

# Errors & Omissions Highlights

Financial Professionals and Referral Representatives of

## Avantax Wealth Management

Policy Period: May 1, 2024 to December 31, 2024

# Avantax

Wealth Management®

### Broker/Administrator

Arthur J. Gallagher Risk Management Services, Inc.  
License #0D69293

### Coverage Underwritten by:

National Fire & Marine Insurance Company  
(a Berkshire Hathaway company)



# Gallagher

Insurance | Risk Management | Consulting



# Avantax

## Wealth Management®

### Table of Contents

Avantax Wealth Management .....	1
Table of Contents .....	1
Policy Number: .....	2
Policy Period: .....	2
Insurer: .....	2
Policy Limits: .....	2
Coverage Options: .....	2
Policy Retentions: .....	2
Coverage: .....	2
Policy Exclusions .....	9
Claims Reporting .....	16
Important Contacts .....	17

THIS OUTLINE PROVIDES GENERAL INFORMATION ON YOUR ERRORS AND OMISSIONS PROGRAM. IT IS NOT INTENDED TO INTERPRET THE TERMS OF THE POLICY NOR TO BE LEGAL ADVICE, BUT RATHER SUMMARIZES OUR UNDERSTANDING OF THE COVERAGE PROVIDED. IT IS NOT A PART OF THE POLICY, NOR DOES IT MODIFY OR SERVE AS A CONCLUSIVE STATEMENT OF ITS TERMS. FOR COMPLETE DETAILS OF YOUR COVERAGE, PLEASE REFER TO THE POLICY, A COPY OF WHICH CAN BE OBTAINED BY CALLING ARTHUR J. GALLAGHER & CO. RISK MANAGEMENT SERVICES, LLC. AT (800) 532-0327

Insurance Coverage Highlights

<b>Policy Number:</b>	42-PBD-150970-07
<b>Policy Period:</b>	5/1/2024 to 12/31/2024
<b>Insurer:</b>	National Fire & Marine Insurance Company (a Berkshire Hathaway company) – Non Admitted Carrier with an A.M. Best Rating of A ++ (Superior)
<b>Policy Limits:</b> <i>(Dependent on chosen option)</i>	<p>\$1,000,000 per claim / \$1,000,000 aggregate per FP</p> <p>\$2,000,000 per claim / \$2,000,000 aggregate per FP</p> <p>\$5,000,000 per claim / \$5,000,000 aggregate per FP</p>
<b>Coverage Options:</b> <i>(Dependent on chosen option)</i>	<p><b>Basic</b> – Securities, Insurance Products &amp; Cyber (Financial Professional Coverage Only)</p> <p><b>Basic Plus</b> – Accounting, Securities, Insurance Products &amp; Cyber (Financial Professional and Accounting/Tax Services)</p> <p><b>Referral Representatives</b> – Referral of Securities products to a full-time Avantax Financial Professional, or if appropriately licensed and approved, the sale, servicing of Securities products, Investment Advisory products, and/or Insurance products. Note, Referral Representatives requiring the Basic Plus coverage which includes the optional Accounting/Tax Services extension must enroll at the full-time, non-discounted E&amp;O participation cost.</p>
<b>Policy Retentions:</b> <i>(applies to Damages &amp; Defense Costs)</i>	<p>\$5,000 each Claim</p> <p>\$10,000 each Claim involving Trade Errors</p> <p>\$2,500 each Claim involving Accounting Services <i>(other than covered Audit Services, \$5,000)</i></p> <p>\$10,000 each Claim involving Fraudulently Induced Client Funds Transfers</p> <p>\$1,000 each Claim involving Cyber Events</p>
<b>Coverage:</b>	<ul style="list-style-type: none"> <li>• Coverage is on “Claims Made” basis, which covers claims first presented to an insured and reported to the insurer during current coverage period.</li> <li>• <b>Coverage extends to Financial Professionals:</b> Full-Time Avantax Financial Professionals who are affiliated with Avantax Investment Services® and/or Avantax Advisory Services® (hereinafter, “Avantax”) who have enrolled in the Avantax sponsored Errors &amp; Omissions (E&amp;O) Program (the “E&amp;O Program”) by electing at a minimum the Securities &amp; Insurance coverage and have paid the participation fee are covered under the policy.</li> <li>• <b>Coverage extends to Referral Representatives:</b> Referral Representatives who are affiliated with Avantax who have enrolled in the E&amp;O Program and have paid the participation fee are covered under the policy.</li> <li>• <b>Coverage extends to your corporation:</b> Any corporation, partnership, or other business entity, which is owned or controlled by you, or for which you provide professional services, are considered covered insureds; however, coverage only applies to operations of the business entity directly related to the Professional Services rendered by an Insured Financial Professional.</li> <li>• <b>Coverage extends to your employees:</b> Any of your current secretarial, clerical or administrative staff (including those performing bookkeeping or tax preparation), employees of the <b>Agent, General Agent, Financial Professional or Registered Investment Adviser</b> solely for services performed within his or her capacity as such and on behalf of the Insured Financial Professional and provided that they did not receive any commission income pursuant to a contract with any insurance company or</li> </ul>

broker/dealer as a result of rendering Professional Services on behalf of the Insured Financial Professional.

