

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

THIS IS A CLAIMS-MADE AND REPORTED POLICY. VARIOUS PROVISIONS IN THIS POLICY RESTRICT COVERAGE.

THIS POLICY CONTAINS IMPORTANT EXCLUSIONS AND CONDITIONS TO YOUR COVERAGE. PLEASE REVIEW THE ENTIRE POLICY CAREFULLY AND DISCUSS ANY QUESTIONS YOU MAY HAVE WITH YOUR AGENT.

This Policy does not become effective unless we issue a Declarations page to form a part hereof.

WHAT TO DO IN CASE OF A CLAIM OR POTENTIAL CLAIM

In the event you directly or indirectly become involved in any situation which you believe may result in an Accountants Professional Liability “claim”, you should immediately report the details to the Company.

Note: Failure to make reports of “wrongful acts” and “claims” may jeopardize your insurance.

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THIS IS A CLAIMS MADE AND REPORTED POLICY.
PLEASE READ IT CAREFULLY.

PROVISIONS

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine your rights, duties and what is and is not covered.

Throughout this Policy, the words “you” and “your” refer to the “Named Insured” shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance. The word “Insured” means any person or organization qualifying as such under **SECTION III. WHO IS AN INSURED**. Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION IV. DEFINITIONS**.

In consideration of payment of the premium and subject to the terms and conditions of this Policy, we agree with you to provide insurance as stated in this Policy.

SECTION I. INSURING AGREEMENTS

A. Coverage Provision

We will pay on behalf of the Insured “damages” that the Insured becomes legally obligated to pay because of “claims” made against the Insured for “wrongful acts” arising out of the performance of “professional services” for others.

B. Claims-Made Provision

This insurance applies to a “wrongful act” only if all of the following conditions are satisfied:

1. the “wrongful act” took place on or after the “retroactive date”;
2. prior to the inception date of this Policy or the first such policy issued and continuously renewed by us, no Insured had knowledge of such “wrongful act”, and had no basis to reasonably anticipate a “claim” that would be covered by this Policy. For purposes of this provision, prior knowledge of a “wrongful act” includes, but is not limited to, any prior “claim” or possible “claim” or circumstance referenced in an Insured’s “application”;
3. the “claim” arising out of the “wrongful act” is first made against any Insured during the “policy period”; and
4. the “claim” is reported in writing to us no later than 60 days after the end of the “policy period” or, if applicable, during an extended claims reporting period.

C. Defense Provision

We have the right and the duty to defend the Insured against any covered “claim”, even if such “claim” is groundless, false or fraudulent.

“Claim expenses” will be paid by us and such payments will reduce the available limit of liability. Our right and duty to defend or continue to defend any “claim” ends when the applicable limit of liability has been exhausted by payment of “damages” or “claim expenses” or both combined. Once the limit of liability is exhausted, we will tender control of the defense of any “claim” to the Insured. The Insured agrees to accept such tender as a condition of this Policy.

We have no duty to defend any “claim” not covered by this Policy.

D. Settlement Provision

We may investigate and solicit settlement offers for any “claim”. No offer to settle a “claim” will be accepted without your written consent.

If we recommend that you accept the judgment of the trial court, appellate court, any negotiated settlement or settlement offer, and you are not willing to accept such judgment or settlement, our liability for such "claim" shall not exceed the amount we would have paid for "damages" and "claim expenses" incurred up to the time we made the recommendation, providing such amount does not exceed the remainder of the applicable limit of liability. We shall thereafter be relieved of any additional liability under this policy, including the duty to defend.

If you are unwilling to appeal a judgment of a trial court, we have the right to appeal such judgment, and we will bear all "claim expenses" subsequently incurred which results directly from the appeal. An increase in the judgment amount in such instance shall be borne by us and shall not be applied against the policy Limit of Liability – Aggregate.

E. Territory

The insurance provided by this policy applies to "wrongful acts" which result in "damages" anywhere in the world, provided that a "claim" is brought against the Insured within the United States of America, its territories or possessions or Canada.

F. Supplemental Payments

These supplemental payments will be paid in addition to the applicable limit of liability. The deductible amount is not applicable to the payments described below.

