

NAVIGATORS INSURANCE COMPANY

A "Stock" Company

Home Office: One Penn Plaza, New York, NY 10119

**THIS IS A CLAIMS MADE AND REPORTED POLICY.
PLEASE READ THE ENTIRE POLICY CAREFULLY.**

INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY POLICY

Words and phrases that appear in **bold** print have special meanings that are defined in section III., **DEFINITIONS**.

I. INSURING AGREEMENTS

A. Coverage

The **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** becomes legally obligated to pay as **damages** and **claim expenses** as a result of a **claim** first made against the **Insured** and reported in writing to the **Company** during the **policy period** or **extended reporting period** (if applicable) by reason of an act or omission, including **personal injury**, in the performance of **professional services** by the **Insured** or by someone for whom the **Insured** is legally responsible, provided that:

1. No such act or omission, or **related act or omission**, was committed prior to the **retroactive date**; and
2. Prior to the inception date of the first policy issued by the **Company**, and continuously renewed, no **Insured** had a basis to believe that any such act or omission, or **related act or omission**, might reasonably be expected to be the basis of a **claim**.

B. Defense

The **Company** has the right and duty to defend any **claim** against the **Insured** even if any of the allegations of the **claim** are groundless, false or fraudulent. Defense counsel may be designated by the **Company** or, at the **Company's** option, by the **Insured** with the **Company's** written consent and subject to the **Company's** guidelines.

C. Settlement

The **Company** will have the right to make, with the consent of the **Named Insured**, any settlement of a **claim** under this policy. If the **Named Insured** refuses to consent to a settlement within the policy's applicable **damages** limit of liability that is recommended by the **Company** and acceptable to the claimant, then the **Company's damages** limit of liability under this policy will be reduced to the amount of **damages** for which the **claim** could have been settled.

D. Exhaustion of Limits

The **Company** is not obligated to pay any **damages** or **claim expenses** or to defend or continue to defend any **claim** after the **damages** limit of liability has been exhausted, or after the **Company** has deposited the remaining **damages** limit of liability into a court of competent jurisdiction or tendered the remaining **damages** limit of liability to the **Named Insured** or, if applicable, to the excess insurer(s) of the **Named Insured**, regardless of whether the **claim expenses** limit of liability has been exhausted.

II. LIMITS OF LIABILITY AND DEDUCTIBLE

A. Damages Limit of Liability - Each Claim

Subject to paragraph C. below, the **Company's** limit of liability for **damages** for each **claim** first made and reported in writing to the **Company** during the **policy period** will not exceed the amount shown in item 4A. in the Declarations for "**Damages** Limit of Liability - Each **Claim**."

B. Claim expenses Limit of Liability - Each Claim

Subject to paragraph D. below, the **Company's** limit of liability for **claim expenses** for each **claim** first made and reported in writing to the **Company** during the **policy period** will not exceed the amount shown in item 4B. in the Declarations for "**Claim expenses** Limit of Liability - Each **Claim**."

C. Damages Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **damages** for all **claims** first made and reported in writing to the **Company** during the **policy period** will not exceed the aggregate amount shown in item 4C. in the Declarations as the "**Damages** Limit of Liability - Policy Aggregate."

D. Claim expenses Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **claim expenses** for all **claims** first made and reported in writing to the **Company** during the **policy period** will not exceed the aggregate amount shown in item 4D. in the Declarations as the "**Claim expenses** Limit of Liability - Policy Aggregate."

E. Deductible

1. The deductible amount shown in item 5. in the Declarations is the **Insured's** obligation for each **claim** and applies to the payment of **damages** and **claim expenses**. The deductible will be paid by the **Named Insured**. The limits of liability set forth in the Declarations are in addition to, and in excess of, the deductible.
2. If a **claim** is resolved by settlement, with the consent of the **Named Insured** and the **Company**, within one (1) year following the date that the **claim** is reported in writing to the **Company**, the **Named Insured** will be reimbursed or credited 50% of the deductible, but not to exceed a reimbursement of \$10,000 per **claim** and \$25,000 per **policy period** for all such **claims** resolved or concluded in accordance with this section II.E.

