Costs** incurred by or at the direction of the Insurer in the defense of any **Claim** to which this insurance applies.
  - C. 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**.

- D. 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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination 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** or **Defense Costs**.

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** or incur any **Defense Costs** 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:

One Liberty Plaza  
53<sup>rd</sup> Floor  
New York, NY 10006

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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination Act**;
3. a detailed description of the **Wrongful Act** or **Wrongful Supervision or Termination Act**;
4. the damage which has or may result from the **Wrongful Act** or **Wrongful Supervision or Termination Act**; and
5. the circumstances by which the **Insured** first became aware of such **Wrongful Act** or **Wrongful Supervision or Termination Act**;

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

## C. Territory

This Policy applies to **Wrongful Acts** or **Wrongful Supervision or Termination 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** or **Defense Costs** 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** or **Wrongful Supervision or Termination Act** is the basis of the **Claim** or who is legally responsible for such **Wrongful Act** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination 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** or **Wrongful Supervision or Termination Act** 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 black ink that reads "John Mentz".

---

John Mentz  
President

A handwritten signature in black ink that reads "Patrick K. Nails".

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Patrick K. Nails  
Secretary

## **Claims Handling Procedures**

An important value of your insurance coverage is the ability of the insurance company to respond when you have a claim. Arch Specialty Insurance Company is committed to providing its insureds with effective claim services.

Notices of each incident, claim or suit must be sent immediately to:

Arch Specialty Insurance Company  
ATTN: LANCER CLAIMS SERVICES: A DIVISION OF BROWN & BROWN  
PROGRAM INSURANCE SERVICES, INC.  
P.O. BOX 7048  
ORANGE, CA 92863-7048  
Phone: 800-821-0540  
Fax: 714-978-8023

You will be contacted by a representative of Lancer's Claim Department. This representative will confirm receipt of the loss notice directly to you, provide a company claim number for all future correspondence, refer to legal counsel if necessary, and discuss further handling of the claim.

**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: CAP0064733-00

Named Insured: Messer Financial Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 4/1/2020

**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: 2

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 4/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**NETWORK SECURITY BREACH & PRIVACY COVERAGE**

It is agreed that:

1. Section I. INSURING AGREEMENTS is amended to include Insuring Agreement D. Network Security Breach & Privacy Coverage.

D. Network Security Breach & Privacy Coverage:

The Insurer will pay on behalf of the **Insured**:

1. all sums, which the **Insured** will become legally obligated to pay as damages and **Defense Costs** made or occurring during the **Policy Period** and reported to the Insurer during the **Policy Period** or any Extended Reporting Period, if applicable because of actual monetary damages to the **Insured's** client arising out of a **Network Security Breach** or **Privacy Violation**;
  2. **Crisis Management Expenses** that are a direct result of a **Network Security Breach** or **Privacy Violation** made or occurring during the **Policy Period** and reported to the Insurer during the **Policy Period** or any Extended Reporting Period, if applicable and;
  3. **Credit Monitoring Costs** that are the direct result of a **Network Security Breach** or **Privacy Violation** that:
    - a. directly results in theft or unauthorized copying of **Personal Information** and may reasonably be expected to result in **Identity Theft**;
    - b. first occurred during the **Policy Period**; and
    - c. is reported in accordance with the applicable Notice Condition of this Policy;
  4. **Data Restoration Costs** that are the direct result of a **Network Security Breach** or **Privacy Violation** made or occurring during the **Policy Period** and reported to the Insurer during the **Policy Period** or any Extended Reporting Period, if applicable and that first occurred during the **Policy Period** and that directly results in:
    - a. **Malicious Encryption** of a **Data Asset**; or
    - b. the **Corruption** of a **Data Asset**;provided that such **Malicious Encryption** or **Corruption** first occurred during the **Policy Period** and is reported in accordance with the applicable Notice Condition of this Policy.
2. Solely with respect to the coverage provided by this Endorsement, the following sub limits of liability and deductibles will apply. Sub limits will be part of and not in addition to the Aggregate Limit of Liability listed on the Declarations Page:

\$25,000	Each <b>Claim</b> and in the Aggregate per <b>Insured</b> for D.1.; a \$5,000 Deductible will apply for damages and <b>Defense Costs</b>
\$10,000	Each <b>Claim</b> and in the Aggregate per <b>Insured</b> for D.2. <b>Crisis Management Expenses</b> ; a \$5,000 Deductible will apply for damages and <b>Defense Costs</b>

- \$10,000 Each **Claim** and in the Aggregate per **Insured** for D.3. **Credit Monitoring Costs**; a \$5,000 Deductible will apply for damages and **Defense Costs**
- \$10,000 Each **Claim** and in the Aggregate per **Insured** for D.4. **Data Restoration Costs**; a \$5,000 Deductible will apply for damages and **Defense Costs**

The total Policy Aggregate for Network Security Breach and Privacy Coverage will be \$250,000

- 3. Solely with respect to the coverage provided by this Endorsement, Section III. DEFINITIONS in the Policy is amended by appending the following to the end thereof:

**Bodily Injury** means injury to the body, sickness, or disease sustained by a person, including death resulting therefrom, and, if arising out of the foregoing, **Bodily Injury** also means mental injury, mental anguish, mental tension, emotional distress, pain and suffering, or shock.

