

**LIBERTY INTERNATIONAL UNDERWRITERS**

**Errors & Omissions Liability Insurance for Life Agents**



Policy Number: FITOAAAN4JZ002

Renewal of: FITOAAAN4JZ00



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## **Errors & Omissions Liability Insurance for Life Agents Declarations**

This is a CLAIMS made policy. This Policy covers only CLAIMS first made against an INSURED during the POLICY PERIOD and reported to Liberty International Underwriters (hereinafter referred to as "the INSURER" during the POLICY PERIOD. Please read the attached policy terms carefully.

**Item 1 NAMED INSURED:**

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Palm Financial Group Inc.

**Item 2 NAMED INSURED'S ADDRESS:**

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202-5805 Whittle Rd.  
Mississauga, ON L4Z 2J1

**Item 3 POLICY PERIOD:**

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(A) From 12:01 a.m. June 1, 2013  
(B) To 12:01 a.m. June 1, 2014  
Both at local time at the address shown in Item 2

**Item 4 LIMIT OF LIABILITY:**

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\$ As per individual certificate CAN per CLAIM and  
\$ As per individual certificate CAN per POLICY PERIOD,  
In accordance with Endorsement No. 1 attached to this Policy

**Item 5 DEDUCTIBLE:**

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\$ As per individual certificate CAN each and every CLAIM  
In accordance with Endorsement No. 1 attached to this Policy

**Item 6 ENDORSEMENT(S):**

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**Item 7      ADVANCE PREMIUM:**

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N/A

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**Item 8      ADJUSTMENT RATE:**

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In accordance with Endorsement No. 1 attached to this Policy

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**Item 9      RETROACTIVE DATE:**

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As per individual certificate

This Policy (consisting of this declaration, the applicable application, the attached policy terms and the endorsement(s) referred to in Item 6) is valid only if, in addition to the facsimile signature of the President of Liberty Mutual Insurance Company, it is dated and signed below by a duly authorized representative of Liberty Mutual Insurance Company.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date

**For purposes of the Insurance Companies Act (Canada), this document was issued in the course of Liberty Mutual Insurance Company's insurance business in Canada.**



# Errors & Omissions Liability Insurance for Life Agents

## POLICY TERMS

This Policy of insurance, subject to its terms, conditions and limitations, applies to CLAIMS first made against the INSURED during the POLICY PERIOD and reported to the INSURER during the POLICY PERIOD.

It is agreed that this Policy is issued in reliance upon the statements made and information furnished in the application and any attachments or supporting materials, including all agreements and representations, all of which is deemed to be made a part hereof.

## PART I - INSURING AGREEMENTS

### A. GENERAL AGREEMENTS

In consideration of the premium indicated in the Declarations, and in reliance upon the statements made in the application form, and subject to the terms, conditions, and limitations contained in this Policy, the INSURER agrees to pay on behalf of the INSURED all sums which the INSURED shall become legally obligated to pay as DAMAGES because of a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the INSURER during the POLICY PERIOD resulting from an error, omission, or negligent act in the rendering of INSURED SERVICES by the INSURED which took place subsequent to the retroactive date specified in the Declarations.

### B. DEFENCE AND OTHER PAYMENTS

Only with respect to the insurance afforded by the General Agreements of Part I of this Policy, the INSURER further agrees:

- (1) that they shall have the right and duty to defend the INSURED in any suit first brought against the INSURED before a Canadian court of civil jurisdiction, even though this suit is unfounded, false or fraudulent;
- (2) to pay any premium payable under guarantee bonds required to release attachments and any premium payable on appeal bonds but without any obligation to apply for or furnish any such bonds;
- (3) to pay LEGAL EXPENSES incurred in Canada in any investigation, defence, arbitration or similar alternative dispute resolution process, litigation and settlement of any CLAIM;
- (4) to pay costs taxed against the INSURED following a judgment by a Canadian court of civil jurisdiction;
- (5) to pay reasonable LEGAL EXPENSES other than loss of revenue incurred by the INSURED at the request of the INSURER.

## **Errors & Omissions Liability Insurance for Life Agents**

### **C. DEFENCE INCLUDED IN LIMIT**

The payment of sums provided for in paragraph B. Part I shall reduce the applicable limit of liability of the INSURER.

### **D. TERRITORIAL LIMIT**

This insurance applies only to CLAIMS which give rise to suits or judicial proceedings brought against the INSURED within Canada.

## **PART II – DEFINITIONS**

As used in this Policy, the following words or expressions shall mean:

### **1. CLAIM**

- (i) a written demand for monetary DAMAGES made against the INSURED; or
- (ii) a written allegation of breach in the rendering of INSURED SERVICES by the INSURED and resulting from a single error, omission, or negligent act regardless of the number of claimants, INSUREDS or suits;

in connection with such compensatory DAMAGES as are covered under this Policy;

### **2. FISSIONABLE SUBSTANCE**

Any prescribed substance that is, or form which can be obtained, a substance capable of releasing atomic energy by nuclear fission.

### **3. DAMAGES**

Compensatory DAMAGES including applicable pre-judgment and post-judgment interest. However, DAMAGES does not include fines, penalties, punitive or exemplary damages.

### **4. INSURED**

The NAMED INSURED mentioned in the Declarations, but solely for its vicarious liability for CLAIMS resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by the INSURED'S licensed agents who presently or formerly have subscribed to this insurance contract, as well as the persons described hereafter:

- (a) Any current licensed Life Insurance agent or licensed Accident and Sickness agent or licensed Mutual Fund agent currently contracted with the NAMED INSURED;
- (b) any current or former licensed or unlicensed assistants for whose acts the INSURED under item a) above is responsible;
- (c) a PERSONAL CORPORATION associated with the INSURED as defined under item a) above, but solely for CLAIMS resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by the INSURED as defined under item a) above;

## **Errors & Omissions Liability Insurance for Life Agents**

- (d) the legal heirs, beneficiaries or appointed legal representatives of the estate of a deceased INSURED, but only for CLAIMS resulting from an error, omission or negligent act in the rendering of INSURED SERVICES during the POLICY PERIOD;
- (e) in Quebec, trainee agents of said agents and representatives agents as defined under item a) above.

### **5. INSURED SERVICES**

Those services related to the conduct of the business of a licensed Life Insurance Agent or licensed Accident and Sickness Insurance Agent, or licensed Mutual Fund agent including:

- a) activities relating to and including the sale of life insurance, insurance annuities, accident and sickness insurance, hospitalization or medical insurance plans, group benefit administration service agreements;
- b) activities relating to and including the sale of variable annuities and variable life insurance contracts providing for participation in life insurance company separate investment accounts;
- c) 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 health 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;
- d) activities relating to and including the sale of mutual funds and guaranteed investment contracts;
- e) activities relating to and including sales management or supervisory positions by INSUREDS in the business referenced in a) through d) above

### **6. INSURER**

Liberty International Underwriters, a division of Liberty Mutual Insurance Company, is the INSURER.

