



**HIGHLIGHTS OF THE ERRORS AND OMISSIONS INSURANCE
PROGRAM
2017 – 2018**

**For the Registered Representatives of
HD Vest Investment ServicesSM
and
For the Investment Advisory Representatives of
HD Vest Advisory ServicesSM**

**Insurer
Continental Casualty Company (CNA)
125 Broad Street, 8th Fl.
New York, NY 10004**

**Policy Number
425546815**

**Policy Period
12:01 a.m. May 1, 2017 to 12:01 a.m. May 1, 2018**

**Broker
Aon Risk Services Northeast, Inc.
199 Water Street
New York, NY 10038**

THIS OUTLINE PROVIDES GENERAL INFORMATION REGARDING THIS PROFESSIONAL LIABILITY PROGRAM. IT IS NOT PART OF THE POLICY, NOR DOES IT MODIFY OR SERVE AS A CONCLUSIVE STATEMENT OF ITS TERMS. IT IS NOT INTENDED TO INTERPRET THE TERMS OF THE POLICY NOR TO BE LEGAL ADVICE, BUT RATHER TO SUMMARIZE THE COVERAGE PROVIDED BY THIS PROGRAM.

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**HIGHLIGHTS OF THE ERRORS AND OMISSIONS PROGRAM
FOR THE REGISTERED REPRESENTATIVES OF
HD VEST INVESTMENT SERVICES
AND
FOR THE INVESTMENT ADVISORY REPRESENTATIVES OF
HD VEST ADVISORY SERVICES**

Insurer: Continental Casualty Company (CNA)
125 Broad Street, 8th Fl.
New York, NY 10004

Policy Number: 425546815

Policy Period: May 1, 2017 to May 1, 2018

**Limits of Liability: *
(Defense Costs
Included in the Limits)** **Option 1 – Securities & Insurance Products
(Registered Rep Coverage Only)**
\$500,000 each Claim/\$500,000 Aggregate per Insured*

\$1,000,000 each Claim/\$1,000,000 Aggregate per Insured
for life insurance, health insurance and fixed annuity sales

**Option 2 – Accounting, Securities, and Insurance Products
(Registered Rep and Accounting Tax Services)**
\$500,000 each Claim/\$500,000 Aggregate per Insured*

\$1,000,000 each Claim/\$1,000,000 Aggregate per Insured
for life insurance, health insurance and fixed annuity sales

Policy Aggregate: \$10,000,000 (Not applicable to New York Advisors)

** There is an option to increase the sublimit of \$500,000 each Claim/\$500,000 aggregate each Insured to \$1,000,000 per Claim/\$1,000,000 aggregate per Insured for accounting services, variable annuities, mutual funds and securities approved by HD Vest Investment Services.*

**Retentions:
(Applies to Damages &
Defense Costs)** \$5,000 each Claim
\$10,000 each Claim involving Trade Errors
\$2,500 each Claim involving Accounting Services

QUESTIONS AND ANSWERS

FOR ENROLLMENT, PREMIUM PAYMENT QUESTIONS & CERTIFICATES OF INSURANCE PLEASE CONTACT:

Affinity Insurance Services, Inc. (Aon)
Phone: 866.231.1998
Fax: 877.443.9183
Email: info@agents-eo.com
Web: www.hdv.agents-eo.com

FOR COVERAGE INQUIRIES PLEASE CONTACT:

Lainee Beigel or Jeanette Younger
Aon Risk Services Northeast, Inc. (Aon)
Phone: 866.231.1998
Phone: 844.495.9362
Email: Lainee.Beigel@aon.com
Email: Jeanette.Younger@aon.com

I. What's New for 2017?

The following coverage enhancements have been added to the policy:

- Subpoena Expenses coverage – subject to a sublimit of \$10,000 per Insured;
- Department of Insurance (DOI) inquiry costs coverage – subject to a sublimit of \$5,000 per inquiry; and
- Pre-Claims Assistance coverage – subject to a sublimit of \$10,000 per potential claim.
- Coverage for 3(38) Fiduciary Services added which extends to Department of Labor (DOL) conflict of interest provisions as they relate to retirement investment advice. Claims arising from 3(38) Fiduciary Services are subject to a \$10,000 Retention.