3. The **Named Insured's** obligation to pay the deductible amount stated in item 5. in the Declarations will be reduced by 10% following each consecutive twelve month period in which the **Company** pays no **claim expenses** or **damages** under this policy, but not to exceed the lesser of 50% or \$10,000 each **claim**. This reduction will not apply to any **extended reporting period**.

If both E. 2 and 3 above apply, only one reduction applies.

F. **Multiple Insureds, Claims and Claimants**

The limits of liability for **damages** and **claim expenses** shown in the Declarations is the maximum amount the **Company** will pay under this policy for **damages** and **claim expenses**, respectively, regardless of the number of **Insureds, claims** made or claimants. All **related claims**, whenever made, shall be considered a single **claim** first made when the earliest of the **related claims** was first made and first reported when the earliest of the **related claims** was reported in writing to the **Company**; provided, however, that the **Insured** must report all **claims** as soon as reasonable in accordance with Condition A.1.

G. **Multiple Policies**

If this policy and any other policy issued by the **Company** provide coverage for the same **claim** against the **Insured**, the maximum limit of liability under all the policies combined shall not exceed the highest remaining applicable limit of liability for the **claim** under any one policy.

H. **Supplementary Payments**

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

1. **Reimbursement of Expenses**

The **Company** will pay up to \$500.00 for loss of earnings to the **Insured** for each day or part of a day the **Insured** is in attendance, at the **Company's** request, at a trial, hearing, mediation or arbitration proceeding involving a **claim** against the **Insured**. The maximum amount payable, regardless of the number of trials, hearings, mediations or arbitration proceedings or the number of **Insureds** shall be \$7,500 per **claim** and \$25,000 per **policy period**.

2. **Disciplinary Actions**

The **Company** will reimburse the **Insured** for reasonable attorneys' fees, costs and expenses incurred in responding to a **disciplinary action** first received by the **Insured** and reported in writing to the **Company** during the **policy period** by reason of an act, error or omission in the performance of **professional services**. The maximum amount payable, regardless of the number of **disciplinary actions** or the number of **Insureds**, shall be \$25,000 per **policy period**. The **Company** shall not be obligated to defend any **disciplinary action**, or pay any fine, penalty or award resulting from any **disciplinary action**.

3. Subpoena Expenses

The **Company** will pay expenses incurred while assisting the **Insured** in responding to a subpoena which the **Insured** first receives and reports in writing to the **Company** during the **policy period** resulting from the performance of **professional services** by the **Insured**. The maximum amount payable for subpoena expenses is \$5,000 per subpoena; provided, however, that all subpoenas arising out of **related acts or omissions** shall be deemed to constitute a single subpoena.

4. Employment Practices Claims Expenses

If during the **policy period** allegations are first made against the **Named Insured** for **wrongful employment practices** which took place on or after the **retroactive date** stated in the declarations, and reported to the **Company** during the **policy period**, the **Company** will reimburse the **Named Insured** for reasonable and necessary attorney's fees incurred in responding to such allegations. The maximum the **Company** will pay pursuant to this Supplemental Payment shall be \$25,000 for each **policy period**. Coverage afforded by this provision will be excess of any other valid or collectable insurance and the **Company** shall not pay **damages** pursuant to this provision.

5. Reimbursement for Security Incident

The **Company** will reimburse the **Named Insured** for any **security incident** response expenses up to a maximum of \$10,000 per **security incident** and \$25,000 per **policy period**. **Security incident** response expenses are any expenses incurred by the **Insured** to:

- a. Hire cyber forensic analysts to determine the extent of an actual security breach that has occurred; or
- b. Comply with state or local privacy laws requiring that notification and credit monitoring services are to be provided to individuals when the security, confidentiality, or integrity of their personal information has been compromised.

