

National Casualty Company

A Stock Insurance Company, herein called the Company

"NOTICE: THESE POLICY FORMS AND THE APPLICABLE RATE ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS."

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

THIS IS A CLAIMS MADE POLICY. Coverage is limited to only those **CLAIMS** that are first made against **YOU** 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 as a result of **CLAIMS** first made against **YOU** 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 on or 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**.

The **RETROACTIVE DATE** may not be changed during the term of the **CLAIMS MADE RELATIONSHIP** or any Extended Reporting Period.

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.

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 defend any suit after the applicable limits of **OUR** liability have been exhausted by payment of **DAMAGES**.

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 **CLAIM EXPENSE** incurred in the defense and settlement of covered **CLAIMS**.

We have the right, however, to designate counsel, at **OUR** own expense, to associate with **YOU** in the continued defense of such **CLAIM**. **YOU** shall not enter into any settlement or agreement without **OUR** prior written consent.

2. Interest only on that part of any judgment which does not exceed **OUR** Limit of Liability, including prejudgment interest awarded against **YOU** on that part of the judgment paid by **US** and also interest 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, however **WE** have no obligation to obtain such 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 ACT(S)** 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 or institution of arbitration, mediation or any other Alternative Dispute Resolution proceedings.
2. **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 salaries of employees or officials of the **NAMED INSURED** associated with the defense and investigation of the **CLAIM**.

3. **CLAIMS MADE RELATIONSHIP**—means that period of time between the effective date of the first claims made policy between **YOU** and **US** and the cancellation or nonrenewal of the last consecutive claims made policy between such parties, where there has been no gap in coverage, but does not include any period covered by Extended Reporting Period coverage.

4. **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; however, **DAMAGES** includes fines and penalties assessed against **YOUR** clients by the Internal Revenue Service or any state or municipal tax authority;
 - 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. Punitive damages, exemplary damages or any damages which are a multiple of compensatory damages awarded against **YOU**, including double or treble damages;
 - d. The salaries, wages or overhead expenses of any of **YOU** associated with the defense and investigation of any **CLAIM**;
 - 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.
5. **DEDUCTIBLE**—means the amount **YOU** must pay for **DAMAGES** for each **CLAIM**.
6. **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 **PROFFESIONAL SERVICES**.
7. **NAMED INSURED**—means the person, entity or organization named in **ITEM 1.** of the Declarations.
8. **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.
9. **POLICY PERIOD**—means the period of time stated in **ITEM 2.** of the Declarations or any shorter period resulting from policy cancellation.
10. **PREDECESSOR FIRM(S)**—means:
- a. any individual, partnership or corporation engaged in **PROFESSIONAL SEVICES** 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.
11. **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.
12. **RETROACTIVE DATE**—means a date concurrent with the effective date of the policy or a particular date prior to the effective date of the policy upon which **YOU** and **WE** agree in the policy that the policy coverage will be applicable. An unlimited **RETROACTIVE DATE** applies unless a particular **RETROACTIVE DATE** is specified in **ITEM 3.** of the Declarations. A **RETROACTIVE DATE** may not be changed during the term of the **CLAIMS MADE RELATIONSHIP** or any Extended Reporting Period.
 13. **SOLE PROPRIETOR**—means an entity in which one individual is rendering **PROFESSIONAL SERVICES** for others.
 14. **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.
 15. **TERMINATION OF COVERAGE**—means any of the following at any time, whether done by **YOU** or **US**:
 - a. Cancellation or nonrenewal of a policy; or
 - b. Decrease in limits, reduction in coverage, increased deductible or self-insured retention, new exclusion, or any other change in coverage less favorable to **YOU**.
 16. **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**.
 17. **WE, US** and **OUR**—means the Company providing this insurance.
 18. **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)**.
 19. **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. & 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, copyright, deceptive trade practices and conspiracies regarding deceptive trade practices;
 9. To any **CLAIM** 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** 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**.
3. Subject to the Limits of Liability, **WE** will only be liable to pay **DAMAGES** 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** 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**.
4. 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**. All such **CLAIM(S)** will be considered first made on the date on which the