**Corruption** means alteration, corruption, destruction, deletion or damage as the direct result of a **Network Security Breach**.

**Credit Monitoring Costs** will mean the costs for retaining a third party service provider approved by the Insurer and with the Insurer's prior written consent to provide **Credit Monitoring Services** to those individuals who were victims of **Identity Theft**.

**Credit Monitoring Services** will mean services that allow individuals to access and review their credit reports to determine if **Identity Theft** has occurred.

**Crisis Management Expenses** are defined as necessary and reasonable expenses incurred by the **Insured** with the Insurer's prior written consent, to hire an attorney (selected from the Insurer's panel counsel) to determine whether any breach notice laws apply and the obligations of any such applicable laws including the drafting of letters to satisfy the applicable law, including the cost to notify those affected by the **Network Security Breach** or **Privacy Violation** and/or with the Insurer's consent, to provide **Credit Monitoring Services** to the **Insured's** clients. **Crisis Management Expenses** will also include approved expenses incurred by the **Insured** to respond to a regulatory action commenced or pending solely against the **Insured** and not involving the **Sponsoring Company**, and/or the hiring of a public relations firm, with the Insurer's prior written consent, to communicate with the **Insured's** clients in order to mitigate the reputational damage of the **Insured** directly resulting from a **Network Security Breach** or **Privacy Violation**.

**Data Asset** means any electronic data existing in the **Insured's Computer System** that is subject to regular back up procedures, including but not limited to any databases, software or trade secrets stored thereon.

**Data Loss** means:

- 1. with respect to the **Corruption** of any **Data Asset, Restoration Costs** ; and
- 2. with respect to any **Data Asset** that is rendered inaccessible or unreadable as a result of **Malicious Encryption**, the lesser of **Restoration Costs** or the actual, necessary and reasonable costs and expense to regain access to such **Data Asset** or render it readable;

provided, however, that if such **Data Asset** cannot reasonably be accessed, restored, rendered readable, gathered, assembled or recollected, then **Data Loss** means the actual, reasonable and necessary costs and expenses incurred by the **Sponsoring Company** to reach this determination.

**Data Loss** will not mean, and there will be no coverage for:

- 1. costs or expenses incurred by the **Sponsoring Company** to identify or remediate software program errors or vulnerabilities or update, replace, restore, gather, assemble, reproduce,

recollect or enhance a **Data Asset** to a level beyond that which existed prior to its **Corruption** or **Malicious Encryption** .

2. costs or expenses to research or develop any **Data Asset**, including but not limited to trade secrets or other proprietary information;
3. the monetary value of, or profits, royalties, or lost market share related to, a **Data Asset** , including but not limited to trade secrets or other proprietary information or any other amount pertaining to the value of the **Data Asset**;
4. damages arising out of any liability to third-parties for whatever reason;
5. salaries of employees, directors or officers of the **Insured** ; or
6. legal costs or legal expenses of any type.

**Data Restoration Costs** will mean the costs for retaining a third party service provider approved by the Insurer and with the Insurer's prior written consent to restore, recover or replicate electronic data in the care, custody or control of the **Insured** that is damaged or destroyed as a direct result of a **Network Security Breach** or **Privacy Violation**.

**Identity Theft** will mean the theft or unauthorized copying of **Personal Information** of a client of the **Insured**, and use of such **Personal Information** to open new financial accounts for the purpose of fraudulently impersonating such individual, including without limitation, payment card accounts, bank accounts, loan accounts, health insurance accounts and insurance accounts.

**Insured's Computer System** means any computer hardware, software or firmware, and components thereof including data stored thereon, that is owned or leased by the **Insured** and is under the direct operational control of the **Insured**.

**Malicious Encryption** means the strong encryption of a **Data Asset** by a malicious person that renders such **Data Asset** inaccessible or unreadable to the **Sponsoring Company**.

**Network Security Breach** is defined as:

1. the actual failure and inability of security to prevent:
  - a. unauthorized access to or unauthorized use of **Personal Information** stored in the **Insured's Computer System**;
  - b. the theft or unauthorized copying of **Personal Information** on the **Insured's Computer System**;
2. the actual failure and inability of physical security to prevent the theft of **Personal Information** as a result of the physical theft by a person other than an **Insured** of the **Insured's** computer hardware or storage media from a premise occupied and controlled by the **Insured**.