- **Coverage extends to any Insured Financial Professional who retires or becomes disable during the policy period**

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

# Insurance Coverage Highlights

## 1. What Professional Services are covered?

There are three coverage levels to choose from depending on your needs:

### **Basic Coverage – Available to Financial Professionals & Investment Advisor Representatives**

Subject to all terms and conditions of the Policy, the definition of Professional Services includes: securities products and services approved by and provided through Avantax Investment Services, Inc., investment advisory products and services approved by and provided through Avantax Advisory Services, Inc., and insurance products and services approved by and provided through Avantax Insurance Services, Inc., and Avantax Insurance Company, 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 outside business disclosure reporting form].*

### **Basic Plus Coverage – Available to Financial Professionals & Investment Advisor Representatives as well as Referral Representatives who also need Accounting Services coverage**

If you elect the Basic Plus coverage level which includes an 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; providing tax advice; preparation of tax returns; acting as an enrolled agent or CPA representing a Client before the Internal Revenue Service, but only when such services are performed for a Client for compensation.

Accounting Services also includes limited coverage for audit services rendered to a natural person who is a Client of the Insured Financial Professional, but solely with respect to the preparation or issuance of an audit report on personal financial statements or tax returns and representing such natural person Client before the Internal Revenue Service (audit services rendered to firms/entities are excluded). Audit Services is subject to a sublimit of \$200,000 Each Claim/\$200,000 Aggregate per Insured Financial Professional/\$500,000 Total Policy Aggregate all Insureds and \$5,000 Retention each Claim. The retention for Accounting Services claims not involving covered Auditing Services is \$2,500.

Basic Plus coverage also includes the following services rendered as a Divorce Financial Analyst: gathering financial details relevant to a Client's divorce; analysis of income and expenses; financial modeling; analysis and illustration of potential settlement scenarios; forecasting cash flows; examining retirement and insurance issues; preparing inventories and financial settlement scenarios; tracing of financial statements to help categorize flow of funds or potential credits and reimbursements; or providing expert witness testimony relating to the Divorce Financial Analyst services described herein.

### **Referral Basic Coverage – Available to Referral Representatives only**

Referral Representatives are covered for the referral of securities products to a full-time Avantax Financial Professional, and if properly licensed and approved, may also sell/service securities approved by and provided through Avantax Investment Services, Inc., investment advisory products and services approved by and provided through Avantax Advisory Services, Inc., and insurance products and services approved by and provided through Avantax Insurance Services, Inc., and Avantax Insurance Company, LLC, or any other company. *[You must list your insurance products on your outside business disclosure reporting form.]*

**Note:** *Referral Representatives who require the Accounting and Tax Services coverage extension (Basic Plus) must enroll at the full-time, non-discounted E&O participation cost, for such coverage.*

## 2. Does the policy include any ancillary coverage extensions?

### **Regulatory Claims Coverage**

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

### **Cyber Liability Coverage**

The E&O Program includes a comprehensive cyber liability extension for first and third party Cyber Liability Claims made against you. Cyber events across our industry continue to grow in frequency and complexity and having appropriate coverage for this risk is important for you and your customers. Coverage extends to network security and privacy liability; privacy regulatory defense, fines and penalties; network extortion; breach expenses and business interruption. Business Interruption coverage is provided solely for a breach and its resulting downtime; subject to a 12-hour waiting period and \$1,000 sublimit per day up to a maximum of 10 days/\$10,000 (this sublimit is included within and not in addition to the Cyber Liability sub-limits referenced below). Cyber events involving extortion demands (e.g. ransomware) are subject to a sublimit of \$75,000 per Financial Professional. Coverage for Cyber Liability claims other than Business Interruption or Extortion Demands are subject to the following sub-limits of liability: \$150,000 Each Claim/\$150,000 Aggregate per Financial Professional/\$2,500,000 Total Policy Aggregate all Insureds and \$1,000 Retention. This coverage benefit is provided to you at no additional cost.

Early intervention in the event of privacy breach can save considerable claim dollars. Berkshire Hathaway has contracted with industry leading forensic firms and breach coaches to support you in the event of a breach. In the event of a suspected breach (including after business hours), remember the following Do's and Don'ts:

#### **DO:**

**Step 1:** Call the dedicated hotline for the Breach Coach, Mullen Coughlin at: (844) 356-7007, you may also email the Breach Coach at [bhspecialty.breachhotline@mullen.law](mailto:bhspecialty.breachhotline@mullen.law)

**Step 2:** Report the suspected breach to Berkshire Hathaway using the Claim Report Form located on page 16 of this Highlight Guide and Avantax by copying: [legal@avantax.com](mailto:legal@avantax.com)

**Step 3:** Preserve all electronic evidence/logs

#### **DON'T:**

- Hire outside, non-Berkshire approved, vendors (legal, forensic, public relations, etc);
- Wire money to anyone; or
- Wait to get started.

