

**ALLIED HEALTH CARE
PROFESSIONAL LIABILITY INSURANCE COVERAGE PART**

THIS IS A CLAIMS MADE AND REPORTED COVERAGE PART. Coverage is limited to only those **CLAIMS** that are first made against **YOU** and reported to **US** during the **POLICY PERIOD** or Extended Reporting Period, if applicable, as a result of any **WRONGFUL ACT** which occurred prior to the end of the **POLICY PERIOD**. However, if the renewal policy is written by **US**, **YOU** will have sixty (60) days after the expiration date of this policy to report any **CLAIM** first made in this **POLICY PERIOD**.

INSURING AGREEMENT

WE will pay **DAMAGES** which **YOU** become legally obligated to pay and **CLAIM EXPENSE** as a result of **CLAIMS** first made against **YOU** and reported to **US** in writing during the **POLICY PERIOD** or Extended Reporting Period, if applicable, provided that:

1. the **WRONGFUL ACT** giving rise to the **CLAIM** occurred on or after the **RETROACTIVE DATE** shown in the Declarations and before the end of the **POLICY PERIOD**;
2. notice of the **WRONGFUL ACT** was not given nor required to be given to any prior insurer; and
3. prior to the inception date of the first policy issued to **YOU** by **US** and continuously renewed by **US**, **YOU** had no reasonable basis to believe that such **WRONGFUL ACT** had been committed or that a **CLAIM** would be made against **YOU** alleging such **WRONGFUL ACT**.

DEFENSE

WE have the right and duty to defend any suit against **YOU** seeking **DAMAGES** because of a **WRONGFUL ACT** even if any of the allegations in the suit are groundless, false or fraudulent. **WE** have the right to appoint counsel and investigate any **CLAIM** or suit. However, **WE** will not settle or compromise a **CLAIM** or suit without **YOUR** written consent. If consent is refused and **YOU** elect to contest the **CLAIM** or continue legal proceedings, then **OUR** liability for the **CLAIM** will not exceed the amount for which the **CLAIM** could have been settled, plus **CLAIM EXPENSE** incurred up to the date of **YOUR** refusal.

If the allegation(s) is excluded under this Coverage Part, there shall be no duty to defend such **CLAIM**.

WE are not obligated to pay any **DAMAGES** or **CLAIM EXPENSE** or defend any suit after the applicable limits of **OUR** liability have been exhausted by payment of **DAMAGES** or **CLAIM EXPENSE**.

WE have the right, but no duty, to appeal any judgment.

YOU, except at **YOUR** own cost and for **YOUR** own account, will not:

1. make any payment;
2. admit any liability;
3. settle any **CLAIM**;
4. assume any obligation; or
5. incur any expense

without **OUR** written consent.

SUPPLEMENTAL PAYMENTS

WE will pay, in addition to **OUR** Limits of Liability:

1. All costs taxed against **YOU** in any suit **WE** defend.
2. Interest only on that part of any judgment which does not exceed **OUR** Limit of Liability, which accrues after the entry of the judgment and before **WE** have paid, offered to pay, or deposited in court that part of the judgment that does not exceed **OUR** Limit of Liability.
3. Premium on appeal bonds required in any suit **WE** defend and the cost of attachment or similar bonds.
4. Up to \$5,000 during the **POLICY PERIOD** in:
 - a. expenditures for legal services charged by a lawyer **WE** designate; and
 - b. other expenses **WE** incur in the investigation and defense of **DISCIPLINARY PROCEEDINGS**

brought against **YOU**. Notice of **DISCIPLINARY PROCEEDINGS** must be reported to **US** in writing during the **POLICY PERIOD** and must arise out of **WRONGFUL ACTS** that are otherwise covered by this Coverage Part. The **DEDUCTIBLE** will not apply to the expenditures **WE** incur under this provision.

5. Up to \$200 to each of **YOU** for each day or part of the day for **YOUR** attendance at a trial, hearing, arbitration proceeding, mediation or any other Alternate Dispute Resolutions at which **WE** request **YOUR** attendance. The maximum amount payable by **US** during the **POLICY PERIOD** shall not exceed \$5,000 in the aggregate. The **DEDUCTIBLE** provision of this Coverage Part will not apply to the expenditures **WE** incur under this provision.

TERRITORY

This Coverage Part applies to **WRONGFUL ACTS** which happen anywhere in the world, provided the **CLAIM** is made and the suit is brought within the United States, its possessions and its territories or Canada.

