PREFERRED RISK E&O INSURANCE

National Ethics Association Sponsored Program

ERRORS & OMISSIONS INSURANCE - RIA

Application for Registered Investment Advisor Coverage

CNA

Administered by:

Marsh U.S. Consumer (a service of Seabury & Smith)
P.O. Box 8146
Des Moines, IA 50306-8146
Phone (866) 795-2041 | Fax (515) 243-2331

Each Agent must meet the criteria contained within this application in order to be considered an insured under the policy. By signing below, Agent hereby represents that the information contained herein is true, accurate and complete and that no material facts have been suppressed or misstated. Further, Agent understands and acknowledges that:

1. If the Applicant's enrollment is accepted, CNA will have relied upon, as representation, this application.
2. The misrepresentation of any material matter by the Applicant will render such Applicant's coverage under the Policy null and void.
3. An Insured's failure to report during their certificate period, either any claim made against any insured, or any act or omission known to any insured that may reasonably be expected to be the basis of a claim against any insured may create a lack of coverage.

Submission of this application does not ensure coverage will be provided unless it is submitted electronically via the website.

Step 1 Proposed Insured (Applicant) Information (Enrollment is available to individuals only)

This application is for: ☐ New Policy ☐ Renewing Policy

Name _____

Address _____

City _____

State _____ Zip _____

Phone _____

Fax _____

Email _____

How did you hear about us? _____

_____

Expiration date of your most recent E&O coverage _____

Are you a member of National Ethics Association (NEA)? YES☐ NO☐

If yes, provide your registered NEA e-mail address _____

_____

Step 2 Qualifying Questions

The Applicant (hereafter "you") must be able to respond "yes" to question 1. and "no" to questions 2. through 10. posed below in order to qualify for coverage. If you fail to answer question 1., or answer "no" you will not qualify for coverage and will not be insured under the policy for which you are applying. If you fail to answer questions 2. through 10., or answer "yes" you will not qualify for coverage and will not be insured under the policy for which you are applying.

Claims, Complaints and Disciplinary Action

1. Are you licensed in all the areas, in all jurisdictions for which you are purchasing coverage? YES☐ NO☐
2. Within the last seven (7) years, have you had a state or federally regulated license denied, suspended, revoked, restricted, or terminated? YES☐ NO☐
3. Within the last seven (7) years, have you been a defendant or respondent to any customer complaint or allegation that resulted in any type of adverse decision, enforcement action, adverse order, disciplinary sanction, or censure against you by any state or federal regulatory agency, or any other agency which complaint resulted in a payment, settlement, award and/or judgment of $50,000 or more? YES☐ NO☐
4. Within the last seven (7) years, have you been the subject of any investigation, inquiry, or complaint by any state or federal regulatory agency, or any other agency, alleging any violations of unethical conduct, prohibited sales practice, or breach of professional standards that resulted in any type of adverse decision, enforcement action, disciplinary sanction, or adverse order, such as a consent order, final order, or cease and desist-type order? YES☐ NO☐
5. Within the last seven (7) years, have you been convicted of any felony or business-related misdemeanor, or are you currently under investigation, awaiting indictment or named as a defendant, respondent, or party to any such criminal or civil action? YES☐ NO☐
6. Are you named in a pending customer complaint, arbitration or litigation that alleges damages of $50,000 or more? YES☐ NO☐
7. Within the last seven (7) years, have you been censured, fined, reprimanded, or otherwise disciplined by any state or federal regulatory agency, or any other agency? YES☐ NO☐
8. Within the last ten (10) years, have you declared bankruptcy? YES☐ NO☐
9. Are you currently the subject of any investigation, inquiry, or complaint by any state or federal regulatory agency, or any other agency that alleges damages of $50,000 or more? YES☐ NO☐
10. Have you ever been a defendant/respondent in a lawsuit and/or FINRA/NASD arbitration that resulted in a payment, settlement, award and/or judgment of $50,000 or more? YES☐ NO☐

☐ **YES** – I affirm that all questions answered on this application are true and correct to the best of my knowledge, information and belief.

Signature **X** _____ Date _____

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COVERAGE OPTIONS

Step 3 Select Your Coverage

Carrier: Continental Casualty Company (CNA)

Retentions:
$500 Per Insured for Life, Accident, Health Insurance, LTC Products (that does not require a securities license)
$2,500 Per Insured for Fixed or Indexed Annuities, Disability Income
$5,000 Per Insured for Variable Annuities/Variable Insurance (that requires a securities license), Mutual Funds, all other securities

Note: See Policy for complete list of coverage and exclusions at www.EOforLess.com

Please Choose an E&O Coverage Package...