**Personal Information** means any:

1. **Insured's** client's name in combination with any one or more of the following:
  - a. social security number;



- b. driver's license number or any other state identification number;
  - c. medical or healthcare data including protected health information; or
  - d. any account number, credit or debit card number in combination with any required password, access code or other security code that would permit access to the financial account; or
2. non-public personal information as defined in any **Privacy Regulation**.

**Privacy Regulation** means those parts of the following statutes or regulations which regulate the use and protection of non-public personal information (as defined in such statutes or regulations):

1. Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the rules and regulations promulgated thereunder as amended;
2. Gramm-Leach Bliley Act of 1999 (GLBA) and the rules and regulations promulgated thereunder, as amended;
3. Consumer protection and unfair and deceptive trade practice laws enforced by state Attorneys General or the Federal Trade Commission, including but not limited to Section 5(a) of the FTC Act 15;
4. Security Breach Notification laws that require notice to individuals of the actual or potential theft of their non-public personal information, including but not limited to the California Security Breach Notification Act of 2003 (CA SB 1386); or
5. Other state, federal or foreign privacy laws requiring reasonable security for non-public personal information, or a privacy policy limiting the sale, disclosure or sharing of non-public personal information or providing individuals with the right to access or correct non-public personal information.

**Privacy Violation** is defined as any:

1. theft of **Personal Information** ; while in the care, custody or control of an **Insured**;
2. violation of a **Privacy Regulation** as defined above.

**Property Damage** means:

1. physical injury to, loss or destruction of tangible property, including loss of use thereof; or
  2. loss of use of tangible property which has not been physically injured or destroyed.
4. This Endorsement does not apply to any **Claim** alleging, based upon, arising out of, or resulting from, directly or indirectly:
- a. any costs or expenses for the reprinting, reposting, recall, removal or disposal of any online content or any other information, content or media, including any media or products containing such online content, information, content or media;
  - b. any wear and tear or gradual deterioration of any data saved or of an **Insured's Computer System** ;

or attributable to any costs or expenses incurred by any **Insured** or others:

1. to recall, repair, withdraw, replace, upgrade, supplement or remove the **Insured's** online content, products or services from the marketplace, including but not limited to products or services which incorporate the **Insured's** online content, products or services;
  2. for any loss of use by any **Insured** or others that arises out of such recall, repair, withdrawal, replacement, upgrade, supplementation or removal.
- c. any failure to use best efforts to install commercially available software product updates and releases, or to apply security related software patches, to computers and other components of the **Insured's Computer System**;
- d. **Bodily Injury or Property Damage** ;
- e. any seizure, confiscation, destruction or nationalization of an **Insured's Computer System**; or any **Data Asset**, by or on behalf of any governmental or public authority;
- f. any interruption, suspension, failure or outage of any component of the Internet, including without limitation any hardware or software infrastructure supporting the Internet;
- g. any fine or penalty arising out of any agreement by any **Insured** to comply with or follow the PCI Standard or any Payment Card Company rules, or implement, maintain or comply with any security measure(s) or standard(s) related to any payment card data; or
- h. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unsolicited electronic faxes, emails, telephone calls or unsolicited communications, including but not limited to Claims arising out of unsolicited electronic messages, chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" Internet advertising or fax-blasting, direct mailing or telemarketing, or Claims alleging violations of the Telephone Consumer Protection Act, of 1991, as amended, the CAN-SPAM Act of 2003, as amended, and any other federal, foreign or state anti-spam statutes, or federal, foreign or state statute, law or regulation relating to a person's right to seclusion;
- i. alleging, based upon, arising out of, or resulting from, directly or indirectly, any unauthorized or illegal collection of **Personal Information** by any **Insured** or by the **Sponsoring Company**, including but not limited to the collection of **Personal Information** using cookies, spyware, or other malicious code, or the failure to provide adequate notice that **Personal Information** is being collected;
- j. alleging, based upon, arising out of, or resulting from, directly or indirectly, to section 605 (requirements relating to information contained in consumer reports) or 616 (civil liability for willful noncompliance) of the Fair Credit Reporting Act, or any other similar federal, state or local laws or regulations, including but not limited to any laws or regulations requiring truncation of payment card numbers on, or the removal of the expiration date from, payment card receipts; or
- k. any **Claim** involving in any way any liability of the **Sponsoring Company** ;
- l. any **Claim** involving data in the control of the **Sponsoring Company**; or
- m. any **Claim** covered in whole or in part under any other insurance.