II. Who is the Insurer?

Continental Casualty Company, a CNA member company, is the insurer of this program. Continental Casualty has been assigned an A.M. Best Rating of A (Excellent) as of February 2016.

III. Who is Covered?

Advisors

HD Vest Advisors who are affiliated with HD Vest Investment ServicesSM and/or HD Vest Advisory ServicesSM (hereinafter, “HD Vest”) who have enrolled in the HD Vest sponsored Errors & Omissions (E&O) Program (the “E&O Program”) by electing at a minimum the Securities & Insurance coverage and have paid the participation fee are covered under the policy.

Your Corporation

Any corporation, partnership, or other business entity, which is owned or controlled by you, or for which you provide professional services, are considered insureds; however, coverage only applies to operations of the business entity directly related to the Professional Services rendered by an Insured Advisor.

Your Employees

Any of your current secretarial, clerical or administrative staff (including those performing bookkeeping or tax preparation), employees of the **Agent, General Agent, Registered Representative or Registered Investment Adviser** solely for services performed within his or her capacity as such an on behalf of the Insured Advisor and provided that they did not receive any commission income pursuant to a contract with any insurance company or broker/dealer as a result of rendering Professional Services on behalf of the Insured Advisor.

Retired or Disabled Insured Advisor

Any Insured Advisor who retires or becomes disabled during the policy period.

***Important Note:** Employees and Corporations do not have their own limits; they share the coverage afforded to the Insured Advisor.*

IV. What Professional Services are covered?

Registered Advisor

Subject to all terms and conditions of the Policy, the definition of Professional Services includes: securities products and services approved by and provided through HD Vest, investment advisory products and services approved by and provided through HD Vest Advisory Services, and insurance products and services approved by and provided through H.D. Vest Insurance Agency, LLC, or any other company (i.e., the sale of life, accident and health insurance and fixed annuities). *[You must list your insurance products on your other business disclosure reporting form].*

Accounting Professional

If you elect the optional Accounting Coverage extension, Professional Services shall also include services as an Accounting Professional: bookkeeping, issuance of compilation reports, reviews of unaudited financial statements, management, advisory or consulting services with respect to improving business efficiency, tax advice, preparation of tax returns and acting as an enrolled agent or CPA representing Clients before the Internal Revenue Service. **There is no coverage for audit services.**

Regulatory Claims Coverage

The E&O Program provides a sub-limit of liability of \$50,000 per Insured Advisor for claims arising out of governmental and self-regulatory investigations that are related to a Claim (as this term is defined in the applicable policy). Please refer to page 7 for additional details.

Privacy Claims Coverage

The E&O Program includes coverage for first and third party Privacy Claims made against you. First Party Privacy Injury coverage for claims resulting from rendering Professional Services is subject to a \$100,000 per Claim/\$100,000 Aggregate per Insured sublimit. Third Party coverage for expenses you incur in response to an identity theft or network security breach, such as client notification costs or credit monitoring is subject to a sublimit of \$25,000. Both first and third party coverage parts are subject to a \$100,000 Policy Aggregate sublimit per Insured. If you and/or your business needs higher limits, you should consider obtaining a separate Cyber Liability insurance policy.

V. What are my Limits of Liability?

Each Advisor has a limit of liability of \$500,000 each Claim/\$500,000 Aggregate per Insured for the sale of securities approved by and sold through HD Vest and Accounting Services (as described above, if elected) and a \$1,000,000 each Claim/\$1,000,000 Aggregate for life, accident & health insurance and fixed annuities. You also have the option to increase your limit for securities and the Accounting Services to \$1,000,000 each Claim/\$1,000,000 Aggregate by purchasing the Upgrade Option..