DEFINITIONS

Whenever used in this Coverage Part, the following words have these meanings:

1. **AUTO**—means a land motor vehicle, trailer or semi-trailer, including any attached machinery or equipment.
 2. **BODILY INJURY**—means physical injury, sickness, shock, mental anguish, mental illness, emotional distress, death or disease sustained by any person.
 3. **CLAIM(S)**—means an oral or written notice from any party that it is their intention to hold **YOU** responsible for any **WRONGFUL ACT**. **CLAIM(S)** also means **YOUR** knowledge of circumstances which could reasonably be expected to give rise to such notice. Notice includes, but is not limited to, service of suit, institution of arbitration proceedings, mediation or any other Alternate Dispute Resolutions.
 4. **CLAIM EXPENSE**—means expenditures including, but not limited to:
 - a. all expense of lawyers we are required by law to pay to defend **YOU**;
 - b. costs of investigations;
 - c. experts;
 - d. court costs; and
 - e. other similar expenses **WE** incur in the investigation, adjustment, defense or appeal of a **CLAIM** or suit.
- CLAIM EXPENSE** does not include:
- (1) Salary, charges or expenses of **OUR** regular employees.
 - (2) Payments made under the Supplemental Payments provision of this Coverage Part.
5. **DAMAGES**—means a monetary judgment, award or settlement.

DAMAGES do not include:

 - a. Civil or criminal fines, sanctions, restitution or penalties, whether pursuant to any civil or criminal law or statute;
 - b. Amounts paid to **YOU** as fees, costs or expenses for services performed which are to be reimbursed or discharged as part of the judgment or settlement;
 - c. Equitable relief, injunctive relief, declaratory relief or any other relief or recovery that is not seeking monetary judgment, award or settlement;
 - d. Any fees, costs or expenses, including but not limited to claimant/plaintiff attorney fees, related to equitable relief, injunctive relief, declaratory relief or any other relief or recovery that is not seeking a monetary judgment, award or settlement;
 - e. Judgments or awards arising from acts deemed uninsurable by law; or
 - f. Fines, penalties or disputes over fees, deposits, commissions, or charges for goods or services or the cost of correcting, performing or repeating **PROFESSIONAL SERVICES** by **YOU** when **YOU** had the capability to correct, perform or repeat the services that generated the cost.
 6. **DEDUCTIBLE**—means the amount **YOU** must pay for **DAMAGES** and **CLAIM EXPENSE**.
 7. **DISCIPLINARY PROCEEDING(S)**—means any proceeding brought against **YOU** by a state or other regulatory or disciplinary official or agency to investigate charges alleging professional misconduct in performing **PROFESSIONAL SERVICES**.

8. **INFECTION**—means either:
 - a. the invasion of the body by germs or viruses that reproduce and multiply, causing disease or local injury, release or poison, germ antibody reaction or virus antibody reaction in the cells; or
 - b. a disease caused by the invasion of the body by germs or viruses.
9. **LOADING AND UNLOADING**—means the handling of property:
 - a. after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or **AUTO**;
 - b. while it is in or on an aircraft, watercraft or **AUTO**; or
 - c. while it is being moved from an aircraft, watercraft or **AUTO** to the place where it is finally delivered.
10. **NAMED INSURED**—means the person, entity or organization named in Item 1. of the Declarations.
11. **PERSONAL INJURY**—means injury arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. 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;
 - d. 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
 - e. Oral or written publication of material that violates a person's right of privacy.
12. **POLICY PERIOD**—means the period of time stated in Item 2. of the Declarations or any shorter period resulting from policy cancellation.
13. **PROFESSIONAL SERVICES**—means services performed or advice given by **YOU** for a fee, remuneration or other consideration in **YOUR** capacity as stated on the Supplemental Declarations as **NAMED INSURED'S** Profession. **PROFESSIONAL SERVICES** do not include:
 - a. refusal to employ;
 - b. termination of employment; or
 - c. responsibilities for the day to day management of **YOUR** business.
14. **PROPERTY DAMAGE**—means:
 - a. physical injury to or destruction of tangible property, including the loss of use thereof at any time resulting therefrom; or
 - b. loss of use of tangible property which has not been physically injured or destroyed.
15. **RETROACTIVE DATE**—means the date specified in the Declarations. This Coverage Part shall not apply to any **CLAIM** arising from a **WRONGFUL ACT** which occurred prior to this date.
16. **SUBROGATION EXPENSES**—means expenditures including, but not limited to:
 - a. all expense of lawyers we are required by law to pay to defend **YOU**;
 - b. costs of investigations;
 - c. experts;
 - d. court costs; and
 other similar expenses **WE** incur in the subrogation process.
17. **TRANSMISSION**—means the transfer or carrying of a condition or disease such as an infectious or in-born disease or an inborn trait from one person or place to another.
18. **WE, US** and **OUR**—means the Company providing this insurance.
19. **WRONGFUL ACT(S)**—means any actual or alleged negligent act, error, or omission **YOU** or any person or entity for whom **YOU** are legally responsible commit, but only in the performance of **YOUR PROFESSIONAL SERVICES** for others as stated on the Supplemental Declarations as **NAMED INSURED'S** Profession.
20. **YOU** and **YOUR**—means Insured and includes:
 - a. The **NAMED INSURED**.
 - b. Any partnership, professional corporation, professional association, limited liability corporation or limited liability partnership including any person:
 - (1) Who becomes a partner, stockholder or employee of the **NAMED INSURED** during the