III. DEFINITIONS

- A. **Bodily injury** means physical injury, sickness or disease sustained by any person including death resulting from any of these at any time. **Bodily injury** also means mental illness, mental anguish, emotional distress, pain, suffering, or shock sustained by that person, whether or not resulting from physical injury, sickness, disease or death of any person.
- B. **Claim** means a demand for money or services received by the **Insured** arising out of an act or omission in the performance of **professional services**. A **claim** also includes the service of suit or the institution of an arbitration proceeding against the **Insured**.
- C. **Claim expenses** means:
 1. Fees charged by attorneys designated by the **Company** or designated by the **Insured** with the **Company's** prior written consent;

2. All other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, mediation, defense or appeal of a **claim**, if incurred by the **Company** or by the **Insured** with the **Company's** prior written consent; and
3. Premiums on appeal bonds, attachment bonds or similar bonds; provided, however, the **Company** is not obligated to apply for or furnish any such bond.

Claim expenses do not include fees, costs or expenses of employees or officers of the **Company**, or salaries, loss of earnings or other remuneration by or to any **Insured**.

- D. **Company** means the insurance company named in the Declarations.
- E. **Damages** means any compensatory sum and includes a judgment, award or settlement, provided any settlement is negotiated with the **Company's** written consent. **Damages** also includes punitive or exemplary amounts, to the extent such amounts are insurable under the applicable state law.

Damages do not include:

1. The return, reduction or restitution of fees, commissions, expenses or costs for **professional services** performed or to be performed by the **Insured** and injuries that are a consequence of any fees, commissions, expenses or costs charged by the **Insured**.
 2. Fines, penalties, forfeitures or sanctions;
 3. The multiplied portion of any multiplied awards; or
 4. Injunctive or declaratory relief.
- F. **Disciplinary action** means an action brought against the **Insured** by any insurance regulatory agency, disciplinary board, peer review committee or similar entity alleging misconduct in providing **professional services**. **Disciplinary action** does not include criminal charges.
- G. **Extended reporting period** means the period of time after the end of the **policy period** for reporting **claims** to the **Company** that are made against the **Insured** during the applicable **extended reporting period** by reason of an act or omission, which was committed prior to the end of the **policy period** and on, or subsequent to, the **retroactive date** and is otherwise covered by this policy.
- H. **Insured** means:
1. The **Named Insured**;
 2. Any **predecessor firm**;
 3. Any past or present partner, principal, shareholder, officer, director, member, employee or independent contractor of the **Named Insured**, but only for **claims** arising from **professional services** performed on behalf of the **Named Insured**; or

4. The estate, heirs, executors, administrators assigns and legal representatives of the **Insured** in the event of such **Insured's** death, incapacity, insolvency or bankruptcy, but only for **claims** arising out of **professional services** performed by or on behalf of the **Named Insured** prior to such **Insured's** death, incapacity, insolvency or bankruptcy
- I. **Named Insured** means the persons or entities specified in item 1. in the Declarations.
- J. **Personal injury** means injury other than **bodily injury** arising out of one or more of the following offenses by reason of an act or omission by the **Insured** in the performance of **professional services**:
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 by or on behalf of its owner, landlord or lessor;
 4.
 - a. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - b. Oral or written publication, in any manner, of material that violates a person's right of privacy;

Except, in either case, oral or written publication in any manner which arises out of advertising, broadcasting or telecasting activities conducted by or on behalf of any **Insured**.
- K. **Policy period** means the period of time from the effective date shown in item 3. in the Declarations to the earliest of the date of termination, expiration or cancellation of this policy.
- L. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. **Predecessor firm** means any partnership, professional association, limited liability partnership, limited liability corporation or corporation, which has undergone dissolution, and:
1. The **Named Insured** is the majority successor in interest to the financial assets and liabilities; and
 2. At least 51% of the agents in such firm became an owner, partner, officer, director, Stockholder-employee, or other employee of the **Named Insured**.
- N. **Property damage** means:
1. Physical Injury to tangible property, including all resulting loss of use of that property; or

