

**ACCOUNTANTS & CONSULTANTS PROFESSIONAL LIABILITY
INSURANCE POLICY**

THIS POLICY IS WRITTEN ON A CLAIMS-MADE AND REPORTED BASIS AND SUBJECT TO ITS PROVISIONS APPLIES ONLY TO CLAIMS FIRST MADE AGAINST YOU AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF APPLICABLE. THE PAYMENT OF DEFENSE EXPENSES MAY REDUCE THE LIMIT OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

Throughout this Policy the words “**we**”, “**us**” and “**our**” refer to the Company providing this insurance and references to “**you**” and “**your**” refer to the **Insured(s)**. Other words and phrases that appear in **bold** have special meaning. Refer to Section 8.

In consideration of and subject to the payment of the premium, **your** agreement to pay the Deductible amount stated in the Declarations and described herein, and in reliance upon the particulars, statements, representations, attachments and exhibits contained in and submitted with the Application which shall be the basis of this Policy, and subject to all the terms, conditions, limitations and any endorsements to this Policy, **we** and **you** agree as follows:

1. INSURING AGREEMENTS

1.1 Coverage

We will pay on **your** behalf all sums in excess of the applicable Deductible amount stated in the Declarations that **you** become legally obligated to pay as **Damages** and associated **Defense Expenses** resulting from a **Claim** first made against **you** during the **Policy Period**, or **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you**, provided that:

- 1.1.1 **You** report the **Claim** in writing to **us** as soon as practicable, but in no event later than sixty (60) days after expiration or termination of this Policy as permitted by Section 6.1 of this policy, or during an Optional **Extended Reporting Period**, if applicable; and
- 1.1.2 The **Covered Act** was committed on or after the **Retroactive Date** and before the end of the **Policy Period**; and
- 1.1.3 Prior to the inception date of this policy **you** did not have a basis to foresee that such **Covered Act** might reasonably be expected to give rise to a **Claim**, unless such **Claim** became known to **you** after the issuance of **your** first Accountants & Consultants Professional Liability Insurance Policy by **us** and that insurance has been continuously renewed by **us**.

1.2 Coverage Extensions

1.2.1 Disciplinary Proceeding

Subject to a limit of \$50,000, **we** will pay on **your** behalf **Defense Expenses** you incur responding to a **Disciplinary Proceeding** first commenced against **you** and reported to **us** in writing during the **Policy Period**, or an **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you** on or after the **Retroactive Date**.

The Limit of Liability applicable to this section is the maximum amount payable for the **Policy Period**, regardless of the number of **Disciplinary Proceedings** first commenced during the **Policy Period** or the number **Insureds** subject to **Disciplinary Proceedings** and is in addition to the Aggregate Limit Of Liability as set forth in the Declarations. No deductible shall apply to coverage provided by this section.

1.2.2 Subpoena Expenses

We will pay on **your** behalf **Defense Expenses** incurred in responding to a subpoena for documents or testimony first received by **you** during the **Policy Period**, or an **Extended Reporting Period**, if applicable, resulting solely from a **Covered Act** committed by **you** on or after the **Retroactive Date** and which has not resulted in a **Claim** against **you**. **We** will, at **your** request, and upon receipt of a copy of the subpoena, retain an attorney to advise **you** regarding the document production and represent **you** during the preparation and giving of testimony.

Any notification **you** give to **us** of such subpoena shall be deemed to be notification of a **Covered Act** that may give rise to a **Claim** pursuant to Section 9.2.

Defense Expenses paid pursuant to this section are in addition to the Aggregate Limit Of Liability as set forth in the Declarations. No deductible shall apply to coverage provided by this section.

1.2.3 Expense Reimbursement

Subject to a limit of \$750 each day and an aggregate of \$50,000 for the **Policy Period**, **we** will reimburse each of **you** for actual loss of earnings and reasonable costs incurred when **you** attend a hearing, trial or arbitration proceeding at **our** request in the course of defending a **Claim**.

Expense Reimbursement paid pursuant to this section is in addition to the Aggregate Limit Of Liability as set forth in the Declarations. No deductible shall apply to coverage provided by this section.

