**LIFE AGENT PROFESSIONAL LIABILITY**
**NATIONAL ETHICS ASSOCIATION**

**NOTICE:**

**THIS IS A CLAIMS-MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO ANY CLAIM FIRST MADE AGAINST AN INSURED AND REPORTED TO THE INSURER IN ACCORDANCE WITH SECTION VII, NOTICE. NO COVERAGE EXISTS FOR CLAIMS FIRST MADE AFTER THE END OF THE INSURED'S CERTIFICATE PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. DEFENSE COSTS REDUCE THE LIMIT OF LIABILITY AND ARE SUBJECT TO THE RETENTION. PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.**

The Insurer and the **Policyholder** agree as follows, in consideration of the payment of the premium and in reliance upon all statements made in the **Application** furnished to the Insurer designated in the Declarations, a stock insurance corporation, hereafter called the "Insurer".

## I. INSURING AGREEMENT

### PROFESSIONAL LIABILITY

The Insurer shall pay on behalf of the **Insureds**, excess of the applicable Retention and within the Limits of Liability as stated in the applicable **Certificate of Insurance**, that **Loss** which the **Insureds** become legally obligated to pay resulting from a **Claim** for a **Wrongful Act** solely in rendering or failing to render **Professional Services** provided that:

1. the **Wrongful Act** giving rise to such **Claim** occurred on or after the **Prior Acts Date**; and,
2. the **Claim** is first made against any **Insured** during the **Certificate Period**, or any Extended Reporting Period, if applicable, and reported to the Insurer in accordance with Section VII, NOTICE; and
3. prior to the date of the **Insured's** initial enrollment under this Policy, or under any other policy issued by the Insurer (or its affiliated insurers) of which this Policy is a renewal (whether successive or not) or replacement, whichever is earlier, no **Insured** knew of, or could have reasonably foreseen that any such **Wrongful Act** could result in a **Claim**; and
4. no **Insured** gave notice under any Prior Policy of any such **Wrongful Act** or any **Interrelated Wrongful Acts**; and
5. there is no other policy issued by the Insurer, or any affiliate of such Insurer, that provides coverage for such **Claim**.

## II. DEFENSE

A. Defense of **Claims**

1. If a **Claim** is made against the **Insured** within the United States of America, its territories or possessions or Canada, the Insurer shall have the right and duty to defend such **Claim**, even if any of the allegations of the **Claim** are groundless, false


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or fraudulent. The Insurer may make such investigation and negotiate settlement of any **Claim** it deems expedient, but the Insurer shall not be obligated to pay any **Loss** to defend or continue to defend any **Claim** after the applicable limit of the Insurer's liability has been exhausted by payment of **Loss**.

2. If a **Claim** is made against the **Insured** outside of the United States of America, its territories or possessions or Canada, the Insurer shall indemnify the **Insured** pursuant to the terms, conditions, provisions and exclusions of the Policy, but shall not have the duty to defend the **Insured**. The Insurer shall instead reimburse **Defense Costs** incurred by the **Insured** in defending such **Claims**. In connection with such **Claims**, the **Insured** shall obtain the Insurer's consent to the selection of counsel, including counsel rates, and ensure that counsel complies with CNA's *Defense Counsel Guidelines*. CNA shall have the right, but not the duty, to associate with the **Insured** in the defense of any such **Claim**.

B. Insurer's Consent

The **Insured** shall not admit liability, consent to any judgment, agree to any settlement, make any settlement offer, assume any obligation or incur any default judgment or award without the Insurer's prior consent, which consent shall not be unreasonably withheld. The Insurer shall not be liable for any **Loss** incurred by the **Insured** to the extent the **Loss** results from such **Insured** admitting liability, consenting to any judgment, agreeing to any settlement, making any settlement offer or incurring expenses without the Insurer's prior consent. The **Insureds** agree that they shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Policy resulting from any **Claim**.

C. Arbitration

The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without the written consent of the Insurer, except with respect to arbitration between an **Insured** and a **Client**. In the event any **Claim** is submitted to arbitration, the Insurer, as soon as practicable, shall notify the **Insured** of the date of the arbitration hearing. The Insurer shall be entitled to exercise all of the **Insureds'** rights in the choice of arbitrators and in the conduct of any arbitration proceeding involving a **Claim** covered by this Policy.

## III. DEFINITIONS

Wherever appearing in bold print in this Policy:

**Administration of Employee Benefit Plans** means consultation with participants in an employee benefit plan in order to explain the provisions of such plan and handling day-to-day ministerial functions required by such plan, including without limitation enrollment, record keeping and filing reports with government agencies. **Administration of Employee Benefit Plans** also includes third party claims administration.

**Agent or General Agent**, whether used separately or together, means

A. a natural person:
   1. who,
      a. if the **Policyholder** is a life insurance company or has a subsidiary life insurance company, has a life agent contract with the **Policyholder** or such subsidiary; or
      b. if the **Policyholder** is an Insurance Marketing Organization or a Professional Insurance Agents Organization; is a member of such


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Insurance Marketing Organization or Professional Insurance Agents Organization; and

2. who has elected to enroll for coverage under this Policy; and
3. whose enrollment is on file with the **Policyholder**.

