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FINANCIAL ADVISORS PROFESSIONAL LIABILITY – POLICY FORM FASE0851A | Edition 01/14**POLICY NUMBER:****CONTENTS:**

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In consideration of the payment of the premium, and in reliance on the **Application**, and subject to all the provisions of this Policy and the Declarations, Schedules and Endorsements attached hereto, all of which are made a part of this Policy, the Insurer and the **Policyholder**, on behalf of all **Insured(s)**, agree as follows:

I. INSURING AGREEMENTS

A. Professional Services

The Insurer shall pay on behalf of the **Insured Individual** all **Loss** for which the **Insured Individual** has become legally obligated to pay on account of any **Claim** first made against the **Insured Individual** during the **Policy Period** or the Extended Reporting Period, if applicable, and reported to the Insurer during the **Policy Period** or the Extended Reporting Period, as a result of any act, error or omission in the performance of **Professional Services** by the **Insured Individual** for a **Client** which took place after the retroactive date specified in **Item 9(A)** of the Declarations.

B. Failure to Supervise

The Insurer shall pay on behalf of the **Policyholder** all **Loss** for which the **Policyholder** has become legally obligated to pay as a result of any **Claim** first made against the **Policyholder** during the **Policy Period** or the Extended Reporting Period, if applicable, and reported to the Insurer during the **Policy Period** or the Extended Reporting Period, for the **Policyholder's Failure to Supervise** the **Insured Individual** (who is or was afforded coverage under this Policy) in the performance of **Professional Services** for a **Client**.

C. Vicarious Liability

The Insurer shall pay on behalf of the **Policyholder** all **Loss** for which the **Policyholder** has become legally obligated to pay as a result of any **Claim** first made against the **Policyholder** during the **Policy Period** or the Extended Reporting Period, if applicable, and reported to the Insurer during the **Policy Period** or the Extended Reporting Period, for the **Policyholder's** vicarious liability incurred in the performance of **Professional Services** by an **Insured Individual** who is or was afforded coverage under this Policy.

D. Regulatory Investigation

The Insurer shall pay on behalf of the **Insured Individual**, all **Defense Costs** for which the **Insured Individual** has to pay as a result of any **Claim** first made against the **Insured Individual** during the **Policy Period** or the Extended Reporting Period, if applicable, and reported to the Insurer during the **Policy Period** or the Extended Reporting Period, and incurred when required to appear before any governing Regulatory Body.

As a condition precedent to the coverage afforded by these Insuring Agreements, the **Insured(s)** shall give to the Insurer written notice of any **Claim** as soon as practicable after the **Insured(s)** first becomes aware of such **Claim**, but in no event later than thirty (30) days after the expiration or cancellation of the **Policy Period** or the Extended Reporting Period, if applicable.

II. COVERAGE EXTENSIONS

A. Spouses

The spouses and domestic partners of **Insured Individuals** shall be considered **Insured Individuals** under this Policy, but only for **Claims** arising solely out of their status as such, including those **Claims** which seek damages from marital community property, jointly held property or property transferred from the **Insured Individual** to the spouse or domestic partner.



The coverage extension afforded by this Subsection does not apply to any **Claim** alleging any act, error or omission by an **Insured Individual's** spouse. The term 'spouse' as used in this Policy shall include any natural person qualifying as a domestic partner under the provisions of any applicable federal, provincial or municipal law in Canada.

B. Estates and Legal Representatives

Coverage under this Policy shall extend to a **Claim** made against the estates, heirs, legal representatives or assigns of an **Insured Individual** who is deceased or against the legal representatives or assigns of an **Insured Individual** who is incompetent, insolvent or bankrupt for any act, error or omission in the performance of **Professional Services** of such **Insured Individual**.

The coverage extension afforded by this Subsection does not apply to any **Claim** alleging any act, error or omission by the **Insured Individual's** estates, heirs, legal representatives or assigns.

C. Extended Reporting Period

1. If the **Policyholder** cancels this Policy or the **Policyholder** or Insurer nonrenews this Policy, the **Policyholder** shall have the right to elect an Extended Reporting Period set forth in **Item 10** of the Declarations, during which any **Claim** first made against the **Insured(s)** shall be considered made during the **Policy Period**. This right shall lapse unless the Insurer receives written notice of the period elected together with payment of the additional premium due within thirty (30) days following the effective date of cancellation or nonrenewal.