1.2.4 First Party Cyber Liability Coverage

We will reimburse **you** up to \$25,000 per **Policy Period** for the cost of hiring a third party consultant or adviser approved by **us**, including client notification costs, to mitigate the potential for **Claims** arising from any security breach which results in the loss or theft of confidential client information.

Coverage shall be excess of and provide the same terms and conditions as all valid and collectible first party cyber liability coverage provided to **you** under any specific policy, Business Owners policy or similar property coverage. No Deductible shall apply to this insuring agreement.

1.2.5 **Discrimination Complaint Coverage**

We will reimburse **you** up to \$25,000 per **Policy Period** for **Defense Expenses** and other reasonable costs or fees paid to third parties as a result of a **Discrimination Complaint** first made against **you** and reported to **us** during the **Policy Period** in accordance with Section 9.2. In no event shall the amount payable under this section exceed \$25,000 regardless of the number of **Insureds** or the number of **Discrimination Complaints**. No Deductible shall apply to this insuring agreement.

1.2.6 Supplemental **Claims** Expenses Coverage

In the event the aggregate Limit of Liability as stated in Item 3 of the Declarations is exhausted by payment of **Damages** or **Defense Costs** and there remain unresolved or outstanding **Claims**, **we** agree to reimburse **you** for an amount equal to ten percent (10%) of the Limit of Liability stated in Item 3 of the Declarations, up to a maximum amount of \$100,000 for **Defense Costs** incurred by **you** and approved by **us** in handling defense of such unresolved or outstanding **Claims**. No Deductible shall apply to this insuring agreement.

1.2.7 Not-for-Profit Directors Coverage

We will reimburse **you** up to \$15,000 per **claim** or \$30,000 per **Policy Period** for **Damages** or **Defense Expenses** arising out of **your** activities as a Director or Officer of a **Not-for-Profit Organization**, provided that such activities have been previously disclosed to **us** in the application or in some other written form accepted by **us**.

Coverage shall be excess of all valid and collectible Directors' and Officers' Liability Insurance, which has been issued to such **Not-for-Profit Organization**. No Deductible shall apply to this insuring agreement.

1.2.8 Reputation Protection Coverage

We will reimburse you up to \$10,000 per **claim** or \$30,000 per **Policy Period** for reasonable fees, costs, and expenses incurred by **you** for public relations consulting services in response to a **Reputation Claim** which occurs and is reported to **us** during the **Policy Period**. No Deductible shall apply to this insuring agreement.

2. DEFENSE AND LIMIT OF LIABILITY

2.1 Defense

We have the sole right to appoint defense counsel and the right and duty to defend any **Claim** made against **you**. We will consider **your** request for the appointment of qualified defense counsel.

We shall not be obligated to pay any **Damages** or **Defense Expenses**, or to undertake or continue the defense of any **Claim**, after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Defense Expenses**.

We will not settle any **Claim** without **your** written consent. If **we** recommend a settlement to **you** that is acceptable to the claimant and **you** do not agree to the settlement, **our** liability is limited to the total of the amount of **Damages** for which the **Claim** could have been settled plus the amount of **Defense Expenses** incurred up to the time **we** made the settlement recommendation.

2.2 Limit of Liability

2.2.1 **Defense Expenses** are included in the Limit of Liability

If option "a" of Item 3 of the Declarations to this Policy is selected, then

2.2.1.1 Each **Claim: Defense Expenses** are included in the Limit of Liability; therefore, **our** maximum liability for the combined total of all **Damages** and **Defense Expenses**, resulting from each **Claim** or **Related Claim** covered by this Policy shall be the Limit of Liability for each **Claim** set forth in Item 3 of the Declarations.

2.2.1.2 Aggregate: **Our** maximum aggregate liability for the combined total of all **Damages** and **Defense Expenses** resulting from all **Claims** or **Related Claims** covered by this Policy during the **Policy Period** shall be the aggregate Limit of Liability for all **Claims** set forth in Item 3 of the Declarations.