If you and/or your business need higher limits, you should consider obtaining a separate Cyber Liability insurance policy.

# Commonly Asked Questions

## 1) What are my Limits of Liability?

There are three limits available to Avantax Financial Professionals, \$1,000,000 per Claim/\$1,000,000 Aggregate, \$2,000,000 per Claim/\$2,000,000 Aggregate and \$5,000,000 per Claim/\$5,000,000 Aggregate.

Please note, certain coverage extensions include sublimits of liability that are included within and not in addition to the limits of liability elected by the Insured Financial Professional, see question VI. below for details. There is no Total Policy Aggregate applicable to all Insured Financial Professionals.

## 2) Which Sub-Limits apply to my coverage?

The policy includes the following sub-limits which are included within and not in addition to the limit you elect during enrollment:

### **Cyber Liability**

\$150,000 Each Claim/\$150,000 Aggregate per Insured Financial Professional/\$2,500,000 Total Policy Aggregate all Insureds. Cyber events involving extortion demands (e.g. ransomware) are subject to a sublimit of \$75,000 per Financial Professional. Business Interruption coverage is provided for solely for a breach and its resulting downtime; subject to a 12-hour waiting period and \$1,000 sublimit per day up to a maximum of 10 days/\$10,000.

### **Accounting Services\***

\$200,000 Each Claim/\$200,000 Aggregate per Insured Financial Professional/\$500,000 Total Policy Aggregate all Insureds applies to Claims involving the auditing of natural persons who are Clients of the Insured Financial Professional (auditing services for firms/entities excluded).

\$200,000 Each Claim/\$200,000 Aggregate per Insured Financial Professional applies to Claims involving the Insured Financial Professional's failure to identify embezzlement or other fraud.

\*The Accounting Services sub-limits referenced above only apply to Financial Professionals who elected the Accounting Services extension and paid the applicable additional participation fee during enrollment. If you did not elect the Accounting Services extension, your policy does not include coverage for any Accounting Services.

### **Supplementary Coverages**

- Pre-Claim Assistance: \$25,000 Each Claim
- Subpoena Assistance: \$25,000 Each Claim
- Expert Witness Testimony: \$25,000 Each Claim
- Reimbursement of Expenses: \$500 per day, subject to a maximum of \$10,000 each Claim
- Expungement of Customer Disputes: \$15,000 Each Claim/\$30,000 Aggregate per Insured Financial Professional/\$100,000 Total Policy Aggregate all Insureds
- HIPPA Civil Penalties: \$50,000 Each Claim/\$50,000 Aggregate per Insured Financial Professional/\$50,000 Total Policy Aggregate all Insureds
- Hold Only Products: \$10,000 Each Claim/\$10,000 Aggregate per Insured Financial Professional/\$100,000 Total Policy Aggregate all Insureds
- Fraudulently Induced Client Funds Transfers: \$250,000 each Claim/\$250,000 Aggregate per Insured Financial Professional/\$2,000,000 Total Policy Aggregate all Insureds

### **Claims involving the Insolvency of an approved Alternative Investment product**

\$1,000,000 Each Claim/\$1,000,000 Aggregate per Insured Financial Professional/\$5,000,000 Total Policy Aggregate all Insureds.

### **Regulatory Matters**

\$50,000 Each Claim/\$50,000 Aggregate per Insured Financial Professional. This extension includes covered taxes, fines or penalties imposed against an Insured; however, coverage shall be limited to those civil fines or pecuniary penalties assessed against an Insured Financial Professional for an unintentional and non-willful violation by such Insured Financial Professional of any federal, state or local law or regulation where such fines and penalties are insurable by law in connection with a Regulatory Action. Regulatory Action means: 1) an administrative or regulatory proceeding (other than an investigation) by an Enforcement Authority against an Insured Financial Professional; or 2) a formal investigation of an Insured Financial Professional (notice of investigation, target letter, Wells Notice or similar document). Regulatory Action does not include routine or regularly scheduled audits, inspections, general oversight or compliance activities. Enforcement Authorities means governmental or self-regulatory authorities, including but not limited to the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or the Department of Labor (DOL).

### **3. What are my retentions?**

There is a \$5,000 retention for all Claims except the following: \$1,000 retention per Cyber Event; \$2,500 retention per Claim for professional accounting and tax services (excluding auditing); \$5,000 per Claim for auditing services rendered to an individual customer (firms/entities excluded) and a \$10,000 retention for trade errors. *The retention applies to the payment of both Damages and Defense Costs. Retentions for accounting, tax or audit services only apply if the Insured Financial Professional has elected the Basic Plus coverage option.*

### **4. What are some important conditions of the policy?**

#### **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 Berkshire Hathaway 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.