### **7. LEGAL EXPENSES**

Shall mean fees charged by a lawyer(s) designated by the INSURER, and all other fees, costs and expenses resulting from the investigation, adjustment, defense, and appeal of a CLAIM incurred by the INSURER; but, "LEGAL EXPENSES" does not include salary charges of regular employees of either the INSURER or INSURED.

Furthermore, it is agreed that in consideration of the premium charged, the INSURERS agree to reimburse the INSURED for LEGAL EXPENSES subject to a maximum of ten thousand dollars (\$10,000) per LOSS per INSURED and \$100,000 per POLICY PERIOD, such expenses being reasonably incurred by the INSURED while under investigation or when called upon to appear

## **Errors & Omissions Liability Insurance for Life Agents**

before a disciplinary committee formed by virtue of any provincial act or before any court called upon to adjudicate any infraction envisioned in the said act (s).

### **8. LOSS**

One or more CLAIMS resulting from the same or related error, omission or negligent act in the rendering of or failing to render INSURED SERVICES, regardless of the number of persons making a CLAIM against the INSURED, or of the number of INSUREDS or suits. Such CLAIMS will be considered first reported within the POLICY PERIOD in which the earliest CLAIM was reported and subject to that single limit of liability.

### **9. NUCLEAR ENERGY HAZARD**

The radioactive, toxic, explosive, or other hazardous properties of RADIOACTIVE MATERIAL.

### **10. NUCLEAR FACILITY**

- a) Any apparatus designed or used to sustain nuclear fission is a self-supporting chain reaction or to contain a critical mass of plutonium, thorium, uranium, or any one or more of them;
- b) any equipment or device designed or used for:
  - i) separating the isotopes of plutonium, thorium, and uranium or any one or more of them;
  - ii) processing or utilizing spent fuel; or
  - iii) handling, processing or packaging waste
- c) any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235 or any one or more of them if at any time the total amount of such material in the custody of the INSURED at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste RADIOACTIVE MATERIAL.

The above includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operation.

### **11. PERSONAL CORPORATION**

A corporation owned solely by the INSURED licensed Life Insurance agent, licensed Accident and Sickness agent, or licensed Mutual Fund agent who has incorporated for the purposes of tax benefits or to limit personal liability and has no licensed or unlicensed agents working for the corporation.

## **Errors & Omissions Liability Insurance for Life Agents**

### **12. POLLUTION**

Emission, release, discharge, dispersal, escape or disposal of smoke, gases, vapours, soot, fumes, acids, alkalis, toxic substances, waste materials, irritants, contaminants or pollutants into or upon land or any water of any description no matter where located or how contained or into any drainage or sewage system, or into the atmosphere.

### **13. RADIOACTIVE MATERIAL**

Uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances which may be designated by any nuclear liability act, law or statute, or any law amendatory thereof, as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.

### **14. POLICY PERIOD**

As stated in the declarations.

### **15. RELATIVE**

Any persons related to the INSURED by blood, marriage or adoption, including spouses, parents, children, stepparents, stepchildren, grandparents, grandchildren, siblings and stepsiblings.

## **PART III – EXCLUSIONS**

The coverage afforded under this Policy does not apply to:

### **1. BANKRUPTCY/INSOLVENCY**

CLAIMS resulting from the bankruptcy or insolvency of the INSURED.

### **2. BODILY INJURY/PROPERTY DAMAGE**

CLAIMS resulting from the bodily injury to, or sickness, disease, mental distress or anguish, or death of any person, or injury to or destruction of property, including the loss of use thereof.

### **3. CARE, CUSTODY AND CONTROL**

CLAIMS resulting from damage caused to property in the care, custody and control of the INSURED or property over which the INSURED is for any purpose exercising control.

### **4. DELIBERATE/DISHONEST OR FRAUDULENT ACTS**

CLAIMS resulting from deliberate, dishonest, malicious, criminal or fraudulent acts committed by any INSURED, however this exclusion does not apply to any INSURED who is neither the author of nor an accomplice to the act.

### **5. ECONOMIC RETURN**

CLAIMS resulting from express warranties, guarantees or estimates of profit, return on capital, economic return, or other estimates giving rise to forecasts of economic return.



## **Errors & Omissions Liability Insurance for Life Agents**

**6. EMPLOYMENT PRACTICES/WRONGFUL DISMISSAL**

CLAIMS resulting from any contract or relationship of employment or agency with the INSURED, or CLAIMS involving employment practices or wrongful dismissal issues.

**7. FINES AND PENALTIES**

Fines, penalties, punitive or exemplary damages.

**8. INSURED VERSUS INSURED**

CLAIMS initiated by one or more INSURED against any other INSURED.

**9. INTEREST RATES**

CLAIMS arising from the INSURED'S promises or guarantees as to:

- a) fluctuations in interest rates; or
- b) future premium payments or market value(s) of insurance products or funds.

**10. LIABILITY OF OTHERS**

CLAIMS resulting from the liability of others assumed by an INSURED under a contract or agreement; however, this exclusion shall not apply to an INSURED'S legal liability for sub-consultants contractually bound to the INSURED or for the INSURED'S liability for errors, omissions or negligent acts of the INSURED'S own employees.

**11. LIBEL AND SLANDER**

CLAIMS resulting from DAMAGES resulting from:

- a) oral or written publication of material, declaration or interview by the media that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- b) oral or written publication of material that violates a person's right of privacy.

**12. LIFE INSURANCE PRODUCTS ENTITY AGAINST INSURED**

CLAIMS resulting from any suit, legal action or judicial proceeding initiated by a life insurance products entity against an INSURED.

**13. NUCLEAR ENERGY**

CLAIMS:

- a) resulting from any liability imposed by or arising under the Nuclear Liability Act; or
- b) with respect to which an INSURED under this Policy is also insured under a contract of nuclear energy liability insurance (whether the INSURED is named in such contract or not and whether or not it is legally enforceable by the INSURED) issued by the Nuclear Insurance Association of Canada or any other group or pool of insurers, or would be an INSURED under any such policy but for its termination upon exhaustion of its limit of liability; or

## **Errors & Omissions Liability Insurance for Life Agents**

- c) resulting directly or indirectly from the NUCLEAR ENERGY HAZARD arising from:
- i) the ownership, maintenance, operation or use of a NUCLEAR FACILITY by or on behalf of an INSURED.
  - ii) the furnishing by an INSURED of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any NUCLEAR FACILITY; and
  - iii) the possession, consumption, use handling, disposal or transportation of FISSIONABLE SUBSTANCES, or of other RADIOACTIVE MATERIAL;
- but this exclusion shall not be construed to apply in any commercial or medical radioactive isotopes.