2. Loss of use of tangible property that is not physically injured.
- O. Professional services** means any of the following services if performed for others in the **Insured's** capacity as a licensed insurance agent or broker:
1. marketing, selling and servicing of insurance policies;
 2. insurance or employee benefits consulting and risk management or loss control services provided in conjunction with policies the **Insured** places or seeks to place;
 3. services as an expert witness on insurance related matters;
 4. premium financing activities;
 5. services as a notary;
 6. services as a teacher for accredited insurance related courses.
- P. Related claims** means all **claims** arising out of a single act or omission or **related acts or omissions** in the performance of **professional services**.
- Q. Related acts or omissions** means all acts or omissions that are logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.
- R. Retroactive date** means the date shown in item 7. in the Declarations.
- S. Security incident** means the unauthorized access to, or use of data containing private or confidential information in connection with the performance of **professional services** which results in the violation of any privacy regulation.
- T. Wrongful Employment Practices** means one or more of the following that is actual or alleged against the **Named Insured** in the **Named Insured's** conduct as an employer:
1. Wrongful Termination of an employee;
 2. Retaliation by the **Named Insured** against an employee;
 3. Employment related libel, slander, false arrest , humiliation, negligent infliction of emotional distress, defamation or invasion of privacy against an employee;
 4. Employment related sexual or other workplace harassment, including quid pro quo, and hostile work environment;
 5. Employment discrimination;
 6. Violation of the Family Medical Leave Act (FMLA) alleged by an employee;
 7. Violation of an employee's civil rights relating to any of the above.

IV. EXCLUSIONS

The **Company** will not defend or pay any **claim**:

- A.** Based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the **Insured**. The **Company** will provide the **Insured** with a defense of such **claim** unless and until such dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission has been determined by any final adjudication, finding of fact or admission by the **Insured**. Such defense will not waive any of the **Company's** rights under this policy. Upon establishment that the dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the **Insured** was committed, the **Company** will have the right to seek recovery of the **claim expenses** incurred from the **Insured** found to have committed the acts or omissions.

- B. Seeking **damages** for **bodily injury** or **property damage**;
- C. Based on or arising out of discrimination, humiliation, harassment, or misconduct. Including, but not limited to, **claims** based on allegations relating to an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference. This exclusion shall not apply to **wrongful employment practices**;
- D. Based on or arising out of **professional services** performed for or by any business enterprise not named in item 1. in the Declarations if, on or after the date or time of the act or omission giving rise to such **claim**:
 - 1. Any **Insured** controlled, owned, operated or managed such entity; or
 - 2. Any **Insured** was an owner, partner, member, director, officer or employee of such entity.

Control of, or ownership in a business enterprise is established if any **Insured**, or all **Insureds** collectively, owned or held, directly or indirectly, more than 10% of the equity and/or debt instruments of such enterprise;
- E. By or on behalf of the **Insured** against any other **Insured** under this policy unless such **claim** arises out of **professional services** rendered by such other **Insured** in a professional /client relationship with the **Insured** making the **claim**. This exclusion shall not apply to **wrongful employment practices**;
- F. Based on or arising out of the **Insured's** activities as a fiduciary or plan administrator under the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act or the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments to each, or under any similar governmental statute or regulation;
- G. Based on or arising out of the **Insured's** activities as a third party administrator, whether or not the **Insured** receives a fee or other consideration;
- H. Based on or arising out of any **claim** alleging the **Insured** is liable for the cost of:
 - 1. The actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **pollutants**; or
 - 2. Any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of **pollutants**;
- I. Based on or arising out of liability assumed by any **Insured** under any contract or agreement, unless such liability would have attached to the **Insured** even in the absence of such contract or agreement;
- J. Based on or arising out of the loss or destruction of or diminution in the value of any asset in the **Insured's** care, custody or control or out of the misappropriation of or failure to give an account of any asset in the **Insured's** care custody or control, including the commingling of funds;