#### **Prior Acts Coverage**

**Financial Professionals Errors & Omissions Liability:** Your Prior Acts Date is the **earlier of** your date of affiliation with Avantax or the date you first obtained—and continuously maintained—a “claims made” professional liability policy.

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

***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 Berkshire Hathaway. Defense costs are included in the Limits of Liability.***



## 5. What happens if my affiliation with Avantax terminates during the policy period?

If your affiliation with Avantax 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 Avantax 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 of actual or alleged negligent acts committed on or after your affiliation date with Avantax and on or prior to your termination date.

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

- a. **General Reasons:** an automatic one (1) year ERP shall be provided to you at no cost;
- b. **Retirement, Disability or Death:** an automatic unlimited ERP shall be provided at no cost;
- c. **Disciplinary Reasons:** an automatic ninety (90) day ERP shall be provided to you at no cost.

Financial Professionals (FPs) who terminate due to general reasons may purchase an optional ERP for an additional premium for either a three (3) year or six (6) year term at 150% or 200% of the FP's last annual premium respectively. A written request for the optional ERP along with the applicable additional premium must be received within sixty (60) days of the termination of the FP's affiliation with Avantax. Optional ERPs are not available to FPs terminating for Disciplinary Reasons.

FPs who terminate their affiliation with Avantax for reason of retirement from the business of providing Professional Services involving insurance or investment products and are no longer registered with any of the following entities: any Broker/Dealer, FINRA, SEC, state securities department or state insurance department, but choose to continue rendering Accounting Services, shall receive the ERP referenced above, depending on termination reason, for their non-Accounting Services which were rendered after their Prior Acts date and prior to their termination date. In this situation, no ERP shall apply to Accounting Services. It is recommended that any replacement policy obtain include prior acts coverage back to your Accountants Professional Liability Prior Acts Date.

**Please Note:** *FPs planning to retire must terminate their registration with Avantax by April 30, 2024 to be eligible for the ERP. FPs retiring after April 30, 2024 must enroll for 2024-2025 E&O coverage in order to qualify for the ERP benefits referenced above. Enrollment fees will not be prorated for terminations occurring after the new coverage year has begun. If you have any other Professional Liability policy, any applicable ERP referenced above shall not apply.*

# Policy Exclusions

***This policy will not apply to, and the Insurer shall pay neither Damages nor Claims Expense for any claim:***

## **A. Conduct/Illegal Profit**

based upon, arising out of, or relating to any:

- i. criminal, intentional, dishonest, malicious, fraudulent or knowing act, error or omission, or any willful violation of any statute, rule or law by an Insured; or
- ii. Insured gaining any profit, financial or non-financial advantage or remuneration that such Insured is not legally entitled to receive;

provided, however, this exclusion shall only apply if a final adjudication adverse to such Insured in any underlying proceeding establishes that such conduct occurred, or profit, advantage or remuneration was gained;

## **B. Prior Notice**

based upon, arising out of, or relating to any Wrongful Act, fact, circumstance or situation which has been the subject of any written notice given before the inception of the Policy Period under any professional liability policy, provided the insurer of such policy does not reject such notice as invalid;

## **C. Pending and Prior Litigation**

based upon, arising out of, or relating to essentially the same facts, circumstances, situations, transactions or events underlying or alleged in any litigation, any administrative or regulatory proceeding, any investigation, any arbitration, or any alternative dispute resolution proceeding against the Insured, that was pending on or prior to the inception date of the Policy;

## **D. Prior Wrongful Acts**

based upon, arising out of, or relating to any Wrongful Acts of a Broker/Dealer occurring or allegedly occurring before the date the Insured had Management Control of such Broker/Dealer, including any Wrongful Acts occurring or allegedly occurring on or after such date that are Related Wrongful Acts thereto;

## **E. Bodily Injury/Property Damage**

For any actual or alleged:

- i. bodily injury, mental anguish, emotional distress, sickness, disease, or death of any person; or
- ii. damage to or destruction of any tangible property, including the loss of use thereof;

## **F. Wrongful Employment Practices**

based upon, arising out of, or relating to any actual or alleged:

- i. employment-related act, omission, error, misstatement, misleading statement, neglect or breach of duty; or
- ii. harassment of or discrimination against anyone;

## **G. Antitrust/Unfair Competition**

based upon, arising out of, or relating to any actual or alleged:

- i. antitrust violations, including, without limitation, any violation of the Sherman Antitrust Act, the Clayton Act, the Robinson-Patman Act, each of the foregoing as amended, or any similar federal, state, local or foreign statutory, common or regulatory law; or
- ii. violation of any federal, state, local or foreign statutory, common or regulatory law with respect to business competition, unfair trade practices or tortious interference in another's contractual or business relationships;