2.2.2 **Defense Expenses** are in addition to the Limit of Liability

If option "b" of Item 3 of the Declarations to this Policy is selected, **our** maximum liability for **Damages** shall be as set forth above in this Section 2 of this Policy; and there shall be an additional amount of **Defense Expenses** available for **Claims** covered under this Policy, equal to the amounts set forth in Item 3 of the Declarations, provided that the applicable Limits of Liability have not been exhausted by the payment of **Damages**.

2.2.3 Unless subject to coverage afforded by Section 1.2.1, all **Related Claims** shall be deemed a single **Claim**, subject to a single each **Claim** Limit of Liability, if covered, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against **you**, regardless of whether such date is before or during the **Policy Period**.

3. CLAIM MITIGATION INCENTIVES

Your Deductible obligation may be subject to one of the following:

3.1 If a **Claim** arises from an assignment in which **you** used an engagement letter that was signed prior to the **Covered Act** being committed, **your** Deductible obligation for such **Claim** shall be reduced by fifty percent (50%) up to a maximum reduction of \$10,000 each **Claim**, and \$25,000 in the aggregate for the **Policy Period**. This Section 3.1 does not apply to audit or other attest services.

3.2 In the event a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, as a result of **Alternative Dispute Resolution**, without resorting to litigation, **we** will waive **your** Deductible obligation for such **Claim** up to a maximum of \$25,000 each **Claim**.

3.3 If within one (1) year of being reported, or being deemed to have been made, in accordance with Sections 9.1 or 9.2, a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, and all **Damages** and **Defense Expenses** arising from such **Claim** have been paid, **your** Deductible obligation for such **Claim** shall be reduced by twenty-five percent (25%) up to a maximum reduction of \$25,000.

4. DEDUCTIBLE

4.1 If Deductible option "a" of Item 4 of the Declarations is selected **we** shall only pay **Damages** and **Defense Expenses** that are in excess of the applicable Deductible set forth in Item 4 of the Declarations.

4.2 If Deductible option "b" of Item 4 of the Declarations is selected, **we** shall only pay **Damages** in excess of the applicable Deductible set forth in Item 4 of the Declarations. The deductible amount does not apply to **Defense Expenses**.

Unless stated as an Aggregate Deductible, **you** shall be liable for the Deductible amount set forth in Item 4 of the Declarations for each **Claim**. The Deductible amount shall apply separately to each **Claim**. If stated as an aggregate deductible, you shall be liable for all **Claims** up to a maximum of the aggregate deductible amount stated in Item 4 of the Declarations. For purposes of the Deductible amount, **Related Claims** shall be considered one **Claim**, and only one deductible amount shall apply.

Upon written request by **us**, **you** shall pay **us** the Deductible amount **you** owe within thirty (30) days of the date of **our** request.

5. TERRITORY

The coverage afforded by this Policy applies worldwide.

This policy shall not apply to any risk which would be in violation of the laws of the United States including, but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Department.

6. EXTENDED REPORTING PERIOD

6.1 Automatic **Extended Reporting Period**

Without any additional premium, **you** shall have sixty (60) days after the effective date of cancellation or non-renewal of this Policy to report any **Claim** resulting from **Covered Acts** committed before the end of the **Policy Period** or termination date and on or after the **Retroactive Date**, if any. This Automatic **Extended Reporting Period** shall terminate, and **you** shall not be entitled to any such Automatic **Extended Reporting Period**, if this insurance is replaced with the same or similar insurance issued by **us** or any other professional liability insurer, whether or not the terms, limits or deductibles are identical to those provided under this Policy. This Automatic **Extended Reporting Period** option shall not be available if this Policy is canceled for non-payment of premium.

6.2 Optional **Extended Reporting Period**

If this Policy is canceled or non-renewed, **we** will offer, for an additional premium, an Optional **Extended Reporting Period**.

You may select an Optional **Extended Reporting Period** option starting at the end of the **Policy Period** and lasting for one (1), three (3), five (5) years or an unlimited period. The additional premium for each Optional **Extended Reporting Period** option below shall be calculated using the following percentages of the full expiring annual premium:

- i. Ninety percent (90%) for the One (1) Year Option;
- ii. One hundred thirty-five percent (135%) for the Three (3) Year Option;
- iii. One hundred fifty percent (150%) for the Five (5) Year Option; or
- iv. Two hundred percent (200%) for an Unlimited Option.