B. any:

1. corporation, partnership, or other business entity owned or controlled by such natural person referred to in A. of this definition, but solely with respect to the liability of such entity as it arises out of the rendering of or failing to render **Professional Services** by an **Insured Agent or General Agent**, as defined in A. of this definition**.**
2. natural person who is a life insurance producer for any insurance company provided such natural person also qualifies under paragraph A. of this definition or qualifies for coverage as a **Registered Representative** under this Policy; or
3. **Retired or Disabled Agent or General Agent**.

**Application** means all signed applications 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" means an insurer controlling, controlled by or under common control with the Insurer.

**Broker/Dealer** means any securities broker or dealer as those terms are defined in the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, as amended.

**Certificate of Insurance** means the document issued to the **Named Insured** evidencing the terms, limits, premium and endorsements provided to the **Insureds** thereunder.

**Certificate Period** means the period of time between the inception date shown on the **Certificate of Insurance** and the effective date of termination, expiration or cancellation of the **Certificate of Insurance** issued to the **Named Insured**.

**Claim** means:

A. a written demand for monetary damages; or

B. a civil adjudicatory or arbitration proceeding for monetary damages,

against an **Insured** for a **Wrongful Act**, including any appeal thereof, brought by or on behalf of or for the benefit of any **Client**.

**Class Action Claim** means a **Claim** under which one party, or a group of parties, sue as representatives of a larger class. **Claims** brought in federal court are governed by Federal Rule of Civil Procedure 23.

**Client** means a natural person to whom, or entity to which, **Professional Services** are rendered by an **Insured**. **Client** does not include any Insurance Company, Insurance Agent or **Broker/Dealer**.

**Defense Costs** means reasonable and necessary fees and expenses incurred by or at the direction of the Insurer in defense of any **Claim,** and costs of appeal, attachment or similar bonds. The Insurer has no obligation to provide such bonds. **Defense Costs** shall not include salaries, wages,


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fees, overhead or benefit expenses associated with the directors, officers and employees of the **Insured**, or fees and expenses of independent adjusters.

**Domestic Partner** means any person qualifying as such under any federal, state or local laws or under any **Insured** entity's employee benefit plans.

**Insured** means the **Named Insured** and any natural person who is a former or current secretarial, clerical or administrative employee of the **Agent, General Agent or Registered Representative** but solely for services performed within his or her capacity as such and on behalf of such **Named Insured**, provided such natural person did not receive any commission income pursuant to an agent, broker or registered representative contract with any insurance company or **Broker/Dealer** as a result of providing **Professional Services** offered by the **Named Insured**.

**Interrelated Wrongful Acts** means any **Wrongful Acts** which are logically or causally connected by reason of any common fact, circumstance, situation, transaction or event.

**Loss** means monetary settlements or monetary judgments (including any award of pre-judgment and post-judgment interest) and **Defense Costs** for which the **Insured** is legally obligated to pay on account of a covered **Claim**.

However, **Loss** shall not include:

A. criminal or civil fines or penalties imposed by law or taxes. However, **Loss** shall include any taxes, fines, and penalties incurred by a third party and included in such third party's **Claims** against the **Insured**;

B. any amount for which there is no legal recourse against the **Insureds**;

C. punitive or exemplary damages or the amount of any multiplied damage award which is in excess of the damage award so multiplied;

D. costs incurred as a result of any injunctive relief;

E. the return of commissions, fees or charges for services rendered by an **Insured**; or

F. matters which are uninsurable under the law pursuant to which this Policy shall be construed.

**Named Insured** means the **Agent or General Agent,** or **Registered Representative** named in the **Certificate of Insurance** and any other person or entity included within the definitions of **Agent or General Agent** or **Registered Representative** as applicable.

**Personal Injury** means injury or damage sustained by any person or organization caused by or arising out of:

A. false arrest, detention or imprisonment, or malicious prosecution;

B. libel or slander or other defamatory or disparaging material, or a publication or utterance in violation of an individual's right of privacy; or

C. wrongful entry or eviction, or other invasion of the right of private occupancy.


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**Policy Period** means the period from the effective date of this Policy as specified in the Declarations to the date the policy is terminated as set forth in Section **VIII. TERMINATION OF MASTER POLICY**.

**Policyholder** means the natural person or organization specified in Item 1a. of the Declarations.

**Pollutants** mean any substance exhibiting hazardous characteristics as or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products or any noise.

**Prior Acts Date** means:

A. with respect to an **Agent or General Agent**, the date the **Agent or General Agent** became continuously insured without interruption under any claims made professional liability policy (subject to written proof of such coverage at the time the **Insured** gives written notice to the Insurer of a **Claim** under this Policy);

B. with respect to a **Registered Representative**, the latest date the **Registered Representatives** contracted with the **Broker/Dealer**.

The **Named Insured** and any natural person who is a former or current secretarial, clerical or administrative employee of such **Named Insured** shall share the same **Prior Acts Date**.