## **H. Confidential/Personally Identifiable Information**

based upon, arising out of, or relating to any actual or alleged misuse of (including but not limited to for purposes of sale or replacement of insurance coverage) or failure to protect any confidential information or personally identifiable information by or on behalf of an Insured including but not limited to, trade secrets, personal customer information, customer lists, a customer's personally identifiable financial or medical information and intellectual property;

### **I. Insider Trading**

based upon, arising out of, or relating to any actual or alleged violation of 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 federal, state, local or foreign laws or statutes, or any rules or regulations promulgated under any of the foregoing, as amended;

### **J. Clearing Agency Services**

based upon, arising out of, or relating to, an Insured's performance of or failure to perform services for or on behalf of a clearing agency or arising out of any function of any Insured as a clearing agency;

### **K. Professional Services for Specified Persons/Entities**

based upon, arising out of, or relating to Professional Services performed for or on behalf of any:

1. past or present Insured;
2. entity in which an Insured has or had, directly or indirectly: a) the right to manage or operate; or b) a ten percent (10%) or more equity ownership interest at the time of such Professional Services, including any entity under Management Control of an Insured, directly or indirectly;
3. entity that has or had, directly or indirectly: (a) the right to manage or operate; or b) a 10% or more equity ownership in an Insured at the time of such Professional Services, including any entity that has Management Control of an Insured;
4. parent, spouse, domestic partner, household member, or child of an Insured, other than Defense Costs for any Claim; or
5. Broker/Dealer, other than one which buys, sells or trades in securities exclusively as a principal for its own account;

### **L. Enforcement Authority**

brought or maintained by or on behalf of an Enforcement Authority; provided, however, this exclusion shall not apply to any Claim by an official of such Enforcement Authority if such natural person is bringing the Claim in his or her capacity as a Client of the Insured and not as an official of such agency or organization;

### **M. Contractual Liability**

based upon, arising out of, or relating to:

- i. an Insured's alleged liability under any oral or written contract or agreement, including, but not limited to, express warranties or guarantees; or
- ii. the liability of others an Insured assumes under any oral or written contract or agreement;

provided, however, this exclusion shall not apply to an Insured's liability that exists in the absence of such contract or agreement;

### **N. Representation/Guarantee of Interest Rate or Market Value**

based upon, arising out of, or relating to any representations or guarantees made by the Insured with respect to interest rates or fluctuations in interest rates, the market value or performance of any investment or insurance product, or future premium payments; provided, however, this exclusion shall not apply to future value or similar projections when they include an appropriate written disclaimer;

### **O. Commingling**

based upon, arising out of, or relating to any actual or alleged commingling, theft, or use of the funds of any Client or prospective client;

### **P. 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, it is understood and agreed that this exclusion shall not apply to Loss in connection with an otherwise covered Claim if the product was solvent at the time of the actual sale, provided the maximum liability of the Insurer shall be \$500,000 each Claim and \$1,000,000 Aggregate each Insured which shall be part of, and not in addition to, each such Insured's elected each Claim and aggregate Limits of Liability option elected at the time of enrollment. Further, the maximum liability of the Insurer for claims as described in this paragraph is \$1,000,000 in the aggregate for all Insureds, combined, regardless of the number of Claims, Insureds, Wrongful Acts or Related Wrongful Acts;

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

based upon, arising out of, or relating to the responsibilities, obligations or duties imposed pursuant to the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, or local or foreign statutory law or common law with respect to: any plans, programs, and trusts, 1) established or maintained in whole or in part for the benefit of employees of the Insured; 2) sponsored by the Insured; 3) in which the Insured is a participant, trustee or named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, as amended, or any similar federal, state, local or foreign statutory law or common law;

**R. Discretionary Authority**

based upon, arising out of, or relating to any actual or alleged activities in connection with discretionary authority exercised by or on behalf of an Insured with regard to Client assets; provided, however, this exclusion shall not apply to the activities of the Insured when exercising discretionary authority as an Investment Adviser Representative;

**S. Mechanical Failure/War/Nuclear/Pollution**

based upon, arising out of, or relating to any:

- i. mechanical or electronic failure, breakdown or malfunction of machines or systems;
- ii. war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or confiscation, nationalization, requisition, or destruction of, or damage to, property by or under the order of any government, public or local authority; or
- iii. actual or alleged or threatened discharge, release, escape, seepage, migration or dispersal of any Pollutants, or any request, demand, order, direction, or statutory or regulatory requirement that any Insured or others test for, monitor, remove, contain, treat, detoxify, neutralize, clean up, or in any way respond to or assess the effects of such Pollutants;

**T. Investment Banking Activities**

based upon or arising out of any actual or alleged liability involving any advice or service relating to or in connection with any aspect of corporate mergers, acquisitions, securities offerings, restructuring, divestitures, market making (including the failure to make a market) for any securities, specialization in securities, or investment banking; provided, however, this exclusion shall not apply to any Claim related solely to conduct by the Insured that is detrimentally relied upon by Clients and does not arise from facts or circumstances affecting the offering generally including actual or alleged misrepresentations or omissions in the formal written offering materials, registration statements, offering memoranda and circulars;

