

**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 UNLESS AN EXTENDED REPORTING PERIOD APPLIES. 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. Other words and phrases that appear in **bold** have special meaning. Refer to Section 8. DEFINITIONS.

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. Professional Liability

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 Clause 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 issue of **your** first Accountants and Consultants Professional Liability Insurance Policy by **us** as described in the Declarations Page and that has been continuously renewed by **us**.

1.2. Disciplinary Proceedings

Subject to a Limit of Liability of \$10,000, **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 insuring agreement 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 of **you** 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 this insuring agreement.

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1.3. Subpoena Expenses

Subject to a Limit of Liability of \$25,000 per policy period, **we** will pay on **your** behalf reasonable **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 **your** rendering or failing to render **Professional Services** and which has not resulted in a demand for **Damages** 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 **us** of such subpoena shall be deemed to be notification of a **Covered Acts** that may give rise to a **Claim** pursuant to Section 9.1.

Defense Expenses paid pursuant to this insuring agreement are in addition to the Aggregate Limit of Liability as set forth in the Declarations. No Deductible shall apply to this insuring agreement.

1.4 Expense Reimbursement

Subject to a Limit of Liability of \$500 each day and an aggregate of \$10,000 for the **Policy Period**, **we** will reimburse each of **you** for actual loss of earnings and reasonable expenses incurred when **you** attend a hearing, trial or arbitration proceeding at **our** request in the course of defending an otherwise covered **Claim**.

The aggregate Limit of Liability applicable to this insuring agreement is the maximum amount payable for the **Policy Period**, for all of **you** regardless of the number of **Claims**, and is in addition to the Aggregate Limit of Liability as set forth in the Declarations. 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 any request for the appointment of qualified defense counsel made by **you**.

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**, or the combined total of both.

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, which amount will not exceed the remainder of the Limit of Liability.

2.2 Limit of Liability

2.2.1 If option "a" of Item 3 of the Declarations to this Policy is selected [**Defense Expenses** are included in the Limit of Liability], then

2.2.2 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.

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2.2.3 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.

2.2.4 If option "b" of Item 3 of the Declarations to this Policy is selected [**Defense Expenses** are in addition to the Limit of Liability], **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 1 of the Declarations, provided that the applicable Limits of Liability have not been exhausted by the payment of **Damages**.

2.2.5 prejudgment interest, where payable under this Policy is addition to the applicable Limit of Liability and not subject to the Deductible

2.3 **Related Claims:** Unless subject to coverage afforded by Clause 1.2. **Disciplinary Proceeding**, 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 an **Insured**, regardless of whether such date is before or during the **Policy Period**.

3. CLAIM MITIGATION

Subject to the conditions described therein, **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 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 waiver of \$25,000 each **Claim**.

3.3 If within one year of being reported, or being deemed to have been made, in accordance with 9.1 of this Policy, 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 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 [Deductible Amount applies to **Damages** and **Defense Expenses**], **we** shall only be liable for those amounts payable hereunder for **Damages** and **Defense Expenses** that are in excess of the applicable *Deductible Amount* set forth in Item 4A of the Declarations.

4.2. If *Deductible Option "B"* of Item 4 of the Declarations is selected [Deductible Amount applies to **Damages** only], **we** shall only be liable for those amounts payable hereunder for **Damages** in excess of the applicable *Deductible Amount* stated in Item 4A of the Declarations. The *Deductible Amount* does not apply to **Defense Expenses**.

You shall be liable for the *Deductible Amount* set forth in Item 4A of the Declarations for each **Claim**. The *Deductible Amount* shall apply separately to each **Claim** and shall be borne by **you**. For purposes

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of the *Deductible Amount*, **Related Claims** shall be considered one **Claim**, and only one *Deductible Amount* shall apply thereto.

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

5. TERRITORY

The coverage afforded by this Policy applies worldwide.

6. EXTENDED REPORTING PERIODS

6.1 Automatic **Extended Reporting Period**

Without any additional premium being required **you** shall have sixty (60) days after the effective date of cancellation or, in the event of non-renewal, after the date upon which the **Policy Period** ends, to report any **Claim** first made against **you** during this sixty (60) day period. This Automatic **Extended Reporting Period** shall terminate, and **you** shall not be entitled to any such Automatic **Extended Reporting Period**, in the event that 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 effective as of policy inception for non-payment of premium.