We will issue an Optional **Extended Reporting Period** endorsement only if:

- 6.2.1 **You** request it within sixty (60) days after the end of the **Policy Period**;
- 6.2.2 **You** have paid all premiums and deductibles due for this Policy at the time **you** request an Optional **Extended Reporting Period** Endorsement; and
- 6.2.3 **You** pay when due the additional premium for the endorsement.

During the Optional **Extended Reporting Period**, coverage under this Policy applies as excess over any other valid and collectible insurance.

6.3 Retirement **Extended Reporting Period**

- 6.3.1 If, during the **Policy Period**, **you** permanently retire from practice for reasons not related to suspension or revocation of **your** professional license, or Death or Disability as described in Section 6.4 below, **we** will provide a Retirement **Extended Reporting Period** as set forth below.
- 6.3.2 The Retirement **Extended Reporting Period** will start with the date of **your** retirement and ends when one of the following occurs:
 - 6.3.2.1 **You** resume professional practice; **you** may be eligible to purchase, at **our** option, a Policy from **us** to reinstate full prior acts coverage;
 - 6.3.2.2 Any insurance is issued which replaces, in whole or in part, the coverage afforded by the Retirement **Extended Reporting Period**; or
 - 6.3.2.3 The Limits of Liability have been exhausted.
- 6.3.3 The additional premium for this option shall be waived if **you** are an individual and have been continuously insured by **us** or **CPAGold™** under a professional liability insurance policy for at least:
 - 6.3.3.1 Seven (7) consecutive years prior to such cancellation or nonrenewal, and **you** are at least fifty-five (55) years of age at the time of retirement; or
 - 6.3.3.2 Six (6) consecutive years prior to such cancellation or nonrenewal and **you** are at least fifty-six (56) years of age at the time of retirement; or
 - 6.3.3.3 Five (5) consecutive years prior to such cancellation or nonrenewal and **you** are at least fifty-seven (57) years of age at the time of retirement.

6.3.4 **We** will issue a Retirement **Extended Reporting Period** endorsement only if:

6.3.4.1 **You** request the endorsement no more than sixty (60) days after the date of **your** retirement, or sixty (60) days after the end of the **Policy Period**, whichever is earlier. Such request must include written notification of retirement;

6.3.4.2 **You** have paid all premiums and deductibles due for this Policy at the time **you** request a Retirement **Extended Reporting Period** endorsement; and

6.3.4.3 **You** pay when due the additional premium for the endorsement.

6.4 Death or Disability **Extended Reporting Period**

6.4.1 If, during the **Policy Period**, an **Insured** dies or become totally and permanently disabled, **we** will offer a Death or Disability **Extended Reporting Period** at no charge. Totally and permanently disabled means that **you** are completely incapable of rendering **Professional Services**, and such disability:

6.4.1.1 Has existed for not less than ninety (90) consecutive days; and

6.4.1.2 Is expected to be continuous, total, and permanent.

6.4.2 The Death or Disability **Extended Reporting Period** will start on the date **you** die or become totally and permanently disabled, and will end when one of the following occurs:

6.4.2.1 The executor or administrator of **your** estate has been discharged;

6.4.2.2 The total and permanent disability ends, whether or not **you** resume practice;

6.4.2.3 Any insurance is issued which replaces, in whole or in part, the coverage afforded by the Death or Disability **Extended Reporting Period** endorsement; or

6.4.2.4 The Limits of Liability have been exhausted.

6.4.3 **We** will issue a Death or Disability **Extended Reporting Period** endorsement only if **you** or **your** representative request it no more than ninety (90) days after the date of **your** death or total permanent disability, or ninety (90) days after the end of the **Policy Period**, whichever is later. Such request must include:

6.4.3.1 A copy of the certified death certificate; or

6.4.3.2 Written proof, certified by **your** attending physician, of total permanent disability including the date it occurred.