**U. Unlicensed Entity**

based upon, arising out of, or relating to 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; provided, 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;

**V. Other Activities**

based upon, arising out of, or relating to any actual or alleged performance of or failure to perform services by or on behalf of an Insured as an:

1. actuary, accountant (*Accountants are removed from this exclusion if the Insured Financial Professional has elected the Accountant's coverage extension*), attorney, property or casualty agent, real estate agent, or third party administrator; or

2. providing tax or legal advice unless such tax or legal advice is an incidental part of the Professional Services being rendered by a natural person Insured (*the rendering of tax advice by an Insured Financial Professional in this exclusion does not apply to the Accountant's coverage extension, if elected*);

#### **W. Unsolicited Communications Exclusion**

based upon, arising out of, or relating to 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, including, but not limited to, the CAN-SPAM Act of 2003 or Telephone Consumer Protection Act of 1991, both as amended;

#### **X. Prohibited Products**

based upon, arising out of, or relating to the actual or alleged recommendation, purchase, sale, attempted sale, or servicing, including any advice in connection therewith, of any:

1. proprietary fund or investment products in which an Insured has any ownership interest;
2. 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;
3. product or service, which at the time of the Wrongful Act, was not approved by Avantax;
4. commodities, futures contract, forwards contract or any type of options contract, or any similar investment or investment product, except: 1) as part of a mutual fund; or 2) covered call or covered put options;
5. promissory notes;
6. viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements;
7. structured settlements, structured notes, principal protected notes, or reverse convertible notes, life settlements, reverse mortgages, or similar transactions in which the present value of a conditional contract is exchanged or sold; however, this exclusion shall not apply to structured settlements, structured notes or principal protected notes approved by Avantax;
8. Stranger Originated Life Insurance (STOLI) or Speculator Initiated Life Insurance (SPINLIFE) or any similar transactions;
9. issuer callable certificates of deposit or equipment sale-lease-buy-back transactions of any kind;
10. multiple or leveraged exchange traded funds or notes, multiple inverse exchange traded funds or notes, however, this exclusion shall not apply to Leveraged or Inverse Exchange Traded Funds or Mutual Funds that are limited to one times (1x) the market;
11. 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; provided, however, this exclusion shall not apply to the sale of a life insurance policy approved by Avantax, prior to any Claim being made against an Insured provided that the death benefits of such life insurance policy do not exceed \$10,000,000 at the time of the original sale;
12. security that is not registered with the Securities and Exchange Commission unless the security is exempt from registration with the SEC and is approved by Avantax;
13. hedge fund, whether or not it is registered with the Securities and Exchange Commission unless approved by Avantax;
14. limited partnership or Private Placement, unless it is:
  - a) compliant with all applicable Blue Sky laws; b) sold only to Accredited Investors;
  - c) not an Oil & Gas product other than Atlas Resources; and
  - d) not otherwise excluded by another provision of the policy;
15. public or private non-traded real estate investment trust (REIT), unless: a) the REIT investment(s) for the Client met the applicable state minimum suitability standards outlined in the applicable Blue Sky laws; and b) the Claim is not otherwise excluded by another provision of the policy; or
16. security priced at or below \$5.00 per share at the time of the Wrongful Act triggering such Claim; provided, however, this exclusion shall not apply if the security is: (a) registered or approved for registration upon notice of issuance on a national securities exchange; (b) authorized or approved for authorization upon notice of issuance for quotation in the NASDAQ National Market System or

the NASDAQ SmallCap Market; or (c) issued by an investment company registered under the Investment Company Act of 1940, as amended; or

#### **Y. Class Actions**

The policy excludes Class Actions involving any Rep who resides in or whose place of business is located in Illinois or New York.

### **The Following Additional Exclusions Apply to the Accounting Services included under the Basic Plus coverage option only, if elected**

#### **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 by 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, directly or indirectly 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 by a Client in any event;

#### **C. Failure to Identify Embezzlement or Fraud**

based upon, directly or indirectly arising out of, or in any way involving any Claim alleging the Insured's failure to identify embezzlement or other fraud; provided, however, for a Claim 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 and in the Aggregate for all Insureds combined;

#### **D. Prohibited Transactions**

based upon, directly or indirectly arising out of, or in any way involving services provided for any:

1. savings and loan institution, bank or other entity insured or obligated to be insured by the Federal Deposit Insurance Corporation;
2. 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 amendments thereto;
3. 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 amendments thereto; or to the Federal Credit Union Act, Title 12, Section 1751 et. seq. of the United States Code and any amendments thereto; or
4. audit committee of the entities set forth in a through c 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 amendments thereto;

#### **G. Insured Involved in Underlying Transaction**

based upon, directly or indirectly arising out of, or in any way involving 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;

## H. Incomplete Information

based upon, directly or indirectly arising out of, or in any way involving inaccurate, erroneous or incomplete financial or other information provided by the Client or third parties (including, but not limited to, the Client's attorney, tax adviser, mediator, opposing party, forensic accountants, or pension valuers); or

## I. Legal Advice

based upon, directly or indirectly arising out of, or in any way involving the providing of legal advice.