The right to purchase the Extended Reporting Period shall not be available in the event of nonrenewal or cancellation of this Policy resulting from the failure to pay any premium due. The offer of renewal terms, conditions or premiums different from those in effect prior to renewal shall not constitute a refusal to renew.

The Extended Reporting Period shall apply only to any act, error or omission that takes place prior to the effective date of cancellation or nonrenewal.

The Extended Reporting Period is not cancelable and the additional premium paid for the Extended Reporting Period is deemed fully earned at the inception date thereof.

The Limit of Liability applicable to the Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the immediately preceding **Policy Period**.

2. If the **Insured Individual** becomes disabled, dies, or otherwise ceases to engage in the performance of **Professional Services** for which coverage has been provided, the **Insured(s)** or their heir, executor or legal representative shall have the right to purchase an Extended Reporting Period by paying within thirty (30) days after coverage is cancelled or nonrenewed, the additional premium as indicated in the schedule below.

Extended Reporting Period	Percentage of Annual Premium as Indicated on the Insured Individual's current Certificate of Insurance
1 Year	100%
2 Years	125%
3 Years	150%



4 Years	175%
5 Years	200%
6 Years	225%
7 Years	250%
8 Years	275%
9 Years	300%
10 Years	325%

This Extended Reporting Period will begin immediately following the date of cancellation or nonrenewal and cover **Claims** first made against the **Insured(s)** and reported to the Insurer during the Extended Reporting Period for any act, error or omission occurring prior to the effective date of cancellation or nonrenewal. The Limit of Liability for such Extended Reporting Period shall be the Limit of Liability set out in the **Insured Individual's Certificate of Insurance**.

The Limit of Liability applicable to the Extended Reporting Period shall be part of, and not in addition to, the Limit of Liability for the immediately preceding **Policy Period**.

Coverage afforded by the Extended Reporting Period for the benefit of the **Insured Individual** shall be cancelled immediately in the event the **Insured Individual** purchases or is otherwise afforded coverage by another policy which is a renewal or replacement to this Policy.

III. DEFINITIONS

- A. **Application** means each and every completed application accepted, any attachments to such applications, other materials submitted therewith or incorporated therein and any other such documents submitted in connection with the underwriting of this Policy or the underwriting of any other professional liability or errors and omissions liability policy issued by the Insurer, or any of its affiliates, of which this Policy is a renewal, replacement or which it succeeds in time.
- B. **Claim(s)** means the receipt by any **Insured(s)** of:
1. a written demand for monetary or non-monetary relief, including a written demand to engage in arbitration or mediation or toll or waive a statute of limitations;
 2. a civil, criminal, administrative or regulatory proceeding commenced by the service of a complaint or similar pleading, the filing of a notice of charges or the return or issuance of an indictment, information, arrest warrant or similar charging document, including a demand for the extradition of an **Insured Individual**; or
 3. a civil, criminal, administrative or regulatory investigation of the **Insured Individual** commenced by the service upon or receipt by the **Insured Individual** of a target letter or similar written notice from a government authority, including but not limited to the Ombudsman for Banking Services and Investment, identifying such **Insured Individual** as one against whom a proceeding may be commenced.
- C. **Certificate of Insurance** means the document issued to the **Insured Individual** outlining **Professional Services** covered, other terms and conditions as indicated elsewhere in this Policy and confirms eligibility for coverage under this Policy.
- D. **Client** means:



1. any natural person who receives **Professional Services** from an **Insured Individual** currently contracted with the **Policyholder**; or
 2. any entity who, pursuant to a written contract, receives **Professional Services** from an **Insured Individual** currently contracted with the **Policyholder**.
- E. **Defense Costs** means reasonable and necessary legal fees and expenses (other than regular or overtime wages, salaries, fees, benefits or overhead expenses of any **Insured(s)**) incurred by or on behalf of the **Insured(s)** in investigating, defending, opposing, settling or appealing **Claims**, and the premium for appeal, attachment or similar bonds. The Insurer, however, shall have no obligation to apply for or furnish such bonds.
- F. **Failure to Supervise** means the failure to prevent and detect violations of any securities laws, rules or regulations, and to establish, maintain and enforce procedures with respect to the performance of **Professional Services** by an **Insured Individual** to a **Client**.
- G. **Financial Impairment** means:
1. the appointment by any provincial, state or federal official, agency or court of any receiver, trustee, examiner, conservator, liquidator, rehabilitator or similar official to take control of, supervise, manage or liquidate the business of the **Insured(s)**; or
 2. the **Insured(s)** becoming subject to Court protection under the Companies' Creditors Arrangement Act in Canada (CCAA) or designated a debtor in possession within the meaning of the United States Bankruptcy Code or similar legal status under another foreign law.
- H. **Firm** means any agency, corporation, partnership or other organization employing one or more **Insured Individuals**.
- I. **Insured(s)** means the **Insured Individual** and the **Policyholder**.
- J. **Insured Individual(s)** means the following:
1. any individual who is a licensed Life Insurance Agent and Accident and Sickness Insurance Agent and is currently contracted with the **Policyholder**;
 2. any individual who is registered with the Mutual Fund Dealers Association (hereinafter referred to as the "MFDA"), maintains a contract with a Mutual Fund Dealer and is currently contracted with the **Policyholder**;
 3. any individual who is a registered representative with the Investment Industry Regulatory Organization of Canada (hereinafter referred to as "IIROC"), maintains a contract with a Securities Dealer and is currently contracted with the **Policyholder**;
 4. any individual who is a registered Exempt Market Dealing Representative under NI 31-103, maintains a contract with an Exempt Market Dealer and is currently contracted with the **Policyholder**;
 5. any employee of the **Insured Individual**, including licensed and unlicensed assistants, while acting in their duties as such. Coverage shall not apply to any employee for the performance of **Professional Services** as defined in Part III, Definitions, P.;



6. any manager or supervisor of the **Insured Individual**, but only with respect to liability arising out of the **Insured Individuals** activities in the performance of **Professional Services** as defined in Part III, Definition P.;
7. any **Personal Corporation**, but only with respect to liability arising out of the **Insured Individuals** activities in the performance of **Professional Services** as defined in Part III, Definition P.; and
8. any **Firm**, but only with respect to its vicarious liability incurred in the performance of **Professional Services** by an **Insured Individual** for a **Client**.

Any individual or entity seeking eligibility for coverage under this Policy based on the above caption definition for **Insured Individual** must produce a valid **Certificate of Insurance** in evidence of such coverage.

- K. **Interrelated Claims** means any **Claims** that have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally or logically connected facts, circumstances, situations, events, transactions or causes.
- L. **Loss** means the amount(s) which the **Insured(s)** become legally obligated to pay on account of a **Claim**, including damages, judgments, any award of pre-judgment or post-judgment interest, settlement amounts, costs and fees awarded pursuant to judgments, and **Defense Costs**.

Loss does not include:

1. any amounts for which the **Insured(s)** are legally or financially absolved from payment;
2. any investigative costs other than **Defense Costs** in connection with a **Claim**;
3. taxes or the loss of tax benefits, or fines or penalties imposed by law;
4. any amounts for which an **Insured Individual** is not financially liable or which are without legal recourse to an **Insured Individual**;
5. any reimbursement or return of remuneration, allowances, benefits, charges, commissions, fees, payments, or profits, whether obtained in fact through fraud or legal wrongdoing or not;
6. matters uninsurable under the law applicable to this Policy.

In determining the insurability of punitive or exemplary damages, or the multiplied portion of any multiplied damage award, it is agreed that the law of the jurisdiction most favorable to the insurability of those damages will control for purposes of resolving any dispute between the Insurer and the **Insured(s)**, provided that such jurisdiction is:

1. where the punitive, exemplary or multiplied damages were awarded or imposed;
2. where the act, error or omission underlying the **Claim** took place;
3. where either the Insurer or any **Insured(s)** is incorporated, has its principal place of business or resides; or



4. where this Policy was issued or became effective.

Notwithstanding the above, **Loss** shall include **defense costs** incurred by or on behalf of any **Insured Individual** in defending, settling, appealing or investigating **Claims** incurred pursuant to any **Professional Service** relating to tax legislation in Canada.