**14. OTHER ACTIVITIES**

CLAIMS arising out of the legal liability of the INSURED as a proprietor, partner, superintendent, officer, director, employee, operator or trustee of any business enterprise or non-profit organization.

**15. PAYMENT AND COLLECTION OF INSURANCE PREMIUMS**

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.

**16. POLLUTION**

CLAIMS arising out of or attributable to POLLUTION.

**17. PRIOR KNOWLEDGE**

CLAIMS or circumstances which may reasonably result in a CLAIM, whether reported in the application or not, known to any INSURED before the effective date of this Policy; however, when this Policy replaces, without interruption, a policy previously issued by the INSURER, this exclusion applies only to LOSSES previously known to any INSURED before the inception date of the first policy issued by the INSURER.

**18. PROVISION OF UNLICENSED SERVICES**

CLAIMS resulting from services for which an INSURED was unlicensed.

**19. REAL ESTATE**

CLAIMS resulting from an INSURED'S advice or service as to the investing in or the buying or selling of real estate, including but not limited to any real estate investment contract or syndication as a partner, joint venture, sponsor, promoter or underwriter,

**20. RELATED ENTITIES**

CLAIMS made against an INSURED, when such CLAIMS are made by or involve a business:

- (a) owned totally or partially by an INSURED; or

## **Errors & Omissions Liability Insurance for Life Agents**

- (b) controlled or managed totally or partially by an INSURED; or
- (c) which is directly or indirectly involved in any way in the ownership or management of an INSURED'S business; or
- (d) of which an INSURED is a partner or employee.

### **21. SECURITIES**

CLAIMS resulting from an INSURED'S advice or service as to the investing in or the buying or selling of securities as defined in provincial securities acts, other than is afforded under Clause 5, INSURED SERVICES.

### **22. TAX PREPARATION**

CLAIMS resulting from an INSURED'S advice or service in connection with the preparation, review, completion or filing of any federal or provincial income tax return.

### **23. WAR/TERRORISM RISK**

CLAIMS resulting from DAMAGES caused directly or indirectly by war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or acts of terrorism.

### **24. FAMILY**

CLAIMS resulting from any RELATIVE of any INSURED and/or Estate of any INSURED and/or any legal representatives of the Estate of any INSURED and/or any person making a CLAIM by reason of an assignment or distribution from any INSURED and/or the Estate of any INSURED and/or any trustee or beneficiary of any trust created or maintained for the benefit of any INSURED.

### **25. MAJOR SHAREHOLDER**

CLAIMS resulting from services rendered, or which should have been rendered for any organization, corporation, company, partnership, or operation while any INSURED or INSURED'S RELATIVE is an Officer, Trustee, Director, Partner, Manager or a more than 10% shareholder at the time of the act, error or omission giving rise to such CLAIM took place.

### **26. STATUTE VIOLATION**

CLAIMS resulting from any wilful violation of any statute.

### **27. REGULATORY VIOLATION**

CLAIMS resulting from any wilful violation of any rule or regulation of any securities regulatory agency.

### **28. SECURITIES BROKER/DEALER AGAINST INSURED**

CLAIMS resulting from any suit, legal action or judicial proceeding initiated by a securities broker/dealer or any investment company against an INSURED.



## **Errors & Omissions Liability Insurance for Life Agents**

### **29. TRADE SECRETS/INTELLECTUAL PROPERTY/PROPRIETARY INFORMATION/INSIDER TRADING**

CLAIMS resulting from an INSURED'S alleged unauthorized use of trade secrets, intellectual property, confidential or proprietary information, or insider trading.

### **30. CONTRACTUAL LIABILITY**

CLAIMS resulting from any liability assumed by the INSURED under contract, unless the INSURED would have been legally liable in the absence of such contract.

### **31. FIDUCIARY/POWER OF ATTORNEY**

CLAIMS resulting solely on the INSURED'S status as a named fiduciary or under power of attorney

## **PART IV - COMPUTATION OF AMOUNTS PAYABLE BY THE INSURER**

### **LIMIT OF LIABILITY OF THE INSURER**

Subject to the deductible as stated in the Declarations, the liability of the INSURER under the General Agreement of Part I of this Policy is limited, for each LOSS and per POLICY PERIOD, to the amounts as stated in the Declarations.

### **DEDUCTIBLE**

Refer to Item 5 of the Declarations. Amounts payable for each LOSS shall be excess of the amount listed in the Declarations. LEGAL EXPENSES apply to the erosion of the deductible.

The INSURED shall retain as its own net deductible loss as respects each CLAIM the amount stated in Item 5 of the Declarations. The terms of this Policy with respect to notice and the INSURER'S right to investigate, negotiate and settle any CLAIM or suit apply irrespective of the application of the INSURED'S deductible.

## **PART V – CONDITIONS**

### **1. ACTION AGAINST THE INSURER**

No action or legal proceedings may be initiated against the INSURER unless the INSURED has fully complied with the requirements of this Policy.

### **2. AMENDMENTS**

Notice to any INSURED or knowledge possessed by any INSURED or by any other person shall not effect a waiver or a change in any part of this Policy or estop the INSURER from asserting any right under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsement, signed by the INSURER, issued to form a part of this Policy.

## **Errors & Omissions Liability Insurance for Life Agents**

### **3. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the INSURER until its consent is endorsed hereon; if, however, the NAMED INSURED should be adjudged bankrupt, insolvent or incompetent or die within the POLICY PERIOD, this Policy shall cover the NAMED INSURED'S legal representative as NAMED INSURED. The INSURED agrees that any notice of any kind the INSURER mails to the NAMED INSURED at the address shown on the Declarations page shall constitute notice to the INSURED'S legal representatives.

### **4. CANCELLATION OF POLICY**

- (a) The NAMED INSURED may cancel this Policy by giving written notice to the INSURER to this effect, indicating when thereafter the cancellation shall be effective. The INSURER will reimburse the excess of premium paid by the INSURED over and above the premium earned for the time on risk, the calculation being made in accordance with the customary short rate table and procedure.
- (b) The INSURER may cancel any INSURED'S policy by giving to the NAMED INSURED written notice to this effect, either by registered mail or by delivering it by hand and the termination takes effect thirty (30) days after the date of the notice; in the event of non-payment of premium, the termination takes effect fifteen (15) days after the date of the notice. The INSURER shall reimburse this excess premium paid by the INSURED over the earned premium for the time on risk, such calculation to be made on a pro rata basis.

### **5. CONFORMITY WITH LAW**

Provisions of this Policy which are at variance with the law of the Province shown in the Declarations will be modified in order to conform with such law, by way of endorsement or amendment.