6.5 Applicable to all **Extended Reporting Period(s)**

The **Extended Reporting Period(s)**:

- 6.5.1 Do not change the coverage provided. The **Extended Reporting Period(s)** only apply to **Claims** resulting from **Covered Acts** committed before the end of the **Policy Period** and on or after the **Retroactive Date**, if any, shown in the Declarations;
- 6.5.2 Do not change the Limits of Liability;
- 6.5.3 Are not renewable; and
- 6.5.4 Cannot, once in effect, be canceled. **We** will not return any part of the premium paid for any reason.

7. EXCLUSIONS

This Policy does not apply to any **Claim** made against **you**:

- 7.1 based upon, or arising from any criminal, dishonest, fraudulent or malicious act or omission, deliberate misrepresentation, or any intentional or knowing violation of law; however, **we** will defend **you** under this Policy until it is determined by any verdict, court ruling, regulatory ruling or legal admission, whether appealed or not, that **you** did commit such a dishonest, fraudulent, criminal or malicious act or omission, or deliberate misrepresentation, or intentional or knowing violation of law. This exclusion does not apply to an **Insured** who did not intentionally participate in committing such act, had no knowledge or reason to believe such an act, omission or violation of law was being committed and made proper disclosure after obtaining personal knowledge of such conduct;
- 7.2 based upon, or arising from **Bodily Injury**, emotional distress, mental anguish, sickness, disease or death of any person, loss of consortium, support, companionship or services of any kind resulting therefrom. However, this exclusion shall not apply to emotional distress and mental anguish arising solely from **Personal Injury** or **Bodily Injury** from **Professional Services**;
- 7.3 based upon, or arising from **Property Damage** including destruction or loss of use of tangible property. This exclusion does not apply to client records which are in **your** care, custody or control, or over which **you** are exercising physical control for any reason;
- 7.4 by an **Insured** alleging discrimination by **you** on the basis of age, color, race, sex, sexual orientation, creed, national origin, or marital status;
- 7.5 based upon, or arising from any **Covered Act** in the rendering of or failure to render audit and review services performed for any organization, corporation, company, partnership or operation while **you** are an officer, director, general partner or manager of such entity, or **you** or **your** spouse has more than a ten percent (10%) financial interest in such entity;
- 7.6 based upon or arising out of any act, error or omission by **you** solely in **your** capacity as an officer, director, partner, manager or employee of a business enterprise not covered by this Policy;
- 7.7 by an **Insured** under this Policy against another **Insured** under this Policy, unless such **Claim** arises solely out of **Professional Services** performed in an accountant-client relationship;

- 7.8 based upon, or arising from any **Covered Act** which has been the subject of any written notice given under any other policy;
- 7.9 based upon, or arising from **your** gaining any personal profit or advantage to which **you** are not legally entitled, including misappropriation, commingling or defalcation of funds or property;
- 7.10 based upon, or arising from **your** capacity as a broker or dealer in securities as those terms are defined in Section 3(a)(4) and 3(a)(5) respectively, of the Securities Exchange Act of 1934, or any amendment thereto; or
- 7.11 based upon, arising out of or brought by or on behalf of a trust or estate if **you** are a beneficiary or distributee.

8. DEFINITIONS

- 8.1 **Affiliated Firm** means any person or entity with which **you** have entered into a professional relationship or agreement and which is performing **Professional Services** at **your** direction or on **your** behalf.
- 8.2 **Alternative Dispute Resolution** means the use of arbitration or non-binding mediation approved by **us** in which a neutral party assists in resolving a covered **Claim**.
- 8.3 **Bodily Injury** means physical injury, sickness or disease sustained by an individual, including death.
- 8.4 **Claim** means:
 - 8.4.1 a written or verbal demand received by **you** for **Damages** or injunctive relief arising out of a **Covered Act**; or
 - 8.4.2 a **Disciplinary Proceeding** or subpoena but only to the extent of coverage provided by Sections 1.2.1 and 1.2.2.