earliest **CLAIM** arising out of such **WRONGFUL ACT** or a series of related **WRONGFUL ACT(S)** was first made against **YOU**. 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, but only for **CLAIMS** due to **WRONGFUL ACT(S)** which occurred on or after the **RETROACTIVE DATE** and on or before the end of the **POLICY PERIOD**. 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.
3. Notice given by **YOU** or on **YOUR** behalf, or written notice by or on behalf of the injured person or any other claimant, to any agent of **OURS** in New York State, with particulars sufficient to identify **YOU**, shall be considered to be notice to **US**.

Failure to give any notice within the required time prescribed will not invalidate any **CLAIM** made by any of **YOU** or by any other claimant if it can be shown that it was not reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

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**, as soon as practicable, 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.
4. Notice given by **YOU** or on **YOUR** behalf, or written notice by or on behalf of the injured person or any other claimant, to any agent of **OURS** in New York State, with particulars sufficient to identify **YOU**, shall be considered to be notice to **US**.

Failure to give any notice within the required time prescribed will not invalidate any **CLAIM** made by any of **YOU** or by any other claimant if it can be shown that it was not reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

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. Upon **TERMINATION OF COVERAGE**, **WE** will provide one or more Extended Reporting Periods described as follows.
2. A Basic Extended Reporting Period is automatically provided without additional charge. The Basic Extended Reporting Period begins on the date of **TERMINATION OF COVERAGE**, and ends sixty (60) days after the date of **TERMINATION OF COVERAGE**. If there is other insurance against any **CLAIM** for which coverage is afforded under the Basic Extended Reporting Period, the coverage provided under the Basic Extended Reporting Period will be deemed to be excess over and above the applicable limits of all such other insurance and will afford coverage only after the policy limits of such other insurance have been exhausted.
3. In addition, the **NAMED INSURED**, subject to the terms and conditions set forth herein, will have the right to purchase one of the Supplemental Extended Reporting Periods described below, but only if added by endorsement and for an additional premium charge:
 - a. A twelve (12) month Supplemental Extended Reporting Period for one-hundred percent (100%) of the full annual premium of this policy;
 - 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;
 - 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.

The Supplemental Extended Reporting Period will start sixty (60) days after the date of **TERMINATION OF COVERAGE**.

If the **NAMED INSURED** purchases a Supplemental Extended Reporting Period, the above time periods are the time periods after the Basic Extended Reporting has ended within which the **NAMED INSURED** can report **CLAIMS**. However, the only **CLAIMS** that are covered and can be reported are those **CLAIMS** arising from **WRONGFUL ACTS** which occurred after the **RETROACTIVE DATE** but prior to the date of **TERMINATION OF COVERAGE**.

4. The Supplemental Extended Reporting Period will not go into effect unless the **NAMED INSURED** pays the additional premium for it. If there is any premium owing for the policy, any payment of the Extended Reporting Period coverage will first be applied to the policy.
5. Within thirty (30) days after the date of **TERMINATION OF COVERAGE**, **WE** will advise the **NAMED INSURED** in writing of the Basic Extended Reporting Period coverage and the availability of, the premium for, and the importance of purchasing the Supplemental Extended Reporting Period coverage. The **NAMED INSURED** will have the greater of sixty (60) days from the effective date of **TERMINATION OF COVERAGE**, or thirty (30) days from the date of mailing or delivery of **OUR** written notice of advice regarding Supplemental Extended Reporting Period coverage, to submit written acceptance of such Supplemental Extended Reporting Period coverage. **ONCE IN EFFECT, THE SUPPLEMENTAL EXTENDED REPORTING PERIOD MAY NOT BE CANCELED.**
6. If the **NAMED INSURED'S CLAIMS MADE RELATIONSHIP** with **US** has continued for at least three (3) years, the aggregate liability limit for the Supplemental Extended Reporting Period will be at least equal to one hundred percent (100%) of the policy's annual Aggregate Limit of Liability.

