

ACCOUNTANTS PROFESSIONAL LIABILITY POLICY

YOUR ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE IS WRITTEN ON A “CLAIMS-MADE” BASIS. IT PROVIDES COVERAGE FOR THOSE CLAIMS WHICH ARE BOTH FIRST MADE AGAINST YOU AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD.

Throughout this Policy, the terms “we” “us” and “our” refer to the Stock Insurance Company, named on the Declarations, providing this insurance.

I. DEFINITIONS

The following terms, shown in **bold face** type in this Policy will have only the meaning indicated below:

Advertising injury means injury that arises in the course of advertising **your professional services** by reason of:

- A. the oral or written publication of material that slanders or libels an individual or entity or disparages its goods, products or services;
- B. misappropriation of advertising ideas or style of doing business; or
- C. infringement of copyright, title or slogan.

Bankruptcy trustee means the individual appointed by the U.S. Trustee or elected by creditors or appointed by a judge to administer the bankruptcy estate during a bankruptcy case.

Bodily injury means injury to the body, including sickness or disease sustained by any person and death resulting from such injuries; emotional distress or mental anguish sustained by any person whether or not resulting from such injury; and all injuries that are a consequence of the foregoing. However, **bodily injury** does not include emotional distress or mental anguish arising from **personal injury**.

Claim means a demand received by **you** for money or services naming **you** and alleging an act or omission, including **personal injury** or **advertising injury**, in the rendering of **professional services**. A demand shall include the service of suit or the institution of arbitration proceedings against **you**.

Claim also means:

- A. **privacy claims**; and
- B. **client network damage claims**.

Claim expenses are those fees charged by an attorney we designate or consent to, and all other fees, costs and expenses resulting from the investigation, adjustment, expert analysis, defense and appeal of a **claim**, if incurred by us or by **you** with our written consent. **Claim expenses** do not include salaries of our employees or officers, or fees and expenses of independent adjusters retained by us.

Client network damage claim means a demand received by **you** for money or services naming **you** and alleging that a **security breach** or **electronic infection** caused **network damage** to a client's **network** in the rendering of **professional services**. A demand shall include the service of suit or the institution of arbitration proceedings against **you**.

Computer virus means unauthorized computer code that is designed and intended to transmit, infect and propagate itself over one or more **networks**, and cause:

- A. computer code or programs to perform in an unintended manner;
- B. the deletion or corruption of electronic data or software; or
- C. the disruption or suspension of a **network**.

Confidential commercial information means information that has been provided to **you** by another, or created by **you** for another where such information is subject to the terms of a confidentiality agreement or equivalent obligating **you** to protect such information on behalf of another.

Court-appointed receiver means a disinterested person appointed by a court for the protection or collection of property that is the subject of diverse **claims** because such property belongs to a bankrupt entity or is otherwise being litigated.

Damages are monetary judgments, awards and settlements, **you** are legally obligated to pay because of a **claim**, provided any settlement is negotiated by or with our assistance and approval. **Damages** also include prejudgment or post-judgment interest awarded against **you** on such judgments or awards.

Damages do not include:

- A. civil or criminal fines, penalties, sanctions or forfeitures, imposed on **you** whether pursuant to law, statute, regulation or court rule;
- B. punitive or exemplary amounts, and the multiplied portion of multiplied awards on **claims** otherwise payable under this Policy;
- C. amounts for which **you** are not financially liable or that are without legal recourse to **you**;
- D. amounts owed by **you** to **your** client by reason of money loaned to or invested with **you** in **your** individual capacity for **your** personal use or investment in **your** own venture;
- E. injunctive or declaratory relief.

Denial of service attack means an attack executed over one or more **networks** or the **internet** that is specifically designed and intended to disrupt the operation of a **network** and render a **network** inaccessible to authorized users.

Dissolution means:

- A. the termination of the legal existence of an organization, regardless of structure, whether by legislation, surrender, expiration or forfeiture of charter for any cause, bankruptcy; or
- B. loss of all of an entity's partners, principals, officers or directors; or
- C. the cessation of the rendering of **professional services**.

Electronic infection means the transmission of a **computer virus** to a **network**, including without limitation, such transmission to or from **your network**.

Electronic information damage means the **unauthorized access** to, destruction of, addition to, deletion of or alteration to any:

- A. third-party's information residing on **your network**;
- B. information residing on the **network** of **your** client, if caused by **you** in the rendering of **professional services**.