### **6. CO-OPERATION OF THE INSURED**

The INSURED must co-operate with the INSURER and, at the request of the INSURER, assist to effect settlement, forward proceedings, attend hearings and trials, assist in securing and giving evidence and in obtaining the attendance of witnesses.

The INSURED shall not admit liability or make any voluntary payment or settlement, assume any obligation or incur any expense without the prior written consent of the INSURER, such consent not being unreasonably withheld.

### **7. LANGUAGE OF POLICY**

This Policy is in the language of the INSURER.

### **8. NAMED INSURED REPRESENTS ALL INSUREDS**

The NAMED INSURED, INSURED and INSURER agree that the NAMED INSURED represents all INSUREDS under this Policy.

## **Errors & Omissions Liability Insurance for Life Agents**

### **9. NOTICE OF CLAIM**

An INSURED shall, as soon as practicable after being made aware of a CLAIM for which coverage would be afforded by this Policy, give written notice to the INSURER, with the particulars available thereof, at the following address:

Liberty International Underwriters  
Bay Wellington Tower, Brookfield Place  
181 Bay Street, Suite 1000  
Toronto, Ontario  
M5J 2T3

If during the POLICY PERIOD an INSURED becomes aware of a circumstance which could reasonably give rise to a CLAIM, the INSURED shall give written notice thereof to the INSURER as soon as practicable and prior to the date of termination of the policy. Any such CLAIM received by the INSURED resulting from such circumstances shall be treated as a CLAIM made during the POLICY PERIOD in which such notice was given.

If the effective date of termination of the policy is a Saturday, Sunday, or Statutory Holiday, any CLAIM presented to the INSURER on the business day immediately following the termination date, will be deemed to have been reported within the POLICY PERIOD.

Any late notice or absence of notice is cause of forfeiture of the rights of the INSURED.

### **10. OTHER INSURANCE**

If, but for the insurance afforded by this Policy, the INSURED would have other insurance against a LOSS otherwise covered hereby, the insurance afforded by this Policy shall be excess over such other insurance.

### **11. RIGHT TO AUDIT**

The INSURER may, at any time, inspect the premises of the INSURED. In relation to the object of this Policy, the INSURER may also examine the financial records and files of the INSURED 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.

### **12. SETTLEMENT AND CONTESTATION OF CLAIMS**

If the INSURED refuses to cooperate to any settlement or compromise recommended by the INSURER and elects to contest the CLAIM, suit or proceeding, then the INSURER'S liability shall not exceed the amount for which the INSURER would have been liable for DAMAGES and LEGAL EXPENSES if the CLAIM or suit or proceeding had been so settled or compromised, when and as so recommended, and the INSURER shall have no liability for LEGAL EXPENSES accruing thereafter and the INSURER shall have the right to withdraw from the further defence thereof by tendering control of said defence to the INSURED.



## Errors & Omissions Liability Insurance for Life Agents

### 13. 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 policies had been issued to each. The total amount payable hereunder on behalf of all INSUREDS and notwithstanding the number of INSUREDS involved, shall not exceed the limit of the INSURER'S liability stated in the Declarations.

### 14. SUBROGATION

In the event of any payment under this Policy, the INSURER shall be subrogated to all the INSURED'S rights of recovery therefore against any person or organization and the INSURED shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The INSURED shall do nothing to prejudice such rights.

### 15. SUSPENSION OF PERMIT OR PROVISIONAL ADMINISTRATION

If the NAMED INSURED 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.

In witness whereof, Liberty Mutual Insurance Company has caused this Policy to be signed by its president and secretary and counter-signed on the Declarations page by a duly authorized representative of the INSURER.

President

Secretary

## Endorsement No. 1

### LIMIT, DEDUCTIBLE & RATE ENDORSEMENT

Effective Date: June 1, 2013  
 Policy Number: FITOAAN4JZ002  
 Issued To: Palm Financial Group Inc.  
 By: Liberty Mutual Insurance Company

IT IS HEREBY UNDERSTOOD AND AGREED THAT:

It is understood and agreed that the Limit of Liability, Deductible, and Annualized Premium Rates for this Policy are as follows:

PROVINCE	LIMIT OF LIABILITY	DEDUCTIBLE (each and every CLAIM)	ANNUALIZED PREMIUM RATE
All Provinces	\$1,000,000 CAN Per CLAIM \$2,000,000 CAN per POLICY PERIOD	\$1,000	\$550
All Provinces	\$2,000,000 CAN Per CLAIM \$2,000,000 CAN per POLICY PERIOD	\$1,000	\$780

It is further understood and agreed that the above Annualized Premium Rates are inclusive of the following:

--Mandatory fraud coverage in accordance with endorsement(s) attached to this Policy

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

Date



## **Endorsement No. 2**

### **FRAUDULENT ACT COVERAGE FOR LIFE AGENTS UNDER THE NEWFOUNDLAND INSURANCE ADJUSTERS, AGENTS AND BROKERS ACT**

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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#### IT IS HEREBY UNDERSTOOD AND AGREED THAT:

For those INSUREDS licensed in the Province of Newfoundland who have paid an additional premium for the POLICY PERIOD and whose certificate of insurance includes coverage for fraudulent acts coverage as afforded by this Endorsement, coverage shall also apply to a CLAIM, in excess of the Deductible and subject to the Limit of Liability indicated in item 6 of this Endorsement, for which the NAMED INSURED is legally liable to any third party (other than an insurance company which may have or assert a right of action for breach of contract or for indemnity of contribution), for failure to obtain or provide insurance as a result of any dishonest or fraudulent act by one or more INSURED acting directly or in collusion with others in the conduct of the business of the NAMED INSURED as a licensed life insurance agent in the Province of Newfoundland, as defined in the Newfoundland Insurance Adjusters, Agents and Brokers Act while this coverage is in force and for which a CLAIM is made against the INSURED during the POLICY PERIOD, subject to the following provisions:

1. The amount payable under this Policy by virtue of this Endorsement shall in no event exceed the amount which would have been payable under such policy of insurance which the INSURED dishonestly or fraudulently failed to obtain or provide.
2. In the event of the failure of the NAMED INSURED to pay a LOSS to which this Policy may apply by virtue of this Endorsement upon demand of any third party then the INSURER shall make payment, after investigating coverage, directly to such third party and shall be entitled to reimbursement from the NAMED INSURED for the amount of the Deductible as outlined in item 6 of this Endorsement and any other amount expended by the INSURER.
3. The coverage afforded under this Policy by virtue of this Endorsement shall not:
  - i. benefit any person committing, making or condoning any such dishonest or fraudulent act;