**Professional Services** means:

A. with respect to an **Agent or General Agent**, to the extent they are provided in the course and scope of such **Agent or General Agent's** business as an **Agent or General Agent** and such **Agent or General Agent** has the appropriate license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business is conducted:

1. the sale, attempted sale or servicing of life insurance, accident and health insurance or managed health care organization contracts (that does not require a securities license);
2. the sale, attempted sale or servicing of disability income insurance (if purchased as indicated on the **Certificate of Insurance**);
3. the sale, attempted sale or servicing of indexed/fixed annuities, (if purchased as indicated on the **Certificate of Insurance**);
4. services as a Notary Public;
5. financial planning activities in conjunction with services described in paragraphs 1. through 4. (if purchased) of this definition, whether or not a separate fee is charged;
6. the supervision, management and training of an **Agent** by a **General Agent** with respect to activities otherwise covered by this Policy.

B. with respect to **Registered Representative** and only to the extent **Professional Services** are provided in the course and scope of such **Registered Representative's** business as a **Registered Representative** and such **Registered Representative** has the appropriate


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license in both the **Client's** resident state or jurisdiction and the state or jurisdiction in which the business is conducted:

1. the sale, attempted sale or servicing of variable annuities, variable insurance (that requires a securities license) or mutual funds, (if purchased) that are registered with the Securities Exchange Commission, if required, through a **Broker/Dealer** that is a member of the Financial Industry Regulatory Authority;
2. financial planning activities in conjunction with services described in paragraph 1. (if purchased) of this definition, whether or not a separate fee is charged.

**Registered Representative** means:

A. a natural person who is registered with the Financial Industry Regulatory Authority as a registered representative or registered principal, who has maintained a contract with a **Broker/Dealer** who has elected to enroll for coverage under this Policy, and whose enrollment is on file with the **Policyholder**;

B. any corporation, partnership or other business entity that is owned or controlled by such natural person, but solely with respect to the liability of such organization arising out of failing to render **Professional Services** by an **Insured**.

**Registered Representative** also includes any **Retired or Disabled Registered Representative**.

**Retired or Disabled,** whether used either separately or together, means:

A. retired or disabled in conformance with the written practices and procedures of the **Policyholder or Broker/Dealer** which are in effect at the inception of the **Policy Period**; and

B. no longer providing **Professional Services** on behalf of the **Broker/Dealer** or any other insurance company or **Broker/Dealer**;

**Retired or Disabled Agents, General Agents**, **Registered Representatives**, whether used either separately or together, means **Agents, General Agents, Registered Representatives** who are **Retired or Disabled.** However, **Retired or Disabled Agents, General Agents, Registered Representatives,** do not include **Agents or General Agents** ,**Registered Representatives,** whose relationship as such was terminated by the **Policyholder** for disciplinary reasons in conformance with the written practices and procedures in effect at the time of the termination of the relationship.

**Wrongful Act** means any negligent act, error or omission of, or **Personal Injury** caused by, the **Insureds** in rendering or failing to render **Professional Services**.

## IV. EXTENDED REPORTING PERIOD

A. If during the **Certificate Period** an **Agent or General Agent**, **Registered Representative**, ceases his or her status as such with the **Policyholder**, but had been insured under this Policy for at least six (6) months, such **Agent or General Agent, Registered Representative**, shall have an unlimited Extended Reporting Period, beginning on his/her date of termination during which time coverage for such **Agent or General Agent**, **Registered Representative**, shall continue in accordance with the terms and conditions of this Policy, but only with respects to **Wrongful Acts** (i) committed after the **Prior Acts Date**


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as defined in the Policy; (ii) committed before his/her termination date; and (iii) which are **Wrongful Acts** otherwise covered under the terms and conditions of this Policy.

B. If this Policy is cancelled or non-renewed by either the **Policyholder** or by Insurer, then all **Agents or General Agents**, **Registered Representatives**, who have been insured under this Policy for at least six (6) months, shall be entitled to an unlimited duration automatic extension of this Policy at no additional charge ("Automatic Extended Reporting Period") but only with respect to a **Claim** made during such Automatic Extended Reporting Period arising out of a **Wrongful Act** committed after the applicable **Prior Acts Date** but before the **Agent or General Agent's**, **Registered Representative's**, termination date or the expiration of the **Certificate Period**, whichever is earlier.

C. An **Agent, General Agent, Registered Representative**, shall not be entitled to any Extended Reporting Period, except a 30 Day Automatic Extended Reporting Period, if his or her relationship with the **Policyholder** ceases or is terminated less than 6 months after first enrolling for coverage under this Policy.

D. An **Agent, General Agent**, **Registered Representative**, shall not be entitled to any Extended Reporting Period (including an Automatic Extended Reporting Period) if he or she, at the time any **Claim** is made, is enrolled in any broker, dealer, life agent, registered representative, financial planning or professional liability policy, other than this Policy, whether or not that policy actually affords coverage for the **Claim** in question.

E. An **Agent**, **General Agent**, **Registered Representative** shall not be entitled to any Extended Reporting Period (including an Automatic Extended Reporting Period), if the Insurer has cancelled such **Agent's, General Agent's**, **Registered Representative's Certificate of Insurance** for non payment of premium when due.