Internet means the worldwide public **network** of computers as it currently exists or may be manifested in the future, but **internet** does not include **your network**.

Interrelated claims are all **claims** arising out of a single act or omission or arising out of **interrelated acts or omissions** in the rendering of **professional services**.

Interrelated acts or omissions mean all acts or omissions in the rendering of **professional services** that are logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.

Investment advisory services means:

- A. giving financial, economic or investment advice, including personal financial planning or
- B. performing investment management services with respect to investments in securities or insurance products. However, this does not include the barter, purchase or sale of securities or insurance products.

Named Insured means the individual or entity named on the Declarations as the **Named Insured**.

Network means a party's local or wide area network owned or operated by or on behalf of or for the benefit of that party; provided, however, **network** shall not include the **internet**, telephone company **networks**, or other public infrastructure **network**.

Network damage means:

- A. the unscheduled or unplanned inability of an authorized user to gain access to a **network**;
- B. **electronic information damage**; or
- C. the suspension or interruption of the operation of any **network**.

Non-public personal information means personal information not available to the general public from which an individual may be identified, including without limitation, an individual's name, address, telephone number, social security number, account relationships, account numbers, account balances, and account histories.

Personal fiduciary is an executor, administrator or representative of an estate or a trustee of a **personal trust**.

Personal injury means libel, slander, disparagement, false arrest, wrongful detention, false imprisonment, wrongful entry or eviction or other invasion of the right of private occupancy, malicious prosecution or violation of an individual's or

entity's right of privacy. **Personal injury** also includes emotional distress and mental anguish arising from any of the above.

Personal trust means an individual or family trust established for the sole benefit of the individual or family or a charitable remainder trust as defined under Internal Revenue Code Section 664.

Policy period means the period of time from the effective date and time shown in the Declarations and the date and time of termination, expiration or cancellation of this Policy.

Predecessor firm means:

- A. a partnership, professional corporation, professional association, limited liability corporation or limited liability partnership engaged in **professional services** which has undergone **dissolution** and from which 50% or more of the owners, partners, or officers have joined the **Named Insured** as an owner, partner, officer, associate or employee;
- B. a sole proprietor engaged in **professional services** which has joined the **Named Insured** as an owner, partner, officer, associate or employee unless otherwise excluded by endorsement; or
- C. any individual or entity identified as a **predecessor firm** by endorsement to this Policy.

Prior acts date, if any, is indicated on the Declarations. This Policy excludes from coverage all **claims** by reason of acts or omissions that happened before the **prior acts date**.

Prior insurer means an insurer, including us and any subsidiary or affiliate of ours, who has issued prior accountants professional liability insurance coverage.

Privacy breach notice law means any statute or regulation that requires an entity who is the custodian of **non-public personal information** to provide notice to individuals of any actual or potential privacy breach with respect to such **non-public personal information**. **Privacy breach notice laws** include Sections 1798.29 and 1798.82- 1798.84 of the California Civil Code (formerly S.B. 1386) and other similar laws in any jurisdiction.

Privacy claim means a demand received by **you** for money or services naming **you** and alleging **privacy injury and identity theft** that occurred in the rendering of **professional services**. A demand shall include the service of suit or the institution of arbitration proceedings against **you**.

Privacy injury and identity theft means:

- A. any unauthorized disclosure of, inability to access, or inaccuracy with respect to, **non-public personal information** in violation of:
 1. **your privacy policy**; or
 2. any federal, state, foreign or other law, statute or regulation governing the confidentiality, integrity or accessibility of **non-public personal information**, including but not limited, to the Health Insurance Portability and Accountability Act of 1996, Gramm-Leach-Bliley Act, Children's Online Privacy Protection Act, or the EU Data Protection Act.

- B. **your** failure to prevent **unauthorized access to confidential commercial information**.

Privacy policy means **your** policies in written or electronic form that:

- A. govern the collection, dissemination, confidentiality, integrity, accuracy or availability of **non-public personal information**; and
- B. **you** provide to **your** customers, employees or others who provide **you** with **non-public personal information**.

Professional services mean those services performed:

- A. in the practice of public accountancy by **you** for others for remuneration that inures to the benefit of the **Named Insured**, including but not limited to consulting services and **investment advisory services**;
- B. by **you** for others for remuneration that inures to the benefit of the **Named Insured** as:
 - 1. a **bankruptcy trustee, court-appointed receiver, or personal fiduciary**; or
 - 2. an arbitrator, mediator or notary public; or
- C. by **you** for others as a member of a formal accreditation, standards review or similar professional board or committee related only to the accounting profession.