POLICY PERIOD, but only for **CLAIMS** resulting from **WRONGFUL ACTS** committed within the scope of their employment by the **NAMED INSURED**.

(2) Who was formerly a partner, stockholder or employee of the **NAMED INSURED** but only for **CLAIMS** that result from **WRONGFUL ACTS** committed within the scope of their employment by the **NAMED INSURED**.

c. Any employee or former employee but only for work done within the scope of their employment for the **NAMED INSURED**.

d. The estate, heirs, executors, administrators, assigns and legal representatives of anyone listed in a., b., or c. above in the event of their death, incapacity, insolvency or bankruptcy, but only to the extent that they would otherwise be provided coverage under this Coverage Part.

19. **YOUR PRODUCT**—means:

a. Any goods or products, manufactured, sold, handled, distributed or disposed of by:

(1) **YOU**;

(2) others trading under **YOUR** name; or

(3) a person or organization whose business or assets **YOU** have acquired; and

b. Containers, material, parts or equipment furnished in connection with such goods or products.

YOUR PRODUCT includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

3. to any **CLAIM** arising out of **PROFESSIONAL SERVICES** or advice rendered by **YOU** in connection with any business enterprise not shown on the Declarations;

4. to any **CLAIM** arising out of any circumstances due to nuclear reaction, radiation or contamination, regardless of cause;

5. to any **CLAIM** based on or arising out of discrimination, harassment or misconduct by **YOU**, including but not limited to **CLAIMS** based on an individual's race, creed, color, age, sex, national origin, religion, disability, physical or mental handicap, disease, marital status or sexual preference;

6. to any **CLAIM** made by **YOU** against any other Insured;

7. to any **CLAIM**:

a. for **WRONGFUL ACTS** which would not have occurred in whole or in part, but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants; or

b. for any loss, cost or expense arising out of any:

(1) request, demand or order that **YOU** or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants; or

(2) **CLAIM** or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acid, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed;

8. to any **CLAIM** based on or arising out of **YOUR** capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, its amendments and any regulation or order issued pursuant thereto, or to any other employee benefit plan;

9. to any **CLAIM** based upon or arising out of **PERSONAL INJURY**;

EXCLUSIONS

This Coverage Part does not apply:

1. to any **CLAIM** based upon or arising out of any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACTS** committed by **YOU**;

2. to any **CLAIM** based upon or arising out of **YOUR** capacity as an officer, director, partner, shareholder, public official or employee of a charitable organization; a pension, welfare or profit sharing plan; or a mutual or investment fund or trust or any entity other than the **NAMED INSURED**;