## V. ESTATES, LEGAL REPRESENTATIVES AND SPOUSES

The estates, heirs, legal representatives, assigns spouses or **Domestic Partners** of **Insureds**, shall be considered **Insureds** under this Policy; provided however, that coverage is afforded to such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners** only for a **Claim** arising solely out of their status as such and, in the case of a spouse or **Domestic Partner**, where such **Claim** seeks damages from marital community property, jointly-held property or property transferred from the **Insured** to the spouse or **Domestic Partner**. No coverage is provided for any **Wrongful Act** of an estate, heir, legal representative, assign spouse or **Domestic Partner**. All terms and conditions of this Policy, including without limitation the Retention applicable to **Loss** incurred by the **Insured** shall also apply to **Loss** incurred by such estates, heirs, legal representatives, assigns, spouses or **Domestic Partners**.

## VI. LIMIT OF LIABILITY, RETENTION AND ALLOCATION

A. Each **Claim** and Aggregate per **Certificate of Insurance**

The Limit of Liability set forth in each **Certificate of Insurance** shall apply as follows:

1. Each **Claim –** per **Certificate of Insurance**

Subject to paragraph 2. below, the Limit of Liability of the Insurer for **Loss** for each covered **Claim** shall not exceed the amount stated in such **Insured's Certificate of Insurance**.


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2. Aggregate – per **Certificate of Insurance**

The Limit of Liability of the Insurer for **Loss** for all **Claims** in the aggregate shall not exceed the amount stated in such **Insured's Certificate of Insurance**.

B. Multiple **Insureds**

The Limits of Liability, shown in each **Certificate of Insurance**, shall be the Insurer's maximum Limit of Liability for all **Insureds** thereunder, regardless of the number of **Insureds**, **Claims** made or persons or entities making **Claims**.

C. Exhaustion of Limit of Liability

The Insurer's obligations under each **Certificate of Insurance** shall be deemed completely fulfilled and extinguished if the Limit of Liability thereunder is exhausted by payment of **Loss**.

D. Retention

Subject to the applicable Limit of Liability, the Insurer shall pay all covered **Loss** excess of all applicable Retentions, if any, set forth in the **Insured's Certificate of Insurance**. If more than one Retention is applicable to any single **Claim**, the maximum aggregate Retention for such **Claim** shall be the largest of such Retentions.

If the Insurer, in the exercise of its discretion and without any obligation to do so, pays any amount within the amount of the applicable Retention, the **Insured** shall be liable to the Insurer for any and all such amounts and, upon demand, shall pay such amounts to the Insurer.

E. **Interrelated Wrongful Acts**

More than one **Claim** involving the same **Wrongful Act** or **Interrelated Wrongful Acts** shall be considered as one **Claim** which shall be deemed to have been made on the earlier of:

1. the date on which the earliest such **Claim** was first made; or
2. the first date valid notice was given by an **Insured** and received by the Insurer under this Policy of any **Wrongful Act** or under any prior policy of any **Wrongful Act** or any fact, circumstance, situation, event or transaction which underlies any such **Claim**.

F. Allocation

If a **Claim** made against the **Insureds** includes both covered and uncovered matters or if a **Claim** is made against **Insureds** who are extended coverage under this Policy and others who are not extended coverage therefor under this Policy, the **Insureds** agree that there must be an allocation between insured and uninsured **Loss** (other than that part of **Loss** attributable to **Defense Costs**). The **Insureds** and the Insurer shall exert their best efforts to agree upon a fair and proper allocation between such insured and uninsured **Loss** based upon the relative legal exposures of the parties to such matters.


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## VII. NOTICE

A. If a **Claim** is made against any **Insured**, the **Insured** shall, as soon as practicable, notify the Insurer during the applicable **Certificate Period** or during a consecutive, immediately following **Certificate Period** and forward to the Insurer every demand, notice, summons, or other process received. The limits of insurance for the **Certificate Period** in effect on the date the **Claim** is reported to the Insurer shall apply.

In addition, in the event of cancellation or non-renewal of the **Certificate of Insurance**, the **Insured**, may report **Claims** made against the **Insured** during the **Certificate Period** or within 30 days immediately following the cancellation or non-renewal of such **Certificate of Insurance**.

In no event, however, shall the Insurer be responsible to pay any **Loss** in connection with any default judgment entered against an **Insured** prior to notice to the Insurer or as a result of untimely notice to the Insurer nor shall the Insurer be responsible to pay any **Loss** in connection with any **Claim** in which the Insurer's interests have been prejudiced because of the **Insured's** failure to supply timely notice to the Insurer.

B. If, during the **Certificate Period** the **Insured** first becomes aware of specific **Wrongful Acts** which may reasonably give rise to a future **Claim** and during such period give written notice to the Insurer of:

1. the names of the potential claimants and a description of the specific **Wrongful Act** which forms the basis of their potential **Claim**;
2. the identity of the specific **Insureds** allegedly responsible for such specific **Wrongful Act**;
3. the consequences which have resulted or may result from such specific **Wrongful Act**;
4. the nature of the potential monetary damages or non-monetary relief which may be sought in consequence of such specific **Wrongful Act**; and
5. the circumstances by which the **Insureds** first became aware of such specific **Wrongful Act**,

then any **Claim** otherwise covered under this Policy which is subsequently made against the **Insureds** and which arises out of such **Wrongful Act** shall be deemed to have been first made at the time such written notice was received by the Insurer. No coverage is provided for a **Claim** resulting from such **Wrongful Act** until such time as such **Claim** is reported to the Insurer in accordance with paragraph A. above.

