

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

NEW YORK FAMILY TRUST COVERAGE

With respect to coverage provided by this endorsement, the provisions of the policy apply unless modified by the endorsement.

For an additional premium, this endorsement applies only if **NEW YORK FAMILY TRUST COVERAGE** is shown in the Declarations.

DEFINITIONS

- 5. *Damages* is deleted and replaced by the following:
- 5. *Damages* means the sum required to satisfy any claim for a *wrongful trustee act* covered by this policy, whether settled and agreed to in writing by us or resolved by judicial review.

The following Definitions are added:

- 1. *Family trust* means a trust for a person, who is related to you by blood, marriage, adoption, or for which you are a legal guardian. *Family trust* does not include your *family trust* where you are the sole beneficiary.
- 2. *Wrongful trustee act* means any actual or alleged negligent act, error or omission, misleading statement, or breach of duty committed by you in the performance of your duties as a trustee of a *family trust* shown in the Declarations.

FAMILY TRUST COVERAGE

- 1. We will pay *damages* you are legally required to pay arising out of a *wrongful trustee act* to which this insurance applies.
- 2. This coverage applies only if:
 - a. The *family trust* is shown in the Declarations; and
 - b. The *wrongful trustee act* occurs during the *policy period*.
- 3. All *wrongful trustee acts* arising out of continuous, repeated or related *wrongful trustee acts* shall be considered one *wrongful trustee act* and shall be deemed to occur at the time of the first *wrongful trustee act*.
- 4. Our total limit of liability for Family Trust Coverage will not be more than:
 - a. The Annual Aggregate limit shown in the Declarations for the sum paid for all *damages* under this coverage during the *policy period*, regardless of the number of people, *wrongful trustee acts* or claims made. Each payment made for *damages* will reduce the Annual Aggregate limit by the amount of the payment. This reduced limit will then be the amount available for any further claims for the remaining portion of the *policy period*.
 - b. Subject to the Annual Aggregate limit, the Each Wrongful Trustee Act limit shown in the Declarations is the most we will pay for all *damages* because of any *wrongful trustee act* or series of related acts, regardless of the number of people, *wrongful trustee acts* or claims made.
- 5. There is no *required underlying insurance* for this coverage.

EXTRA BENEFITS

1. **Legal Services** is deleted and replaced by the following:

1. **Legal Services**

- a. We will defend you against any suit seeking *damages* caused by *wrongful trustee act* to which this coverage applies. We will provide this defense at our expense by counsel selected in accordance with paragraph **g.** below, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate.
- b. We will have the right, and the duty, to defend you against any suit seeking *damages* covered by this policy if the *wrongful trustee act* is covered by underlying insurance or any other collectible insurance.
- c. We may join, at our expense, with you or any insurer providing underlying insurance or any collectible insurance in the investigation, defense or settlement of any claim or suit which we believe may result in a claim under this policy. But we will not contribute to the costs and expenses incurred by an insurer providing underlying insurance or any collectible insurance.
- d. In jurisdictions where we are prevented from defending you for a covered loss because of laws, we will pay any expenses incurred with our prior consent for your defense.
- e. As part of our defense, investigation or settlement, we will also pay the following expenses:
 - (1) Expenses we incur and costs taxed against you in any suit we defend;
 - (2) Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability. We need not apply for or furnish any bond;
 - (3) Reasonable expenses incurred by you at our request, including actual loss of earnings (but not loss of other income) up to \$1,000 per day, for assisting us in the investigation or defense of a claim or suit;
 - (4) Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies; and
 - (5) All prejudgment interest awarded against you on that part of the judgment we pay or offer to pay. We will not pay any prejudgment interest based on that period of time after we make an offer to pay the limit of liability that applies.
- f. Our duty to settle or defend ends when:
 - (1) The Each Wrongful Trustee Act limit for any *wrongful trustee act* or series of related acts has been exhausted by payment of a judgment or settlement; or
 - (2) The Annual Aggregate limit for all *wrongful trustee acts* has been exhausted by payment of a judgment or settlement;whichever occurs sooner.
- g. An *insured person* may choose counsel from a panel of firms selected by us. If a panel counsel is not established in the jurisdiction where the suit is brought, we reserve the right to select counsel.

DAMAGES WE DO NOT COVER

The following exclusions are added:

1. **Performance Or Sales Of Investments**

We do not cover any *damages* arising out of the performance or non-performance, or the purchase or sales of any security (including annuities), real estate investment or any other investment.

2. **Personal Profit**

We do not cover your gaining of any personal profit or advantage to which you are not legally entitled, including but not limited to:

- a. Misappropriation;
- b. Commingling;

- c. Deduction; or
 - d. Withholding;
- of funds or other property.

3. Acts Or Omissions

We do not cover any *damages* arising out of any act, error or omission, misleading statement or breach of duty, committed by any person (other than you), group or organization, including but not limited to a co-trustee, co-manager, investment company or any other financial institution.

CONDITIONS

13. Policy Period And Territory is deleted and replaced by the following:

13. Policy Period And Territory

The *policy period* is stated in the Declarations. This coverage applies to a *wrongful trustee act* which takes place anywhere in the world, but only if the claim is made and suit is brought for such *wrongful trustee act* in the United States of America, its territories or possessions, or Puerto Rico.

16. Transfer Of Control is deleted and replaced by the following:

16. Transfer Of Duties When A Limit Of Insurance Is Used Up

- a. If we conclude that, based on *occurrences*, *offenses*, claims or suits which have been reported to us and to which this insurance may apply, the:

- (1) Annual Aggregate Limit; or
- (2) Each Wrongful Trustee Act Limit;

is likely to be used up in the payment of judgments or settlements, we will notify you, in writing, to that effect.

- b. When a limit of insurance described in Paragraph **a.** above has actually been used up in the payment of judgments or settlements:

- (1) We will notify you, in writing, as soon as reasonably possible, that:

- (a) Such a limit has actually been used up; and
 - (b) Our duty to defend suits seeking *damages* subject to that limit has also ended.

- (2) If we have a duty to defend we will initiate, and cooperate in, the transfer of control, to any appropriate *insured person*, of all claims and suits seeking *damages* which are subject to that limit and which are reported to us before that limit is used up. That *insured person* must cooperate in the transfer of control of said claims and suits.

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such suits until such transfer is completed, provided the appropriate *insured person* is cooperating in completing such transfer.

We will take no action whatsoever with respect to any claim or suit seeking *damages* that would have been subject to that limit, had it not been used up, if the claim or suit is reported to us after that limit of insurance has been used up.

- (3) You, and any other *insured person* involved in a suit seeking *damages* subject to that limit, must arrange for the defense of such suit within such time period as agreed to between the appropriate *insured person* and us. Absent any such agreement, arrangements for the defense of such suit must be made as soon as reasonably possible.

- c. You will reimburse us for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph **b.(2)** above.

Your duty to reimburse us will begin on:

- (1) The date on which the applicable limit of insurance is used up, if we sent notice in accordance with Paragraph **a.** above; or

- (2) The date on which we sent notice in accordance with Paragraph **b.(1)** above, if we did not send notice in accordance with Paragraph **a.** above.
- d. The exhaustion of any limit of insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Condition.