If the **NAMED INSURED'S CLAIMS MADE RELATIONSHIP** with **US** has continued for less than three (3) years, the aggregate liability limit for the Supplemental Extended Reporting Period will be whichever of the following amounts is larger:

- a. The limit remaining in the policy's annual Aggregate Limit of Liability; or
- b. Fifty percent (50%) of the policy's annual Aggregate Limit of Liability.
7. If the policy is canceled due to nonpayment of premium or fraud on the part of the **NAMED INSURED**, **WE** will not provide the **NAMED INSURED** with a premium quotation to purchase a Supplemental Extended Reporting Period unless the **NAMED INSURED** requests **US** to do so. **WE** will only honor the **NAMED INSURED'S** request to purchase a Supplemental Extended Reporting Period if the **NAMED INSURED** has paid the additional premium for it. If there is any premium owing for the policy, any payment for the Extended Reporting Period coverage shall first be applied to the policy.
8. **WE** will provide Extended Reporting Period coverage upon **TERMINATION OF COVERAGE** to any person covered under the policy, if:
- a. The **NAMED INSURED** has been placed in liquidation or bankruptcy or permanently ceases operations;
- b. The **NAMED INSURED** or its designated trustee does not purchase Extended Reporting Period coverage; and
- c. Such person requests Extended Reporting Period coverage within one-hundred and twenty (120) days of the date of **TERMINATION OF COVERAGE**.
- However, **WE** have no obligation to provide any notice to any such person of the availability of the Extended Reporting Period coverage. **WE** will charge the person for whom Extended Reporting Period coverage is provided a premium commensurate with such coverage.
9. The Extended Reporting Period(s) do 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 during the Basic Extended Reporting Period or, if purchased, the Supplemental Extended Reporting Period, but only by reason of any **WRONGFUL ACT** committed on or after the policy **RETROACTIVE DATE** but prior to the end of the **POLICY PERIOD**.
10. **CLAIMS** for **WRONGFUL ACTS** which are first received during an Extended Reporting Period shall 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.

- a. 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.
- b. If this policy has been in effect for sixty (60) days or less and is not a renewal, **WE** may cancel this policy by mailing or delivering written notice of cancellation to the **NAMED INSURED** and to the authorized agent or broker, if any, at least:
 - (1) Sixty (60) days before the effective date of cancellation if **WE** cancel for any reason not included in paragraph 1.b.(2) below; or
 - (2) Fifteen (15) days before the effective date of cancellation if **WE** cancel for any of the following reasons:

- (a) Nonpayment of premium;
- (b) Conviction of a crime arising out of acts increasing the hazard insured against;
- (c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a **CLAIM**;
- (d) After issuance of the policy or after the last renewal, discovery of an act or omission, or a violation of any condition of the policy, that substantially and materially increases the hazard insured against, and which occurred subsequent to the inception of the current **POLICY PERIOD**;
- (e) Material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- (f) Required pursuant to determination by the Superintendent that the continuation of **OUR** present premium volume would jeopardize **OUR** solvency or be hazardous to the interest of **OUR** policyholders, **OUR** creditors or the public; or
- (g) A determination by the Superintendent that the continuation of the policy would violate, or would place **US** in violation of any provisions of the Insurance Code.

- c. If this policy has been in effect for more than sixty (60) days, or this policy is a renewal or continuation of a policy **WE** issued, **WE** may cancel this policy only for one or more of the reasons listed in paragraph 1.b.(2) above, provided **WE** mail or deliver a written notice to the **NAMED INSURED** at the last mailing address known to **US**, and to the authorized agent or broker, if any, at least:
 - (1) Fifteen (15) days before the effective date of cancellation if **WE** cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the **NAMED INSURED** of the amount due; or
 - (2) Sixty (60) days before the effective date of cancellation if **WE** cancel for any of the reasons stated in paragraphs 1.b.(2)(b) through 1.b.(2)(g) above.