5. The following paragraph is added to Section VII CONDITIONS A. Notice and Cooperation:

With respect to Network Security Breach and Privacy Coverage, as a condition precedent to coverage, the **Insured** will provide written notice to the Insurer of the **Network Security Breach** or **Privacy Violation** for which it seeks coverage as soon as practicable and in all events within 30 days after the expiration of the **Policy Period**.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 3

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 4/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**SUPPLEMENTAL PAYMENTS – SUBPOENA EXPENSE COVERAGE  
(SUPPLEMENTAL PAYMENTS ERODE LIMIT OF INSURANCE)**

It is agreed that:

1. If during the **Policy Period**, the **Insured** receives a subpoena for documents or testimony arising out of **Professional Services** and the subpoena is not related to a **Claim** previously reported under this **Policy**, the Insurer will, at the written request of the **Insured** and upon receipt of a copy of the subpoena, retain legal counsel to advise the **Insured** regarding document production or represent the **Insured** during testimony.
2. The Insurer will reimburse the **Insured** for legal expenses incurred for retaining the services of legal counsel to assist the **Insured** in responding to such subpoena. The most the Insurer will pay for all such legal expenses is \$10,000 per **Policy Period**, which will be part of, and not in addition to, the limit of liability stated in the Declarations. No deductible shall apply to any supplemental payments made pursuant to the coverage provided by this endorsement.
3. The **Insured** must give the Insurer notice of a subpoena as soon as practicable, but in no event later than 60 days after the end of the **Policy Period**. Any notice the **Insured** gives the Insurer of a subpoena shall be deemed notification of an alleged negligent act, error or omission which might result in a **Claim** under Section VII. CONDITIONS B. Notice of Circumstances Giving Rise to a **Claim** in the **Policy**.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group.

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: 4/1/2020

**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:

- BB. based upon, arising out of or in any way involving any **Professional Services** in which a life insurance policy 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.

Endorsement Number: 5

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

Endorsement Effective Date: 4/1/2020



President

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**FUTURE INCOME PAYMENT EXCLUSION**

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

- (CC) 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.

Endorsement Number: 6

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

Endorsement Effective Date: 4/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**INSOLVENCY EXCLUSION CARVEBACK**

It is agreed that Section IV EXCLUSIONS N. is deleted and replaced by:

- 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.

This Exclusion shall not apply to the following:

1. an organization, entity or vehicle that is an insurance company that was rated B++ 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.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 7

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

Endorsement Effective Date:4/1/2020

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**PROPERTY & CASUALTY ENDORSEMENT**

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

**SECTION III. DEFINITIONS**

1. Definition A. **Agent** is amended as follows:
  - A. **Agent** means an individual or an entity who:
    1. maintains an agent or general agent contract with **Sponsoring Company** or is affiliated with the **Sponsoring Company**;
    4. is licensed by the appropriate authorities to solicit and sell property and casualty, life, and accident and health insurance products and services; and
2. Definition H. Insured, paragraph 3, is deleted and replaced as follows:
  3. an employee or independent contractor acting in his or her capacity as such and on behalf of an **Agent** but solely with respect to liability of such employee or independent contractor as it arises out of the **Agent** rendering or failing to render **Professional Services**;
3. Definition M. **Professional Services** 1. a. is deleted and replaced as follows:

M. **Professional Services** means:

  - a. the solicitation, sale or servicing of:
    - i. life insurance, accident and health insurance, long-term care insurance, disability income insurance or fixed annuities;
    - ii. group life, accident and health plans, provided such plans are fully insured at all times;
    - iii. Property and Casualty Insurance;
  - b. financial planning, advice and consultation solely in connection with any of the products listed in paragraphs 1 and 2 above; and
  - c. providing services as a notary public.
4. Definition O. **Retroactive Date** is deleted and replaced as follows:

O. **Retroactive Date** means the inception date of the **Agent's** first claims-made property & casualty policy and 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. 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**.
5. Definition Q. **Sponsoring Company** is deleted and replaced as follows:

Q. **Sponsoring Company** means the insurance agency network listed in Item 1. of the Declarations and any **Subsidiaries**.



**SECTION IV. EXCLUSIONS**

1. Exclusion I. is amended to include:

However, this exclusion shall not apply to **Claims** resulting from **Professional Services**.

2. Exclusion M. is amended to delete "property/casualty insurance agent"

**SECTION VII. CONDITIONS:**

- A. 5. is deleted and replaced as follows:

All written notices provided for in this Policy shall be in writing and addressed to the Insurer at:

Arch Insurance Group  
Attn: Brown & Brown Program Insurance Services, Inc. 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

Issued By: Arch Insurance Company

Endorsement Number: 8

Policy Number: CAP0064733-00

Named Insured: Messer Financial Group

Endorsement Effective Date: 4/1/2020