- M. **Personal Corporation** means a corporation owned solely by the **Insured Individual** or their spouse, is incorporated for the purpose of limiting personal liability, including tax liability. Such corporation has no other employees.
- N. **Policyholder** means the Company specified in **Item 2** in the Declarations.
- O. **Policy Period** means the period of time specified in **Item 3** in the Declarations, subject to prior termination of the Policy.
- P. **Professional Services** means the following services where indicated on each **Certificate of Insurance** which are performed or required to be performed by the **Insured Individual** for a **Client**. **Professional Services** shall include the following:

Coverage A activities relating to the sale of life insurance, accident and sickness insurance, hospitalization and medical insurance plans, group benefit administration service agreements, variable annuities and segregated funds;

Coverage B activities relating to the sale of financial products by an MFDA registered representative which are regulated by the MFDA and approved by the **Policyholder** (or the representative's licensed Mutual Fund Dealer at the time of such sale);

Coverage C activities relating to the sale of all financial products by an IIROC registered representative which are regulated by the IIROC and approved by the **Policyholder** (or the representative's licensed IIROC Dealer at the time of such sale);

Coverage D activities relating to the sale of all Exempt Market Products as defined and regulated by NI 31-103 and approved by the **Policyholder**.

Professional Services shall always include the following:

Coverage E activities relating to estate plans, personal financial plans, employee benefit plans, group plans, pension plans (including Registered Retirement Savings Plans and Registered Retirement Income Funds), profit sharing plans, retirement annuities, life, personal and disability plans, including guaranteed investment funds to any of the foregoing. Such guaranteed investment funds, as used herein, refer to funds consisting of property insured by the Canadian Deposit Insurance Corporation, other than insurance contracts such as investment vehicles of banks and trust companies;

Coverage F activities relating to sales management or supervisory positions held by **Insured Individuals** in the business referenced in A) through E) above.

- Q. **Relative** means a person related to the **Insured Individual** by marriage, including spouses, common law spouses, and domestic partners.



IV. EXCLUSIONS

The Insurer shall not be liable for **Loss** in connection with any **Claim** made against any **Insured(s)**:

- A. based upon, arising out of or attributable to any act, error, omission or circumstance which was the subject of any written and accepted notice of **Claim**, **Loss** or notice of potential **Claim** or potential **Loss** given before the inception of the **Policy Period** under any similar professional liability insurance policy;
- B. based upon, arising out of or attributable to any act, error, omission or circumstance which:
 - 1. on or prior to the Retroactive Date set forth in **Item 9(A)** of the Declarations, any **Insured Individual** knew or could have reasonably foreseen as the basis for giving rise to a **Claim**; or
 - 2. on or prior to the Retroactive Date set forth in **Item 9(B)** of the Declarations, any **Policyholder** knew or could have reasonably foreseen as the basis for giving rise to a **Claim**;
- C. based upon, arising out of or attributable to the **Financial Impairment** of any **Insured(s)**;
- D. for any actual or alleged bodily injury, mental anguish, emotional distress, sickness, disease or death of any person or damage to or destruction of any tangible property including loss of use thereof;
- E. based upon, arising out of or attributable to:
 - 1. any profit, remuneration or advantage to which an **Insured(s)** was not legally entitled, if established by a final and non-appealable adjudication adverse to such **Insured(s)** in the underlying action; or
 - 2. any willful violation of any statute or regulation or any deliberately criminal or fraudulent act, error or omission by an **Insured Individual**, if established by a final and non-appealable adjudication adverse to such **Insured Individual** in the underlying action;

However, this exclusion shall not apply to **Loss** in connection with any **Claim** which includes allegations of fraud in the performing of **Professional Services** or in the failure to perform **Professional Services**;

- F. based upon, arising out of or attributable to any express warranties or guarantees made in connection with the performance of **Professional Services**;
- G. based upon, arising out of or attributable to any **Claim** initiated by one or more **Insured Individual(s)** against any other **Insured Individual(s)**. However this exclusion shall not apply if an **Insured Individual** initiates a **Claim** against another **Insured Individual** in the sole capacity of a **Client**;
- H. based upon, arising out of or attributable to any liability assumed under any contract or agreement provided that this exclusion shall not apply to liability which would have attached to an **Insured Individual** in the absence of the contract or agreement;
- I. based upon, arising out of or attributable to any **Claims** resulting from any suit, legal action or judicial proceeding initiated by a Life Insurance Company or Agency against an **Insured(s)**;
- J. based upon, arising out of or attributable to any **Claims** arising out of the collection, transmission, payment or transfer of any insurance premiums, taxes, money or securities or any amounts from the settlement of a **Loss**;