1. We will pay for loss of earnings for the Insured's attendance, at our written request, at a trial, hearing, arbitration or mediation proceeding involving a covered "claim" against such Insured. The maximum amount we will pay for any one or series of trials, hearings, mediation or arbitration proceedings arising out of the same "claim" shall not exceed \$500 per individual Insured for each day, or pro rata earnings thereof for part of a day, subject to a total of \$10,000 for all Insureds per "policy period".
2. We will pay up to \$2,500 per "policy period" for each Insured for reasonable attorney fees, costs and expenses incurred in responding to an investigation of an Insured by a state licensing board, professional regulatory body or governmental agency with authority to regulate "professional services", resulting from the Insured's performance of "professional services". The maximum amount we will pay regardless of the number of investigations is \$5,000 per "policy period". However:
 - a. we have the right to approve legal counsel;
 - b. the "professional services" leading to the investigation must take place on or after the "retroactive date";
 - c. the Insured must be first notified of the investigation during the "policy period" and must provide us with written notice not later than 30 days after the Insured has been notified of the investigation. If the Insured fails to give us such written notice we are not required to pay under this provision; and
 - d. we are not obligated to pay defense costs for any subsequent appeals.
3. We will pay all interest on the entire amount of any judgment which accrues after the entry of the judgment and before we have paid or tendered or deposited in the Court that part of the judgment that does not exceed the policy limit.
4. We will pay "prejudgment interest" awarded against the Insured on that part of the judgment, award, verdict or settlement we pay. If we make a settlement offer to pay the available limit of liability, we will not pay the interest that accumulates after the date of the offer.
5. In the event that the Insured receives a subpoena for documents or testimony related to the performance of "professional services", the Insured will provide us a copy of the subpoena if legal advice in response to the subpoena is requested. If requested, we may retain legal counsel to advise the Insured regarding document production or to represent the Insured in giving sworn testimony. Expenses incurred in providing advice as to production of documents, review of

testimony and representation on the date of deposition will be at our cost and not applicable to your deductible. A notice to us of such a subpoena shall be deemed to be notification of a potential "claim" under **SECTION VII. CONDITIONS, B. Reporting Possible Claims.**

6. Until the date a "claim" is made against the Insured, we may investigate, at our sole discretion, a possible "claim" reported to us by the Insured in accordance with **SECTION VII. CONDITIONS, B. Reporting Possible Claims.** We will pay for all expenses we incur as a result of our investigation. Expenses we incur will not reduce the Limit of Liability – Each Claim or Limit of Liability – Aggregate.

The Insured must not make any payment, admit any liability, investigate or settle any possible "claim" or assume any obligation without prior consent from us. We will not reimburse the Insured for any expenses or payments incurred without prior approval.

SECTION II. EXCLUSIONS

This policy does not apply to any "claim":

- A. arising out of any dishonest, fraudulent, criminal or malicious act, error or omission committed by or at the direction of any Insured. We shall provide the Insured with a defense of such "claim" unless or until the dishonest, fraudulent, criminal or malicious act, error or omission has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not. Criminal proceedings are not covered under this policy under any circumstance.
- B. arising out of:
 1. "bodily injury"; or
 2. damage to, destruction of or loss of use of tangible property, unless the damage occurs to clients' records in the Insured's care, custody and control in the course of performing "professional services".
- C. arising out of any actual or alleged:
 1. interviewing, hiring or refusal to hire;
 2. employment;
 3. termination of employment; or
 4. employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination, of an applicant or a present or former employee of an Insured.
- D. made by an Insured against any other Insured.
- E. arising out of any Insured's involvement in, or "professional services" performed for, any entity not named in the Declarations if, at the time the "professional services" are performed, an Insured is an officer, director, partner, member, manager or employee of such entity or an Insured or combination of Insureds hold more than a 15% ownership in such entity.
- F. made by an entity that wholly or partially owns, controls, manages or operates any Insured at the time "professional services" are performed.
- G. arising out of "professional services" in the Insured's capacity as a trustee or executor if any Insured is a beneficiary of the trust or estate.
- H. based upon or arising out of the sale or promotion of any investment or security, including any personal financial planning or investment advice provided in connection with such sale, but only if an Insured received a commission, fee or other compensation from the issuer or provider of the security or investment as a direct result of the sale.
- I. arising out of liability of others assumed by any Insured under any contract or agreement, unless such liability would have attached to the Insured in the absence of such contract or agreement.