Claim does not include a criminal proceeding unless otherwise covered by Section 7.1.
- 8.5 **Covered Act** means any actual or alleged act, error, omission or **Personal Injury** committed in the rendering of or failure to render **Professional Services**.
- 8.6 **Damages** means a compensatory monetary amount for which **you** may be held legally liable, including prejudgment interest, judgments, awards, or settlements negotiated with **our** approval. **Damages** shall include punitive or exemplary **Damages** or the multiple portion of any multiplied damage award if such **Damages** are insurable pursuant to applicable law. **Damages** do not include:
 - 8.6.1 fines or penalties levied against **you**; or
 - 8.6.2 fines, sanctions, taxes, penalties or awards deemed uninsurable pursuant to any applicable law.
- 8.7 **Defense Expenses** mean:
 - 8.7.1 reasonable and necessary fees charged by an attorney(s) designated by **us** to defend a **Claim**; and

8.7.2 all other fees, costs and charges, resulting from the investigation, adjustment, defense, and appeal of a **Claim**, if incurred by **us**.

The determination by **us** as to the reasonableness of **Defense Expenses** shall be conclusive. **Defense Expenses** do not include salary, wages or expenses of any **Insured** or **us**, except as provided by Section 1.2.3.

8.8 **Disciplinary Proceeding** means a proceeding before a state licensing board, peer review committee or governmental regulatory agency.

8.9 **Discrimination Complaint** means any complaint filed with a government body or commission formed for the express purpose of preventing discrimination, against **you** by any individual who is or was **your** employee, applicant for employment, partner, member, independent contractor or **Affiliated Firm** of the **Named Insured**.

8.10 **Extended Reporting Period(s)** means the applicable period of time after the end of the **Policy Period** for reporting **Claims** arising out of **Covered Acts** committed or alleged to have been committed, prior to the end of the **Policy Period** and on or after the **Retroactive Date**, and otherwise covered by this Policy.

8.11 **Insured** means:

8.11.1 a **Named Insured**;

8.11.2 any person who is, was, or hereafter becomes **your** partner, principal, officer, director, member, or employee, but only while acting on **your** behalf;

8.11.3 any of **your** present or former temporary or leased personnel, or a present or former subcontractor engaged by **you**, but only while acting on **your** behalf;

8.11.4 the heirs, executors, administrators, and legal representatives of any **Insured**, in the event of the death, incapacity or bankruptcy of any **Insured**, but only for **Covered Acts** committed prior to such death, incapacity or bankruptcy, and only to the extent **you** would have otherwise been provided coverage under this Policy;

8.11.5 any **Subsidiary** or **Predecessor in Business**;

8.11.6 any **Affiliated Firm**;

8.11.7 the lawful spouse of any of **you** solely by reason of:

a. spousal status; or

b. a spouse's ownership interest in property or assets that are sought as recovery. This definition shall not apply to the extent a **Claim** alleges any wrongful act by such spouse.

8.12 **Named Insured** is designated in Item 1 of the Declarations, or by endorsement to this Policy.

8.13 **Not-for-Profit Organization** means an entity which qualifies as a nonprofit organization under Section 501(c)(3), (c)(4), (c)(6) or (c)(7) of the Internal Revenue Code of 1986, including amendments thereto. As used herein, **Not-for-Profit Organization** shall not include the **Named Insured** or any client of the **Named Insured**.