10. to any **CLAIM** based upon or arising out of the liability of others assumed by **YOU** under any contract or agreement, unless such liability would have been covered in the absence of such contract or agreement;
11. to any **CLAIM** based upon or arising out of any insolvency or bankruptcy of **YOU** or any other person or organization in which **YOU** have a financial interest;
12. to any **CLAIM** based upon or arising out of a circumstance for which **YOU** or **YOUR** insurer may be held liable under any workers' compensation, unemployment compensation or disability benefits law or under any similar law;
13. to any **CLAIM** based upon or directly or vicariously arising out of the infringement of a patent, copyright, trademark, trade dress, trade name, service mark, service name, title or slogan;
14. to any **CLAIM** based upon or directly or vicariously arising out of any violation of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended or any Blue Sky or securities law, any similar state or federal statute and any regulation or order issued pursuant to any of the foregoing statutes or regulations;
15. to any **CLAIM** based upon or directly or vicariously arising out of, or as a consequence of, war, invasion, acts of foreign enemies, hostilities, civil war, rebellion, revolution, insurrection, military or usurped power, confiscation, nationalization, requisition or destruction of or damage to property by or under the order of any government, public or local authority;
16. to any **CLAIM** based upon or arising out of unfair competition, restraint of trade or any other violation of antitrust laws;
17. to any **CLAIM** based upon or directly or vicariously arising out of any gain, profit or advantage to which **YOU** are not legally entitled;
18. to any **CLAIM** based upon or arising out of the breach of express or implied warranty, guarantee or contract including the delay in performance of any contract;
19. to any **CLAIM** arising out of **YOUR PRODUCT**;
20. to **BODILY INJURY** to:
 - a. an employee of **YOURS** arising out of and in the course of employment by **YOU**; or
 - b. the spouse, child, parent, brother or sister of that employee as a consequence of a. above.

This exclusion applies:

- (1) whether **YOU** are liable as an employer or in any other capacity; and
 - (2) to any obligation to share **DAMAGES** with or repay someone else who must pay **DAMAGES** because of the injury;
21. to **BODILY INJURY** or **PROPERTY DAMAGE** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **AUTO** or watercraft owned or operated by or rented or loaned to any of **YOU**. Use includes operation and **LOADING OR UNLOADING**;
 22. to **PROPERTY DAMAGE** to:
 - a. property **YOU** own, rent or occupy;
 - b. premises **YOU** sell, give away or abandon, if the **PROPERTY DAMAGE** arises out of any part of those premises;
 - c. property loaned to **YOU**; or
 - d. personal property in **YOUR** care, custody or control;
 23. to any **CLAIM** based upon or arising out of the rendering or failure to render any services as a physician, surgeon or dentist;
 24. to any **CLAIM** based upon or arising out of any cost or expense from the disposal or failure to dispose of health care pathological, infectious or radioactive waste;
 25. to any **CLAIM** based upon or arising out of the performances of a criminal act or caused by a person while under the influence of intoxicants or narcotics;
 26. to any **CLAIM** based upon or directly or indirectly arising out of:
 - a. any infection caused by the transmission, testing or failure to test for the presence of any one or more of the following viruses including any related counseling:
 - (1) Human Immunodeficiency Virus and any variations;
 - (2) Human T Lymphotropic Virus and any variations; or
 - (3) Lymphadenopathy Association Virus; or
 - b. the transmission of Acquired Immune Deficiency Syndrome (AIDS) or any AIDS like condition

caused as a result of **YOUR PROFESSIONAL SERVICES**.

27. to any **CLAIM** based upon or arising out of the manufacture, distribution, handling, sale, use or existence of latex in any form.
28. to any **CLAIMS** covered under the Commercial General Liability Coverage Part.

INNOCENT INSURED PROTECTION

Whenever coverage under any provision of this Coverage Part would otherwise be excluded, suspended, or lost because of:

1. **EXCLUSIONS** 1. relating to any **CLAIM** based upon or arising out of any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACTS** committed by **YOU**; or
2. concealment of a **CLAIM** by any of **YOU**,

WE agree that the coverage as would be afforded by this Coverage Part will apply to each of **YOU** who did not personally commit or participate in the **WRONGFUL ACTS** or agree to the concealment.

For coverage to apply, **YOU** must notify **US** of the **WRONGFUL ACTS** or concealment as soon as **YOU** become aware of them.

LIMITS OF LIABILITY

Regardless of the number of:

- a. **YOU** who are insured under the Coverage Part;
- b. all persons or organizations who sustain **DAMAGES** payable under this Coverage Part; and/or
- c. suits brought on account of coverage afforded by the Coverage Part,

OUR liability is limited as follows:

1. The Limit of Liability stated on the Supplemental Declarations as "Each **CLAIM** Limit" is the limit of **OUR** liability for all **DAMAGES** and **CLAIM EXPENSE** arising out of each **CLAIM** first made and reported in writing during the **POLICY PERIOD** or Extended Reporting Period.
2. The Limit of Liability stated on the Supplemental Declarations as "Annual Aggregate Limit" is subject to the above provision respecting Each **CLAIM** and is the maximum limit of **OUR** liability for each **POLICY PERIOD**. In no event will **OUR** total Limit of

Liability be increased by any Extended Reporting Period.