- J. arising out of the Insured's activities as a fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order pursuant to that act. However, this exclusion does not apply to "professional services" performed in connection with such acts or laws.
- K. arising out of an actual or alleged violation of any anti-trust, price-fixing or restraint of trade law, rule or regulation, unless the allegations arise entirely from your performance of "professional services" as a member of a formal accreditation, ethics, peer review, licensing board, standards review or similar professional board, committee or professional association for the accounting profession and such services are within the scope of that committee's or board's established guidelines.
- L. arising out of:
 - 1. the actual, alleged or threatened discharge, dispersal, release, seepage, migration, or escape of "pollutants";
 - 2. any governmental, judicial or regulatory directive or request that an Insured, or anyone acting under the direction or control of an Insured, test for, clean up, remove, contain, treat, detoxify or neutralize "pollutants"; or
 - 3. any governmental or regulatory notification that any Insured is a potentially responsible party for liability arising out of "pollutants".
- M. arising out of nuclear projects, nuclear reaction, radiation or radioactive contamination or any consequence thereof, regardless of cause.

SECTION III. WHO IS AN INSURED

- A. The "Named Insured" is an Insured.
- B. Each of the following is also an Insured:
 - 1. Any Additional Insured named in the Declarations.
 - 2. Any past or present officer, director, partner, stockholder, member, manager or employee for "professional services" performed within the scope of his or her duties on behalf of you or any Additional Insured.
 - 3. Any accountant or accounting firm for "professional services" performed solely for you or any Additional Insured within the scope of the contract on your behalf and with your express consent.
 - 4. The heirs, executors, administrators and legal representatives of an Insured, as defined in paragraphs **A.**, **B. 1.** and **B. 2.** above, in the event of an Insured's death, incapacity or bankruptcy, but only for liability arising out of "professional services" performed by or on behalf of the "Named Insured" or Additional Insured prior to such Insured's death, incapacity or bankruptcy.

SECTION IV. DEFINITIONS

- A. "Advertising injury" means injury arising out of one or more of the following offenses:
 - 1. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - 2. Oral or written publication of material that violates a person's right of privacy;
 - 3. The use of another's advertising idea in your advertisement; or
 - 4. Infringing upon another's copyright, trade dress or slogan in your advertisement.
- B. "Application" means:
 - 1. any "application", renewal "application", or supplemental "application" published by us for your use in applying for this policy, in our possession with an Insured's legal, dated signature and any other written information furnished to us by you in applying for this policy;
 - 2. any other "application" or copy of an "application", used by you to apply for this coverage, in our

3. if this policy is a renewal or replacement of any previous policy or policies issued by us, all “applications” provided to us by you for the purpose of applying for those policies.
- C. “Bodily injury” means “bodily injury”, sickness or disease sustained by a person, including death resulting from any of these at any time. “Bodily injury” does not include emotional distress arising out of “personal injury”.
- D. “Claim” means a demand received by the Insured for money, “damages” or “professional services” alleging a “wrongful act” arising out of the performance of “professional services”.
- E. “Claim expenses” means:
1. fees, costs and expenses charged by any attorney consented to or designated by us to defend the Insured against a “claim”;
 2. all other fees, costs and expenses resulting from the investigation, discovery, adjustment, defense, settlement or appeal of a “claim” as authorized by us; and
 3. premiums for a bond amount, not exceeding the policy limit, required as a result of a covered “claim” and premiums on bonds to release attachments. However, we have no obligation to apply for or furnish any such bonds.

However, “claim expenses” do not include the salaries of any of our employees.