- K.** Based on or arising from the insolvency or other legal or regulatory impairment resulting in the inability or failure of any insurer or other risk bearing entity for who the **Insured** sold policies to fulfill its obligations, financial or otherwise, to its policyholders. This exclusion will not apply if, at the time of placement of coverage, the entity maintained an A.M. Best rating of B+ or higher;
- L.** Based on arising out of misappropriation of trade secret or infringement of patent, copyright, trademark, trade dress or any other intellectual property right;
- M.** Based on or arising out of the placement or the alleged failure to place any reinsurance;
- N.** Based on or arising out of the sale, or failure to sell, any securities other than variable life insurance or variable annuities;
- O.** Based on or arising out of the ownership, operation, administration or insolvency of any:

Healthcare organization including HMO's or PPO's; Risk Retention Group, Captive Insurer or Self Insurance Programs; or Multi-Employer Trusts. This exclusion will not apply to the Insolvency of any Healthcare organization including HMO's or PPO's if, at the time of placement of coverage, the entity maintained an A.M. Best rating of B+ or higher;
- P.** Based on or arising out of the guarantee of any future premium payment, or any investment result, yield or return, or any tax advice or consequence relating to any products the **Insured** sells or advice the **Insured** gives.

V. CONDITIONS

A. Reporting of Claims and Potential Claims:

1. The **Insured**, as a condition precedent to the obligations of the **Company** under this policy, will give written notice to the **Company** as soon as reasonable of any **claim** made against the **Insured**.
2. If during the **policy period**, any **Insured** becomes aware of any act or omission which may reasonably be expected to be the basis of a **claim** against any **Insured**, including but not limited to any notice, advice or threat, whether written or verbal, that any person or entity intends to hold the **Insured** responsible for any alleged act or omission and gives written notice to the **Company** with full particulars, including:
 - a. The specific act or omission;
 - b. The dates and persons involved;
 - c. The identity of anticipated or possible claimants;
 - d. The circumstances by which the **Insured** first became aware of the possible **claim**; and
 - e. Potential damages or injury.

Then any **claim** that is subsequently made against the **Insured** arising out of such act or omission will be deemed to have been made on the date such written notice was received by the **Company**.

3. Notices pursuant to Conditions A.1 and A.2 must be mailed to the **Company** at the following address:

Navigators Pro – Claims Department
One Penn Plaza, 32nd Floor
New York, NY 10119
212-613-4300 – Fax
navproclaims@navg.com

B. Claim Reporting Grace Period

This policy will provide coverage for **claims** that are first made against the **Insured** during the **policy period** and reported by the **Insured** in writing to the **Company** within thirty (30) days after the expiration of the **policy period**, provided that prior to the expiration of this policy, the **Insured** was in compliance with all the terms and conditions of this policy, including payment of all premiums and deductibles when due.

The **claim** reporting grace period does not extend the **policy period**.

C. Assistance and Cooperation

1. The **Insured** will cooperate with the **Company** and upon the **Company's** request, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and proceedings in connection with a **claim**.
2. The **Insured** will assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any **Insured** in connection with a **claim**.
3. The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment, assume or admit any liability or incur any expense without the prior written consent of the **Company**. The **Company** shall have no obligation to pay or reimburse any person or entity for sums expended to defend any **claim** otherwise covered under this Policy prior to written notice of such **claim** being received by the **Company**.

D. Action against the Company

1. No action may be brought against the **Company** unless, as a condition precedent thereto:
 - a. The **Insured** has fully complied with all the terms of this policy; and
 - b. Until the amount of the **Insured's** obligation to pay has been finally determined either by judgment against the **Insured** after actual trial and appeal or by written agreement of the **Insured**, the claimant and the **Company**.
2. Nothing contained in this policy will give any person or organization the right to join the **Company** as a defendant or co-defendant or other party in any action against the **Insured** to determine the **Insured's** liability.

E. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve the **Company** of any of its obligations hereunder.

F. Other Insurance

Such insurance as is provided by this policy shall be excess of any other valid and collectible insurance.

G. Subrogation

In the event of any payment for any **claim** under this policy, the **Company** will be subrogated in the amount of such payment to all the **Insured's** rights of recovery against any person or organization. The **Insured** will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The **Insured** will do nothing to prejudice such rights.