- K. based upon, arising out of or attributable to any **Claims** resulting from **Professional Services** for which an **Insured Individual** did not have the appropriate license or registration in either the **Client's** resident province or in the province in which the **Professional Services** were provided. However, an **Insured Individual** is deemed to be licensed and registered if they are operating under an exemption granted by the appropriate regulator;
- L. based upon, arising out of or attributable to the performance of or failure to perform services for any person or entity:
 - 1. which is controlled by any **Insured Individual**; or
 - 2. which owns or controls any **Insured Individual**; or
 - 3. which is affiliated with an **Insured Individual** through common ownership or control;
- M. based upon, arising out of or attributable to any **Claim** arising out of the performance of **Professional Services** provided to a **Relative** of an **Insured Individual**;
- N. based upon, arising out of or attributable to any **Claims** resulting from any **Insured's** willful violation of any statute, law, by-law, rule or regulation of any securities regulatory agency;
- O. based upon, arising out of or attributable to any **Claims** resulting from any suit, legal action or judicial proceeding initiated by a securities broker/dealer or any investment company against an **Insured Individual**;
- P. based upon, arising out of or attributable to any **Claims** resulting from an **Insured Individual's** unauthorized use of trade secrets, intellectual property, confidential or proprietary information, or insider trading;
- Q. based upon, arising out of or attributable to any **Claims** resulting solely from the **Insured Individual's** status as a named fiduciary or power of attorney. However, this exclusion shall not apply if the **Insured Individual**, as defined in Section III, Definition J, Subsections 1-4, has limited power of attorney of an investment account which is signed by a **Client**;
- R. based upon, arising out of or attributable to any **Claims** resulting from an **Insured Individual's** failure to disclose any entitlement, compensation, referral fee or other arrangement which the **Insured Individual** may receive solely from any third party in connection with the **Professional Services** provided to a **Client** by an **Insured Individual**;

V. LIMIT OF LIABILITY

- A. The Insurer's maximum aggregate liability under Insuring Agreements A, C and D for each **Loss** arising from **Claims** first made during the **Policy Period** shall be the Limit of Liability set forth in **Item 4(A), 4(C) and 4(D)** of the Declarations respectively.
- B. The Insurer's maximum aggregate liability under Insuring Agreement B for all **Loss** arising from all **Claims** first made during the **Policy Period** shall be the Limit of Liability set forth in **Item 4(B)** of the Declarations.
- C. **Defense Costs** are part of, and not in addition to, the Limits of Liability set forth in **Item 4** of the Declarations and payment by the Insurer of **Defense Costs** reduces and may totally exhaust such Limits of Liability.



- D. If the Limit of Liability is exhausted by payment of **Loss**, the Insurer's obligations under this Policy shall be completely fulfilled and extinguished.
- E. All **Claims** arising from the same act, error or omission and all **Interrelated Claims** received by the **Insured Individual** concerning the same facts or circumstances shall be deemed one **Claim**. All such **Claims** shall be deemed to be first made on the date the earliest of such **Claims** is first made against any **Insured Individual** or is received by any **Insured Individual**, whether before or during the **Policy Period**.
- F. All **Claims** arising from the same act, error or omission and all **Interrelated Claims** received by the **Policyholder** concerning the same facts or circumstances shall be deemed one **Claim**. All such **Claims** shall be deemed to be first made on the date the earliest of such **Claims** is first made against the **Policyholder** or is received by the **Policyholder**, whether before or during the **Policy Period**.

VI. DEDUCTIBLE

- A. The Insurer shall be liable for only that part of **Loss** arising from a **Claim** which is excess of the applicable Deductible set forth in **Item 5** of the Declarations and such Deductible shall be borne by the **Insured(s)** uninsured and at their own risk. If a single **Claim** is subject to more than one Deductible, the applicable Deductibles shall apply separately to each part of such **Claim**, but the maximum total Deductible applicable to such **Claim** shall not exceed the largest applicable Deductible.