- ii. benefit any creditor of any INSURED hereunder for non-payment of accounts, or refunds of premiums or premium taxes;
  - iii. apply to a LOSS which is afforded by Part I of the Policy to which this Endorsement is attached;
  - iv. apply to a LOSS arising out of the insolvency of the NAMED INSURED or any affiliate of the NAMED INSURED.
4. The NAMED INSURED or any INSURED not implicated in such dishonest or fraudulent act shall give written notice of:
- i. the discovery of any act which may give rise to a CLAIM under the coverage afforded by this Endorsement;
  - ii. the discovery of reasonable cause for suspicion of any act on the part of any INSURED which may give rise to a CLAIM under the coverage afforded by this Endorsement.
5. In the event of a CLAIM hereunder, the NAMED INSURED and any other INSURED not implicated in such dishonest or fraudulent act shall cooperate with the INSURER in the investigation of any such CLAIM and shall give such information and assistance to the INSURER as requested to enable the INSURER to obtain restitution from any INSURED committing such act and shall withhold for the benefit of the INSURER any such money due or other property belonging to such INSURED.
6. The Limit of Liability of the INSURER under this Endorsement shall be \$1,000,000 per CLAIM per INSURED and \$2,000,000 per POLICY PERIOD per INSURED, with a Deductible of \$1,000 each and every CLAIM.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 3

### FRAUDULENT ACT COVERAGE FOR LIFE AGENTS LICENSED UNDER THE ONTARIO INSURANCE COMMISSION

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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#### IT IS HEREBY UNDERSTOOD AND AGREED THAT:

For those INSURED licensed in the Province of Ontario who have paid an additional premium for the POLICY PERIOD and whose certificate of insurance includes coverage for fraudulent acts coverage afforded by this Endorsement, coverage shall also apply to a CLAIM, in excess of the Deductible and subject to the Limit of Liability indicated in item 6 of this Endorsement, for which the NAMED INSURED is legally liable to any third party (other than an insurance company which may have or assert a right of action for breach of contract or for indemnity of contribution), for failure to obtain or provide insurance as a result of any dishonest or fraudulent act by one or more INSURED acting directly or in collusion with others in the conduct of the business of the NAMED INSURED as a licensed life insurance agent in the Province of Ontario, as defined in the Insurance Act of Ontario while this coverage is in force and for which a CLAIM is made against the INSURED during the POLICY PERIOD, subject to the following provisions:

1. The amount payable under this Policy by virtue of this Endorsement shall in no event exceed the amount which would have been payable under such policy of insurance which the INSURED dishonestly or fraudulently failed to obtain or provide.
2. In the event of the failure of the NAMED INSURED to pay a LOSS to which this Policy may apply by virtue of this Endorsement upon demand of any third party then the INSURER shall make payment, after investigating coverage, directly to such third party and shall be entitled to reimbursement from the NAMED INSURED for the amount of the Deductible as outlined in item 6 of this Endorsement and any other amount expended by the INSURER.
3. The coverage afforded under this Policy by virtue of this Endorsement shall not:
  - i. benefit any person committing, making or condoning any such dishonest or fraudulent act;
  - ii. benefit any creditor of any INSURED hereunder for non-payment of accounts, or refunds of premiums or premium taxes;



- iii. apply to a LOSS which is afforded by Part I of the Policy to which this Endorsement is attached;
  - iv. apply to a LOSS arising out of the insolvency of the NAMED INSURED or any affiliate of the NAMED INSURED.
4. The NAMED INSURED or any INSURED not implicated in such dishonest or fraudulent act shall give written notice of:
- i. the discovery of any act which may give rise to a CLAIM under the coverage afforded by this Endorsement;
  - ii. the discovery of reasonable cause for suspicion of any act on the part of any INSURED which may give rise to a CLAIM under the coverage afforded by this endorsement.
5. In the event of a CLAIM hereunder, the NAMED INSURED and any other INSURED not implicated in such dishonest or fraudulent act shall cooperate with the INSURER in the investigation of any such CLAIM and shall give such information and assistance to the INSURER as requested to enable the INSURER to obtain restitution from any INSURED committing such act and shall withhold for the benefit of the INSURER any such money due or other property belonging to such INSURED.
6. The Limit of Liability of the INSURER under this Endorsement shall be \$1,000,000 per CLAIM per INSURED and \$2,000,000 per POLICY PERIOD per INSURED, with a Deductible of \$1,000 each and every CLAIM.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date

## **Endorsement No. 4**

### **FRAUDULENT ACT COVERAGE FOR LIFE AGENTS /ACCIDENT AND SICKNESS AGENTS LICENSED UNDER THE INSURANCE COUNCILS OF SASKATCHEWAN**

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

The coverage afforded under this Policy shall also apply to a CLAIM, in excess of the Deductible and subject to the Limit of Liability indicated in item 6 of this Endorsement, for which the INSURED is legally liable to any third party (other than an insurance company which may have or assert a right of action for breach of contract or for indemnity of contribution), for failure to obtain or provide insurance as a result of any dishonest or fraudulent act by one or more INSURED acting directly or in collusion with others in the conduct of the business of the NAMED INSURED as a licensed life insurance agent and/or an accident and sickness insurance agent in the Province of Saskatchewan, as defined in the Life Insurance Council Bylaws while this coverage is in force and for which a CLAIM is made against the INSURED during the POLICY PERIOD, subject to the following provisions:

1. The amount payable under this Policy by virtue of this Endorsement shall in no event exceed the amount which would have been payable under such policy of insurance which the INSURED dishonestly or fraudulently failed to obtain or provide.
2. In the event of the failure of the NAMED INSURED to pay a CLAIM to which this Policy may apply by virtue of this Endorsement upon demand of any third party then the INSURER shall make payment, after investigating coverage, directly to such third party and shall be entitled to reimbursement from the INSURED for the amount of the Deductible as outlined in item 6 of this Endorsement and any other amount expended by the INSURER.
3. The coverage afforded under this Policy by virtue of this Endorsement shall not:
  - i. benefit any person committing, making or condoning any such dishonest or fraudulent act;
  - ii. benefit any creditor of any INSURED hereunder for non-payment of accounts, or refunds of premiums or premium taxes;



- iii. apply to a CLAIM which is afforded by Part I of the Policy to which this Endorsement is attached;
  - iv. apply to a CLAIM arising out of the insolvency of the INSURED or any affiliate of the INSURED.
4. The NAMED INSURED or any INSURED not implicated in such dishonest or fraudulent act shall give written notice of:
- i. the discovery of any act which may give rise to a CLAIM under the coverage afforded by this Endorsement;
  - ii. the discovery of reasonable cause for suspicion of any act on the part of any INSURED which may give rise to a CLAIM under the coverage afforded by this Endorsement.
5. In the event of a CLAIM hereunder, the INSURED and any other INSURED not implicated in such dishonest or fraudulent act shall cooperate with the INSURER in the investigation of any such CLAIM and shall give such information and assistance to the INSURER as requested to enable the INSURER to obtain restitution from any INSURED committing such act and shall withhold for the benefit of the INSURER any such money due or other property belonging to such INSURED.
6. The Limit of Liability of the INSURER under this Endorsement shall be \$1,000,000 per CLAIM per INSURED and \$1,000,000 per POLICY PERIOD per INSURED, with a Deductible of \$1,000 each and every CLAIM.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 5

### ONTARIO REGULATORY CANCELLATION ENDORSEMENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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#### IT IS HEREBY UNDERSTOOD AND AGREED THAT:

In the event the INSURER cancels, does not renew or effects any change whereby the INSURED'S policy does not meet the limits or conditions of the Ontario Insurance Commission, the INSURER undertakes to give thirty (30) days advance notice by registered mail to the Ontario Insurance Commission at the address indicated below.