The annual policy aggregate for all losses is \$10,000,000, including defense costs for all Insured Advisors. The policy aggregate does not apply to Insured Advisors who live, or practice, in the state of New York.

VI. What is my retention (deductible)?

There is a \$5,000 retention for all Claims except the following: \$2,500 retention per Claim for professional accounting and tax services and a \$10,000 retention for trade errors or Claims arising from 3(38) Fiduciary Services. *The retention applies to Loss which includes Defense Costs.*

VII. What are some of the important conditions on policy coverage?

Claims Made and Reported

Coverage is on a "Claims Made and Reported" basis, which covers claims first made against you and reported in writing to Continental Casualty during the policy period.

Defense Obligations

The Insurer has a 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 if there are other covered allegations.

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 Continental Casualty.

Defense costs are included in the Limits of Liability.

Prior Acts Coverage

Advisors

Your Prior Acts Date is the **earlier of** your date of affiliation with HD Vest or the date you first obtained—and continuously maintained—a “claims made” professional liability policy.

Accountants

Your Prior Acts Date is the date you first obtained—and continuously maintained— a “claims made” Accounting professional liability policy.

VIII. What happens if my affiliation with HD Vest terminates during the policy period?

If your affiliation with HD Vest terminates during the policy period coverage automatically ceases on the date of termination. The Participation Fee under the E&O Program is considered fully earned, and, in the event your affiliation with HD Vest is terminated during the policy period for any reason, there will be no return of your Participation Fee. However, depending on the reason for your termination, an automatic Extended Reporting Period (ERP) may be available to you at no cost. An ERP allows you to report new claims that are first made and reported during the ERP arising out an actual or alleged negligent acts committed on or after your affiliation date with HD Vest and on or prior to your termination date.

Please be advised that, if your affiliation with HD Vest is terminated for:

- a. **General Reasons:** an automatic one (1) year ERP shall be provided to you at no cost;
- b. **Retirement or Disability:** an unlimited Automatic ERP shall be provided at no cost, provided that you no longer provide Professional Services or Accounting Services for HD Vest (or any other broker/dealer, investment adviser, or insurance company) or Accounting or Tax firm.
- c. **Disciplinary Reasons:** no ERP will be provided or made available to you.

If you have any other Professional Liability policy, any applicable ERP referenced above shall not apply.

IX. What are the exclusions in the policy?

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

A. Pending 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 this Policy, or renewal thereof;

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: 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 clearing agency or arising out of any function of any Insured as a clearing agency;
6. any Broker/Dealer other than one which buys, sells or trades in securities exclusively as a principal for its own account;
7. 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; notwithstanding the foregoing, the Insurer's maximum Limit of

Liability for all Loss under the Policy in connection with such Claim shall be \$50,000 per Insured, which amount shall be part of and not in addition to the amount set forth in Item 6. of the Declarations.

8. 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; notwithstanding the foregoing, the Insurer's maximum Limit of Liability for all Loss under the Policy in connection with such Claim shall be \$50,000 per Insured, which amount shall be part of and not in addition to the amount set forth in Item 6. of the Declarations.

provided, however, that paragraphs 7. and 8. 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. Fraud, Intentional Acts and Willful Violations of Statutes

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; however, the Wrongful Act of any Insured individual shall not be imputed to any other Insured individual; and only the Wrongful Act of any executive officer shall be imputed to an Insured entity; *(if the allegations are subsequently proven true Insured shall reimburse the Insurer for all Defense Costs incurred by the Insurer.);*

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 and Guarantees of Interest Rate or Market Value

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. Other Professional Services

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

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 (*Accountants are removed from this exclusion if the Insured has elected the Accountant's coverage extension*); 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; (*Paragraph 2 of this exclusion does not apply to the Accountant's coverage extension if elected*);

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, this exclusion shall not apply if such Claim arises from the Insured's placement of coverage with an insurance company with an A.M. Best financial strength rating of "A-" or better at the time of placement.