VII. DEFENSE AND SETTLEMENT

- A. The Insurer will have the right and duty to defend all **Claims**. The Insurer will appoint legal counsel in relation to **Claims** at its sole discretion.
- B. The **Insured(s)** shall not incur any **Defense Costs**, admit or assume any liability, settle, offer to settle, stipulate to any judgment or otherwise assume any contractual obligation with regard to any **Claim** without the Insurer's prior written consent, which shall not be unreasonably withheld. The **Insured(s)** shall not knowingly take any action which increases the Insurer's exposure for **Loss** under this Policy. The Insurer shall not be liable for any settlement, **Defense Costs**, assumed obligation, admission or stipulated judgment to which it has not consented. However, if all **Insured(s)** are able to fully and finally dispose of, with prejudice, all **Claims** subject to one Deductible for an amount, including **Defense Costs**, not exceeding the applicable Deductible, then the Insurer's consent shall not be required.
- C. The **Insured(s)** shall provide the Insurer with all information, assistance and cooperation which the Insurer reasonably requests and shall do nothing that may prejudice the Insurer's potential or actual rights of recovery with respect to **Loss** paid. However, the failure of one **Insured Individual** to comply with this provision shall not impair the rights of any other **Insured Individual** under this Policy.
- D. If the Insurer is willing to accept the judgment of the trial or appellate court or any negotiated settlement or settlement offer and the **Insured(s)** is not willing to accept such judgment or settlement, the Insurer's liability for any **Loss** incurred after the Insurer indicated its willingness to accept such judgment or settlement, shall be limited to the amount for which the Insurer could have resolved the **Claim** plus an additional fifty percent (50%) of that amount. Nothing in this provision will cause the Insurer's liability to exceed the applicable Limit of Liability set forth in the Declarations.
- E. The Insurer's right and duty to defend and pay on the **Insured(s)** behalf ends when the Insurer has used up the applicable Limit of Liability in payment of **Loss**.
- F. Subject to Section XII, General Conditions, Subsection A., the Insurer shall advance **Defense Costs** on a



current basis provided that to the extent it is finally established that any such **Defense Costs** are not covered under this Policy, the **Insured(s)**, severally according to their respective interest, shall repay such **Defense Costs** to the Insurer.

VIII. PRIORITY OF PAYMENT

- A. The Insurer shall be entitled to pay **Loss** as it becomes due and payable under this Policy without consideration of other future payment obligations. However, if such **Loss** exceeds the remaining applicable Limit of Liability, the Insurer shall pay such **Loss**, subject to such limit, in the following priority:
1. first, the Insurer shall pay all **Loss** covered under Insuring Agreement A; and
 2. second, the Insurer shall pay all other **Loss** covered under Insuring Agreement D; and
 3. third, the Insurer shall pay all other **Loss**.

IX. ALLOCATION

- A. If in any **Claim** the **Insured(s)** incur **Loss** jointly with others (including other **Insured(s)**) who are not afforded coverage under this Policy for such **Claim** or incur both **Loss** covered by this Policy and other amounts which are not covered by this Policy, the **Insured(s)** and the Insurer shall allocate such amounts between covered **Loss** and uncovered loss based on the relative legal and financial exposures of the parties to covered and uncovered matters. The Insurer's obligation shall relate only to those sums allocated to amounts and **Insured(s)** which are afforded coverage. If the **Insured(s)** and the Insurer cannot agree on an allocation of **Defense Costs**, the Insurer shall advance **Defense Costs** which the Insurer believes to be covered under this Policy until a different allocation is negotiated, arbitrated or judicially determined. In such event, such allocation shall be applied retroactively to all **Defense Costs**.

X. AWARENESS PROVISION

- A. If during the **Policy Period** any **Insured(s)** becomes aware of circumstances which could give rise to a **Claim**, and the **Insured(s)** gives written notice of such circumstances to the Insurer during the **Policy Period**, then any **Claim** subsequently arising from such circumstances shall be considered to have been made during the **Policy Period** in which the circumstances were first reported to the Insurer. No coverage shall be provided for fees and expenses incurred prior to the time such circumstances result in a **Claim**.
- B. The **Insured(s)** shall, as a condition precedent to exercising their rights hereunder:
1. include with any notice of circumstances a description of such circumstances, the nature of the potential act error or omission, the nature and extent of the potential **Loss**, the names of the potential claimants, and the manner in which the **Insured(s)** first became aware of such circumstances; and
 2. give the Insurer such additional information and cooperation as it may reasonably require.