- d. Notice of cancellation will state the reason or reasons for cancellation and the effective date of cancellation. The **POLICY PERIOD** will end on that date.
- e. If notice is mailed, proof of mailing will be sufficient proof of notice.
- f. If the 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 premium may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, **WE** will be entitled to retain a minimum earned premium of ten percent (10%) of the total policy premium or sixty dollars (\$60), whichever is greater. The cancellation will be effective even if **WE** have not made or offered a refund.

- 2. **NONRENEWAL.** If **WE** decide not to renew this policy, **WE** will send notice as provided in Condition 16. **NOTICES OF NONRENEWAL AND CONDITIONAL RENEWAL** below along with the reason for nonrenewal.

- 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 except in the case of the death of a **SOLE PROPRIETOR**.

If **YOU** die, or are adjudicated mentally incompetent, **YOUR** rights and duties will be transferred to **YOUR** legal representative but only while acting within the scope of duties as **YOUR** legal representative. Until **YOUR** legal representative is appointed, anyone having proper temporary custody of **YOUR** property will have **YOUR** rights and duties but only with respect to that property.

- 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 within one hundred twenty (120) days of 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.** 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. A person or organization may sue **US** to recover on an agreed settlement against an Insured, but **WE** will not be liable for losses that are not payable under the terms of this policy or that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by **US**, the Insured and the claimant or the claimant's legal representative.

11. **INSPECTION. YOU** agree to allow **US** to examine. **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 cancellations
- 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, rat-

ing plans, premiums and minimum premiums applicable to the insurance afforded herein.

15. **CONDITIONAL RENEWAL.** If **WE** conditionally renew this policy subject to a:

- a. Change in limits;
- b. Change in type of coverage;
- c. Reduction in coverage;
- d. Increased deductible, retention or participation;
- e. Addition of exclusion; or
- f. Increased premiums in excess of ten percent (10%), exclusive of any premium increase due to and commensurate with added or increased exposure units; or a result of experience rating, loss rating, retrospective rating or audit;

WE will send notice as provided in Condition 16. **NOTICES OF NONRENEWAL AND CONDITIONAL RENEWAL** below.

16. **NOTICES OF NONRENEWAL AND CONDITIONAL RENEWAL.**

a. If **WE** decide not to renew this policy as provided in Condition 2. **NONRENEWAL** or to conditionally renew this policy as provided in Condition 15. **CONDITIONAL RENEWAL**, **WE** will mail or deliver written notice to the **NAMED INSURED** at least sixty (60) days, but not more than one-hundred and twenty (120) days before:

- (1) The expiration date; or
- (2) The anniversary date if this is a continuous policy.

b. Notice will be mailed or delivered to the **NAMED INSURED**, at the last address known to **US**, and to the authorized agent or broker, if any. If notice is mailed, proof of mailing will be sufficient proof of notice.

c. Notice will include the specific reason or reasons for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.

d. If **WE** violate any of the provisions in paragraph a., b. or c. above by sending the **NAMED INSURED** a late conditional renewal notice or a late nonrenewal notice:

- (1) prior to the expiration date of the policy, coverage will remain in effect at the same terms and conditions of the policy at the lower of

the current rates or the prior period's rates until sixty (60) days after such notice is mailed or delivered, unless the **NAMED INSURED**, during the sixty (60) days period, has replaced coverage or elects to cancel; however,

(2) If **WE** send notice on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of the policy for an additional **POLICY PERIOD**, at the lower of the current rates or the prior period's rates, unless the **NAMED INSURED**, during this additional **POLICY PERIOD**, has replaced coverage or elects to cancel.

e. **WE** will not send the **NAMED INSURED** notice of nonrenewal or conditional renewal if the **NAMED INSURED** or the **NAMED INSURED'S** authorized agent or broker, if any, or another insurer of the **NAMED INSURED**, mails or delivers notice that the policy has been replaced or is no longer desired.

f. The Limit of Liability of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with paragraph d. above.