In the event the NAMED INSURED cancels, does not renew or effects any change whereby this Policy does not meet the limits or conditions of the Ontario Insurance Commission, the INSURER undertakes to give immediate notice by registered mail to the Ontario Insurance Commission at the address indicated below.

Ontario Insurance Commission  
Office of the Superintendent of Insurance  
Agents and Adjusters Branch  
5160 Yonge Street, 16th Floor  
North York, Ontario  
M2N 6I9



ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 6

### SASKATCHEWAN REGULATORY CANCELLATION ENDORSEMENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

In the event the INSURER cancels, does not renew or effects any change whereby the INSURED'S policy does not meet the limits or conditions of the Insurance Council of Saskatchewan, the INSURER undertakes to give thirty (30) days advance notice by registered mail to the Insurance Council of Saskatchewan at the address indicated below.

In the event the NAMED INSURED cancels, does not renew or effects any change whereby this Policy does not meet the limits or conditions of the Insurance Council of Saskatchewan, the INSURER undertakes to give immediate notice by registered mail to the Insurance Council of Saskatchewan at the address indicated below.

Insurance Council of Saskatchewan  
310 - 2631 - 28th Avenue  
Regina, Saskatchewan  
S4S 6X3

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 7

### 60 DAYS CANCELLATION – NEWFOUNDLAND INSURANCE SUPERINTENDENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

**PART V – CONDITIONS**, paragraph 4. **CANCELLATION OF POLICY** is amended to include the following:

Sixty (60) days advance notice by registered mail of cancellation, non-renewal, or any change that increases the Deductible or decreases the coverage will be provided to the Superintendent of Insurance of the Province of Newfoundland.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date

## Endorsement No. 8

### QUEBEC REGULATORY ENDORSEMENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

**NOTWITHSTANDING ANYTHING CONTAINED IN THIS POLICY, THE PROVISIONS OF THIS ENDORSEMENT SHALL APPLY SOLELY IN REGARD TO INSURED HEREUNDER, WHO ARE LICENSED IN ACCORDANCE WITH THE AUTORITÉ DES MARCHÉS FINANCIERS.**

It is understood and agreed that the following changes are made to this Policy:

I. The expression “error, omission or negligent act” wherever written in this Policy and its endorsements, is replaced by the expression “fault, errors, negligence or omissions”.

II. Item 4 of the Declarations, **LIMIT OF LIABILITY**, is deleted and replaced with the following:

\$1,000,000 CAN per CLAIM per INSURED and  
\$2,000,000 CAN per POLICY PERIOD per INSURED

except that it is agreed that if, prior to the effective date of this Endorsement, the Limit of Liability stipulated in Item 4 of the Declarations is higher than the Limit of Liability stipulated in this Endorsement, the Limit of Liability stated in the Declarations prior to the effective date of this Endorsement shall continue to apply and shall not be replaced as outlined above.

III. Solely in regards to a Quebec representative of the NAMED INSURED, **Part I – INSURING AGREEMENTS**, paragraph **C. DEFENCE INCLUDED IN LIMIT** is deleted in its entirety and replaced with the following:

**C. DEFENCE IN ADDITION TO LIMIT**

The payment of sums provided for in paragraph B. Part I shall be in addition to the applicable limit of liability of the INSURER.

IV. Solely in regards to a Quebec representative of the NAMED INSURED, the following are added to **Part II – Definitions**, paragraph **4. INSURED**:

- (f) should the NAMED INSURED be an independent representative: its mandatories, employees, past or present trainees in the performance of their duties whether or not such persons are still so engaged on the date of the CLAIM;
- (g) should the NAMED INSURED be a firm: its mandatories, representatives, employees, past or present trainees of representatives employed by the NAMED INSURED in the performance of their duties whether or not such persons are still so engaged on the date of the CLAIM;
- (h) should the NAMED INSURED be a partnership: its partners, mandatories, representatives in his employ, employees, past or present trainees of partners and representatives employed by the NAMED INSURED in the performance of their duties whether or not such persons are still so engaged on the date of the CLAIM;

V. **Part V – CONDITIONS** is amended to add the following paragraph:

**AUTOMATIC EXTENSION PERIOD – DISCONTINUANCE OF PRACTICE**

For any INSURED who ceases to pursue activities, irrespective of whether or not he or she is still alive, there will be an Automatic Extended Reporting Period starting on the date the INSURED ceases to pursue activities and lasting for five years with respect to fault, errors, negligence, or omissions arising out of INSURED SERVICES rendered prior to the discontinuance of practice.

VI. The following paragraph is added to **PART V – CONDITIONS**, paragraph 5.

**CONFORMITY WITH LAW:**

Provisions of this Policy which are at variance with the law of the Province of Quebec are hereby modified in order to conform with such law as regards to any Quebec representative INSURED under this Policy.

VII. The following is added to **PART V – CONDITIONS**, paragraph 4.  
**CANCELLATION OF POLICY.**

Should this Policy be cancelled or non-renewed by the INSURER, at least sixty (60) days prior to such effective date of cancellation or non-renewal, a written notice of cancellation or non-renewal, as applicable, will be given by the INSURER to the NAMED INSURED and to the:

Autorité Des Marchés Financiers,  
Place de la Cité, tour Cominar  
2640, Boulevard Laurier, bureau 400  
Saint-Foy, Québec  
G1V 5C1

Should the INSURER receive notice of cancellation or non-renewal of the Policy from the NAMED INSURED, upon receipt of such notice, we will notify the:

Autorité Des Marchés Financiers,  
Place de la Cité, tour Cominar  
2640, Boulevard Laurier, bureau 400  
Saint-Foy, Québec  
G1V 5C1

VIII. The following is added to **PART V – CONDITIONS**.

**CLAIM NOTICE OF AUTHORITIES**

The INSURER will give notice of receipt by the INSURER of any CLAIM to the :

Autorité Des Marchés Financiers,  
Place de la Cité, tour Cominar  
2640, Boulevard Laurier, bureau 400  
Saint-Foy, Québec  
G1V 5C1

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.