Professional services also mean those services identified in paragraphs A. and B. above when rendered on a pro bono basis by those of **you** specified in paragraphs A. and B. of the definition of **You** and **your**, if at the time such services were undertaken, a partner, officer or director of the **Named Insured** approved the rendering of such services without compensation to any of **you**.

Regulatory proceeding means an administrative, disciplinary, investigative or regulatory proceeding initiated against **you** by a state licensing board, self-regulatory body, public oversight board, governmental agency or any entity acting on their behalf that has the authority to regulate **your professional services**.

A **regulatory proceeding** shall be deemed initiated:

- A. on the date of service upon or other receipt by **you** of a complaint against **you** in such proceeding; or
- B. upon **your** being identified in writing and by name in an order of investigation, subpoena, Wells Notice, target letter (within the meaning of Title 9, §11.151 of the United States Attorney's Manual), or other similar document as someone against whom a **regulatory proceeding** may be brought.

Security breach means the failure of **your network** hardware, software or firmware, the function or purpose of which is to:

- A. identify and authenticate parties prior to accessing **your network**;
- B. control access to **your network** and monitor and audit such access;
- C. protect against **computer viruses**;
- D. defend against **denial of service attacks** upon **you** or unauthorized use of **your network** to perpetrate a **denial of service attack**;

- E. ensure confidentiality, integrity and authenticity of information on **your network**.

Unauthorized access means any accessing of information in **your** care, custody or control by unauthorized persons or by authorized persons accessing or using such information in an unauthorized manner. **Unauthorized access** also includes:

- A. theft from **you** of any information storage device used by **you** to:
 - 1. store and retrieve information on **your network**; or
 - 2. transport information between **you** and authorized recipients;
- B. any unauthorized use by **you** of information in **your** clients' care, custody or control if accessed by **you** in the course of rendering **professional services**.

You and **your** means the **Named Insured** and any **predecessor firm** and:

- A. any person who is or becomes a partner, officer, director, associate, or employee of the **Named Insured** but only for **professional services** performed on behalf of the **Named Insured**;
- B. any person previously affiliated with the **Named Insured** or a **predecessor firm** as a partner, officer, director, associate, or employee but only for **professional services** performed on behalf of the **Named Insured** or a **predecessor firm** at the time of such affiliation;
- C. any person or entity that is an independent contractor to the **Named Insured** provided that such person or entity is not:
 - 1. employed by the **Named Insured** or **predecessor firm** or by any entity controlled, owned, managed or operated by the **Named Insured** or **predecessor firm**; or
 - 2. controlled, owned, managed or operated by the **Named Insured** or **predecessor firm** or by any entity that is controlled, owned, managed or operated by the **Named Insured** or **predecessor firm**;

but only for **professional services** performed on behalf of the **Named Insured** and only to the extent that remuneration for such services inures to the benefit of the **Named Insured**.

II. COVERAGE AGREEMENTS

- A. In accordance with all the terms and conditions of this Policy, we will pay on **your** behalf all sums in excess of the deductible, up to our limits of liability, that **you** become legally obligated to pay as **damages** and **claim expenses** because of a **claim** that is both first made against **you** and reported in writing to us during the **policy period** by reason of an act or omission in the performance of **professional services** by **you** or by any person for whom **you** are legally liable provided that:
 - 1. **you** did not give notice to a **prior insurer** of any such act or omission or **interrelated act or omission**;
 - 2. prior to the effective date of this Policy, none of **you** had a basis to believe that any such act or omission, or **interrelated act or omission**, might reasonably be expected to be the basis of a **claim**;
 - 3. such act or omission happened subsequent to the **prior acts date**;