Notwithstanding the foregoing, for Claims arising from an Insured's sale of any alternative investment product or security that was solvent at the time of sale, was approved by HD Vest and which is otherwise covered under the terms of this Policy, the Insurer's maximum limit of liability for Loss shall be:

\$500,000 for each Claim, \$500,000 for each Insured, for all Claims made against such Insured, regardless of the number of Claims, \$1,000,000 Policy Aggregate Limit of

Liability for all such Claims made against the Insureds, regardless of the number of Claims and Insureds.

J. Employee Benefit Plans Sponsored by Insured or in which the Insured is a Participant, Trustee or Named Insured (ERISA)

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

K. 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. products or services not approved by a Broker/Dealer specified in Item 2. of the declarations;
3. commodities, commodities futures contracts, or any type of option contract with the exception of covered call writing;
4. promissory notes;
5. ETS pay phone investments or other similar type investments;
6. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;
7. "Stranger Originated Life Insurance (STOLI)" or "Speculator Initiated Life Insurance (SPINLIFE)";
8. Structured settlements, structured notes, principal protected notes, or reverse convertible notes; however, this exclusion shall not apply to structured settlements, structured notes or principal protected notes approved by the Policyholder;
9. Life Settlements; Reverse mortgages or similar transactions in which the present value of a conditional contract is exchanged or sold;
10. issuer callable certificates of deposit and/or equipment sale-lease-buy-back transactions of any kind; or
11. Leveraged or Inverse Products, including but not limited to Exchange Traded Funds or Mutual Funds, or Exchange Traded Notes; however, this exclusion shall not apply to Exchange Traded Funds or Mutual Funds leveraged or inverse at no more than one times (1X) the market;
12. 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. However, this exclusion shall not apply to the sale of a life insurance

policy approved by HD Vest, provided that the death benefits of such life insurance policy are \$10,000,000 or less at the time of the original sale.

L. 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); however, this exclusion shall not apply to the activities of the Insured when exercising discretionary authority as an Investment Adviser Representative;

M. 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;

N. Anti-Trust

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;

O. 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;

P. 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;

Q. 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 Claims arising from sales by an Insured of securities in connection with an offering thereof where such Claims relate solely to conduct by the Insured detrimentally relied upon by particular clients of HD Vest. 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;

R. Penny Stocks

based upon, directly or indirectly arising out of, or in any way involving any security issued by an entity unable to meet the minimum capitalization and other standards for listing and maintenance on the NASDAQ SmallCap Market;

S. Insured Owned Proprietary 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;

T. 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:

1. any security that is not registered with the Securities and Exchange Commission however, this Exclusion shall not apply to securities which are both exempt from registration with the Securities and Exchange Commission and approved by HD Vest; or
2. any hedge fund, whether or not it is registered with the Securities and Exchange Commission; however, this exclusion shall not apply to the sale, attempted sale or servicing of hedge funds approved for sale by HD Vest.

U. Limited Partnerships, REITS

based upon, directly or indirectly arising out of, or in any way involving the use of or investment in any Limited Partnership, Real Estate Investment Trusts (REIT's), issuer callable certificates of deposit, equipment sale-lease-buy-back transactions of any kind and/or any security that is not registered with the Securities and Exchange Commission;

however, this exclusion shall not apply to the sale, attempted sale, or servicing of Private Placements, Limited Partnerships or REIT's which:

- a. are not Oil & Gas Products (however, this exclusion shall not apply to Atlas Resources);
- b. are compliant with all applicable Blue Sky Laws that exist from time to time in the various states;
- c. with respect to Private Placements, are sold only to Accredited Investors; and
- d. with respect to publicly registered Limited Partnerships and/or REIT's, are sold only to investors who meet the various state minimum suitability standards outlined in their respective Blue Sky Laws;

V. **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;

W. **Class Actions**

The policy excludes Class Actions involving any Rep who resides in or whose place of business is located in New York. If it is determined that the policy's overall aggregate and interrelated wrongful act language is not upheld by another jurisdiction, then the class action exclusion will apply to those Registered Representatives in that jurisdiction.