17. **YOUR RIGHT TO CLAIM, WRONGFUL ACT AND WRONGFUL EMPLOYMENT PRACTICE INFORMATION.**

WE will provide the **NAMED INSURED** shown in the Declarations the following information relating to this and any preceding Nonprofit Directors & Officers Liability Insurance claims made and reported policy **WE** have issued to the **NAMED INSURED**:

- a. Information on closed **CLAIMS**, including date and description of **WRONGFUL ACT** or **WRONGFUL EMPLOYMENT PRACTICE** and any payments;
- b. Information on open **CLAIMS**, including date and description of **WRONGFUL ACT** or **WRONGFUL EMPLOYMENT PRACTICE**, and amounts of payments; and
- c. Information on notice of any **WRONGFUL ACT**, including date and description of **WRONGFUL ACT**.

Amounts reserved are based on **OUR** judgment. They are subject to change and should not be regarded as ultimate settlement values.

WE will provide this information only if the **NAMED INSURED** or insurance agent, if any, mails or delivers a written request for this loss information.

WE will provide this information within ten (10) days of receipt of the request.

WE compile **CLAIM** and **WRONGFUL ACT** information for **OUR** own business purposes and exercise reasonable care in doing so. In providing this information to the **NAMED INSURED**, **WE** make no representations or warranties to Insureds, insurers, or others to whom this information is furnished by or on behalf of any of **YOU**. Cancellation or nonrenewal will be effective even if **WE** inadvertently provide inaccurate information.

18. **TRANSFER OF DUTIES WHEN A LIMIT OF INSURANCE IS USED UP.**

a. If **WE** conclude that, based on **WRONGFUL ACTS**, offenses, **CLAIMS** or suits which have been reported to **US** and to which this insurance may apply, that the:

- (1) Each **CLAIM** Limit of Liability; or
- (2) Annual Aggregate Limit of Liability,

is likely to be used up in the payment of judgments or settlements, **WE** will notify the **NAMED INSURED**, in writing to that effect.

b. When a limit of insurance described in paragraph 18.a. above has actually been used up in the payment of judgments or settlements:

- (1) **WE** will notify the **NAMED INSURED**, in writing, as soon as practicable, that:
 - (a) Such a limit has actually been used up; and
 - (b) **OUR** duty to defend suits seeking **DAMAGES** subject to that limit has also ended.

(2) **WE** will initiate, and cooperate in, the transfer of control, to any appropriate Insured, of all **CLAIMS** and suits seeking **DAMAGES** which are subject to that limit and which are reported to **US** before that limit is used up. That Insured must cooperate in the transfer of control of said **CLAIMS** and suits.

WE agree to take such steps, as **WE** deem appropriate, to avoid a default in, or continue the defense of, such suits until such transfer is completed, provided the appropriate Insured is cooperating in completing such transfer.

WE will take no action whatsoever with respect to any **CLAIM** or suit seeking

DAMAGES that would have been subject to that limit, had it not been used up, if the **CLAIM** or suit is reported to **US** after the limit of insurance has been used up.

- (3) The **NAMED INSURED** and any other Insured involved in a suit seeking **DAMAGES** subject to that limit, must arrange for the defense of such suit within such time period as agreed to between the appropriate Insured and **US**. Absent any such agreement, arrangements for the defense of such suit must be made as soon as practicable.
- c. The **NAMED INSURED** will reimburse **US** for expenses **WE** incur in taking those steps **WE** deem appropriate in accordance with paragraph 18.b.(2) above.

The duty of the **NAMED INSURED** to reimburse **US** will begin on:

- (1) the date on which the applicable limit of insurance is used up, if **WE** sent notice in accordance with paragraph 18.a. above; or
 - (2) the date on which **WE** sent notice in accordance with paragraph 18.b.(1) above, if **WE** did not send notice in accordance with paragraph a. above.
- d. The exhaustion of any limit of insurance by the payment of judgments or settlements, and the resulting end of **OUR** duty to defend, will not be affected by **OUR** failure to comply with any of the provisions of this condition.