4. **you** did not give notice to a **prior insurer** of an **interrelated claim**.
- B. We have the right and duty to defend any **claim** seeking **damages**, even if any of the allegations of the **claim** are groundless, false or fraudulent. We will investigate any such **claim** as we deem appropriate. We will not settle any **claim** without **your** written consent, which shall not be unreasonably withheld. **You** and we agree to consult with each other, and, if **you** are a member, with the American Institute of Certified Public Accountants, to resolve any differences relating to such settlement.
- C. We are not obligated to investigate, defend, pay or settle a **claim** after the applicable limit of our liability has been exhausted by payment of **damages** or **claim expenses** or by any combination thereof, or after we have tendered the remaining available limits of liability into a court of competent jurisdiction. In such case, we shall have the right to withdraw from the further investigation, defense or settlement of any **claim** by tendering control of said investigation, defense or settlement to **you**. We will initiate, and cooperate in, the transfer of control to **you** of any **claims** that were reported to us prior to the exhaustion of such limit. **You** must cooperate in the transfer of control of such **claims**. We agree to take the necessary steps, as we deem appropriate, to avoid a default in such **claims** until such transfer has been completed, provided **you** cooperate in completing such transfer. **You** must reimburse us for expenses we incur in taking those steps we deem appropriate to avoid a default.
- D. If we conclude that the limit of liability applicable to any **claim** may become exhausted prior to the conclusion of the **claim**, we will notify the **Named Insured**, in writing, as soon as practicable, to that effect. When the limit of liability applicable to any **claim** has actually been exhausted prior to the conclusion of the **claim**, we will notify the **Named Insured**, in writing, as soon as practicable, that such limit has been exhausted.

III. LIMITS OF LIABILITY

A. Each Claim

Subject to B. below, the limit of liability for **damages** and **claim expenses** for each **claim** shall not exceed the amount stated in the Declarations as “Per **claim**.”

B. Aggregate

Subject to A. above, the limit of our liability for **damages**, and **claim expenses** for all **claims** shall not exceed the amount stated in the Declarations as “Aggregate.”

C. Deductible

Our obligation to pay **damages** and **claim expenses** as a result of a **claim** is in excess of the applicable amount of the deductible. The **Named Insured** agrees to pay all **damages** and **claim expenses** up to the amount of such deductible. The deductible amount applies either on a per **claim** or on an aggregate basis as is indicated on the Declarations. Payment of the deductible or portions thereof shall be made by the **Named Insured** as **claim expenses** are incurred or **damages** are paid.

D. Multiple insureds, **claims** and claimants

The limits of liability shown in the Declarations and subject to the provisions of this Policy is the amount we will pay as **damages** and **claim expenses** regardless of the number of **you, claims** made or persons or entities making **claims**. If **interrelated claims** are subsequently made against **you** and reported to us, all such **interrelated claims**, whenever made, shall be considered a single **claim** first made and reported to us within the **policy period** in which the earliest of the **interrelated claims** was first made and reported to us.

E. Risk Management Incentives

1. Mediation

With respect to a **claim, your** deductible applying to the **claim** will be reduced by 50%, provided that:

- a. the **claim** is mediated by an independent, disinterested third party mediator who is compensated for such services and who is appointed by us or approved by us in writing;
- b. the **claim** is mediated either without institution of arbitration proceedings or service of suit or within 60 days of the institution of such proceedings or service of suit; and
- c. such **claim** is ultimately resolved for an amount acceptable to **you** and us.

In no event shall the amount of the deductible waived hereunder exceed \$50,000.

2. Use of Engagement Letters

If **you** utilized an engagement letter in any engagement other than audit services or attest services:

- a. that was signed within the preceding 11 month period prior to rendering the **professional services** at issue in the **claim**; and
- b. the **claim** is otherwise covered under the Policy;

then we will reduce **your** deductible, applying to that **claim**, by 50%, up to a total amount of \$5,000.

In the event that paragraphs E.1. and E.2. both apply to a **claim**, in no event shall the total amount of the deductible waived for that **claim** exceed \$50,000.

IV. SUPPLEMENTARY BENEFITS

While not **damages**, we will make the following payments in addition to our limits of liability. No Deductible applies to any payments made under this Supplementary Benefits Section.

1. Defendants Reimbursement

We agree to pay **you** \$100 per hour for the time **you** spend to attend a trial, court hearing, mediation or arbitration proceeding at our request in connection with a **claim**.

2. Regulatory Proceeding

We agree to pay **your** attorney fees and other reasonable costs, fees and expenses incurred in responding to a **regulatory proceeding** initiated during the **policy period** and reported to us in accordance with Section VI.C. of this Policy, provided that such **regulatory proceeding** is initiated in connection with:

- a. an act or omission in the rendering of **professional services**; or
- b. an actual or alleged violation of a **privacy breach notice law** or any law referenced under the definition of **privacy injury and identity theft**, but only if such actual or alleged violation concerns **confidential commercial information** or **non-public personal information** that was gathered in the course of rendering **professional services**;

that occurred after the **prior acts date** indicated on the Declarations.