## The Following Additional Exclusions Apply to the Cyber Liability Extension Only

The policy shall not apply to any Claim, Breach or Extortion Threat:

*The following exclusions are modified solely for the purposes of the Cyber Liability Extension:*

### 1. Exclusion D, Bodily Injury/Property Damage is replaced by:

based upon or arising out of:

- i. physical injury, sickness, disease, death, and if arising out of any of the foregoing, mental illness, mental anguish, emotional distress, or shock; or
- ii. damage to, loss of use of or destruction of any tangible property; provided however, a. tangible property as used in subparagraph ii above shall not include Electronic Data; and
- iii. b. this exclusion shall not apply to any Claim for mental anguish or emotional distress.

### 2. Exclusion Q, Antitrust/Unfair Competition is replaced by:

based upon or arising out of any actual or alleged:

- I. antitrust violation, restraint of trade, or violation of the Sherman Anti-Trust Act, the Clayton Act, or Robinson-Patman Act, as amended or rules or regulations promulgated under or in connection with the foregoing acts or any similar federal, state, local or foreign laws or statutes;
- II. unfair competition, false, deceptive or unfair trade practices, or violation of any consumer protection laws; provided, however, this subparagraph ii. Shall not apply to Network Security and Privacy Liability or Privacy Regulatory Defense, Fines and Penalties; or
- III. violation of the Organized Crime Control Act of 1970 (Racketeer Influenced and Corrupt Organizations Act, or "RICO").

### 3. Exclusion I, Contractual Liability is replaced by:

based upon or arising out of any:

- I. liability that an Insured has assumed under any contract, except an entity that an Agent, Registered Representative or Investment Advisor Representative is required by contract to add as an Insured but only for Wrongful Acts of such Agent, Registered Representative or Investment Advisor Representative; or
- II. breach of any express or implied warranty or guarantee.

### 4. Exclusion P, Failure/ Act of God / War / Pollutants is replaced by:

based upon, arising out of or relating to any:

- i. electrical or mechanical failure of infrastructure not under the control of the Insured, including but not limited to any electrical power interruption, surge, brownout or blackout;
- ii. failure of any satellite, telephone, or data transmission or other telecommunication or network infrastructure not under the control of the Insured;
- iii. fire, smoke, explosion, lightening, wind, water, earthquake, volcanic eruption, tidal wave, landslide, act of God or any other physical event, however caused;
- iv. strike or similar labor action, war, invasion, act of foreign enemy or warlike operation (whether declared or not), civil war, or mutiny; provided, however, this subparagraph shall not apply to Breaches or Extortion Threats occurring as a result of Cyber Terrorism; or
- v. actual or alleged or threatened discharge, release, escape, seepage, migration or dispersal of any Pollutants, or any request, demand, order, direction, or statutory or regulatory requirement that any Insured or others test for, monitor, remove, contain, treat, detoxify, neutralize, clean up, or in any way respond to or assess the effects of such Pollutants.

### 5. Exclusion K, Conduct/Illegal Profit shall not apply to any Breach or Extortion Threat by a Rogue Employee.

6. Exclusion R, Confidential/Personally Identifiable Information is deleted in its entirety.
7. Exclusion C, Professional Services for Specified Persons/Entities is deleted in its entirety.
8. Exclusion M, Employee Benefit Plans Sponsored by Insured or in which the Insured is a Participant, Trustee or Named Insured (ERISA), subparagraph i. shall not apply to an otherwise covered Breach.

*The following exclusions are added solely for the purposes of the Cyber Liability Extension:*

#### **9. Advertising**

based upon or arising out of any:

- i. false advertising or misrepresentation in any Electronic Content, including but not limited to, inaccurate, misleading or inadequate description of the price of products or services or any failure of products or services to conform with quality or performance as represented in Electronic Content; or
- ii. infringement of trademark or trade dress by any products or services displayed or contained in Electronic Content.

#### **10. Governmental**

- i. brought by or on behalf of any federal, state, local or foreign government or governmental agency; provided, however, that this exclusion shall not apply to any: a. breach expressly covered under Privacy Regulatory Defense, Fines and Penalties coverage part; or
- ii. b. any Claim brought by such entity when acting in the capacity as a customer; or
- iii. based upon or arising out of or relating to a violation of the False Claims Act (31 U.S.C. §§ 3729-3733), or any similar provision of any federal, state, local or foreign law.

#### **11. Intellectual Property**

based upon or arising out of any invalidity, infringement, violation or misappropriation of any:

- i. patent or trade secret by or on behalf of the Insured;
- ii. copyright, service mark, trade name or trademark.

