

“MARKET TIMING” / “LATE TRADING” / “SOFT DOLLAR” / “FEES” /
BREAKPOINT DISCOUNTS EXCLUSION ENDORSEMENT

The following information, and signature by an authorized representative, is required only when this endorsement is issued subsequent to the preparation of this policy.

First Named Insured:

Policy Number:

Effective Date Of This Endorsement:

This endorsement forms a part of the policy to which it is attached. It is effective on the inception date of the policy unless stated otherwise above.

In consideration of the premium charged, it is understood and agreed that there is no coverage under this policy, including no obligation to defend or pay “defense costs” or indemnify any insured, with respect to any claim or liability arising out of or related in any way to actual or alleged “market timing”, “late trading”, “soft dollar activities” or “fees”, the failure to provide a discount on volume purchases of mutual funds (i.e., breakpoint discounts), or providing fictitious or collusive bids or the failure to disclose any compensation as required by law, regulation or agreement with any regulatory body or court, or any other activity which is in violation of federal or state statutes or regulations or any mutual fund or life insurance company’s policies or procedures or in contravention of or in violation of the terms of any prospectus or other representation made to investors.

This exclusion applies regardless of the form, style or denomination of any such claim of “market timing”, “late trading”, “soft dollar activities” or “fees”, and regardless of whether such claim is criminal, administrative or civil, including, without limitation, claims alleging breach of contract, failure to supervise, negligent supervision or negligence of any kind, controlling person liability, breach of fiduciary duty, personal profiting, criminal activity, market manipulation, violation of any law related to mutual funds or variable life insurance or variable annuities, misrepresentation, estoppel, repudiation of any commitment, the failure to monitor, detect, identify or remediate “market timing”, “short-term trading” or “late trading” or any other theory of liability.

“Market timing” means the making of short term purchases or sales of mutual fund shares or the separate accounts or sub accounts of a life insurance company contrary to or in violation of the mutual fund’s or life insurance company’s prospectus or other representation to investors, or any policy, limitation, agreement or procedure of the mutual fund or life insurance company, or contrary to or in violation of any state or federal statute or regulation; and any conduct associated with any of the above, including, without limitation: (1) the waiver of redemption fees associated with “short-term trading”; (2) the failure to abide by written representations regarding the permissibility of “short-term trading” or the mutual fund’s or life insurance company’s efforts to monitor or prevent “short-term trading”; (3) the receipt of fees or any other form of compensation from certain investors in exchange for providing such investors with “short-term trading” privileges not available to other investors.

“Short-term trading” means the purchase or sale of shares of a mutual fund or the separate accounts or sub accounts of a life insurance company in a time period less than that provided in the mutual fund’s or life insurance company’s prospectus or other agreement or in violation of the policies, limitation, agreements or procedures of the mutual fund or life insurance company, or as required by federal or state law or regulation, including, without limitation, any “in-and-out” trading of mutual fund shares or the separate accounts or sub accounts of a life insurance company or any other trade of mutual fund shares or the separate accounts or sub accounts of a life insurance company designed to take advantage of the inefficiencies in the methods used by the mutual fund or life insurance company to price its shares or sub accounts.

“Late trading” means: (1) any transaction involving mutual fund shares or the separate account or sub accounts of a life insurance company (including, without limitation, the placement or confirmation or cancellation of trades or orders for, or the purchase or redemption of mutual fund shares by the mutual fund or an intermediary) made after the mutual fund’s or separate account’s or sub account’s net asset value (as defined in Rule 2a-4 of the Investment Company Act of 1940, as amended, in the case of the mutual fund) for a particular date has been made, or should have been made, but which transaction is made at a price based upon said mutual fund’s or account’s net asset value for that date; or (2) any transaction defined as late trading by any federal or state statute or regulation, or any prospectus, policy, limitation, agreement or procedure of the mutual fund or life insurance company.

“Soft dollar activities”, as used in this endorsement, means paying or providing or receiving or accepting fees, commissions, bonuses, gratuities, services or any other form of compensation or benefit in exchange for preferential treatment by or recommendation of or purchase of a particular “security” (including, without limitation, a mutual fund or particular class of mutual fund shares or a particular separate account or sub account of a life insurance company), including, without limitation: (1) the payment of higher commissions for directing “securities” trades to a “broker”-“dealer” in return for investment

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research, advice, subscriptions, professional development programs, computer hardware or software; or (2) “payment for shelf space” defined to be the payment of monetary or other forms of compensation or other benefits to “broker”-“dealers”, “registered representatives”, “registered investment advisers”, “associated persons” or other solicitors in return for steering their clients to the purchase of particular “securities”; (3) “directed commissions” (sometimes referred to as “directed brokerage”) defined to be when a mutual fund or life insurance company or “registered investment adviser” chooses a “broker”-“dealer” to execute its “securities” trades in consideration of the sales volume by the “broker”-“dealer” or its associated “registered investment advisers”, “registered representatives” or “associated persons” of the mutual fund’s shares or the life insurance company’s variable products or other “securities”.

“Fees” means fees or any other form of compensation, whether direct or indirect, charged by, or charged to, mutual funds for investment advisory, management, administrative, distribution or other services, including, without limitation, brokerage fees, commissions, sales loads and 12(b)-1 fees.

Nothing herein contained shall vary, alter, waive or extend any of the terms, conditions, provisions, agreements, limitations or exclusions of this policy, other than as stated above.

By: _____
Authorized Representative