C. Except as provided in paragraph B. above, a **Claim** shall be deemed to be made:

1. in the case of a civil proceeding or arbitration, on the earliest of the date of service upon or other receipt by any **Insured** of a complaint or similar document against the **Insured** in such proceeding or arbitration; or
2. in the case of a written demand for monetary damages, on the **Insured's** receipt of notice of such demand.

D. The **Insureds** shall give written notice to the Insurer at the address specified on the **Certificate of Insurance**, which shall be effective upon receipt.

E. The **Insureds** shall furnish the Insurer with copies of reports, investigations, pleadings, and all related papers and such other information, assistance and cooperation as the Insurer


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may reasonably request. The **Insureds** agree to cooperate with the Insurer, and provide all assistance and information reasonably requested by the Insurer. When requested by the Insurer, the **Insureds** shall submit to examination by a representative of the Insurer, under oath if required, and shall attend hearings, depositions, and trials and shall assist in the conduct of **Claims** including but not limited to effecting settlement, securing and giving evidence, obtaining the attendance of witnesses, giving written statements to the Insurer's representatives and meeting with such representatives for the purpose of investigation or defense, all of the above without charge to the Insurer.

## VIII. TERMINATION OF MASTER POLICY

A. Termination of Master Policy

This Master Policy shall remain continuously in effect until canceled by the Insurer or by the **Policyholder** as follows:

1. The Insurer may cancel this Policy: for any other reason by providing to **Policyholder** written notice stating when, not less than 60 days thereafter, such cancellation shall be effective.
2. This Policy may be canceled by the **Policyholder** by surrender of this Policy to the Insurer or by giving written notice to the Insurer stating when thereafter such cancellation shall be effective. The making of such notice by registered, certified or other first class mail, to the Insurer at the address shown in the **Certificates of Insurance**, shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

**Certificates of Insurance** in effect at the time of cancellation of the Policy shall remain in effect until the expiration date of the **Certificate of Insurance** as set forth in the **Certificate of Insurance** and **Claims** submitted under such **Certificates of Insurance** shall be otherwise governed by this Policy. In such event, each **Named Insured** will be notified of non-renewal pursuant to the requirements of the Cancellation/Nonrenewal Endorsement attached to the **Named Insured's Certificate of Insurance**.

## IX. OTHER INSURANCE

If any **Loss** resulting from any **Claim** is insured under any other policies, this Policy shall apply only to the extent the **Loss** exceeds the Limit of Liability under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this Policy.

## X. SUBROGATION AND RECOVERY

In the event of any payment under this Policy, the Insurer shall be subrogated to all the **Insured's** rights of recovery therefore against any person or organization, and the **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to prejudice such rights. Any amount recovered in excess of the Insurer's total payment shall be restored to the **Insured**, less the cost to the Insurer of recovery.

## XI. CHANGES


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Notice to any agent or knowledge possessed by an agent or by any other person shall not affect a waiver or a change in any part of this Policy, or stop the Insurer from asserting any right under the provisions of this Policy. The provisions of this Policy shall not be waived, changed or modified except by endorsement issued to form a part of this Policy.

## XII. NO ACTION AGAINST INSURER

No action shall be taken against the Insurer unless, as a condition precedent thereto, the **Insured** shall have fully complied with all terms of this Policy, or until the amount of the **Policyholder'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 such judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. Nothing contained in this Policy shall give any person or organization any right 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 in any such **Claim**.

## XIII. ASSIGNMENT OF INTEREST

Assignment of interest under this Policy shall not bind the Insurer unless its consent is endorsed to this Policy.

## XIV. TERRITORY

Except as provided in Section II. DEFENSE, Paragraph A.2. this Policy applies to **Wrongful Acts** which happen anywhere in the world, but only with respect to **Claims** made or suits brought against the Insured in the United States of America, its territories or possessions, or Canada.

## XV. ENTIRE AGREEMENT

The **Policyholder** agrees that this Policy, including the **Application**, any materials submitted or required to be submitted therewith, and any written endorsements attached, constitute the entire contract existing between **Insureds** and the Insurer or any of its agents relating to this insurance.

## XVI. EXCLUSIONS

The Insurer shall not be liable to pay any **Loss** in connection with any **Claim**:

A. **Prior Litigation**

based upon, directly or indirectly arising out of, or in any way involving facts alleged in any litigation against the **Insured** pending on or prior to the inception date of such **Insured's Certificate of Insurance**;

B. **Claims by Specified Persons or Entities**

by or on behalf of, or for the benefit of, whether directly or indirectly,

1. any parent, spouse, **Domestic Partner**, or child of the **Insured**
2. an entity in which one or more **Insureds**, at the time of the **Wrongful Act** giving rise to a **Claim**:


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i. had a total of ten percent (10%) or more equity interest, or
ii. operated, controlled, or managed;