XI. NOTICES

- A. All notices under any provision of this Policy must be made in writing and delivered by prepaid express courier, certified mail, fax or email. Notices to the **Insured(s)** shall be considered delivered when given to the **Policyholder**. Notices to the Insurer shall be given to the appropriate party at the address set forth in **Item 11** in the Declarations. Notices given as described above shall be deemed to be received and effective



upon actual receipt thereof by the addressee or one day following the date such notices are sent, whichever is earlier.

XII. GENERAL CONDITIONS

A. Representations

In granting coverage to any one of the **Insured(s)**, the Insurer has relied upon the statements made in the **Application** for this Policy and all information provided to the Insurer and upon the statements in the original application submitted to another insurer with respect to prior coverage incepting as of the Retroactive Date, if any, set forth in **Item 9(A)** with respect to an **Insured Individual** or **Item 9(B)** with respect to the **Policyholder**. All such statements shall be deemed material to the acceptance of the risk covered by the Insurer, are the basis of this Policy and shall be incorporated in and constitute part of this Policy.

B. Severability of Interests

In the event that a **Claim** is made against more than one **Insured**, it is agreed that the obligation of the Insurer under this Policy is the same as if separate a policy(ies) had been issued to each. The total amount payable hereunder on behalf of all **Insured's** and notwithstanding the number of **Insureds** involved, shall not exceed the limit of the Insurer's liability stated in the Declarations.

C. Cancellation, Nonrenewal

1. The **Policyholder** may cancel this Policy during the **Policy Period** by giving the Insurer advance written notice of cancellation stating when thereafter such cancellation will be effective. In such event, the Insurer shall refund any unearned premium calculated on a pro rata basis.
2. The **Insured Individual** may cancel his/her **Certificate of Insurance** during the **Policy Period** by giving the Insurer advance written notice of cancellation stating when thereafter such cancellation will be effective. In such event, the Insurer shall refund any unearned premium calculated on a pro rata basis.
3. The Insurer may only cancel this Policy in the event of nonpayment of premium by giving the **Policyholder** written notice of cancellation at least twenty (20) days before the effective time of cancellation.
4. Notice of cancellation shall state the effective time of cancellation. The **Policy Period** shall end at that time.
5. If this Policy is cancelled, the Insurer shall send the **Policyholder** any premium refund as soon as practicable. The return or tender of a return premium is not a condition precedent to the cancellation becoming effective at the time stated in the cancellation notice.
6. If the Insurer decides not to renew this Policy, the Insurer shall provide written notice of nonrenewal, stating the reason(s) therefore, to the **Policyholder** at least one hundred twenty (120) days prior to the expiration of the **Policy Period**. The offer of renewal terms, conditions, premiums or limits different from those in effect prior to renewal by the Insurer or any affiliate of the Insurer shall not constitute a nonrenewal. If any controlling law requires a longer period of notice by the Insurer, the Insurer shall give such longer notice.



D. Changes to Insured(s)

1. If during the **Policy Period** the **Policyholder** merges into or consolidates with another organization such that the **Policyholder** is not the surviving entity, or any person, entity or affiliated group of persons or entities acquires securities or voting rights which result in ownership or voting control by the other person(s) or entity(ies) of more than fifty percent (50%) of the voting, appointment or designation power for the selection of managing partners, directors or equivalent executives of the **Policyholder**, then coverage under this Policy shall continue until the end of the **Policy Period** or the Extended Reporting Period, if applicable, but only for acts, errors or omissions taking place prior to such merger, consolidation or acquisition.
2. If during the **Policy Period** the **Insured Individual** ceases to be contracted with the **Policyholder**, then coverage under this Policy shall continue until the end of the **Policy Period** or the Extended Reporting Period, if applicable, but only with respect to Insuring Agreements B and C and only for acts, errors or omissions taking place prior to the cessation of such contract.