H. Changes

Notice to any agent of the **Company** or knowledge possessed by any such agent or by any other person will not effect a waiver or a change in any part of this policy, and will not prevent or preclude the **Company** from asserting or invoking any right or provision of this policy. None of the provisions of this policy may be waived, changed or modified except by a written endorsement issued by the **Company** to form a part of this policy.

I. Cancellation/Nonrenewal

1. This policy may be cancelled by the **Named Insured** by returning it to the **Company**. The **Named Insured** may also cancel this policy by giving written notice to the **Company** stating at what future date cancellation is to be effective.
2. The **Company** may cancel or non-renew this policy by sending written notice to the **Named Insured** at the address last known to the **Company**. The **Company** will provide written notice at least 60 days before cancellation or nonrenewal is to be effective. However, if the **Company** cancels this policy because the **Insured** has failed to pay a premium when due, this policy may be canceled by the **Company** by mailing to the **Named Insured** written notice stating when, not less than 10 days thereafter, such cancellation will be effective. The time of surrender of the policy or the effective date and hour of cancellation stated in the notice will become the end of the **policy period**. Delivery of such written notice either by the **Named Insured** or by the **Company** will be equivalent to mailing.
3. If the **Company** cancels this policy, the earned premium will be computed pro rata. If the **Named Insured** cancels this policy, the **Company** will retain the customary short rate proportion of the premium. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
4. The offering of terms and conditions different from the expiring terms and conditions, including limits of liability, deductible or premium, shall not constitute a refusal to renew or a cancellation of this policy.

J. Territory

This policy applies to an act or omission taking place anywhere in the world provided that any suit is brought against the **Insured** within the United States of America, its territories or possessions, Puerto Rico or Canada.

K. Named Insured Sole Agent

The **Named Insured** will be the sole agent and will act on behalf of all **Insureds** for the purpose of giving or receiving any notices, any amendments to or cancellation of this policy, for the completing of any applications and the making of any statements, representations and warranties, for the payment of any premium and the receipt of any return premium that may become due under this policy, for the payment of the deductible and the exercising or declining to exercise any right under this policy including the purchase of an **extended reporting period** under Section VI., paragraph B. of this policy.

L. Entire Contract

By acceptance of this policy the **Insured** warrants that:

1. All of the information and statements provided to the **Company** by the **Insured**, including, but not limited to, the application and any supplemental information, are true, accurate and complete and will be deemed to constitute material representations made by the **Insured**;
2. This policy is issued in reliance upon the **Insured's** representations;
3. This policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company**, embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and
4. Any material misrepresentation or concealment by the **Insured** or the **Insured's** agent will render the policy null and void and relieve the **Company** from all liability herein

M. Notices

Any notices required to be given by the **Insured** will be submitted in writing to the **Company** or its authorized representative at the address specified in the Declarations. If mailed, the date of mailing of such notice will be deemed to be the date such notice was given and proof of mailing will be sufficient proof of notice.

N. Assignment

No assignment of interest of the **Insured** under this policy is valid, unless the **Company's** written consent is endorsed hereon.

O. Innocent Insured

If coverage of this policy would not apply because of Exclusion A. or because of noncompliance with Condition A.1, such exclusion or condition will not apply to any

Insured who did not commit, participate in, or have knowledge of any of the acts described in Exclusion A. and whose conduct did not violate Condition A.1.

P. Acquisitions and Mergers, and Other Material Changes

In the event of any merger, acquisition, or change in a franchise relationship, involving the **Named Insured**, or other material changes in the **Named Insured's** operations, there will be no coverage under this policy for any merger, acquisition, or material change until the change has been accepted in writing by the **Company** and the appropriate premium has been determined by the **Company**. Premium will be calculated in accordance with the **Company's** rules, rates, rating plans, premiums, and minimum premiums applicable to the insurance afforded herein.

Q. Liberalization

If the **Company** obtains approval for any amended state filing that would broaden coverage under this policy form NAV IAP NIC PF (01 12) without additional premium at any time during the current **policy period**, the broadened coverage will immediately apply to this policy, except that it will not apply to **claims** that were first made against the **Insured** prior to the effective date of such revision.