3. an individual or entity which has, or did have at the time of the **Wrongful Act,** a total of ten percent (10%) or more equity interest in an entity **Insured** or operates, controls or manages an entity **Insured**;
4. any past or present **Insured**, whether it be an individual, class or derivative action, except and to the extent that such **Claim** is by an **Insured** in his or her capacity as a **Client**;
5. any governmental or quasi-governmental official or agency, including but not limited to any state or federal securities or insurance commission or agency, in any capacity;
6. any self-regulatory organization including, but not limited to, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation, in any capacity,

provided, however, that paragraphs 5. and 6. above shall not apply to any **Claim** by an official of such agency or organization if such official is bringing the **Claim** in his or her capacity as a direct **Client** of an Insured and not as an official of such agency or organization;

C. **Intentional Acts**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged dishonest, fraudulent, criminal, malicious, purposeful or intentional act, error or omission, or any actual or alleged willful violation of any statute or law as determined by a final adjudication in the underlying action or in a separate action or proceeding;

For purposes of determining the applicability of this Exclusion:

1. the facts pertaining to and knowledge possessed by any natural person **Insured** shall not be imputed to any other natural person **Insured**; and
2. only facts pertaining to and knowledge possessed by any executive officer shall be imputed to the **Insured** entity;

D**.** **Bodily Injury/Property Damage**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged bodily injury, sickness, disease, emotional distress, mental anguish or death of any person, or damage to or destruction of any tangible property, including loss of use thereof;

E**.** **Contractual Liability/Promises/Guarantees**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged

1. liability of others assumed by an **Insured** under any contract or agreement; provided, however, that this paragraph shall not apply to the extent that the liability would attach to an **Insured** in the absence of such contract or agreement; or
2. making or stating of any promises or guarantees as to interest rates or fluctuations in interest rates, the market value of any investment or insurance product, or future premium payments;

F. **Specified Services**

based upon, directly or indirectly arising out of, or in any way involving actual or alleged:


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1. performance of or failure to perform services by the **Insured** as:
   a. an actuary, accountant, attorney, property or casualty agent, real estate agent, or third party administrator; or
   b. a market maker or specialist in any securities; or
2. tax advice provided by the **Insured** except to the extent that such tax advice is an incidental part of the **Professional Services** being rendered;

G. **Premium/claim/tax monies**

based upon, directly or indirectly arising out of, or in any way involving:

1. the **Insured**'s inability or refusal to pay or collect premium, claim or tax monies; or
2. a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this paragraph 2. shall not apply to surrender charges;

H. **Commingling/Illegal Profit**

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged commingling or use of **Client** funds; or
2. any actual or alleged profit, remuneration or pecuniary advantage gained by any **Insured**, to which the **Insured** was not legally entitled;

as determined by a final adjudication in the underlying action or in a separate action or proceeding

For purposes of determining the applicability of this Exclusion:

1. the facts pertaining to and knowledge possessed by any natural person **Insured** shall not be imputed to any other natural person **Insured**; and
2. only facts pertaining to and knowledge possessed by any executive officer shall be imputed to the **Insured** entity;

I. **Insolvency**

based upon, directly or indirectly arising out of, or in any way involving the insolvency, receivership, conservatorship, liquidation, bankruptcy or inability to pay of a natural person, entity, benefit plan, insurance company, managed health care organization, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name), or limited partnership in which the **Insured** has placed business or obtained insurance coverage, or placed or recommended placement of the funds of a **Client**; however, notwithstanding the foregoing, the Insurer shall have the right and duty to defend the **Insured** in any suit alleging acts described above, provided the **Claim** arises from the **Insured's** placement of coverage with an admitted Insurer with an A.M. Best rating of "A-" or better at the time of placement;

J. **Employee Benefit Plans**

based upon, directly or indirectly arising out of, or in any way involving:

1. any actual or alleged pension, profit sharing, health and welfare or other employee benefit plan or trust sponsored by the **Insured** or any entity owned or controlled by the **Insured** or in which the **Insured** is a participant, trustee or named fiduciary, as defined under the Employee Retirement Income Security Act of 1974, as amended, or any similar common or statutory law; or


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2. the actual or alleged design of any employee benefit plan;

K. **Administration of Employee Benefit Plans**

based upon, directly or indirectly arising out of, or in any way involving the **Administration of Employee Benefit Plans**;

L**.** **Sale or Servicing of Certain Products**

based upon, directly or indirectly arising out of, or in any way involving the actual or alleged sale, attempted sale or servicing of any

1. coverage, alleged coverage or plan placed with any form of Multiple Employer Welfare Arrangement as defined by the Employee Retirement Income Security Act of 1974, as amended, or any employee benefits plan involving self funding in whole or in part, by any employer, union, or employment related entity;
2. structured settlements; structured notes, principal protected notes, life settlements; or similar transactions in which the present value of a conditional contract is exchanged or sold;
3. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPIN-LIFE) or any similar transactions; or
4. employee benefit plans (other than Group Life and Group Health plans) and KEOGH retirement plans;
5. limited partnerships, real estate investment trust, tenant in common (1031 exchanges) exchange traded funds, unit investment trust, auction rate securities, inverse exchange traded funds;
6. any life insurance policy in which the premium was paid for, in whole or in part, by or through any premium finance mechanism or any premium finance company;

M. **Discretionary Authority**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged activities in connection with the exercise of discretionary authority with regard to the management or disposition of assets (whether for individuals, groups, employee benefit plans, or other entities of whatever legal form or character);