3. **CLAIM EXPENSE** will be subtracted from the Limits of Liability first as it is incurred for each **CLAIM**. The remaining amount will be the amount available to pay **DAMAGES**.
4. Subject to the Limits of Liability, **WE** will only be liable to pay **DAMAGES** and **CLAIM EXPENSE** in excess of the **DEDUCTIBLE** shown in this Coverage Part. **YOUR DEDUCTIBLE** for all **DAMAGES** and **CLAIM EXPENSE** for each **CLAIM** is the **DEDUCTIBLE** Each **CLAIM** amount shown in the Supplemental Declarations. Each of **YOU** under the Coverage Part is individually liable for the payment of the **DEDUCTIBLE**. In the event that **WE** expend funds for **DAMAGES** or **CLAIM EXPENSE** on **YOUR** behalf, **YOU** will reimburse **US** for such expenditures up to the amount of the **DEDUCTIBLE** shown in this Coverage Part. Reimbursement of the **DEDUCTIBLE** will be due within sixty (60) days from the date **WE** bill **YOU**.
5. One or more **CLAIMS** based on or arising out of the same **WRONGFUL ACTS** or a series of related **WRONGFUL ACTS** of one or more of **YOU** will be considered a single **CLAIM**. Unless otherwise endorsed, the **CLAIM** will be subject to the Limit of Liability in effect at the time such **CLAIM** was first reported to **US** in writing. Only one **DEDUCTIBLE** will apply to such **CLAIM**.

NOTIFICATION

1. If during the **POLICY PERIOD** or the Extended Reporting Period:
 - a. **YOU** receive written or oral notice from any party that it is the intention of such party to hold **YOU** responsible for any **WRONGFUL ACT(S)**; or
 - b. **YOU** become aware of circumstances which could reasonably be expected to give rise to such notice,

then:

YOU will tell us in writing as soon as practicable, but no later than the end of the **POLICY PERIOD** or Extended Reporting Period. Any subsequent **CLAIM** made against **YOU** arising out of such **WRONGFUL ACT(S)** shall be deemed to have been made during the **POLICY PERIOD** or Extended Reporting Period. No coverage for such **CLAIM** shall exist under any subsequent policy written by **US**. However, if the re-

newal policy is written by **US, YOU** will have sixty

(60) days after the expiration date of this policy to report any **CLAIM** first made during this **POLICY PERIOD**.

2. In the event of any **CLAIM** occurring, written notice to **US** will be given by the **NAMED INSURED** shown in Item 1. of the Declarations. Notice will be deemed to be received if sent by prepaid mail properly addressed to the address shown on the Supplemental Declarations under **NOTICE OF CLAIM**.
3. When **WE** receive **YOUR** written notice and **WE**, at **OUR** discretion, incur **CLAIM EXPENSE** to undertake measures to avoid any **DAMAGES** as a result of the reported **WRONGFUL ACT**, **WE** will waive the applicable **DEDUCTIBLE**.

However, the **DEDUCTIBLE** will always apply if a suit is filed, if arbitration hearings are begun or if any **DAMAGES** are paid.

INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT

1. In the event of a **CLAIM**, the **NAMED INSURED** must give **US** written notice of:
 - a. the specific **WRONGFUL ACT**; and
 - b. the injury or damage which has or may result from the **WRONGFUL ACT**; and
 - c. the names and addresses of the claimants or potential claimants; and
 - d. the circumstances by which **YOU** first became aware of such **WRONGFUL ACT**.
2. If **CLAIM** is made or suit is brought against **YOU**, **YOU** will immediately forward to **US** every demand, notice, summons or other process received by **YOU** or **YOUR** representative.
3. **WE** will have full discretion in the handling of any **CLAIM**, and **YOU** will give full information and assistance as **WE** may reasonably require. **YOU** will cooperate with **US** and, at **OUR** request, consent to being examined and questioned by **OUR** representative, under oath, if necessary. At **OUR** request, **YOU** will attend hearings, depositions and trials and will assist in effecting settlement, securing and giving evidence, and obtaining the attendance of witnesses. **YOU** will cooperate in the conduct of suits as well as in giving written statements to **OUR** representatives and defense counsel.