- F. “Damages” means any amount which an Insured is legally obligated to pay for any covered “claim”, including judgments, awards, or settlements entered into with our prior knowledge and consent. But “damages” does not include:
1. punitive damages, exemplary damages or treble damages, unless coverage for such punitive damages is required under the applicable state law; or
 2. sanctions, fines, forfeitures or penalties. However, “damages” includes fines and penalties assessed against clients of the Insured by the Internal Revenue Service or any state or municipal tax authority.
- G. “Formal mediation” means the non-binding process by which a qualified mediator, mutually selected by the parties involved in the “claim” with our agreement, meets and intercedes with the parties in order to reach a resolution. In order to be considered “formal mediation” under this policy, the process must be of a kind set forth under the mediation rules of the American Arbitration Association. At our sole option, we may recognize any mediation process presented for approval. Litigation and arbitration are not considered to be a part of the “formal mediation” process.
- H. “Named Insured” means the entity or individual named in the Declarations.
- I. “Personal injury” means injury, other than “bodily injury” arising out of one or more of the following offenses:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies committed by or on behalf of its owner, landlord, or lessor;
 4. Oral or written publication of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or
 5. Oral or written publication of material that violates a person’s right of privacy.
- J. “Policy period” means the period of time specified in the Declarations.

- K. "Pollutants" means any solid, liquid, gaseous, thermal or electromagnetic irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" does not mean heat, smoke, vapor, soot or fumes from a hostile fire. A hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.
- L. "Prejudgment interest" means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.
- M. "Professional services" means services performed for others in the Insured's capacity as an accountant or notary public, including but not limited to services as a consultant, trustee, executor, arbitrator, mediator, financial planner, investment advisor, or member of a formal accreditation, ethics, peer review, licensing board, standards review or similar professional board, committee or professional association for the accounting profession.
- N. "Retroactive date" is the date, if any, specified as such in the Declarations, and other dates that are specified as such by endorsement to this policy.
- O. "Total and permanent disability" means that an Insured is wholly prevented from performing "professional services" for a continuous 90-day period or more and that such disability is expected to be ongoing and permanent. "Total and permanent disability" shall not include any condition which results from: intentionally self-inflicted injuries; attempted suicide; or the abuse or misuse of addictive chemical compounds or alcohol.
- P. "Wrongful act" means any actual or alleged act or error or omission, "personal injury" or "advertising injury".

SECTION V. LIMITS OF LIABILITY AND DEDUCTIBLE

A. Limits of Liability

1. The applicable limits of liability shown in the Declarations are the maximum we will pay, regardless of the number of:
 - a. Insureds;
 - b. individuals or organizations that make a "claim"; or
 - c. "claims" made.

2. Limit of Liability – Each Claim

The Limit of Liability – Each Claim shall apply in excess of the deductible shown in the Declarations. Our liability for each covered "claim" first made during the "policy period" or, if applicable, during an extended claims reporting period shall not exceed the amount stated in the Declarations for Limit of Liability – Each Claim. This limit is the maximum amount of "damages" or "claim expenses" or both combined that we will pay for each covered "claim".

Two or more covered "claims" arising out of a single "wrongful act", or any series of related "wrongful acts", will be considered a single "claim". The single "claim" will be subject to the Limit of Liability – Each Claim in effect at the time such "claim" was first made against the Insured. Only one deductible will apply to such single "claim". If the first of such "claims" is made prior to the effective date of this policy, no coverage shall apply to any subsequent "claims" made during this "policy period" based upon the same or related "wrongful acts".

3. Limit of Liability – Aggregate

Subject to the Limit of Liability – Each Claim provision above, our liability for all "claims" shall not exceed the amount stated in the Declarations as Limit of Liability – Aggregate. This limit is the maximum amount of "damages" or "claim expenses" or both combined that we will pay for all "claims" made or deemed made during the "policy period" and, if applicable, during an extended

claims reporting period.

B. Deductible

The Each Claim deductible stated in the Declarations applies to each “claim” and shall be paid by you to us within 30 days of written demand and will be billed as incurred by us. The deductible shall be first applied to all “claim expenses” and then any remainder will be applied to “damages”. However the first \$5,000 of incurred “claim expenses” for each “claim” will not apply to the deductible amount.

In the event that a “claim” covered by this policy is fully and finally resolved through the process of “formal mediation”, the Each Claim deductible will be reduced by 50 percent.

The total of your liability for all deductible payments during the “policy period” will not exceed the Deductible – Aggregate stated in the Declarations.

SECTION VI. EXTENDED CLAIMS REPORTING PERIODS

A. Optional Extended Claims Reporting Period

If this Policy is canceled or nonrenewed, you may purchase an Extended Claims Reporting Period Endorsement. This endorsement to the policy, when issued, extends the period of time during which the Insured may report “claims” to us.