This Automatic **Extended Reporting Period** shall be included within the **Extended Reporting Periods** described in 6.2, 6.3 or 6.4, if such is purchased.

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:

- 90% for the One (1) Year Option;
- 135% for the Three (3) Year Option;
- 150% for the Five (5) Year Option; or
- 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 of the end of the **Policy Period**;
- 6.2.2 **you** have paid all premiums for this Policy at the time **you** request an Optional **Extended Reporting Period** Endorsement; and
- 6.2.3 **you** promptly pay when due the additional premium for the endorsement.

During the Optional **Extended Reporting Period**, coverage under this Policy applies as excess over any valid and collectible insurance available under policies in force after such Optional **Extended Reporting Period** starts.

6.3 Retirement **Extended Reporting Period**

- 6.3.1 If, during the **Policy Period**, any of **you** permanently retire from practice for reasons not related to suspension or revocation of **your** professional license, or Death or Disability as

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described in 6.3.4 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; however, **you** may 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 via CPAGold™ under a professional liability insurance policy for at least:

6.3.3.1 seven consecutive years prior to such cancellation or nonrenewal, and are at least fifty-five (55) years of age at the time of retirement; or

6.3.3.2 six consecutive years prior to such cancellation or nonrenewal and are at least fifty-six (56) years of age at the time of retirement; or

6.3.3.3 five consecutive years prior to such cancellation or nonrenewal and 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 due for this Policy at the time **you** request a Retirement **Extended Reporting Period Endorsement**; and

6.3.4.3 **you** promptly pay when due the additional premium for the endorsement.

6.4 Death or Disablement **Extended Reporting Period**

6.4.1 If, during the **Policy Period**, any of **you** die or become totally and permanently disabled, **we** will extend a Death or Disablement **Extended Reporting Period** at no charge. Totally and permanently disabled means that **you** have become so disabled as to be completely prevented from 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 Disablement **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;

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

6.4.2.4 the Limits of Liability have been exhausted.

6.4.3 **We** will issue a Death or Disablement **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 the 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 Periods**

The **Extended Reporting Periods**:

6.5.1 do not change the scope of coverage provided. The **Extended Reporting Periods** 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 reinstate or increase the Limits of Liability, unless specifically agreed by **us** and an endorsement evidencing such reinstatement or increase of Limits of Liability is attached hereto. The Limits of Liability for any **Extended Reporting Period** shall be a part of and do not increase the Limit of Liability listed on the Declarations. These apply regardless of the number and type of **Extended Reporting Periods** issued, the number of **you**, or any other factors;

6.5.3 are not renewable; and

6.5.4 cannot, once in effect, be canceled. **We** need not return any part of the premium paid for any reason whatsoever.

7 EXCLUSIONS

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

7.1 for, 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 trial 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 any of **you** who did not intentionally participate in committing such act or had no knowledge or reason to believe such an act, omission or violation of law was being committed, and who made proper disclosure after obtaining personal knowledge of such conduct;

7.2 for, 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** arising solely from **Professional Services** performed by **you**;

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7.3 for, based upon, or arising from **Property Damage** including destruction or loss of use of tangible property. However, this exclusion does not apply to client records which are in **you** care, custody or control, or over which **you** are exercising physical control for any reason;

7.4 by any of **you** alleging discrimination by **you** on the basis of age, color, race, sex, sexual orientation, creed, national origin, or marital status;

7.5 for, 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 where **you** or **your** spouse has more than a 10% equity position in such entity;

7.6 for, 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 part of **you**;

7.7 by any of **you** under this Policy against another of **you** under this Policy, unless such **Claim** arises solely out of **Professional Services** performed in an accountant-client relationship;

7.8 for, based upon, or arising from any **Covered Act** which has been the subject of any written notice given under any prior policy;

7.9 for, based upon, or arising from any obligation for which **you** or any carrier acting as the insurer may be liable under any workers' compensation, unemployment compensation, disability or pension benefits law, or any similar laws, including but not limited to, the Employment Retirement Income Security Act of 1974 and any amendments thereof. This exclusion does not apply to **Professional Services** performed in connection with such capacities or laws on behalf of any person or entity other than one of **you**;

7.10 for, based upon, or arising from **your** gaining, in fact, any personal profit or advantage to which **you** are not legally entitled, including misappropriation, commingling or defalcation of funds or property;

7.11 for, 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

7.12 for, based upon or arising out of or brought by a trust or estate if **you** are a beneficiary or distributee of such trust or estate.