EXTENDED REPORTING PERIOD

Only the **NAMED INSURED** can exercise the option to purchase one of the Supplemental Extended Reporting Periods described in paragraph 3. of this provision.

1. One or more Extended Reporting Periods described below will be provided if the policy is canceled or nonrenewed or if **WE** renew or replace coverage with insurance that provides coverage on other than a Claims Made basis.
2. A Basic Extended Reporting Period is automatically provided without additional charge. This period begins at the end of the **POLICY PERIOD** and lasts for sixty (60) days. The Basic Extended Reporting Period does not apply to **CLAIMS** covered under any subsequent policy.
3. In addition, the **NAMED INSURED** may purchase one of the Supplemental Extended Reporting Periods described below if **YOU** are in compliance with the terms and conditions of this policy:
 - a. A twelve (12) month Supplemental Extended Reporting Period for one hundred percent (100%) of the full annual premium of this Coverage Part;
 - b. A twenty-four (24) month Supplemental Extended Reporting Period for one hundred fifty percent (150%) of the full annual premium of this Coverage Part; or
 - c. A thirty-six (36) month Supplemental Extended Reporting Period for one hundred eighty-five percent (185%) of the full annual premium of this Coverage Part.
4. Coverage for a Supplemental Extended Reporting Period must be added by endorsement for which an additional premium charge must be paid. Such period starts sixty (60) days after the end of the **POLICY PERIOD**.
5. The right to purchase a Supplemental Extended Reporting Period will terminate unless:
 - a. **WE** receive a written request for a Supplemental Extended Reporting Period; and
 - b. the additional premium is paidwithin sixty (60) days of the end of the **POLICY PERIOD**.

The **NAMED INSURED'S** request must specify the length of the Supplemental Extended Reporting Period desired. Once in effect, Extended Reporting Periods may not be canceled.

6. An Extended Reporting Period does not extend the **POLICY PERIOD** or change the scope of coverage provided. Subject otherwise to the policy's terms, Limits of Liability, exclusions and conditions, the Coverage Part is extended to apply to **CLAIMS** first made against **YOU** and reported to **US** in writing during the Basic Extended Reporting Period or, if purchased, the Supplemental Extended Reporting Period, but only for **CLAIMS** due to **WRONGFUL ACTS** which happened on or after the **RETROACTIVE DATE** and on or before the expiration of the **POLICY PERIOD**.
7. Extended Reporting Periods do not reinstate or increase the Coverage Part's Limits of Liability. **CLAIMS** which are first made and reported during the Basic Extended Reporting Period or the Supplemental Extended Reporting Period, if it is in effect, will be deemed to have been made on the last day of the **POLICY PERIOD**.

CONDITIONS

1. **CANCELLATION.** This policy may be canceled by the **NAMED INSURED** by surrendering the policy to **US** or any of **OUR** authorized agents or by mailing written notice to **US** stating when the cancellation is to be effective. **WE** may cancel this policy by mailing to the **NAMED INSURED** at the address shown on the Declarations a written notice stating when the cancellation is to be effective. **WE** will give the **NAMED INSURED** ten (10) days notice for nonpayment of premium or sixty (60) days notice for any other valid reason.

The mailing of notice will be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice will become the end of the **POLICY PERIOD**. Delivery of written notice either by the **NAMED INSURED** or by **US** will be equivalent to mailing.

If this policy is canceled, **WE** will send the **NAMED INSURED** any premium refund due. If **WE** cancel, the refund will be pro rata. If the **NAMED INSURED** cancels, the refund will be the customary short rate proportion. **WE** will make the premium refund as soon as practicable after the date of cancellation. However, the premium refund is not a condition of cancellation.

Notice of cancellation will only be sent to the **NAMED INSURED** and will serve as notice to all of **YOU**.

