

National Casualty Company

A Stock Insurance Company, herein called the Company

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

CLAIMS MADE AND REPORTED POLICY

THIS IS A CLAIMS MADE AND REPORTED POLICY. 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 during 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**; and
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 policy, 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 \$10,000 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 PROCEEDING(S)** brought against **YOU**.

Notice of the **DISCIPLINARY PROCEEDING(S)** must be reported to **US** in writing during the **POLICY PERIOD** and must arise out of a **WRONGFUL ACT(S)** that is otherwise covered by this policy. The **DEDUCTIBLE** will not apply to the expenditures **WE** incur under this provision.

5. Up to \$250 to each of **YOU** for each day or part of the day for **YOUR** attendance at a trial, hearing, arbitration, mediation or any other Alternative Dispute Resolution proceeding at which **WE** request **YOUR** attendance. The maximum amount payable by **US** during the **POLICY PERIOD** shall not exceed \$6,000 in the aggregate. The **DEDUCTIBLE** provision of this policy will not apply to the expenditures **WE** incur under this provision.
6. Up to \$25,000 during the **POLICY PERIOD** in **CLAIMS EXPENSE** for the defense of a **CLAIM** brought against **YOU** based on or arising out of **YOUR** capacity as a member of the governing body of a nonprofit organization. **WE** will provide no coverage for **DAMAGES** under this provision. The **DEDUCTIBLE** will not apply to the expenditures **WE** incur under this provision.

SUBPOENA PROVISION

1. If **YOU** receive a subpoena for documents or testimony not related to a **CLAIM**, **WE** will retain legal counsel to advise **YOU** regarding document production or representation in giving sworn testimony. Notice of such subpoena shall be deemed to be a notice of a potential **CLAIM** as stated in the **NOTIFICATION** section in this policy.
2. The **DEDUCTIBLE** does not apply to the expenses incurred in providing such advice or representation.

TERRITORY

This policy applies to **WRONGFUL ACTS** which happen anywhere in the world provided the **CLAIM** is made and the suit is brought in the United States of America, its territories and possessions. **DAMAGES** and **CLAIM EXPENSE** will be paid in United States dollars.

DEFINITIONS

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

1. **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** also means **YOUR** knowledge of circumstances which could reasonably be expected to give rise to such notice. **YOU** must tell us of such **CLAIMS** or circumstances in writing during the **POLICY PERIOD** or Extended Reporting Period, if applicable. Notice includes, but is not limited to, service of suit, institution of arbitration, mediation or any other Alternative Dispute Resolution proceedings.
2. **CLAIM EXPENSE**—means expenditures including, but not limited to:
- All expense of lawyers we are required by law to pay to defend **YOU**;
 - Experts;
 - Court costs; and
 - Other similar expenses **WE** incur in the investigation, adjustment, defense or appeal of a **CLAIM** or suit.

CLAIM EXPENSE does not include:

- Salary, charges or expenses of **OUR** regular employees.
- Payments made under the Supplemental Payments provision of this policy.

3. **DAMAGES**—means a monetary judgment, award or settlement.

DAMAGES do not include:

- Civil or criminal fines, sanctions, restitution or penalties, whether pursuant to any civil or criminal law or statute; however, **DAMAGES** includes fines and penalties assessed against **YOUR** clients by the Internal Revenue Service or any state or municipal tax authority;
- 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;
- Punitive damages, exemplary damages or any damages which are a multiple of compensatory damages awarded against **YOU**, including double or treble damages;
- Any cost assessed against **YOU** as the result of a **DISCIPLINARY PROCEEDING(S)**;