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 in a form approved by **us** in which a neutral panel or individual assists the parties in reaching their own settlement.

8.3 **Bodily Injury** means physical injury, sickness or disease sustained by an individual, including death resulting from any of these at any time.

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** committed by **you**; or

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8.4.2 a **Disciplinary Proceeding** or subpoena but only to the extent of coverage provided by Insuring Agreements 1.2 and 1.3.

Claim does not include a criminal proceeding unless otherwise covered by Exclusions 7.1.

A **Claim** is considered first made when **you** receive notice of the **Claim** from a claimant or his legal representative, or when deemed to be made pursuant to 9.1 of this Policy.

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** means:

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**, including premiums on appeal bonds, provided that **we** shall not be obligated to apply for or furnish such appeal bonds.

The determination by **us** as to the reasonableness of **Defense Expenses** shall be conclusive on **you**. **Defense Expenses** do not include salary charges, wages or expenses of any of **you** or **us**, except as provided by Section 1.4 of this Policy.

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

8.9 **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.

8.10 **Predecessor in Business** means any firm or individual's practice which has ceased providing professional services for their own account and 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 in any event no later than the expiration of the **Policy Period**.

8.11 **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 involving the process of peer review.

8.12 **Policy Period** means the period of time stated in Item 2 of the Declarations or any other period resulting from policy cancellation or amendment to this Policy.

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8.13 **Personal Injury** means (a) false arrest, detention or imprisonment, covered entry or eviction, other invasion of private occupancy, or malicious prosecution; (b) the publication or utterance of 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.

8.14 **Property Damage** means injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.

8.15 **Retroactive Date** means the date specified in Item 5 of the Declarations or by endorsement to this Policy. This Policy shall only apply to **Claims** resulting from **Covered Acts** committed on or after that date.

8.16 **Related Claim** means all **Claims**, whether made against more than one of **you** or by more than one claimant, arising out of a single **Covered Act** or a series of **Covered Acts** that are causally connected.

8.17 **Subsidiary** means any entity in which **you** own more than 50% of the available stock or shares, either directly or indirectly, that performs **Professional Services** as otherwise 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 attaching to this Policy.

8.18 **You** and/or **your** means only the following:

- 8.18.1 the Named Insured designated in the Declarations, or by endorsement to this Policy;
- 8.18.2 any person who is, was, or hereafter becomes **your** partner, principal, officer, director, member, or employee, but only while acting on **your** behalf;
- 8.18.3 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;
- 8.18.4 the heirs, executors, administrators, and legal representatives of any of **you**, in the event of the death, incapacity or bankruptcy of any of **you**, 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;
- 8.18.5 any **Subsidiary** or **Predecessor in Business** of **you**;
- 8.18.6 any **Affiliated Firm**;
- 8.18.7 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.

9. CONDITIONS

9.1 Reporting of Covered Acts That May Give Rise To A **Claim**

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

- 9.1.1 particulars as to the reasons for anticipating such a **Claim**; and
- 9.1.2 the nature and dates of the alleged **Covered Act**; and
- 9.1.3 the alleged injuries or damages sustained; and
- 9.1.4 the names of potential claimants, if available; 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** every demand, notice, summons or other process including institution of arbitration proceedings received by **you**; and,
- 9.2.2 give written notice containing particulars sufficient to identify **you** and the claimant and full information with respect to the time, place and circumstances of the event complained of, and the names and addresses of the injured and of available witnesses, to **us** as soon as practicable.

Notice of any **Claim** or specific **Covered Act** or all other notices under this Policy shall be given in writing to the address indicated in the Declarations.

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 or otherwise implemented by us; 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 Provision

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

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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 Periods**, the cancellation of this Policy, the payment of premiums and Deductible amounts, and receiving of any return premiums that may become due.

9.7 Subrogation

To the extent of any payment under this Policy, **we** shall be subrogated to all **your** rights of recovery therefor 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 after any loss to prejudice such rights.