2. **NONRENEWAL.** If **WE** do not renew this policy, **WE** will mail written notice to the **NAMED INSURED** at least sixty (60) days before the end of the **POLICY PERIOD**.
3. **ASSIGNMENT.** Assignment of interest under this policy will not bind **US** unless **WE** endorse the policy in writing assigning **YOUR** interest to another party.
4. **CHANGES.** The terms of this policy will not be waived or changed except by endorsement issued by **US** and made a part of this policy.
5. **MERGERS AND ACQUISITIONS.** All mergers and acquisitions with other firms occurring throughout the **POLICY PERIOD** must be reported to **US** in writing within sixty (60) days of the merger or acquisition, or the next anniversary of this policy, whichever is sooner. **WE** shall have the right to adjust the premium, terms, conditions and exclusions to reflect any shift in exposure created by such merger or acquisition.
6. **CONFLICTING STATUTES.** Any part of this policy which is in conflict with the statutes of the state in which this policy is issued is amended to conform to such statutes.
7. **SUBROGATION CLAUSE.** **YOU** will transfer to **US** **YOUR** rights of recovery against any other party for any **DAMAGES** **WE** have paid on **YOUR** behalf. **YOU** must do everything necessary to secure these rights and do nothing that would jeopardize them.

WE will not exercise **OUR** right to recover against any of **YOU** unless the **DAMAGES** result from any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACTS** committed by **YOU**.

Any amount recovered from subrogation shall be apportioned as follows:

Any amount recovered shall first, be used for repayment of **SUBROGATION EXPENSES**; second, to any **DAMAGES** and/or **CLAIM EXPENSE** paid by **US**; third, to any **DAMAGES** and **CLAIM EXPENSE** paid by an excess insurer on **YOUR** behalf; fourth, to any **DAMAGES** and **CLAIM EXPENSE** paid by any other primary insurer on **YOUR** behalf; and last, to repayment of **YOUR DEDUCTIBLE**.

8. **SEVERABILITY CLAUSE.** The application and any supplements or addendums, copies of which are attached to this policy, and the Declarations, are part

of this policy. They are to be considered as incorporated in and constituting part of this policy. The particulars and statements contained in the application and any supplements or addendums and the conditions and exclusions set forth in this policy will be construed as a separate agreement with each of **YOU**. By acceptance of this policy, **YOU** agree that the statements in the application are **YOUR** representations, that they shall be deemed material and that this policy is issued upon the truth of such representations. Nothing in this provision will be construed to increase **OUR** Limits of Liability as set forth in the Declarations.

9. **OTHER INSURANCE.** If **YOU** have other insurance which applies to **CLAIMS** reported under this policy, **WE** will be excess of the amount of the applicable **DEDUCTIBLE** and any other valid and collectible insurance whether such other insurance is primary, pro rata, contributory, excess, contingent or any other basis, unless such other insurance is written only as specific excess insurance over the Limit of Liability provided in this policy.

If a loss occurs involving two or more policies, each of which provides that its insurance will be excess, then each policy will contribute on a pro rata basis. This means that **WE** will pay no more than **OUR** percentage of the total amount of the insurance covering the **CLAIM**, less the **DEDUCTIBLE**. For example:

The limit of coverage under this policy is \$100,000. Another insurance policy with a limit of \$300,000 also covers a **CLAIM** covered by this policy. **WE** will not pay more than 25% (\$100,000/\$400,000) of the **DAMAGES** and **CLAIM EXPENSE**, less the **DEDUCTIBLE**.

10. **ACTION AGAINST US.** No action will lie against **US** unless **YOU** have fully complied with all the terms and Conditions of this policy prior to bringing the action.
11. **INSPECTION AND AUDIT.** **YOU** agree to allow **US** to examine and audit **YOUR** premises, management procedures and records as they relate to this insurance during normal business hours while this policy is in force. **WE** are not, however, required to make inspections nor will **WE** guarantee that **YOUR** procedures are adequate or that they conform to any laws, rules or regulations.
12. **BANKRUPTCY.** In the event of **YOUR** bankruptcy or insolvency, **WE** will not be relieved of **OUR** obligations under the terms and conditions of this policy.
13. **SOLE AGENT.** By acceptance of this policy, the **NAMED INSURED** agrees to act on **YOUR** behalf with respect to:
- a. exercising the option to purchase an Extended Reporting Period;
 - b. the giving and receiving of notice of **CLAIMS** or cancellation;
 - c. the payment of premiums that may become due under this policy; and
 - d. the payment of **DEDUCTIBLES** that may become due under this policy.

Each of **YOU** agree that the **NAMED INSURED** will act on **YOUR** behalf.

14. **PREMIUM.** All premiums for this policy shall be computed in accordance with **OUR** rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.