N **Nuclear/Pollution**

based upon, directly or indirectly arising out of, or in any way involving:

1. any nuclear reaction, radiation or contamination; or
2. any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the **Insureds**, their security holders, or their creditors resulting from any of the aforementioned matters;

O**.** **Anti-trust**


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based upon, directly or indirectly arising out of, or in any way involving actual or alleged price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct; however, the knowledge of any such act by any **Insured** individual shall not be imputed to any other **Insured** individual; and only such knowledge of an executive officer shall be imputed to an **Insured** entity;

P**.** **Confidential or non-public information**

based upon, directly or indirectly arising out of or in any way involving the actual or alleged use, misuse or disclosure of:

1. confidential information**,** including but not limited to such use for the purpose of replacement of coverage; or
2. non-public information in a manner prohibited by the laws of the United States, including, but not limited to, the Insider Trading and Securities Fraud Enforcement Act of 1988, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, any similar laws of any other jurisdiction, or any rules or regulations promulgated under any of the foregoing, all as amended;

Q**.** **Unlicensed entity**

based upon, directly or indirectly, 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;

R**.** **Investment Banking Activities**

based upon, directly or indirectly arising out of, or in any way involving any actual or alleged underwriting, syndicating, or investment banking work, or associated counseling or investment activities, including but not limited to, any aspect of any actual, attempted or threatened mergers, acquisitions, divestitures, tender offers, proxy contests, leveraged buy-outs, going private transactions, reorganizations, capital restructuring, recapitalization, spin-offs, primary or secondary offerings of securities (regardless of whether the offering is a public offering or a Private Placement), other efforts to raise or furnish capital or financing for any enterprise or entity or any disclosure requirements in connection with any of the foregoing; provided, however, that this exclusion shall not apply to **Claim**s arising from sales by an **Insured** of securities in connection with an offering thereof where such **Claim**s relate solely to conduct by the **Insured** detrimentally relied upon by particular clients of the **Insured Broker/Dealer** and do not arise from facts or circumstances affecting the offering generally such as, but not limited to, actual or alleged misrepresentations or omissions in the formal written offering materials, including registration statements, offering memoranda and circulars;

S. **Owned funds or investment products**

based upon, directly or indirectly arising out of, or in any way involving any proprietary fund or investment products in which an **Agent or General Agent** or **Registered Representative** has any ownership interest;


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T. **Fiduciary Services**

based upon, directly or indirectly arising out of, or in any way involving investment advice provided by a Fiduciary Adviser if such investment advice is not provided pursuant to and in accordance with all of the requirements of the Pension Protection Act of 2006 as it may be amended;

U. **Wrongful Employment Practices**

based upon, directly or indirectly arising out of, or in any way involving employment practices including but not limited to discrimination or termination of employment;

V. **Class Action Claim**

that is a **Class Action Claim**; or

W. **Investment in Specified Securities or Funds**

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in any security that is not registered with the Securities and Exchange Commission;

## XVII. TRADE EMBARGOES AND SANCTIONS

This Policy does not provide coverage for **Insureds**, transactions or that part of **Loss** that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

## XVIII. HEADINGS AND NUMBER

The descriptions in the headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage. Defined terms in the singular also include the plural and defined terms in the plural also include the singular.

IN WITNESS WHEREOF, the Insurer has caused this Policy to be executed by its Chairman and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations.

Chairman

Secretary

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**MASTER POLICY**
**LIFE AGENT PROFESSIONAL LIABILITY AGGREGATE ENDORSEMENT**

It is agreed that solely with respect to those **Insureds** who are not residents of or practice in New York State, the Policy is amended as follows:

1. Aggregate Limits

   **Policy Year** Aggregate Limit of Liability: $15,000,000

   **Policy Year** Per **Claim** Aggregate Limit of Liability: $1,000,000

2. SECTION **III**. **DEFINITIONS** is amended to add a new definition as follows:

   **Policy Year** means the period of one year following the effective date of the **Policy Period** or any subsequent one-year anniversary thereof.

3. New paragraphs are added to SECTION **VI. LIMIT OF LIABILITY, RETENTION AND ALLOCATION** as follows:

   - Policy Aggregate:

     The amount set forth as the **Policy Year** Aggregate Limit of Liability in paragraph 1. of this Endorsement shall be the maximum Aggregate Limit of Liability of the Insurer for each **Policy Year**, regardless of the number of **Insureds**, **Claims** made, or persons or entities bringing such **Claims**. The **Policy Year** Aggregate Limit in effect at the time a **Certificate of Insurance** is issued shall be the applicable **Policy Year** Aggregate Limit for such **Certificate of Insurance** regardless of when such **Certificate of Insurance** expires.

   - Per **Claim** Aggregate:

     The amount set forth as the **Policy Year** Per **Claim** Aggregate Limit of Liability in paragraph 1. of this Endorsement shall be the maximum Aggregate Limit of Liability of the Insurer for each **Claim**, regardless of the number of **Insureds**, **Certificates of Insurance, Claims** made, or persons or entities bringing such **Claims**. The per **Claim** Aggregate Limit in effect at the time a **Certificate of Insurance** is issued shall be the applicable **Policy Year** Aggregate Limit for such **Certificate of Insurance** regardless of when such **Certificate of Insurance** expires.