VI. EXTENDED REPORTING PERIODS

A. Automatic Extended Reporting Period

If this policy is cancelled or non-renewed by either the **Company** or by the **Named Insured**, the **Company** will provide to the **Named Insured** an automatic, non-cancelable **extended reporting period** starting at the termination of the **policy period** if the **Named Insured** has not obtained another policy of insurance agents and brokers professional liability insurance within sixty (60) days of the termination of the **policy period**. This automatic **extended reporting period** will terminate after sixty (60) days.

B. Optional Extended Reporting Period

1. If this policy is cancelled or non-renewed by either the **Company** or by the **Named Insured**, then the **Named Insured** will have the right to purchase an optional **extended reporting period** of one, three or five years. Such right must be exercised by the **Named Insured** within sixty (60) days of the termination of the **policy period** by providing:
 - a. Written notice to the **Company**; and
 - b. With the written notice, the amount of additional premium described below.
2. The non-refundable additional premium for the optional **extended reporting period** shall be:
 - a. For a one (1) year **extended reporting period**, 90% of the annual premium for the policy; or
 - b. For a three (3) year **extended reporting period**, 160% of the annual premium for the policy; or

- c. For a five (5) year **extended reporting period**, 200% of the annual premium for the policy.
3. The first sixty (60) days of the optional **extended reporting period**, if it is purchased, shall run concurrently with the automatic **extended reporting period**.

C. Death or Disability Reporting Period Option

In the event that a designated principal, partner or owner of the **Named Insured** dies or becomes permanently and totally disabled during the **policy period**, and having been continuously insured by the **Company** on a claims-made basis for a minimum of 5 years, and the **Named Insured** cancels or fails to renew this policy due to dissolution of the firm an unlimited **extended reporting period** will be granted at no additional premium, provided that:

1. Within sixty (60) days of the death or permanent and total disability, the **Named Insured** or the estate of the designated principal, partner or owner of the **Named Insured** requests the unlimited **extended reporting period**; and
2. The estate of the designated principal, partner or owner of the **Named Insured** furnishes written evidence and proof of the designated principal, partner or owner of the **Named Insured's** death; or
3. The designated principal, partner or owner of the **Named Insured** provides evidence and proof of the permanent and total disability, including the date of the actual disability and written certification by the attending physician.

D. Retirement Reporting Period Option

1. If a designated principal, partner or owner of the **Named Insured** reaches the age of 65, and having been continuously insured by the **Company** on a claims-made basis for a minimum of 5 years, the designated principal, partner or owner of the **Named Insured** retires and the **Named Insured** cancels or fails to renew this policy due to dissolution of the firm, an unlimited **extended reporting period** will be granted at no additional premium; or
2. If a designated principal, partner or owner of the **Named Insured** retires from active business during the **policy period** and the **Named Insured** cancels or fails to renew this policy due to dissolution of the firm, an unlimited **extended reporting period** can be purchased for a non-refundable additional premium of 250% of annual premium.

Such right must be exercised by the **Named Insured** within sixty (60) days of the retirement by providing:

- a. Written notice to the **Company**; and
- b. With the written notice, if applicable, the amount of additional premium described in Item D.2. above.

E. Extended Reporting Period Limits of Liability

The **damages** limit of liability and **claim expenses** limit of liability of the **Company** for all **claims** reported during the automatic and optional **extended reporting periods** will

be part of and not in addition to the **damages** limit of liability and **claim expenses** limit of liability, respectively, for the **policy period** set forth in item 4. in the Declarations.

F. Elimination of Right to Any Extended Reporting Period

There is no right to any **extended reporting period** if the **Company** cancels or refuses to renew this policy due to:

1. Nonpayment of amounts due under this policy;
2. Noncompliance by the **Insured** with any of the terms and conditions of this policy;
3. Any material misrepresentation or omission in the application or the supplementary information and statements provided by the **Insured** for this policy.

G. Extended Reporting Period - Not a New Policy

The **extended reporting period** will not be construed to be a new policy and any **claim** submitted during such period will otherwise be governed by this policy.