

Westport Insurance Corporation

INSURANCE INDUSTRY PROFESSIONAL LIABILITY COVERAGE UNIT THIS IS A CLAIMS MADE POLICY. PLEASE READ CAREFULLY.

I. INSURING AGREEMENTS

A. INSURANCE OPERATIONS COVERAGE.

We will pay on behalf of the insured "loss" for which the insured is legally liable caused by a "wrongful act" committed by an insured arising out of "professional services" rendered to others.

B. ADDITIONAL COVERAGES.

We will pay on behalf of the insured "loss" caused by "wrongful acts" committed by an insured in connection with your insurance operations, arising from the following:

1. Responding to a complaint or defending an investigation brought by any state regulatory agency, insurance department, or other government agency arising from your insurance operation. You must:
 - a. provide prompt written notice to us and obtain our written consent before responding; and
 - b. agree to the use of legal counsel that we choose or approve.

This coverage does not apply to salaries of your personnel, loss of income, fines, penalties, return of fees or commissions, or reimbursement of premiums. The most we will pay under this additional coverage is \$25,000 per "policy period" for all "loss" and "claim expenses." This coverage is part of, and not in addition to, the Limit of Liability shown in the Declarations.

2. Services rendered in teaching a formal insurance course, but we will only cover "claims" first made against the insured by a student or former student for a "wrongful act" of the insured causing such student to incur legal liability.
3. Services rendered as a notary public.
4. Services rendered as an insurance consultant.
5. Premium financing services provided by you to your clients for insurance products placed through your agency.
6. Loss control, risk management, or anti-fraud services rendered in connection with insurance placed through your agency.
7. Advertising activities for your insurance operations.
8. Services as a licensed registered representative rendered in connection with the sale and servicing of variable life and variable annuity products.

9. An insured's testimony as an expert witness in connection with insurance related litigation.
- C. **CLAIMS TO WHICH THIS INSURANCE APPLIES.** Insuring Agreement, Part A and B apply to "potential claims" and "claims" first made against an insured during the "policy period" arising out of a "wrongful act" taking place on or after the "retroactive date" shown in the Declarations and within the coverage territory.
- D. **CATASTROPHE EXTRA EXPENSE.** We will pay up to \$10,000 per catastrophe subject to a per "policy period" aggregate limit of \$25,000 for the actual extra expenses incurred by you as a result of a catastrophe during the "policy period" beginning on the date of a catastrophe and for thirty (30) days thereafter. The extra expense incurred must be incurred by you only to assist in the insurance claims processing needs of your customer(s) who have been affected by the catastrophe. The catastrophe must be a declared catastrophe by the Property Claims Services. A \$500 Deductible for each "claim" shall apply to each "claim" made under this paragraph. Limits provided by this paragraph are part of and not in addition to the limits provided by this "policy."
- E. **SUBPOENA.** If, during the "policy period," you receive a subpoena for documents or testimony relating to your business services and the subpoena is not related to a "claim" under this "policy," we will, at your request and upon receipt of a copy of the subpoena, retain legal counsel to advise you regarding the document production or to represent you during testimony. We will pay the expenses incurred in providing advice regarding the production of documents, review of the documents prior to production, your preparation for testifying, and representation during testimony. The maximum amount payable, regardless of the number of subpoenas reported or the number of insureds subject to all subpoenas shall be \$5,000 per "policy period." The Deductible shall not apply to this provision, however any payments made by us under this provision will be included within the applicable Limit of Liability and not in addition thereto. Any notification you give us of such subpoena shall be deemed to be notification of a "potential claim" under this "policy." If this "potential claim" ultimately results in a "claim" any expenses we have paid will be included in "claim expense."

II. WHO IS AN INSURED

- A. **INDIVIDUAL.** If you are an individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- B. **PARTNERSHIP.** If you are a partnership, you, your partners and their spouses, and former partners and their spouses are insureds, but only with respect to the conduct of your business.
- C. **LIMITED LIABILITY COMPANY.** If you are a limited liability company, you are an insured. Your members and former members are also insureds, but only with respect to the conduct of your business. Your managers and former managers are insureds, but only with respect to their duties as your managers.
- D. **OTHER ORGANIZATIONS.** If you are an organization other than a partnership or limited liability company, you are an insured. Your officers, directors, and former officers and directors, are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to "loss" for which the Insuring Agreement, Part A or B would apply.

- E. OTHER INSURED. Each of the following is also an insured:
1. Your employees and former employees but only for acts within the scope of their employment by you and while performing duties related to the conduct of your insurance operations.
 2. Any independent contractor while acting within the scope of their duties as your subproducer.
 3. The heirs, executors, administrators, or legal representatives of an insured in the event of death, incapacity, or bankruptcy of the insured, but only to the extent that such insured would otherwise be covered by this "policy."
- F. NEWLY ACQUIRED. Any organization you newly acquire or form, and over which you maintain ownership or majority interest will qualify as an additional insured if there is no other similar insurance available to that organization. However:
1. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the "policy period," whichever is earlier;
 2. Coverage does not apply to "wrongful acts" committed before you acquired or formed the organization unless agreed to by us and endorsed to this "policy"; and
 3. An additional premium may be charged from the date you acquired or formed the organization.