4. SECTION **XVI. EXCLUSIONS** is amended to delete exclusion V. **Class Action Claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date: October 1, 2011

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## QUALIFIED PARTICIPANTS OF THE E&O PROGRAM

In consideration of the premium charged, it is hereby understood and agreed that this Policy is issued to the **Policyholder** for the benefit of qualified participants of the National Ethics Association E&O Program who are considered **Insureds** under the Policy.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date:

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## AMEND PRIOR ACTS DATE ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that Section III. DEFINITIONS, definition **Prior Acts Date** is deleted in its entirety and replaced with the following:

**Prior Acts Date** means:

- the date the **Insured** became continuously insured without interruption under any claims made professional liability policy (subject to written proof of such coverage at the time the **Insured** gives written notice to the Insurer of a **Claim** under this Master Policy).

  The **Named Insured** and any natural person who is a former or current secretarial, clerical or administrative employee of such **Named Insured** shall share the same **Prior Acts Date**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date:

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## AMEND INSURING AGREEMENT

In consideration of the premium paid, it is understood and agreed that Section **I. INSURING AGREEMENT**, subparagraph 2. is deleted in its entirety and replaced as follows:

2. the **Claim** is first made against any **Insured** during the current **Certificate Period**, or any Extended Reporting Period, if applicable, and reported to the Insurer in accordance with Section VII, NOTICE; and

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date: September 27, 2012

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## AMEND NOTICE

In consideration of the premium paid, it is understood and agreed that Section **VII. NOTICE**, subparagraph A. is deleted in its entirety and replaced as follows:

A. If a **Claim** is made against any **Insured**, the **Insured** shall, as soon as practicable, notify the Insurer during the current **Certificate Period** and forward to the Insurer every demand, notice, summons, or other process received. The limits of insurance for the **Certificate Period** in effect on the date the **Claim** is reported to the Insurer shall apply.

In addition, in the event of cancellation or non-renewal of the **Certificate of Insurance**, the **Insured**, may report **Claims** made against the **Insured** during the **Certificate Period** or within 30 days immediately following the cancellation or non-renewal of such **Certificate of Insurance**.

In no event, however, shall the Insurer be responsible to pay any **Loss** in connection with any default judgment entered against an **Insured** prior to notice to the Insurer or as a result of untimely notice to the Insurer nor shall the Insurer be responsible to pay any **Loss** in connection with any **Claim** in which the Insurer's interests have been prejudiced because of the **Insured's** failure to supply timely notice to the Insurer.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

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Policy No:
Endorsement No:
Effective Date: September 27, 2012

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## AMEND DEFINITION OF AGENT OR GENERAL AGENT

In consideration of the premium charged, it is understood and agreed that Section **III. DEFINITIONS**, the definition of **Agent or General Agent** is deleted in its entirety and replaced as follows:

**Agent or General Agent**, whether used separately or together, means

A. a natural person:
   1. who has met the criteria contained in the application for coverage;
   2. has paid the applicable premium; and
   3. whose enrollment is on file with the **Policyholder**.

B. any:

   1. corporation, partnership, or other business entity owned or controlled by such natural person referred to in A. of this definition, but solely with respect to the liability of such entity as it arises out of the rendering of or failing to render **Professional Services** by an **Insured Agent or General Agent**, as defined in A. of this definition.
   2. natural person who is a life insurance producer for any insurance company provided such natural person also qualifies under paragraph A. of this definition.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

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Policy No:
Endorsement No:
Effective Date: October 16, 2012

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## AMEND DEFINITION OF REGISTERED REPRESENTATIVE

In consideration of the premium paid, it is understood and agreed that Section **III. DEFINITIONS**, the definition of **Registered Representative** is deleted in its entirety and replaced as follows:

**Registered Representative** means:

A. a natural person:

1. who is registered with the Financial Industry Regulatory Authority as a registered representative or registered principal;
2. who has elected to enroll for coverage under this Policy; and
3. whose enrollment is on file with the **Policyholder**; or

B. any corporation, partnership or other business entity that is owned or controlled by such natural person, but solely with respect to the liability of such organization arising out of failing to render **Professional Services** by an **Insured Registered Representative**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

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Policy No:
Endorsement No:
Effective Date: October 16, 2012

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**DELETE DEFINITIONS OF RETIRED OR DISABLED AND RETIRED OR DISABLED AGENTS, GENERAL AGENTS, REGISTERED REPRESENTATIVES**

In consideration of the premium paid, it is understood and agreed that Section **III. DEFINITIONS**, the definitions of **Retired or Disabled** and **Retired or Disabled Agents**, **General Agents**, **Registered Representatives** are deleted in their entirety.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date: October 16, 2012

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## AMEND DEFINITION OF LOSS

In consideration of the premium paid, it is understood and agreed that Section **III. DEFINITIONS**, the definition of **Loss**, subsection A. is deleted in its entirety and replaced with the following:

A. criminal or civil fines or penalties imposed by law or taxes;

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

SPECIMEN



Policy No:
Endorsement No:
Effective Date: December 5, 2012

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