- 8.14 **Predecessor in Business** means any firm or individual's practice which has ceased providing **Professional Services** in their own name, and to whose assets or liabilities **you** are a successor in interest. **Predecessor in Business** includes, without limitation, any firm or individual practice merged or acquired by **you** during the **Policy Period**, provided details of such firm or individual practice are provided to **us** in writing as soon as reasonably practical, but no later than the expiration of the **Policy Period**.
- 8.15 **Professional Services** means services performed or advice given by **you** to others provided that the remuneration for such services or advice, or a portion thereof, inures to **your** benefit (unless, with **your** consent and knowledge, such services or advice are provided Pro Bono). **Professional Services** shall include **your** activities performed on behalf of any professional institute or society or duly constituted standards board, and activities performed in the process of peer review.
- 8.16 **Policy Period** means the period of time stated in Item 2 of the Declarations or as modified by cancellation or endorsement to this Policy.
- 8.17 **Personal Injury** means (a) false arrest, detention or imprisonment, wrongful entry or eviction, other invasion of private occupancy, or malicious prosecution; (b) libel, slander or other defamatory or disparaging materials, or a publication or an utterance in violation of an individual's right of privacy; (c) injury arising out of an offense occurring in the course of **your** advertising activities, including but not limited to, infringement of copyright, title, slogan, patent, trademark, trade dress, trade names, services marks or service number. **Personal Injury** also includes emotional distress and mental anguish arising from any of the above.
- 8.18 **Property Damage** means damage to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.
- 8.19 **Retroactive Date** means the date specified in Item 5 of the Declarations or by endorsement to this Policy.
- 8.20 **Related Claim** means all **Claims**, whether made against more than one **Insured** or by more than one claimant, arising out of a single **Covered Act** or a series of **Covered Acts** that are causally connected.
- 8.21 **Reputation Claim** means any:
- 8.21.1 **Covered Act**;
 - 8.21.2 death, departure or debilitating illness of a Principal **Insured**;
 - 8.21.3 potential dissolution of the **Named Insured**;
 - 8.21.4 incident of workplace violence; or
 - 8.21.5 other event
- that the **Named Insured** reasonably believes will have a material adverse effect upon the **Named Insured's** professional reputation.

8.22 **Subsidiary** means any entity in which **you** own more than fifty percent (50%) of the available stock or shares, either directly or indirectly, that performs **Professional Services** covered by this Policy. This Policy only applies to **Covered Acts** arising from **Professional Services** performed by a **Subsidiary** on or after the **Retroactive Date** as appears in Item 5 of the Declarations, the date of formation by **you**, the date of merger or acquisition by **you**, or as otherwise stated by endorsement to this Policy.

9. CONDITIONS

9.1 Reporting of **Covered Acts** That May Give Rise to a **Claim**

If during the **Policy Period**, **you** become aware of a specific **Covered Act** that may reasonably be expected to give rise to a **Claim**, and if **you** report such **Covered Act** to **us** in writing during the **Policy Period**, then any **Claim** subsequently arising from such **Covered Act** duly reported in accordance with this Section shall be deemed to be a **Claim** made during the **Policy Period**. Such written notice to **us** shall include:

- 9.1.1 Reasons for **your** decision to report this as a potential **Claim**; and
- 9.1.2 Details with dates of the alleged **Covered Act**; and
- 9.1.3 Potential amount of injuries or **Damages** arising from the **Covered Act**; and
- 9.1.4 The names of potential claimants; and
- 9.1.5 The manner in which **you** first became aware of the specific **Covered Act**.

9.2 Notice

In the event of a **Claim**, **you** shall as a condition precedent to the coverage afforded by this Policy:

- 9.2.1 Immediately forward to **us** written notice of the **Claim**, and
- 9.2.2 Provide any and all documentation of the facts and circumstances of the **Claim** as soon as reasonably possible after notice.

9.3 Liberalization

If **we** adopt any revision that would broaden coverage under this Policy without additional premium at any time during the **Policy Period**, the broadened coverage: i) will immediately apply to this Policy beginning the effective date of the approval by the regulatory authorities of the state in which this Policy is issued; and ii) will not apply to **Claims** that were first made against **you** prior to the effective date of such revision.

9.4 Prohibition of Voluntary Payments and Settlements

With respect to any **Claim** covered under this Policy **you** shall not, except at **your** cost, make any payment, admit liability, settle any **Claim**, assume any obligation, agree to **Alternative Dispute Resolution** or any other means of resolution of any dispute, waive any rights or incur **Defense Expenses** without **our** prior written approval.

9.5 Cooperation

You shall cooperate with **us** and upon **our** request submit to examination and interrogation by **our** representative, under oath if required, and shall attend hearings and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of the defense of **Claims**.