#### **12. Licensing/Rights Dispute**

- i. based upon or arising out of any:
- ii. action brought by or on behalf of intellectual property licensing or rights organizations, including by not limited to the American Society of Composers, Authors and Publishers (“ASCAP”), the Society of European Stage Authors and Composers (“SESAC”), or Broadcast Music, Inc. (“BMI”); or
- iii. disputes brought by a third party relating to the ownership or exercise of rights in material or content, or the obligation to pay royalties or licensing fees arising from the use of material or content.

#### **13. Unsolicited Communication**

based upon or arising out of any unsolicited electronic communication by or on behalf of the Insured, including, but not limited to, any action brought under the Telephone Consumer Protection Act, or any similar federal, state, local or foreign anti-spam statutes, provided, however, that this exclusion shall not apply to any Claim covered under the Network Security and Privacy Liability Insuring Agreement.

#### **14. Fund Transfer**

based upon or arising out of any:

- i. electronic fund transfer or transaction by an Insured;
- ii. theft of money or securities from an Insured or the transfer or loss of money or securities from or to an Insured’s account or any account under the Insured’s control, including but not limited to, any customer account; or
- iii. financial trading loss or change in account value.

THIS OUTLINE PROVIDES GENERAL INFORMATION ON YOUR ERRORS AND OMISSIONS PROGRAM. IT IS NOT INTENDED TO INTERPRET THE TERMS OF THE POLICY NOR TO BE LEGAL ADVICE, BUT RATHER SUMMARIZES OUR UNDERSTANDING OF THE COVERAGE PROVIDED. IT IS NOT A PART OF THE POLICY, NOR DOES IT MODIFY OR SERVE AS A CONCLUSIVE STATEMENT OF ITS TERMS. FOR COMPLETE DETAILS OF YOUR COVERAGE, PLEASE REFER TO THE POLICY, A COPY OF WHICH CAN BE OBTAINED BY CALLING ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, LLC. AT (800) 532-0327



**National Fire & Marine Insurance Company (a Berkshire Hathaway company)  
Insured Financial Professionals of Avantax Investment Services and/or  
Avantax Advisory Services**

**Avantax Sponsored Errors & Omissions Insurance Program**

**Policy Period: 5/1/2024-12/31/2024**

**CLAIM REPORT FORM**

Date: \_\_\_\_\_

Policy Number: 42-PBD-150970-07

Name: \_\_\_\_\_ Financial Professional #: \_\_\_\_\_

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, provide the name of the insurer, 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:**

Berkshire Hathaway Specialty Insurance  
500 Northpark Town Center  
1100 Abernathy Road, N.E., Suite 1200  
Atlanta, GA 30328  
Phone: 855-453-9675  
Fax: 617-507-8259  
Or by Email to: [claimsnotice@bhspecialty.com](mailto:claimsnotice@bhspecialty.com)

**Fax or Email a copy to:**

Avantax Law Department  
Attention: Sandi Lavenant 3200  
Olympus Blvd., Suite 100  
Dallas, Texas 75019  
Fax: 972-870-6500  
Email: [legal@avantax.com](mailto:legal@avantax.com)  
  
Gallagher  
Andrew Riche, Senior Claims Advocate  
Phone: 973-921-8397  
Email: [andrew\\_riche@ajg.com](mailto:andrew_riche@ajg.com)

Do not discuss this matter with anyone other than a representative of Berkshire Hathaway, the Legal Department of Avantax, or Gallagher.

# Important Contacts

<b>For coverage questions, assistance or question about E&amp;O program:</b>	<b>Professional Liability Division</b> Arthur J. Gallagher & Company Insurance Brokers of California 18201 Von Karman, Ste., 200 Irvine, CA 92620 <b>Paige Nabavian</b> (949)349-9834   (800) 532-0327 x 6 Email: <a href="mailto:Paige_Nabavian@ajg.com">Paige_Nabavian@ajg.com</a>
<b>To request a Certificate of Insurance:</b>	<b>Daniel Nguyen</b> Phone: (818) 593-1475 Email: <a href="mailto:Daniel_Nguyen@ajg.com">Daniel_Nguyen@ajg.com</a> Certificate Request Link: <a href="http://certificaterequest.ajg.com/Client/Avantax">http://certificaterequest.ajg.com/Client/Avantax</a>
<b>To report a claim or potential claim:</b>	<b>Berkshire Hathaway Specialty Insurance</b> 500 Northpark Town Center 1100 Abernathy Road, N.E., Suite 1200 3200 Atlanta, GA 30328 Phone: (855) 453-9675 Fax: (617) 507-8259 Or by Email to: <a href="mailto:claimsnotice@bhspecialty.com">claimsnotice@bhspecialty.com</a> <b>Avantax Law Department</b> Attention: Sandi Lavenant 3200 Olympus Blvd., Suite 100 Dallas, Texas 75019 Phone: (866) 218-8206 Option #1 (Ext. 6435) Fax: (972) 870-6500 Email: <a href="mailto:legal@avantax.com">legal@avantax.com</a>