Pricing for Non-Members

	Limits**	Ethics.net (NEA) Membership Fee*		Insurance Premium		Total Cost Includes NEA Membership Fee
A Registered Investment Advisor	$1M/Each Claim $1M/In the Aggregate	$156	+	$1,150	=	$1,306
B Registered Investment Advisor	$2M/Each Claim $2M/In the Aggregate	$156	+	$1,660	=	$1,816
C Registered Investment Advisor	$2M/Each Claim $3M/In the Aggregate	$156	+	$1,770	=	$1,926

NEA Member Fee Disclaimer
*For non-members of the National Ethics Association (NEA), there is an annual membership fee of $156 that is collected by Marsh and forwarded to NEA for your convenience. This annual fee covers your membership in the NEA which is required to participate in this group policy offering and is not part of the insurance transaction. You may also join NEA directly at www.ethics.net and then return and pay the insurance premium only by verifying your membership upon checkout. Marsh U.S. Consumer is a service of Seabury & Smith, Inc. d/b/a in CA Seabury & Smith Insurance Program Management | CA Ins. Lic #245544 | AR Ins. Lic. #063005

**$15,000,000 total Master Policy aggregate for all Non-New York Insureds.

Pricing for Members

	Limits**	Ethics.net (NEA) Membership Fee*		Insurance Premium		Total Cost
A Registered Investment Advisor	$1M/Each Claim $1M/In the Aggregate	$0	+	$1,150	=	$1,150
B Registered Investment Advisor	$2M/Each Claim $2M/In the Aggregate	$0	+	$1,660	=	$1,660
C Registered Investment Advisor	$2M/Each Claim $3M/In the Aggregate	$0	+	$1,770	=	$1,770

**$15,000,000 total Master Policy aggregate for all Non-New York Insureds.

PLEASE SELECT YOUR OPTION

Pricing for Members

- A ☐ $1,150 ($1M/$1M)
- B ☐ $1,660 ($2M/$2M)
- C ☐ $1,770 ($2M/$3M)

Pricing for Non-Members

- A ☐ $1,306 ($1M/$1M)
- B ☐ $1,816 ($2M/$2M)
- C ☐ $1,926 ($2M/$3M)

National Ethics Association Sponsored Program

PAYMENT METHOD

Step 4 Select Your Payment Method

Pay Annually, With Your Debit or Credit Card

☐ **CREDIT**

I authorize Marsh U.S. Consumer (a service of Seabury & Smith) to charge my total cost of coverage with my Debit or Credit Card. I understand that my annual payment due will be charged upon processing of my application. I understand that if my premium changes, I will be notified and my authorization adjusted accordingly. I agree to notify Marsh U.S. Consumer should my account information change.

☐ Visa ☐ MasterCard
☐ American Express

Total Amount Due (see page 2) **$** _____

Name as it Appears on the Card _____

Cardholder's Billing Address _____

City, State and ZIP _____

Card Number _____ Expiration Date _____

This signature authorizes Marsh U.S. Consumer to charge the Total Amount Due to this credit/debit card.

_____

☐ **CHECKING**

To pay annually by check, send check payable to: **Marsh U.S. Consumer**. Send payment to address listed to the right.

Total Amount Due (see page 2) **$** _____

Please Fax, or Mail to:

MARSH U.S. CONSUMER
(a service of Seabury & Smith)

Fax:
(515) 243-2331

Mail:
P.O. Box 8146
Des Moines, IA 50306-8146
Phone: (866) 795-2041

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POLICY HIGHLIGHTS

Administered by:

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Step 5 Review Policy Highlights

Overview:
Provides protection for your liability for wrongful acts in the rendering of or failure to render professional services. This includes (but is not limited to) services provided in the capacity as a Registered Investment Advisor or Investment Advisor Representative and only to the extent that the Registered Investment Advisor or Investment Advisor Representative has the appropriate license in both the Client's resident state or jurisdiction and the state or jurisdiction in which the business is conducted.

Plan Eligibility:
Coverage is subject to favorably answering all qualifying questions on the application.