E. Other Insurance

If any **Loss** arising from any **Claim** is insured by any other policy(ies), prior or current, then this Policy shall apply only in excess of the amount of any deductibles, retentions, and limits of liability under such other policy(ies) whether such policy(ies) is stated to be primary, contributory, excess, contingent or otherwise, unless such policy(ies) is written to be specifically excess of this Policy by reference in such other policy(ies) to this Policy's Policy Number indicated in the Declarations.

F. Territory

This Policy shall apply to **Claims** made against an **Insured(s)** anywhere in the World provided that all suits or judicial proceedings are brought against an **Insured(s)** in Canada, the United States of America, its territories or possessions or the District of Columbia.

G. Valuation and Currency

All premiums, limits, Deductibles, **Loss** and other amounts under this Policy are expressed and payable in the currency of Canada. If judgment is rendered, settlement is denominated or another element of **Loss** under this Policy is stated in a currency other than Canada, payment under this Policy shall be made at the rate of exchange published in the *Globe and Mail* on the date the judgment becomes final or payment of the settlement or other element of **Loss** is due.

H. Subrogation

In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the **Insured(s)** rights of recovery, and the **Insured(s)** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit in the name of the **Insured(s)**.

I. Action Against Insurer

No action shall lie against the Insurer unless, as a condition precedent thereto, there has been full compliance with all the terms of this Policy. No person or organization shall have any right under this Policy to join the Insurer as a party to any action against the **Insured(s)** to determine the **Insured(s)**' liability, nor shall the Insurer be impleaded by the **Insured(s)** or their legal representatives.



J. Bankruptcy

Bankruptcy or insolvency of the **Policyholder** or of any **Insured Individual** shall not relieve the Insurer of its obligations nor deprive the Insurer of its rights or defenses under this Policy.

K. Authorization

By acceptance of this Policy, the **Policyholder** agrees to act on behalf of the **Insured(s)** with respect to the giving and receiving of any notice provided for in this Policy (except the giving of notice to apply for any Extended Reporting Period), the payment of premiums and the receipt of any return premiums that may become due under this Policy, and the agreement to and acceptance of endorsements, and the **Insured's** agree that the **Policyholder** shall act on their behalf.

L. Alteration and Assignment of Interest

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is signed by an authorized representative of the Insurer. The **Insured's** agree that this Policy constitutes the entire agreement between the **Insured(s)** and the Insurer, or any of their agents or brokers. Notice to or knowledge possessed by the Insurer, the **Insured(s)** or any agent, broker or other person acting on behalf of the **Insured(s)** or Insurer shall not effect a waiver of or estop the Insurer or the **Insured(s)** from asserting any rights under this Policy.

M. Right to Audit

The Insurer may, at its discretion, inspect the premises of the **Insured(s)**. In relation to the intent of this Policy, the Insurer may also examine the financial records and files of the **Insured(s)** during the **Policy Period** and during the two (2) years which follow its expiry or cancellation provided that notice of forty-eight (48) hours is given to the **Insured(s)**.

N. Suspension of Permit

If the **Policyholder** has its permit or license to practice suspended by virtue of the laws governing its practice, or if a provisional administration is imposed by governmental authority, notice must be given to the Insurer within a period of not more than thirty (30) days from such suspension or provisional administration.

O. Headings

The descriptions in the headings and subheadings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.

XIII. GOVERNING LAW

It is agreed that any interpretation of the coverage afforded by this Policy, including by reference any terms, conditions and provisions contained herein, will be governed by the laws of the province in Canada in which this Policy is issued.

For the purposes of the Insurance Companies Act (Canada), this document was issued in the course of AXIS Reinsurance Company (Canadian Branch)'s insurance business in Canada.



FINANCIAL ADVISORS PROFESSIONAL LIABILITY (SPONSOR)

In witness whereof, we have caused this Policy to be executed and attested, but this Policy will not be valid unless countersigned on the Declarations Page by one of our duly authorized representatives.

A handwritten signature in black ink, appearing to read "Andrew M. Weissert".

Andrew M. Weissert
Secretary

A handwritten signature in black ink, appearing to read "Robert Looney".

Robert Looney
President & CEO

A handwritten signature in black ink, appearing to read "Darin Scanzano".

Darin Scanzano
Chief Agent