The maximum amount we will pay for such attorney fees and other reasonable costs, fees and expenses is \$25,000 regardless of the number of **regulatory proceedings** or the number of **you** who are subject to such **regulatory proceedings**.

3. Subpoena Assistance

If during the **policy period**, **you** receive a subpoena for documents or testimony as a fact witness arising from an act or omission in the rendering of **professional services** which occurred after the **prior acts date**, and **you** would like our assistance in responding to the subpoena, **you** may provide us with a copy of the subpoena and we will retain an attorney to provide advice regarding the production of documents, to prepare **you** for sworn testimony, and to represent **you** at **your** deposition, provided that:

- a. the subpoena arises out of a lawsuit to which **you** are not a party; and
- b. **you** have not been engaged to provide advice or testimony in connection with the lawsuit, nor have **you** provided such advice or testimony in the past.

Any notice **you** give us of such subpoena shall be deemed notification of a potential **claim** under Section VI.D. of this Policy.

4. Defense of Third Party Discrimination Demand

If, during the **policy period**, a demand is received by **you** for money or services and

- a. arises solely from **your** alleged refusal after the **prior acts date** to provide **professional services** due to discrimination, for reasons of age, race, creed, color, gender, religion, national origin, disability, marital status or sexual preference; and
- b. does not arise out of **your** intentional disregard or willful failure to comply with federal or state laws governing discriminatory practices; and
- c. the demand is otherwise covered under the terms and conditions of the Policy but for the absence of the rendering of **professional services**;

then we will provide **you** with a defense subject to **your** deductible and the available limits of liability in the Policy. There will be no coverage for **damages** regardless of the ultimate findings.

V. EXCLUSIONS

This Policy does not apply to:

- A. any **claim** for **bodily injury** regardless of cause;
- B. any **claim** for damage to, destruction of, or loss of use of tangible property.
This exclusion does not apply to client records which are in **your** care, custody or control;
- C. any **claim** based on or arising out of liability assumed under any contract or agreement unless **you** would have been liable if the contract or agreement did not exist;
- D. any **claim** based on or arising out of a dishonest, illegal, fraudulent, criminal or malicious act by any of **you**. We shall provide **you** with a defense of such **claim** unless or until the dishonest, illegal, fraudulent, criminal or malicious act has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not. Such defense will not waive any of our rights under this Policy. Criminal proceedings are not covered under this Policy regardless of the allegations made against **you**;
- E. any **claim** based on or arising out of **professional services** performed for any entity, including an entity held in a **personal trust**, if at the time of the act or omission giving rise to the **claim**, **you** or **your** spouse were a director, officer or partner of, or had management responsibilities for, such entity, or were the owners of more than a 10% equity interest in such entity;
- F. any **claim** based on or arising out of **professional services** rendered by **you** as an executor, administrator or personal representative of an estate or as a trustee if **you** or **your** spouse are a beneficiary or distributee of said estate or trust;
- G. any **claim** based on or arising out of **your** capacity as:
 - 1. an officer, director, trustee, partner or other member of a governing body of an entity, other than the **Named Insured**;
 - 2. a guardian or conservator of an individual;
 - 3. a conservator of an entity;
 - 4. a trustee for an investment fund established for the benefit of any entity or group of unrelated individuals. This exclusion shall not apply to an accountant when acting as a trustee for a **personal trust**; or
 - 5. a plan administrator of an employee benefit plan, or the trustee of any trust established to fund such plan, or any other fiduciary of such plans, regardless of whether the **claim** is brought against **you** under the Employee Retirement Income Security Act of 1974, its amendments or any other similar state or local law. This exclusion does not apply if **you** are deemed to be a fiduciary solely by virtue of **professional services you** render as an accountant to the plan, including accounting, audit, attest, consulting, tax, investment advisory services, or administrative services to an employee benefit plan as an independent third party consultant;

- H. any **claim** based on or arising out of **your** capacity as a broker or dealer in securities, as those terms are defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934;
- I. any **claim** based on or arising out of any anti-trust law violation or any agreement or conspiracy to restrain trade unless the allegations arise solely from **your** performance of **professional services** as a member of a formal accreditation, standards review or similar professional board or committee, related only to accountancy, and such services are within the scope of that committee's or board's established guidelines;
- J. any **claim** based on or arising out of the gaining of any personal profit or advantage to which **you** are not legally entitled in the rendering of **professional services** in **your** capacity as a **personal fiduciary**.