9.6 Authorization

The first person or entity named in the Declarations Page agrees to act as the **Named Insured** with respect to the giving and receiving of all notices, the exercising of **Extended Reporting Period(s)**, the cancellation of this Policy, the payment of premiums and Deductible amounts, and receiving of any return premiums

9.7 Subrogation

If we pay **Damages** under this Policy, **we** shall be subrogated to all **your** rights of recovery against any person, organization, or entity and **you** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing to prejudice such rights.

9.8 Other Insurance

This Policy shall be excess over any other valid and collectible insurance, contractual indemnification agreement or self-insurance program, unless such other insurance or agreement is specifically written to be excess of this Policy.

9.9 Legal Action Against Us

No action may be brought against **us** unless, as a condition precedent thereto, **you** have fully complied with all the terms of this Policy and the amount of **Damages** has been established by trial or written settlement agreement signed by all parties affected.

9.10 Coverage In Bankruptcy

Your bankruptcy or insolvency, or that of **your** estate, shall not relieve **us** of **our** obligations under this Policy.

9.11 Cancellation

9.11.1 **We** may cancel this Policy for non-payment of premium when due by providing **Named Insured** written notice stating when, not less than, thirty (30) days thereafter, such cancellation shall be effective.

9.11.2 **We** shall refund the unearned premium within thirty (30) days of the date of cancellation.

9.11.3 The earned portion of the premium shall be computed using the customary short-rate calculation where permitted by statute or regulation, otherwise return premium will be on a pro-rata basis.

9.11.4 The **Named Insured** may cancel this Policy on behalf of all **Insureds** by mailing **us** written notice stating when such cancellation will be effective.

9.11.5 **We** will not be required to renew this Policy upon its expiration. If **we** elect not to renew this Policy, **we** will deliver or mail to the **Named Insured** written notice to that effect, including the reason(s) for such non-renewal, at least ninety (90) days before the Expiration Date stated in the Declarations.

9.12 Non-Renewal

We will offer to renew this Policy unless written Notice of **our** intent not to renew is mailed to the **Named Insured** not less than ninety (90) days before this Policy expires.

9.13 Arbitration and Mediation

Should **we** disagree with **you** as to the interpretation or application of this Policy, including the appropriateness or value of any settlement or final disposition of any **Claim**, the dispute must be resolved through the following procedure:

9.13.1 Mediation

The parties agree to first meet with a mediator appointed by the American Arbitration Association in a good faith effort to negotiate a resolution of the dispute. Mediation shall continue until resolution of the dispute, or the mediator notifies the parties that it is unlikely that the dispute will be resolved through mediation, or any party elects after a minimum of thirty (30) days of mediation to end it.

9.13.2 Arbitration

If the dispute is not resolved through mediation, the dispute will be submitted to final and binding arbitration which, except as set forth below, shall be conducted in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of one arbitrator selected by **us**, one arbitrator selected by **you**, and one arbitrator selected by the two arbitrators. In the event that the two arbitrators cannot agree on a third arbitrator, the American Arbitration Association shall appoint the third arbitrator. Each party will pay the expenses it incurs and share equally the expenses of the third arbitrator.

If **you** and **we** agree, any dispute may, in lieu of binding arbitration, be submitted to another form of **Alternative Dispute Resolution**.

9.14 Sending of Notices

Any notice of cancellation, nonrenewal or renewal premium increase or change in policy terms will be mailed to the first **Named Insured** at the last mailing address known to **us**. Proof of mailing will be sufficient proof of notice.

9.15 Innocent **Insureds**

Whenever coverage under this Policy would be excluded because of dishonest, fraudulent, criminal or malicious acts or omissions, **we** agree that such coverage as would otherwise be afforded will be applicable to **Insureds** who did not personally participate or acquiesce in or remain passive after having knowledge of such conduct. Such **Insureds** must comply with all Policy provisions upon learning of this conduct.

9.16 Conformity to Statute

Notwithstanding anything contained herein to the contrary, in the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall by this statement, be amended to conform to such law or laws.

9.17 Declarations and Applications

By accepting this Policy, **you** agree that the statements and information **you** provided in the application and any supplements or attachments are true, correct and accurate, deemed material to **our** decision to issue this Policy and form an integral part of the Policy contract. These documents constitute the entire contract between **you** and **us**.