- e. Equitable relief, injunctive relief, declaratory relief or any other relief or recovery that is not seeking a monetary judgment, award or settlement; or
 - f. 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.
4. **DEDUCTIBLE**—means the amount **YOU** must pay for **DAMAGES** and **CLAIM EXPENSE** for each **CLAIM**.
5. **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**.
6. **NAMED INSURED**—means the person, entity or organization named in **ITEM 1.** of the Declarations.
7. **PERSONAL INJURY OR ADVERTISING 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.
8. **POLICY PERIOD**—means the period of time stated in **ITEM 2.** of the Declarations or any shorter period resulting from policy cancellation.
9. **PREDECESSOR FIRM(S)**—means:
- a. any individual, partnership or corporation engaged in **PROFESSIONAL SERVICES** in whose financial assets and liabilities the **NAMED INSURED** is the majority successor in interest. An assumption of fifty percent (50%) or greater of the firm's assets and liabilities shall be considered a majority successor interest; or
 - b. any individual, partnership or corporation engaged in **PROFESSIONAL SERVICES** that has undergone a dissolution and that more than fifty percent (50%) of the owners, partners or officers from the dissolved firm have joined the **NAMED INSURED** as an owner, partner, officer, associate or employee.
10. **PROFESSIONAL SERVICES**—means services:
- a. Performed or advice given by **YOU** in the conduct of **YOUR** practice as an accountant; or
 - b. Performed for others:
 - (1) As an executor, administrator or personal representative of an estate or as a trustee, while also rendering services as an accountant, and except as otherwise excluded;
 - (2) As a member of a formal accreditation, standards review or similar professional board or committee related only to the accounting profession;
 - (3) As an arbitrator or mediator; and
 - (4) As a notary public but only when notarized certification or acknowledgement of signature is performed with the physical appearance before such notary public of the person who is or claims to be the person signing a document;
 - c. Performed involving computer system analysis, design and integration, information technology consulting, custom and packaged software development, programming and modification including related software and hardware training and support services.
11. **RETROACTIVE DATE**—means the date specified in the Declarations. This policy shall not apply to any **CLAIM** arising from a **WRONGFUL ACT** which occurred prior to this date. If the term "Unlimited" is specified in the Declarations, it means that there is no time limitation of coverage for **YOU** based upon when the **WRONGFUL ACT** occurred.
12. **SOLE PROPRIETOR**—means an entity in which one individual is rendering **PROFESSIONAL SERVICES** for others.
13. **SUBROGATION EXPENSES**—means expenditures including, but not limited to:
- a. All expenses 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 subrogation process.
14. **TOTALLY AND PERMANENTLY DISABLED**—means total and continuous disability for at least six (6) consecutive months as a result of sickness or accidental bodily injury which renders **YOU** unable to render **PROFESSIONAL SERVICES**.
15. **WE, US and OUR**—means the Company providing this insurance.
16. **WRONGFUL ACT(S)**—means any actual or alleged act, error, omission or any alleged **PERSONAL INJURY OR ADVERTISING INJURY** offense **YOU** or any person or entity for whom **YOU** are legally responsible commit, but only in the performance of **PROFESSIONAL SERVICES** for or on behalf of the **NAMED INSURED** or its **PREDECESSOR FIRM(S)**.
17. **YOU and YOUR**—means Insured and includes:
- a. The **NAMED INSURED** and any **PREDECESSOR FIRM(S)**.
 - b. Any individual:
 - (1) Who is currently or becomes a officer, director, partner, stockholder, shareholder or employee of the **NAMED INSURED**, including leased personnel under **YOUR** direct supervision, during the **POLICY PERIOD**, but only for **CLAIM(S)** resulting from **WRONGFUL ACTS** committed within the scope of their employment by the **NAMED INSURED** or its **PREDECESSOR FIRM(S)**.
 - (2) Who was formerly a officer, director, partner, stockholder, shareholder or employee of the **NAMED INSURED** or its **PREDECESSOR FIRM(S)**, but only for **CLAIM(S)** that result from **WRONGFUL ACT(S)** committed within the scope of their employment by the **NAMED INSURED** or its **PREDECESSOR FIRM(S)**.
 - c. Any accountant or accounting firm while rendering or failing to render **PROFESSIONAL SERVICES** pursuant to a specific contract with the **NAMED INSURED**.
 - d. The estate, heirs, executors, administrators, assigns and legal representatives of anyone listed in a. and b.(1) and (2) 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 policy.