VI. POLICY CONDITIONS

A. Coverage Territory

This Policy applies to acts or omissions committed by **you** anywhere in the world, regardless of where the **claim** is made or suit is brought. If covered **damages** are stated or incurred in a currency other than that of the United States of America, such payment will be made in the currency of the United States of America at the rate of exchange published in The Wall Street Journal on the date the Insurer's obligations to pay such **damages** are established (or if not published on such date, the next publication date).

B. Sole Agent

The **Named Insured** shall be the sole agent of all of **you** for the purpose of effecting or accepting any notices hereunder, any amendments to or cancellation of this Policy; for the completing of any applications; for 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; and for the exercising of, or declining to exercise any right under this Policy.

C. Duties in the event of a **claim**

1. **You** must give us written notice as soon as reasonably possible during the **policy period** of any **claim** made against **you**. We agree that **you** may have up to, but not to exceed, 60 days after the Policy expiration to report to us a **claim** made against **you** during the **policy period** if the reporting of such **claim** is as soon as reasonably possible.
2. **You** must:
 - a. immediately forward all documents received in connection with the **claim** to us;
 - b. fully cooperate with us or our designee in the investigation, the making of settlements, the conduct of suits or other proceedings, or enforcing any right of contribution or indemnity against another who may be liable to **you** in connection with a **claim**;
 - c. attend depositions, hearings and trials;
 - d. assist in securing and giving evidence obtaining the attendance of witnesses; and

- e. refuse, except at **your** own cost, to admit any liability, assume any **damages**, voluntarily make any payments, or incur any **claim expenses**.

D. Duties in the event of a potential **claim**

If, during the **policy period**, **you** become aware of an act or omission that may reasonably be expected to be the basis of a **claim** against **you**, **you** must give written notice to us prior to the expiration of the **policy period**. Such notice must state the reasons for anticipating a **claim**, with full particulars, including but not limited to:

1. the specific act or omission;
2. the dates and persons involved;
3. the identities of anticipated or possible claimants;
4. the circumstances by which **you** first became aware of the potential **claim**.

If such notice is given, then any **claim** that is subsequently made against **you** and reported to us shall be deemed to have been made at the time such written notice was received by us.

In the event we determine there is an opportunity to avoid a **claim** arising out of a potential **claim you** have reported to us and we incur legal or expert expenses to do so, such expense will be at our cost and not be subject to **your** deductible.

E. Notice

Notice of any **claim** or potential **claim** should be sent by regular mail or email to the addresses specified in the Declarations. The date the Insurer receives such notice shall constitute the date such notice was given. Proof of mailing shall be sufficient proof of notice.

F. Changes/Transfer of Interest

Notice to any of our agents or knowledge possessed by any such agent or any other person shall not act as a waiver or change in any part of this Policy. **You** agree to first obtain our written consent to make any changes, transfers or assignments of this Policy. None of the provisions of this Policy will be waived, changed or modified except by written endorsement issued to form a part of this Policy.

G. Entire contract

This Policy consists of the Declarations, the Policy form, all endorsements attached to the Policy, the completed and signed application and all supplementary information and statements **you** have provided to us.

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

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

H. Other Insurance

If **you** have other valid and collectible insurance that applies to the **claim**, this insurance shall be excess over any other insurance, self-insurance, self-insured retention or similar programs, whether primary, excess, contingent or on any other basis.

If no other insurer defends a **claim** that we have an obligation to defend, we will do so, but we will be entitled to **your** rights against all those other insurers.

We will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay in absence of this insurance and the total of all deductible and self-insured amounts under all such other insurance or other available programs. This provision does not apply to other insurance that was purchased by **you** specifically to apply in excess of the limits of liability shown on the Declarations of this Policy.

I. Legal Action Limitation

You agree not to bring any legal action against us concerning this Policy unless **you** have fully complied with all the provisions of this Policy, and the amount of **your** obligation to pay has been finally decided. Such amount can be decided by final judgment against **you** or by written agreement between **you**, us and the claimant. **You** agree to bring any such action within two years, or during any applicable statute of limitations for the bringing of such action, whichever is longer.