X. **412/419 Plan Exclusion**

- based upon directly or indirectly arising out of, or in any way involving the sale, attempted sale or servicing, made after January 1, 2008, of any plans created under sections 412 or 419 of the internal revenue code;
- based upon directly or indirectly arising out of or in any way involving any actual or alleged sale or servicing, made after January 1, 2008 of any insurance sold as part of or to be used in conjunction with or to fund any plan created under sections 412 or 419 of the internal revenue code;

Notwithstanding the foregoing, this exclusion shall not apply subject to the Insurer's maximum limit of liability of \$500,000 per Claim and \$500,000 aggregate per Insured, which amount shall be part of and not in addition to the amount set forth in Item 6. of the Declarations.

Y. **Unsolicited Communications Exclusion**

1. any actual or alleged violation of any federal anti-spam statute or regulation, including the CAN-SPAM Act of 2003;
2. any actual or alleged violation of any federal statute or regulation prohibiting the dissemination of unsolicited communications, including any violation of the Telephone Consumer Protection Act of 2001; or
3. any actual or alleged violation of any federal, state or local anti-spam statute, ordinance or other regulation that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting,

communicating or distribution of material or information including any statute or regulation prohibiting the dissemination of unsolicited communications.

The Following Additional Exclusions Apply To Accountants Only

- A. **Intentional Violations of Tax Practice Rules** – based upon, directly or indirectly arising out of, or in any way involving the intentional violation of any law, rule or regulation of an Insured acting as a tax preparer or tax practitioner including, but not limited to, the American Institute of Certified Public Accountants Statements on Responsibilities in Tax Practice, and the United States Treasury Department and Tax Court Rules on those that practice before the IRS and the Tax Court; and any rules or regulations in force therein;
- B. **Disallowed Deductions/Credits on Tax Returns** - based upon, arising out of or in any way involving a disallowed deduction, credit or other item on a tax return or taxes which would be owed in any event by a client;
- C. **Failure to Identify Embezzlement or Fraud** - based upon, arising out of or in any way involving the failure of the Insured to identify embezzlement or other fraud; notwithstanding the foregoing, for Claims arising out of an Insured's failure to identify embezzlement or other fraud, and which is otherwise covered under the terms of the policy, the Insurer's maximum limit of liability for loss shall be \$200,000 for each claim.
- D. **Prohibited Transactions** - based upon, arising out of or in any way involving any Professional Services provided for:
1. any savings and loan institution, bank or any other entity insured or obligated to be insured by the Federal Deposit Insurance Corporation;
 2. any industrial loan company or other entity subject to the provision of the Industrial Loan Law, Division 7, Section 18,000 et. Seq. of California Financial Code or similar laws of other states, and any revisions thereof;
 3. any credit union subject to the provisions of Division 5, Section 14,000 et. Seq. of the California Financial Code or similar laws of other states, and any revisions thereof; or to the Federal Credit Union Act, Title 12, Section 1751 et. Seq. of the United States Code and any revisions thereof; or
 4. any audit committee of any of the above.
- E. **Formation/Operation of Limited Partnerships** - based upon, directly or indirectly arising out of, or in any way involving the Insured's involvement in the formation, syndication, operation, or administration of, any limited partnership, including but not limited to, acting as a general partner of any limited partnership or partnership manager of any general partnership;
- F. **Willful Violation of Certain Federal Laws** - based upon, directly or indirectly arising out of, or in any way involving the **Insured** committing, in fact, a willful violation of

the Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Racketeer Influences and Corrupt Organization Act, and any revisions thereof; or

- G. **Insured Involved in Underlying Transaction** - based upon, arising out of or in any way involving any Professional Services provided to a natural person, partnership, corporation or other entity with which an Insured is involved in the sale or solicitation of securities, real estate or any other investments of such persons, partnership, corporation or other entity.