EXCLUSIONS

This policy does not apply:

1. To any **CLAIM** based upon or arising out of:
 - a. personal profit or advantage to which **YOU** are not legally entitled; or
 - b. any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACT(S)** committed by **YOU**. However, **WE** will defend such **CLAIM** until final adjudication by the first court;
2. To any **CLAIM** arising out of bodily injury, sickness or death of any person or damage to or loss of any tangible property other than **YOUR** client's records while in **YOUR** care, custody or control;
3. To any **CLAIM** based on or arising out of **YOUR** capacity as an officer, director, partner, , shareholder or employee of any entity other than the **NAMED INSURED**.
4. To any **CLAIM**:
 - a. 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; or
 - b. 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;
5. To any **CLAIM** made by **YOU** against any other Insured unless such claim arises out of **PROFESSIONAL SERVICES**;
6. 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, except if you are deemed to be a fiduciary only due to providing **PROFESSIONAL SERVICES** for the plan;
7. To any **CLAIM** based upon or arising out of **PROFESSIONAL SERVICES** performed by any of **YOU** as an executor, administrator or personal representative of an estate or as a trustee if any of **YOU** or **YOUR** spouse is a beneficiary or distributee of the estate or trust;

8. To any **CLAIM** based upon or arising out of any actual or alleged violation of any laws, rules or regulations concerning anti-trust, restraint of trade, price fixing, kickbacks, fee splitting, illegal rebates, copy-right, deceptive trade practices and conspiracies regarding deceptive trade practices;
9. To any **CLAIM** based upon or arising out of:
 - a. the promotion, solicitation or sale of any real estate, securities or other investment;
 - b. any representations, warranties or guarantees as to the future value of an investment; or
 - c. the formation, administration or operation of a syndicate, limited partnership or joint venture;
10. To any **CLAIM** based upon or arising out of any negligent referral for which **YOU** received a fee or commission and which is prohibited by the Rules of Conduct of the American Institute of Certified Public Accountants;
11. To any **CLAIM** based upon or arising out of the inability or the failure to pay or collect funds, premiums, taxes or claim money; or to any **CLAIM** based upon or arising out of or involving any commingling, conversion, misappropriation or defalcation of funds or other property;
12. To any **CLAIM** based upon or arising out of the performance of services which requires a license or certification as an attorney, insurance agent or insurance broker or registered representative or broker/dealer;
13. To any **CLAIM** based upon or arising out of liability assumed by **YOU** under any oral or written contract or agreement, unless **YOU** would have such liability in the absence of the contract or agreement; or
14. To any **CLAIM** arising out of **PROFESSIONAL SERVICES** performed by any of **YOU** for any entity other than the **NAMED INSURED** if, at the time such **PROFESSIONAL SERVICES** were rendered, any of **YOU** or **YOUR** spouse held more than a twenty-five percent (25%) combined equity interest in such entity.

INNOCENT INSURED PROTECTION

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

1. **EXCLUSION 1**, relating to any **CLAIM** based upon or arising out of any dishonest, fraudulent, criminal, malicious or intentional **WRONGFUL ACT(S)** committed by **YOU**; or

2. Concealment of a **CLAIM** by any of **YOU**,

WE agree that the coverage as would be afforded by this policy will apply to each of **YOU** who did not personally commit or participate in the **WRONGFUL ACT(S)** or agree to the concealment.