9.8 Other Insurance

This Policy shall be excess over, and shall not contribute with, any other existing insurance, bond, indemnification plan or self-insurance program, unless such other insurance is specifically written to be excess of this Policy.

If it is determined that both this insurance and any other primary, excess or contingent insurance or self-insurance, apply to any **Claim** covered by this Policy on the same basis, **we** shall not be liable under this Policy for a greater proportion of the **Damages** and **Defense Expenses** than the applicable Limit of Liability under this Policy for such **Damages** and **Defense Expenses** bears to the total applicable Limit of Liability of all valid insurance whether or not collectible against such **Claims**.

9.9 Legal Action Against Us

A person or organization may bring a suit against **us** including, but not limited to, a suit to recover on an agreed settlement or a final judgment against **you**; **we** will not be liable for **Damages** or **Defense Expenses** that are not payable under this Policy or that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by **us**, **you** and the claimant or the claimant's legal representative. No person or organization shall have any right under this Policy to join **us** in any action against **you** to determine **your** liability, nor shall **we** be impleaded by **you** or **your** legal representative.

However, no action by any of **you** shall lie against **us** unless there has been full compliance with all of the terms of this Policy.

9.10 Coverage In Bankruptcy

Your personal 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 any premium when due by providing to the 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 paid premium less the earned portion thereof within thirty (30) days of the latter of the effective date of cancellation or the date of the **your** notice of intent to cancel.

9.11.3 The earned portion of the premium shall be computed on the customary short-rate basis unless any state law or regulation of the state shown in the mailing address of the Named

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Insured on the Declarations Page requires that the return premium be computed on a pro-rata basis, even in the event of cancellation by the Named Insured.

- 9.11.4 Minimum premium shall not apply to the return of unearned premium if cancellation is by **us**.
- 9.11.5 The Named Insured may cancel this Policy on behalf of all of **you** by mailing **us** written notice stating when thereafter such cancellation will be effective. Notice of cancellation must be sent to **us** by certified mail to the address set forth in the Declarations. In such event, the earned premium will be computed in accordance with the customary short rate table and procedure. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- 9.11.6 **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 And Renewal Rate Increase Or Change In Policy Terms:

Non-Renewal: **We** will renew this Policy unless written Notice of **our** intent not to renew stating the specific reasons for nonrenewal, is mailed to the Named Insured not less than 90 days before this Policy expires. "Non-renewal" shall include the failure of **us** to offer a renewal policy, which provides types and limits of coverage substantially equivalent to those contained in the expiring policy.

Renewal Rate Increase Or Change In Policy Terms: If **we** increase **your** rate, change the deductible, reduce the limit, or reduce coverage at renewal, **we** will mail to the Named Insured at least sixty (60) days prior to the effective date of that increase or change: (a) written notice of any change in coverage; and, (b) the amount of our rate increase.

A rate increase is defined as any increase in premium except increase due to change in exposure (including claims-made step factors) rating plans based solely on **your** developed experience.

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 shall 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 effort to end mediation.

9.13.2 Arbitration

If the dispute is not resolved through mediation as described in 9.13.1 above, 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 selected cannot agree on a third arbitrator then the American Arbitration Association shall appoint an arbitrator. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

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If acceptable to **us** and **you**, 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 by first class registered or certified mail 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 any provision of this Policy would be excluded, suspended or lost because of noncompliance with the terms or conditions relating to the giving of notice to **us** of any **Claim** with respect to which any other of **you** shall be in default solely because of the default or concealment of such default by one or more of **you** responsible for the loss or damage otherwise covered hereunder, **we** agree that such insurance as would otherwise be afforded under this Policy shall apply with respect to those of **you** who did not personally commit or personally participate in committing one or more acts, errors or omissions described in such exclusion or condition; provided that if the condition be one with which **you** can comply, after receiving knowledge thereof, those of **you** entitled to the benefit of this condition shall comply with such condition promptly after obtaining knowledge of such noncompliance.

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 acceptance of this Policy, **you** agree that the statements in the application(s) and any attachment(s) attached hereto and made a part hereof, and all information communicated by **you** to **us** are **your** agreements and representations, and all such communicated information shall be deemed material to **our** issuance of this Policy; and that this Policy is issued in reliance upon the truth of such representations that this Policy embodies all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

In Witness whereof, we have caused this Policy to be signed by its President and Secretary.



President



Secretary