

Frequently Asked E&O Questions

1. Who is Aon?

Aon has been appointed by Osaic as the insurance broker responsible for the placement of the E&O program. Aon plc is a leading global provider of risk management, insurance brokerage, and reinsurance brokerage solutions. Aon has been brokering Life Agents' and Broker Dealer professional liability programs for more than 35 years.

2. Who are our Insurers?

The primary insurer is Everest National Insurance Company. The excess insurer is QBE Insurance Corporation. Please refer to page of the E&O Handbook for carrier A.M. Best ratings.

3. What are my Limits of Liability?

The combined limits of liability between the primary and excess policies are \$5,000,000 each Claim/\$5,000,000 Aggregate per Insured. The per-Claim limit is the maximum the Insurers will pay for any one claim and the aggregate limit is the maximum the Insurers will pay per Policy Period. The first \$2,000,000 each Claim/\$2,000,000 Aggregate is provided by Everest, the primary insurer. The second \$3,000,000 each Claim/\$3,000,000 Aggregate is provided by QBE, the excess insurer. Please note, certain sublimits apply, see page of the E&O Handbook for details.

The total combined policy aggregate is \$60,000,000. The total policy aggregate does not apply to Insureds who live or work in the state of New York.

4. What is my retention?

The retention for all covered Claims is \$5,000 and applies to the payment of both Loss (Damages) and Defense Costs (Claim Expense).

5. What does "Claims Made and Reported" mean?

Coverage is written on a Claims Made and Reported basis which means that the policy applies to claims first made against you, and reported to the Insurer, during the Policy Period. You may not select counsel or incur any defense expense prior to advising Everest, as this may jeopardize coverage under the policy. Please refer to "What to do in the Event of a Claim" for further details.

6. Does the Insurer have a duty to defend me?

Yes, the Insurer has the right and duty to defend any Claim made against you within the terms of the policy. If a claim alleges dishonest, fraudulent or malicious acts, a defense will be provided only if there are covered allegations as well.

Does the Insurer have a duty to defend me (cont'd)?

Please remember that your coverage under the policy could be jeopardized if you admit liability, agree to any settlement or incur any expense without the prior consent of the E&O insurer.

Defense Costs are included in the Limits of Liability.

7. What is my Prior Acts Date (a/k/a Retroactive Date)?

Your Retroactive Date, also referred to as your Prior Acts Date, is your earliest date of continuously maintained contract with an Osaic Broker/Dealer. For a Claim to be covered under this policy, the actual or alleged error must have occurred on or after the Retroactive Date and prior to your termination date (if any). Subject to all other terms, conditions and exclusions.

8. What happens if my Registered Representative's contract is terminated during the Policy Period?

If your contract is terminated during the policy period, coverage automatically ceases on the date your contract terminates.

9. Are there any Extended Reporting Periods (aka “tail coverage” or “discovery periods”) available?

Yes, please refer to page of the E&O Handbook for details on the Extended Reporting Periods which may apply to you.

10. Are my Registered Assistance and/or Support Staff Covered under this policy?

All of an Insured's unlicensed support staff are Insureds under the policy. Licensed Registered Assistants and administrative employees are also Insureds under the policy but only while they are working solely in an administrative capacity and are NOT producing/selling securities or insurance. This extension is afforded only for activities in support of an Insured Registered Representative while providing covered Professional Services. Registered Assistants or Employees of Reps share limits of liability with the rep whom they support, are not eligible for Certificates of Insurance and should obtain their own E&O outside of the Osaic sponsored E&O plan if they are producing business or require a certificate of insurance to provide as proof of coverage to a third party.

11. Does the policy cover Trade Errors?

Yes, the policy does cover trade errors/cost of corrections claims, meaning an actual Wrongful Act in connection with the clearance, settlement or execution of trades, coverage is subject to the following:

- The retention per trade error claim will be \$5,000;
- The sublimit of liability for covered trade error claims is \$2,000,000 each Claim;
- The trade error must occur on a non-discretionary investment/trade order;
- The trade error is reported to the Insurer within five (5) business days of the discovery of the Trade Error by the Insured; and If not corrected such Trade Error would have resulted in a Claim by any customer or client of the Insured for loss for which the Insured would be liable and which, in the absence of any correction, would have constituted a valid covered claim for which the Insurer would be liable.