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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 9

### LIFE AND ACCIDENT AND SICKNESS AGENTS LICENSED BY THE INSURANCE COUNCIL OF MANITOBA

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

IT IS HEREBY UNDERSTOOD AND AGREED THIS POLICY IS AMENDED AS FOLLOWS BUT ONLY IN REGARDS TO LIFE AND/OR ACCIDENT AND SICKNESS INSURANCE AGENTS LICENSED BY THE INSURANCE COUNCIL OF MANITOBA WHO ARE PROVIDED COVERAGE UNDER THIS POLICY.

1. The term INSURED shall mean only a life and/or accident and sickness insurance agent licensed by the Insurance Council of Manitoba. All other terms used in this Endorsement have the same meaning as in the Policy.
2. The Limit of Liability stated in Item 4 of the Declarations shall be no less than \$1,000,000 CAN per CLAIM per INSURED and \$5,000,000 CAN per POLICY PERIOD per INSURED.
3. For those INSURED who have paid an additional premium (if applicable) for the POLICY PERIOD and whose individual certificate includes coverage for fraudulent acts and dishonest acts coverage afforded by paragraph 4 of this Endorsement:

Paragraph A. GENERAL AGREEMENTS under PART I – INSURING AGREEMENTS, is amended to include the following:

In consideration of the premium paid, and in reliance upon the statements made in the application form, and subject to the terms, conditions, and limitations contained in this Policy, the INSURER agrees to pay on behalf of the INSURED all sums which the INSURED shall become legally obligated to pay as DAMAGES because of a CLAIM first made against the INSURED during the POLICY PERIOD and reported to the INSURER during the POLICY PERIOD resulting from any fraudulent act or dishonest act in the rendering of INSURED SERVICES by the INSURED which took place subsequent to the Retroactive Date specified in the Declarations and subject to the limit of liability outlined in paragraph 6 of this Endorsement.



The amount payable by virtue of paragraph 4 of this Endorsement shall in no event exceed the amount which would have been payable under such policy of insurance which the INSURED fraudulently or dishonestly failed to obtain or provide.

The coverage afforded under paragraph 4 of this Endorsement shall not:

- (1) benefit any person committing, making or condoning any such fraudulent act or dishonest act;
- (2) benefit any creditor of any INSURED hereunder for non-payment of accounts, or refunds of premiums or premium taxes;
- (3) apply to a LOSS arising out of the insolvency of the NAMED INSURED or any affiliate of the NAMED INSURED.

The NAMED INSURED or any INSURED not implicated in such fraudulent act or dishonest act shall give written notice:

- (a) of the discovery of any act which may give rise to a CLAIM under the coverage afforded by paragraph 4 of this Endorsement; or
- (b) the discovery of reasonable cause for suspicion of any act on the part of any INSURED which may give rise to a CLAIM under the coverage afforded by paragraph 4 of this Endorsement.

In the event of a CLAIM under paragraph 4 of this Endorsement, the NAMED INSURED and any other INSURED not implicated in such fraudulent act or dishonest act shall cooperate with the INSURER in the investigation of any such CLAIM and shall give such information and assistance to the INSURER as requested to enable the INSURER to obtain restitution from any INSURED committing such fraudulent act or dishonest act and shall withhold for the benefit of the INSURER any such money due or other property belonging to such INSURED.

Exclusion 4 under PART III – EXCLUSIONS is deleted in its entirety and replaced with the following:

4. DELIBERATE, MALICIOUS OR CRIMINAL ACTS

CLAIMS resulting from deliberate, malicious or criminal acts committed by any INSURED, however this exclusion does not apply to any INSURED who is neither the author of nor an accomplice to the act.

4. Subject to the limit of liability outlined in paragraph 6 of this Endorsement, if the INSURER terminates or non-renews this Policy, other than for non-payment of premium, or an INSURED terminates their agency agreement with the NAMED INSURED, the INSURED, by giving written notice to the INSURER together with additional premium equal to Nil of the applicable annual premium within 30 days following the effective date of termination or non-renewal, may extend coverage granted by this Policy for a period of 5 years following the effective date of termination or non-renewal, but only for an error, omission, negligent act, fraudulent act or dishonest act in the rendering of INSURED SERVICES taking place prior to the effective date of

such termination or non-renewal and only if there is no replacement policy obtained providing coverage anytime during such 5 year period.

5. Paragraph C under PART I – INSURING AGREEMENTS is deleted in its entirety and replaced with the following:

C. DEFENCE OUTSIDE THE LIMIT

The payment of sums provided for in paragraph B. Part I shall not reduce the applicable Limit of Liability of the INSURER.

Paragraph B (1) under PART I – INSURING AGREEMENTS is deleted in its entirety and replaced with the following:

- (1) that they shall have the right and duty to defend the INSURED in any suit first brought against the INSURED before a Canadian court of civil jurisdiction, even though this suit is unfounded, false or fraudulent; however the INSURER shall not be obligated to pay any DAMAGES, LEGAL EXPENSES, judgement, award, costs or to undertake or continue defence of any suit or proceeding after the limit of liability outlined in paragraph 6 of this Endorsement has been exhausted by payment of DAMAGES, in which case the INSURER shall have the right to withdraw from further defence by tendering control of said defence to the INSURED.

6. The limit of liability of the INSURER in respect of coverage provided under paragraphs 3, 4 and 5 of this Endorsement shall be \$1,000,000 CAN per CLAIM per INSURED and \$5,000,000 CAN per POLICY PERIOD per INSURED. Such limit of liability shall be part of and not in addition to the Limit of Liability stated in Item 4 of the Declarations and subject to the Deductible stated in Item V of the Declarations.
7. If the date stipulated in Item 9 of the Declarations is later than June 1, 2001, then such date is deleted and replaced with June 1, 2001.
8. The INSURER undertakes to give fifteen (15) days prior written notice by registered mail to:

Insurance Council of Manitoba  
466-167 Lombard Avenue  
Winnipeg, Manitoba  
R3B 0T6

in the event that:

- a) the INSURER cancels, terminates, or does not renew this Policy; or  
b) an INSURED is deleted from the policy.





ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 10

### ALBERTA ENDORSEMENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

In the Province of Alberta the Policy is modified as follows:

1. The Limit of Liability should not be less than \$500,000 per CLAIM and an aggregate amount of \$2,000,000 for all insurance CLAIMS made during the POLICY PERIOD, and these limits shall be dedicated to insurance CLAIMS arising in the province of Alberta.
2. Coverage is provided for LOSS resulting from fraudulent acts committed by an INSURED and will operate to protect the claimant to the full amount of the coverage prescribed by regulation provided always that this coverage shall not apply to any INSURED who participated in or ratified the fraudulent act; subject to the following provisions:
  - a) The amount payable under this Policy by virtue of this Endorsement shall in no event exceed the amount which would have been payable under such policy of insurance which the INSURED failed to obtain or provide but in no event shall the INSURER'S liability exceed the Limit of Liability of this Endorsement.
  - b) The coverage afforded under this Policy by virtue of the Endorsement contained in this paragraph 2 shall not:
    - i. benefit any person or entity committing, making or condoning any such dishonest or fraudulent act or omission;
    - ii. provide any coverage if the business is a sole proprietorship or is a corporation that has a single shareholder and no other employees
3. Unless replacement coverage is obtained after cancellation or expiration of this Policy, this Policy shall apply to CLAIMS first made against the INSURED and reported to the INSURER during the 12 months immediately following the date of cancellation (such 12 months to be called the Extended Reporting Period) resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by the INSURED prior to the date of expiration or cancellation of the policy.



4. The term INSURED and/or NAMED INSURED shall include a business defined to mean a corporation, partnership or sole proprietorship with which the INSURED is associated or employed but does not include an INSURER.
5. The INSURER hereby agrees to give the Alberta Insurance Council, written notice of any cancellation or non-renewal or any changes whereby the policy does not meet the form and contents required by regulation and further agrees that such notice shall not become effective until thirty (30) days after actual receipt of such notice by the Alberta Insurance Council.
6. If a claimant has a judgment against the INSURED or enters into a settlement with the INSURER, the INSURER must pay the full amount of judgment or settlement up to the Limits of Liability of the Policy, directly to the claimant and may recover the Deductible from the INSURED.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 11

### EXTENDED REPORTING PERIOD – DEATH / DISABILITY / RETIREMENT / TERMINATION BY INSURED

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Effective Date: June 1, 2013  
Policy Number: FTTOAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

1. If, during the POLICY PERIOD, there is a death, disability, retirement of an INSURED or termination by an INSURED, as defined in Paragraph 4 of Part II – DEFINITIONS, such INSURED shall receive an automatic extension of coverage under this Policy for a period of 30 days following the effective date of such death, disability, retirement or termination. The extension of coverage shall be solely with respect to CLAIMS made against the INSURED during the POLICY PERIOD, resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by such INSURED prior to the date of such death, disability, retirement or termination.
2. If, during the POLICY PERIOD, there is a death, disability, retirement of an INSURED or termination by an INSURED, as defined in Part II – DEFINITIONS, Paragraph 4 (a), the INSURED shall have the right to purchase an extension of coverage under this Policy. Such extension of coverage shall be solely with respect to CLAIMS made against the INSURED during the POLICY PERIOD, resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by the INSURED prior to the date of such death, disability, retirement or termination, and in such event the automatic extension provided in Item 1 of this endorsement shall form part of and shall not be in addition to such extension provided in Item 2 of this endorsement.

The additional premium required in order to purchase this extension of coverage is set out below. Notification of death, disability, retirement or termination, and payment of the additional premium must be received by the INSURER no later than 30 days after the INSURED'S death, disability, retirement or termination.

One (1) Year Extension	100% of expiring annual agent's premium (as noted in most recent agent certificate)
Two (2) Year Extension	125% of expiring annual agent's premium (as noted in most recent agent certificate)



Three (3) Year Extension	150% of expiring annual agent's premium (as noted in most recent agent certificate)
Four (4) Year Extension	175% of expiring annual agent's premium (as noted in most recent agent certificate)
Five (5) Year Extension	200% of expiring annual agent's premium (as noted in most recent agent certificate)
Six (6) Year Extension	225% of expiring annual agent's premium (as noted in most recent agent certificate)

3. The extension periods in Items 1 and 2 of this endorsement shall form part of the immediate preceding POLICY PERIOD and shall not in any way increase the Limit of Liability set forth in the Declarations.
4. Notwithstanding the above and only with respect to any INSURED as defined in Part II – DEFINITIONS, Paragraphs 4 (a) through (e), coverage extensions provided in Items 1 and 2 of this endorsement shall only apply where there is no replacement policy.

“replacement policy” means any agents E&O policy, whether or not its terms, conditions and premiums are comparable to those offered by the INSURER.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 12

### LIBERTY NOTICE ENDORSEMENT

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

**Notice of Membership in Liberty Mutual Holding Company Inc.**

While this policy is in effect, the "NAMED INSURED" first named in the Declarations is a member of Liberty Mutual Holding Company Inc. and is entitled to vote either in person or by proxy at any and all meetings of the members of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is in Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning.

The "NAMED INSURED" first named in the Declarations shall participate in the distribution of any dividends declared by us for this policy. The amount of such "NAMED INSURED'S" participation is determined by the decision of Liberty Mutual Holding Company Board of Directors in compliance with any laws that apply.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date



## Endorsement No. 13

### AMEND DEFINITION OF INSURED SERVICES – LIFE AND ACCIDENT & SICKNESS

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Effective Date: June 1, 2013  
Policy Number: FITOAAAN4JZ002  
Issued To: Palm Financial Group Inc.  
By: Liberty Mutual Insurance Company

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IT IS HEREBY UNDERSTOOD AND AGREED THAT:

**Part II – DEFINITIONS**, paragraphs **4. INSURED** and **5. INSURED SERVICES** are deleted in their entirety and replaced with the following:

#### **4. INSURED**

- (a) any current licensed Life Insurance agent or licensed Accident and Sickness agent currently contracted with the NAMED INSURED;
- (b) any current or former licensed or unlicensed assistants for whose acts the INSURED under item (a) above is responsible;
- (c) a PERSONAL CORPORATION associated with the INSURED as defined under item (a) above, but solely for CLAIMS resulting from an error, omission or negligent act in the rendering of INSURED SERVICES by the INSURED as defined under item (a) above;
- (d) the legal heirs, beneficiaries or appointed legal representatives of the estate of a deceased INSURED, but only for CLAIMS resulting from an error, omission or negligent act in the rendering of INSURED SERVICES during the POLICY PERIOD;
- (e) in Quebec, trainee agents or said agents and representative agents as defined under item (a) above.

#### **5. INSURED SERVICES**

Those services related to the conduct of the business of a licensed Life Insurance Agent or licensed Accident and Sickness Insurance Agent including:

- (a) activities relating to and including the sale of life insurance, insurance annuities, accident and sickness insurance, hospitalization or medical insurance plans, group benefit administration service agreements;



- (b) activities relating to and including the sale of variable annuities and variable life insurance contracts providing for participation in life insurance company separate investment accounts;
- (c) activities relating to and including sales management or supervisory positions by INSUREDS in the business referenced in a) and b) above.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

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Authorized Representative of Liberty Mutual Insurance Company

August 6, 2013

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Date