No individual or entity, or their legal representative, is entitled to recover under this Policy until they have secured such judgment or written agreement. Recovery is limited to the extent of the insurance afforded by this Policy. No individual or entity has any right under this Policy to include us in any action against **you** to determine **your** liability, nor will we be brought into such an action by **you** or **your** representative.

J. Subrogation

In the event of any payment under this Policy, we shall be subrogated to all **your** rights of recovery thereof against any person or organization, including any rights **you** may have against any other person insured under this Policy who is involved in dishonest, fraudulent, criminal, malicious or intentional conduct. **You** shall execute and deliver instruments and papers and do whatever else is necessary to secure and collect upon such rights. **You** shall do nothing to prejudice such rights.

K. Premium

Premiums for this Policy are payable to us in advance. They may be paid to us or our authorized representative. The first premium is due on the effective date of this Policy.

L. Innocent insureds

If coverage under this Policy would be excluded as a result of any criminal, dishonest, illegal, fraudulent or malicious acts of any of **you**, we agree that the insurance coverage that would otherwise be afforded under this Policy will continue to apply to any of **you** who did not personally commit, have knowledge of, or participate in such criminal, dishonest, illegal, fraudulent or malicious acts or in the concealment thereof from us.

M. Reimbursement

While we have no duty or obligation to do so, if we advance any amounts in payment of **damages** or **claim expenses** within the amount of the applicable deductible or in excess of the applicable limit of liability, **you** agree to be jointly and severally liable to us for such amounts. Upon demand, **you** agree to immediately repay such amounts to us.

N. Bankruptcy/Insolvency

The insolvency or bankruptcy of **you**, or the insolvency of **your** estate, shall not release us from the payment of **damages** or **claim expenses** recoverable under this Policy.

O. Cancellation/Non-Renewal

Your rights and ours are stated in the attached State Provisions endorsement.

P. Liberalization

In the event we make any filing with the insurance supervisory authorities of the state in which this Policy is issued that would broaden coverage under this Policy, and;

1. such filing is approved or accepted by such insurance authorities to be effective while this Policy is in force; and
2. such filing includes provisions that would extend or broaden this insurance without additional premium,

the benefit of such extended or broadened provisions shall inure to **your** benefit as though substitution of such policy form had been made. However, such benefit shall not apply to any **claim** which has been made against **you** or potential **claim** reported to us on or prior to the date such benefit is approved or accepted.

Q. Spouses, Heirs, Legal Representatives

Your estates, heirs, legal representatives, assigns and spouses shall be considered insured under this Policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, assigns and spouses only for a **claim** arising solely out of their status as such and, in the case of a spouse, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from **you** to the spouse. No coverage is provided for any act, or omission of an estate, heir, legal representative, assign or spouse.

R. Economic and Trade Sanctions

This Policy does not provide coverage for any of **you**, any transaction or that part of **damages** or **claim expenses** that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

VII. EXTENDED CLAIM REPORTING PERIOD

As used herein, “**extended claim reporting period**” means the period of time after the end of the **policy period** for reporting **claims** to us that are made against **you** during the applicable **extended claim reporting period** by reason of an act or

omission that happened prior to the end of the **policy period** and is otherwise covered by this Policy. It is understood and agreed that the **extended claim reporting period** shall not be construed to be a new policy and any **claim** submitted during such period shall otherwise be governed by this Policy.

A. **Automatic extended claim reporting period**

If this Policy is canceled or non-renewed by either us or by the **Named Insured**, we will provide to the **Named Insured** an automatic, non-cancelable **extended claim reporting period** starting at the termination of the **policy period** if the **Named Insured** has not obtained another policy of accountants professional liability insurance. This automatic **extended claim reporting period** will terminate after sixty (60) days.

B. **Optional extended claim reporting period**

If this Policy is canceled or non-renewed by either us or by the **Named Insured**, then the **Named Insured** shall have the right to purchase an optional **extended claim reporting period**. Once purchased, the **extended claims reporting period** can not be cancelled and the premium for such optional **extended claim reporting period** shall be fully earned upon inception. Such right must be exercised by the **Named Insured** within sixty (60) days of the termination of the **policy period** by providing written notice to us.

C. **Elimination of right to any extended claim reporting period**

There is no right to the optional **extended claim reporting period** if we cancel or refuse to renew this Policy due to non-payment of premiums or any material misrepresentations in the application for this Policy.

IN WITNESS WHEREOF, we have caused this Policy to be executed by our Chairman and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the Declarations.



Chairman



Secretary