1. The Extended Claims Reporting Period Endorsement applies to “claims”:
 - a. arising out of “wrongful acts” which first take place on or after the “retroactive date” and prior to the end of the “policy period”; and
 - b. which are first made against the Insured and reported to us in writing during this extended claims reporting period.

This extended claims reporting period does not otherwise change policy provisions.

2. The following conditions must be met before this option may be exercised:
 - a. this policy was canceled or nonrenewed for reasons other than failure to comply with policy provisions, failure to cooperate with us or material misrepresentation of facts in the “application”;
 - b. if you are a sole proprietor, when you request to purchase this option your license or right to practice is not revoked, suspended or surrendered by, or at the request of any regulatory authority; and
 - c. we must receive written notice of your intent to purchase the option and the total additional premium due for the Extended Claims Reporting Period Endorsement no later than 60 days after the end of the “policy period”. The extended claims reporting period will not go into effect unless all premium and deductible amounts previously due and payable to us have been paid in full.

If any of the three conditions given above have not been met, you will not be able to purchase the Extended Claims Reporting Period Endorsement at a later date.

3. The term of this reporting period will be indicated in the Extended Claims Reporting Period Endorsement and will not be less than one year. The premium charged for this endorsement will be in accordance with the rules, rates and rating plans we have in effect at the inception of the current “policy period”.

The entire premium for the Extended Claims Reporting Period Endorsement will be fully earned when paid and in the event that you terminate this endorsement we will not return any portion of the premium.

4. If you are a sole proprietor at least 58 years old and retire from the practice of Accountancy during this “policy period” and have been insured by an Accountants Professional Liability Insurance Policy issued by us for seven consecutive years immediately preceding your

B. Death or Disability Extended Claims Reporting Period

If during the “policy period” any Insured dies from a cause other than suicide or becomes “totally and permanently disabled”, an extended claims reporting period is provided until the executor or administrator is discharged or until the disability ends. However, the Death or Disability Extended Claims Reporting Period will never be longer than seven years from the date of death or disability. No additional premium will be charged for this coverage, nor will any premium be refunded.

1. In the event of death, the Insured’s estate must, no later than 60 days after the end of this “policy period”, provide us with written notice that the extended claims reporting period is desired. This notice must include written proof of the date of death.
2. In the event of “total and permanent disability”, the Insured or the Insured’s legal guardian must, no later than 60 days after the end of this “policy period”, provide us with written notice that the extended claims reporting period is desired. This notice must include written proof of the “total and permanent disability”, including the date the disability began, certified by the attending physician. The Insured agrees to submit to medical examination(s) by any physician(s) designated by us, if requested.

This extended claims reporting period does not otherwise change policy provisions.

SECTION VII. CONDITIONS

A. Insured’s Duties in the Event of a Claim

In the event of a “claim”, the Insured must do the following:

1. When a “claim” is made, the Insured must give prompt written notice to us but in no event later than 60 days after the end of the “policy period” or, if applicable, during an extended claims reporting period. Such written notice shall include every demand, notice, summons, or any other applicable information received by the Insured or the Insured’s representative;
2. The Insured must not make any payment, admit any liability, settle any “claim” or assume any obligation without prior consent from us;
3. If the Insured has the right to either accept or reject the arbitration of any “claim”, the Insured will exercise such right only with our written consent;
4. The Insured must cooperate with and provide all relevant information to us with respect to any “claim”. We may require that the Insured submit to examination or questioning, or attend hearings, depositions and trials. In the course of investigation or defense, we may require written statements or the Insured’s attendance at meetings with us. The Insured must assist us in effecting settlement, securing and providing evidence and obtaining the attendance of witnesses, all without charge to us; and
5. The Insured must do whatever is necessary to secure and affect any rights of indemnity, contribution or apportionment that may be available to the Insured.

B. Reporting Possible Claims

If during the “policy period” or any applicable extended claims reporting period, the Insured first becomes aware of a possible “claim” arising from a specific “wrongful act” in performing “professional services” for which coverage may be provided, such potential “claim” must be reported to us. The notice of the potential “claim” must be reported to us as soon as practicable during the “policy period” but no later than 60 days after the end of the “policy period” or, if applicable, during any extended claims reporting period. The notice of the potential “claim” must include the following:

1. the potential claimant’s name and address;
2. a description of the “professional services” provided or that are alleged should have been

3. an explanation as to why the Insured believes the “claim” may be made and the date that the Insured first became aware of such possible “claim”; and
4. an explanation of the type of “claim” that is anticipated.