For coverage to apply, **YOU** must notify **US** of the **WRONGFUL ACT(S)** 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 policy;
- b. All persons or organizations who sustain **DAMAGES** payable under this policy; and/or
- c. Suits brought on account of coverage afforded by the policy,

OUR liability is limited as follows:

1. The Limit of Liability stated in ITEM 4.(A) of the Declarations 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, if applicable.
2. The Limit of Liability stated in ITEM 4.(B) of the Declarations 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 policy. Each of **YOU** under the policy 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 policy. 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 ACT(S)** or a series of related **WRONGFUL ACT(S)** 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, if applicable:
 - 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, if applicable. 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, if applicable. No coverage for such **CLAIM** shall exist under any subsequent policy written by **US**. 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 during this **POLICY PERIOD**.

2. In the event of any **CLAIM** occurring, written notice to **US** will be given by the person or firm(s) shown under **ITEM 1** of the Declarations. Notice will be deemed to be received if sent by prepaid mail properly addressed to the address shown in **ITEM 7** of the Declarations.

CLAIM REPAIR PROVISION

1. 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**.
2. However, the **DEDUCTIBLE** will always apply if a suit is filed, if arbitration hearings are begun or if any **DAMAGES** are paid.

ALTERNATIVE DISPUTE RESOLUTION

If **WE** and **YOU** agree to use mediation and if **WE** and **YOU** resolve any **CLAIM** by mediation or any other Alternative Dispute Resolution, **YOUR DEDUCTIBLE** obligation will be reduced by fifty percent (50%) subject to a maximum reduction of \$25,000.

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.

EXTENSION OF COVERAGE—SOLE PROPRIETOR

If a **SOLE PROPRIETOR** dies during the **POLICY PERIOD**, the period for reporting **CLAIMS** is extended until the executor or administrator is discharged.

If a **SOLE PROPRIETOR** has been insured by **US** for at least three (3) consecutive years immediately prior to this **POLICY PERIOD** and becomes **TOTALLY AND**

PERMANENTLY DISABLED during the **POLICY PERIOD**, the period for reporting **CLAIMS** is extended until the disability ends.

No additional premium will be charged for this extension nor will any premium be refunded.

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 policy; or
 - b. A twenty-four (24) month Supplemental Extended Reporting Period for one-hundred and fifty percent (150%) of the full annual premium of this policy; or
 - c. A thirty-six (36) month Supplemental Extended Reporting Period for one-hundred and eighty-five percent (185%) of the full annual premium of this policy; or
 - d. An unlimited Supplemental Extended Reporting Period for two-hundred and twenty-five percent (225%) of the full annual premium of this policy.
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 paid,

within 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 policy 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 ACT(S)** 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 policy'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**.

SOLE PROPRIETOR NONPRACTICING EXTENDED REPORTING PERIOD

If a **SOLE PROPRIETOR** ceases practice as an accountant during the **POLICY PERIOD** and the **SOLE PROPRIETOR** has been continuously insured by **US** for at least three (3) consecutive years, then the **SOLE PROPRIETOR** has the right, upon payment to **US** or any of **OUR** authorized agents of an additional premium within sixty (60) days of such retirement or the ceasing practice as an accountant, to extend the period of time to report **CLAIMS** due to **WRONGFUL ACT(S)** which happened on or after the **RETROACTIVE DATE** and on or before the end of the **POLICY PERIOD**. The **SOLE PROPRIETOR** must advise **US** in writing within sixty (60) days of retirement or ceasing practice as an accountant which of the following Nonpracticing Extended Reported Periods has been elected:

- a. A thirty-six (36) month Nonpracticing Supplemental Extended Reporting Period for no charge;

- b. A seventy-two (72) month Nonpracticing Supplemental Extended Reporting Period for one-hundred percent (100%) of the full annual premium of this policy; or
- c. An unlimited Nonpracticing Supplemental Extended Reporting Period for one-hundred and fifty percent (150%) of the full annual premium of this policy.

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 non-payment 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 ACT(S)** 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 twenty-five percent (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 **CLAIM(S)** or cancellation; and
- c. The payment of premiums 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.