Limits of Liability:
Option A
$1,000,000 each claim
$1,000,000 in the aggregate
Option B
$2,000,000 each claim
$2,000,000 in the aggregate
Option C
$2,000,000 each claim
$3,000,000 in the aggregate

$15,000,000 total Master Policy aggregate for all non-New York Insureds

Retentions:
$500 Per Insured for Life, Accident, Health Insurance, LTC Products (that does not require a securities license)
$2,500 Per Insured for Fixed or Indexed Annuities, Disability Income
$5,000 Per Insured for Variable Annuities/Variable Insurance (that requires a securities license), Mutual Funds, All other Securities

Additional Features Include:
- Competitive rates
- Prior Acts Coverage going back to the first continuous E&O policy subject to policy provisions
- Coverage for any corporation, partnership, or other business entity owned or controlled by an Insured for rendering or failing to render Professional Services
- Individual Annual policy term
- An unlimited extended reporting period at no additional charge subject to policy provisions

Additional Features, Continued:
- Quick and easy online enrollment with certificate available online upon satisfactory confirmation of premium payment
- Quick and easy online certificate renewal
- Coverage extended to spouses, domestic partners, estates, heirs or legal representatives for claims arising out of their status as such
- Secretarial, clerical and administrative personnel are insured if acting on behalf of the insured

Underwritten by:
Continental Casualty Company (CNA)
- $8.9 billion in revenues
- 100+ years in business
- 7,600 employees
- U.S., Canada and International Operations
- "A" rated for financial strength by A.M. Best
- 7th largest U.S. commercial lines insurer*
- Invested Assets of $45.5 billion
- Statutory surplus of $10.6 billion**
- 1 million business and professional policyholders

*Based on 2010 Net Written Premium, A.M. Best
**Continental Casualty Company

Administered by:
Marsh U.S. Consumer (a service of Seabury & Smith, Inc.). With 26,000 employees and annual revenues approaching $5 billion, Marsh serves more clients than any other firm in the industry. Marsh works with businesses, public entities, organizations, and private clients in over 100 countries.

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Des Moines, IA 50306-8146

Phone: 1-866-795-2041
Fax: 1-515-243-2331

This highlights sheet, which has been prepared by Marsh U.S. Consumer, contains a summary of the insurance policy provisions. In the instance of conflict between this sheet and the actual Policy, the Policy language will prevail and control. See the Policy for complete list of coverage and exclusions at www.eoforless.com.

Disclaimer: One or more of the CNA companies provide the products and/or services described. The information is intended to present a general overview for illustrative purposes only. It is not intended to constitute a binding contract. Please remember that only the relevant insurance policy can provide the actual terms, coverages, amounts, conditions and exclusions for an insured. All products and services may not be available in all states and may be subject to change without notice. CNA is a registered trademark of CNA Financial Corporation. Copyright ©2012 CNA. All rights reserved.

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Step 6 Authorization to Bind

THIS SIGNED FORM MUST ACCOMPANY YOUR APPLICATION.

PREFERRED RISK E&O INSURANCE

Marsh U.S. Consumer Insurance Compensation & Disclosure

In this transaction, Marsh U.S. Consumer is acting as the exclusive insurance agent and program manager for CNA, "Insurer" for this type of coverage, and not as your insurance broker. Alternative insurance products may be available in the insurance market place. Marsh is only offering this selected insurer quote proposal.

In accordance with industry custom, we are compensated through commissions that are calculated as a percentage of the insurance premiums charged by insurers. We may also receive additional monetary and nonmonetary compensation from insurers, or from other insurance intermediaries, which may be contingent upon volume, profitability, or other factors. This compensation may include payment from insurers for marketing related expenses or investments in technology. Our compensation may vary depending on the type of insurance purchased and the insurer selected. We will provide you additional information about our compensation and information about alternative quotes, upon your request.

You may obtain this information by referring to http://www.personal-plans.com/disclosure and enter in the security code o5055356, or call us at 1-888-206-5088 for specific details.

Authorization to Bind:

Coverage is underwritten by Continental Casualty Company, one of the CNA companies and offered through Marsh U.S. Consumer, a service of Seabury & Smith, Inc. The program has been organized as a purchasing group (Marsh Financial Services Professional Risk Purchasing Group), a not-for-profit corporation located and domiciled in Iowa pursuant to legislation enacted by Congress known as the Federal Liability Risk Retention Act of 1986 as amended. You will automatically become a member of the Purchasing Group when your completed application has been approved and your payment has been received.

☐ **YES**, I understand that maintaining a membership in the National Ethics Association (NEA) is a requirement for the Preferred Risk E&O Program. I have read and agree to abide by all the terms and conditions (http://www.ethics.net/membership/terms-conditions) for membership in the NEA. I understand that Marsh U.S. Consumer may share my personal information with NEA, including information in this application unless I specifically elect to opt out. I hereby acknowledge and am aware that this policy is a group policy and is subject to an overall policy aggregate of $15,000,000 for all Non-New York Insureds.

Your signature authorizes Marsh to bind coverage on your behalf for the above placement(s);

X _____ _____

Signature Date