Any “claim” that may subsequently be made against the Insured arising out of that “wrongful act” will be deemed for the purposes of this insurance to have been made on the date we received such notice.

C. Innocent Insured Protection

If coverage under this policy would not apply because of **SECTION II. EXCLUSIONS, A.**, we will cover any Insured who did not commit, participate in, acquiesce in or fail to take appropriate action after having personal knowledge of such dishonest, fraudulent, criminal or malicious act, error or omission.

D. Subrogation

If the Insured has rights to recover all or part of any payment for “damages” or “claim expenses” we made under this policy, those rights are transferred to us to the extent we have made payment on the Insured’s behalf. The Insured must do whatever is necessary to secure such rights and do nothing to impair them. Any amount recovered shall first be applied to reduce our loss or, if applicable, as directed by law.

E. Other Insurance

This insurance will be excess over any other insurance which also provides coverage for any “claim”, including any deductible provisions. However, any insurance specifically arranged by you to apply in excess of this insurance shall not be deemed other insurance.

F. Premium

The first “Named Insured” shall pay us the premium stated in the Declarations.

G. Liberalization

If during this “policy period” we implement revised non-optional terms for our Accountants Professional Liability Insurance Policy form, which broaden coverage for no additional premium, the revised terms will also apply to this policy. The new terms will be effective on the date that the appropriate regulatory authority grants approval of the revised terms. The revised terms will apply only to “claims” first made or potential “claims” that the Insured became aware of on or after the date regulatory approval is granted.

H. Policy Changes

The terms and conditions of this policy cannot be waived or amended except by specific written endorsement issued by us and made a part of this policy.

I. Assignment of the Insured’s Interest

Your interests under this policy may not be assigned to any other person or organization without our written consent.

J. Cancellation

You may cancel this policy by returning the policy to us or by mailing written notice to us stating when thereafter such cancellation shall be effective. If you cancel, the refund will be 90% of the unearned premium.

We may cancel this policy by sending written notice to you, at the address last known to us. We will provide written notice at least 45 days before cancellation is to be effective. However, you will only be entitled to 10 days notice if we cancel because the premium has not been paid when due. If we cancel, earned premium will be computed on a pro rata basis. The mailing of any notice of

cancellation will be sufficient proof of notice.

Upon cancellation of this policy, the end of this “policy period” will be changed to the effective date of cancellation. Unearned premium will be returned by us as soon as practicable, but return of unearned premium is not a condition of cancellation.

K. Bankruptcy

Bankruptcy or insolvency of any Insured or any Insured’s estate shall not relieve us of our obligation under this policy.

L. Application

The statements in the “application” are representations of the Insured and are deemed material to the underwriting and acceptance of coverage by us. This policy is issued in reliance on the accuracy of such representations.

By acceptance of this Policy you agree that all of the information and statements provided to us by you are true, accurate and complete. This Policy has been issued in reliance upon the truth and accuracy of those representations.

No concealment, misrepresentation or fraud shall avoid or defeat recovery under this Policy unless such concealment misrepresentation or fraud was material. Concealment, misrepresentation or fraud in the procurement of this Policy which if known by us would have led to refusal by us to make this contract or provide coverage for a “claim” hereunder will be deemed material.

M. Action Against Us

No Insured or anyone else may bring any legal action against us concerning this policy until:

1. there has been full compliance with all the terms and conditions of this policy; and
2. the amount of “damages” has been determined by:
 - a. final judgment against the Insured after trial if the time to appeal such judgment has expired without an appeal being taken, or if an appeal is taken, after the appeal has been determined; or
 - b. settlement of the “claim” in accordance with the terms and conditions of this policy.

N. Waiver of Terms

In the event we do not insist on strict compliance with any of the terms, provisions or conditions of coverage under this policy, or if we do not exercise our rights or privileges thereto, our actions shall neither operate nor be construed as a waiver of our right to enforce any term, provision or condition of coverage.