III. DEFENSE, INVESTIGATION, AND SETTLEMENT OF CLAIMS

As respects such insurance as is afforded by this "coverage unit," we shall:

- A. have the right and duty to defend, investigate, and conduct any settlement negotiations arising from "claims" first made based upon alleged "wrongful acts" of an insured. We have the right to select the attorney to represent and defend the insured for any "claim" that is made against them.
- B. not settle any "claim" without your consent. If we recommend a settlement to you which is acceptable to the claimant, and you do not agree with us and would rather contest the matter, our ultimate liability will be limited to the total of:
 1. the amount for which the "claim" could have been settled at that time, plus
 2. the amount of "claim expense" that was incurred up to the time we made the recommendation.

We shall not be obligated to pay any "loss" or defend or continue to defend any "claim" after the Per Claim Limit of Liability or Aggregate Limit of Liability under this "coverage unit" has been exhausted by payment of "loss" or the deposit in a court having jurisdiction of sums exhausting the Per Claim Limit of Liability or Aggregate Limit of Liability.

IV. EXCLUSIONS

In addition to those Exclusions contained in the GENERAL TERMS & CONDITIONS, this “coverage unit” shall not apply to any “claim” based upon, arising out of, attributable to, or directly or indirectly resulting from:

- A. **BODILY INJURY, PROPERTY DAMAGE.** As respects this “coverage unit,” the BODILY INJURY, PROPERTY DAMAGE Exclusion in the GENERAL TERMS AND CONDITIONS is amended to the following:

BODILY INJURY, PROPERTY DAMAGE. This “coverage unit” shall not apply to any “claim” based upon, arising out of, attributable to, or directly or indirectly resulting from:

1. **BODILY INJURY, PROPERTY DAMAGE.** “Claims” for:
 - a. bodily injury, sickness, disease, or death of any person. This exclusion shall not apply to “claims” arising directly out of the act of placing insurance for others as a managing general insurance agent, general insurance agent, insurance agent or insurance broker; or
 - b. injury to or destruction of any property, including the loss of use of the property.

- B. **CONTRACTUAL LIABILITY.** As respects this “coverage unit” the Contractual Liability Exclusion in the GENERAL TERMS AND CONDITIONS is deleted in its entirety.

- C. **FUNDS.** As respects this “coverage unit,” the Funds Exclusion in the GENERAL TERMS AND CONDITIONS is amended to the following:

FUNDS. “Claims” for commissions, fees, taxes, reimbursement, or the failure to collect, pay, or return premiums or commingling of funds.

- D. **INTENTIONAL ACTS.** As respects this “coverage unit” the Intentional Acts Exclusion in the GENERAL TERMS AND CONDITIONS is amended to the following:

INTENTIONAL ACTS. Any “claim” for intentional acts, including but not limited to acts of dishonesty, fraud, criminal conduct, malice, or assault and battery. However, this exclusion does not apply to those insureds described in the section, Who Is An Insured, paragraphs A, B, C, D, or E of this “coverage unit” who do not personally participate in or ratify the acts identified above and who notify us once such act has been discovered.

- E. **PRIOR CLAIMS.** As respects this “coverage unit,” the Prior Claims Exclusion in the GENERAL TERMS AND CONDITIONS is amended to the following:

PRIOR CLAIMS. Any act, error, omission, circumstance, or “personal injury” occurring prior to the effective date of this “policy,” or any Employers Reinsurance Corporation or Westport Insurance Corporation “policy” this “policy” replaces, if you or any owner, officer or partner of the “named insured” at the effective date knew of a “claim.”

- F. **THIRD PARTY ADMINISTRATOR.** “Claims” against an insured arising out of third party administrator activities, whether the insured performs such activities for a fee or no fee.

G. VIATICALS. "Claims" arising from, based upon, or in connection with a viatical settlement.

V. DEFINITIONS

In addition to the Definitions contained in the GENERAL TERMS AND CONDITIONS, as respects such insurance as is afforded by this "coverage unit," the following Definitions shall apply:

- A. LOSS. "Loss" means amounts payable by an insured in settlement of "claims" or in satisfaction of judgments or awards including punitive and multiple damages where permitted by law, if covered by the Insuring Agreement. "Loss" does not include fines and penalties.
- B. PERSONAL INJURY. "Personal Injury" means libel, slander, or invasion of privacy committed by the insured.
- C. PROFESSIONAL SERVICES. "Professional Services" means activities as a managing general insurance agent, general insurance agent, insurance agent, or insurance broker.
- D. WRONGFUL ACTS. "Wrongful act" or "wrongful acts" means any negligent act, error, omission, or "personal injury" of an insured or any person for whose acts the insured is legally liable in rendering services for others.

VI. LIBERALIZATION

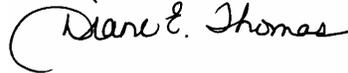
If, during the "policy period" we adopt revised provisions for this "policy" in order to afford, without additional premium, broader insurance to all insureds of the types of professionals covered by this "policy," such provision will apply to this "policy" effective the date the provision has been approved by the appropriate regulatory authority and such revision shall apply only to "claims" first made, or "potential claims" of which you first became aware, after the date of such approval.

IN WITNESS WHEREOF, the Corporation has caused the signatures of its executive officers to be affixed hereto, and has caused this "policy" to be countersigned by an authorized representative of the Corporation.

WESTPORT INSURANCE CORPORATION



President



Secretary