What to Do In The Event of a Claim

1. As soon as you are aware of any circumstances, regardless of whether a lawsuit has been commenced, which may lead to a claim being made, or as soon as an actual claim is made, complete a copy of the Claims Report on the next page and send it to the address on the form.
2. If a summons and complaint has been issued, send it along with the Claims Report (if not previously provided) **by overnight express mail** to:

Send this report to:

CNA Specialty Claims
PO Box 8317
Chicago, IL 60680-8317
(212) 440-7142
FAX (800) 742-7773
Or by Email to: SpecialtyProNewLoss@CNA.COM

Fax or Email a copy to:

HD Vest Legal Department
Attention: Sandi Lavenant
6333 N. State Highway 161, 4th Fl.
Irving, Texas 75038
Fax: 972.870.6500
Email: legal@hdvest.com

3. Once an incident has been identified or an errors and omissions claim has been made, great care should be exercised to avoid any disclosures or discussion of any facts or information relating to the claim with anyone, unless they identify themselves to be from Continental Casualty Company, a designated representative appointed to handle your claim, the Legal Department of HD Vest, or Aon.
4. Should you have questions about the coverage afforded under this policy, call:

Lainee Beigel
Aon Risk Services Northeast, Inc.
(866) 231-1998
Email: Lainee.Beigel@aon.com

OR

Jeanette Younger
Aon Risk Services Northeast, Inc.
(844) 495-9362
Email: Jeanette.Younger@aon.com

Continental Casualty Company
Insured Advisors of
HD Vest Investment Services and/or HD Vest Advisory Services
Errors & Omissions Insurance Program
(5/1/2017-5/1/2018)

CLAIM REPORT FORM

Date: _____

Policy Number: 425546815

Name: _____

Advisor #: _____

Business Address: _____

Phone Number: _____ Email Address: _____

1. Date you became aware of this claim: _____

2. Do you have any other Errors and Omissions Insurance? If so, give name of company, policy number, and limits:

3. What type of business does the claim involve?

4. Who is making this claim against you?

Name: _____

Address: _____

Please attach a description of the circumstances leading to this claim and copies of all pertinent correspondence. If you have been served with a lawsuit, a copy of the suit must be enclosed.

Send this report to:

CNA Specialty Claims
PO Box 8317
Chicago, IL 60680-8317
(212) 440-7142
FAX (800) 742-7773
Or by Email to: SpecialtyProNewLoss@CNA.COM

Fax or Email a copy to:

HD Vest Law Department
Attention: Sandi Lavenant
6333 N. State Highway 161, 4th Fl.
Irving, Texas 75038
Fax: 972.870.6500
Email: legal@hdvest.com

Do not discuss this matter with anyone other than a representative of CNA, the Legal Department of HD Vest, or Aon.

**IMPORTANT TELEPHONE
NUMBERS & ADDRESSES**

Reporting of Claims:

Send this report to:

CNA Specialty Claims
PO Box 8317
Chicago, IL 60680-8317
(212) 440-7142
FAX (800) 742-7773
Or by Email to: SpecialtyProNewLoss@CNA.COM

Fax or Email a copy to:

HD Vest Law Department
Attention: Sandi Lavenant
6333 N. State Highway 161, 4th F.
Irving, Texas 75038
Phone: (866) 218-8206 Option #1 (Ext. 6435)
Fax 972.870.6500
Email: legal@hvest.com

Coverage Questions:

Lainee Beigel
Aon Risk Services Northeast, Inc. (Aon)
199 Water Street
New York, NY 10038
Phone: 866.231.1998
Email: Lainee.Beigel@aon.com

OR

Jeanette Younger
Aon Risk Solutions (Aon)
425 Market Street
San Francisco, CA 94108
Phone: 844.495.9362
Email: Jeanette.Younger@aon.com

Enrollment, Premium Payment Questions & Certificates of Insurance:

Affinity Insurance Services, Inc.
159 E. County Line Road
Hatboro, Pa 19040-1218
Phone: 866.231.1998
Fax: 877.443.9183
Email: info@agents-eo.com
Web: www.HDV.agents-eo.com