

ACCOUNTANTS & CONSULTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

THIS POLICY IS WRITTEN ON A CLAIMS-MADE AND REPORTED BASIS AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS FIRST MADE AGAINST YOU AND REPORTED TO **US** DURING THE **POLICY PERIOD** IN WRITING UNLESS AN **EXTENDED REPORTING PERIOD** APPLIES. THE PAYMENT OF **DEFENSE EXPENSES** MAY REDUCE AND COULD EXHAUST THE LIMIT OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY

Throughout this Policy the words “**we**”, “**us**”, and “**our**” refer to the Company stated in the Declarations Page providing this insurance. Other words and phrases that appear in **bold** have special meaning. Refer to Section 8. DEFINITIONS.

In consideration of and subject to the payment of the premium, **your** agreement to pay the Deductible amount stated in the Declarations and described herein, and in reliance upon the particulars, statements, representations, attachments, and exhibits contained in and submitted with the Application which shall be the basis of this Policy, and subject to all the terms, conditions, limitations, and any endorsements to this Policy, **we** and **you** agree as follows:

1. INSURING AGREEMENTS

1.1. Professional Liability

We will pay on **your** behalf all sums in excess of the applicable Deductible amount stated in the Declarations that **you** become legally obligated to pay as **Damages** and **Defense Expenses** resulting from a **Claim** first made against **you** during the **Policy Period**, or an **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you**, provided that:

- 1.1.1 **you** report the **Claim** in writing to **us** as soon as practicable, but in no event later than the end of the **Policy Period**, or during an **Extended Reporting Period**, if applicable;
 - 1.1.2 the **Covered Act** was committed on or after the **Retroactive Date** and before the end of the **Policy Period**; and
 - 1.1.3 prior to the inception date of this Policy, **you** did not have a basis to foresee that such **Covered Act** might reasonably be expected to give rise to a **Claim**, unless such **Claim** became known to **you** after the issuance of **your** first Accountants and Consultants Professional Liability Insurance Policy by **us** and that has been continuously renewed by **us**.
- 1.2 Additional Coverages

Solely with respect to the extensions of coverage described in this Section 1.2 Additional Coverage, amounts paid by **us** shall not reduce the Limits of Liability set forth in Item 3. of the Declarations and **you** shall not be required to pay the Deductible set forth in Item of the Declarations.

1.2.1 Disciplinary Proceedings

Subject to a Limit of Liability of \$100,000, **we** will pay on **your** behalf **Defense Expenses** **you** incur responding to a **Disciplinary Proceeding** first commenced against **you** and reported to **us** in writing during the **Policy Period**, or during an automatic or optional **Extended Reporting Period**, if applicable, as a result of a **Covered Act** committed by **you** on or after the **Retroactive Date** and before the end of the **Policy Period**, and is not related to a matter previously notified as a **Claim** to any prior Accountants' Professional Liability insurers.

The Limit of Liability applicable to this section is the maximum amount payable for the **Policy Period**, regardless of the number of **Disciplinary Proceedings** first commenced during the **Policy Period** or the number of **you** subject to **Disciplinary Proceedings**.

1.2.2 Subpoena Expenses

We will pay on **your** behalf **Defense Expenses** approved by **us** incurred in responding to a subpoena for documents or testimony first received by **you** during the **Policy Period**, or during an automatic or optional **Extended Reporting Period**, if applicable, resulting solely from **your** rendering or failure to render **Professional Services** performed by **you**, on or after the **Retroactive Date** and before the end of the **Policy Period**, which has not resulted in a **Claim** against **you**, and is not related to a matter previously notified as a **Claim** to any of **your** prior Accountants' Professional Liability insurers. **We** will, at **your** request, and upon receipt of a copy of the subpoena, retain an attorney to advise **you** regarding the document production and represent **you** during the preparation and giving of testimony. Any notification **you** give to **us** of such subpoena shall be deemed to be notification of a **Covered Act** that may give rise to a **Claim** pursuant to CONDITIONS 9.1.

1.2.3 Expense Reimbursement

Subject to our final approval, **we** will reimburse each of **you** for actual loss of earnings and reasonable **Defense Expenses** incurred when you attend a hearing, trial, or arbitration proceeding at **our** request in the course of defending an otherwise covered **Claim**.

1.2.4 Client Notification and Consultant Costs Coverage

We will reimburse up to \$50,000 for **Client Notification and Consultant Costs**, to mitigate the potential of legal liability **Claims** arising from a **Privacy Covered Act** which results in the loss or theft of **Confidential Client Information**.

Coverage shall be excess and follow-form of all valid and collectible cyber coverage provided to **you** under any specific cyber policy, Business Owners policy, or similar property coverage.

1.2.5 Discrimination Complaint Regulatory Coverage

We will reimburse **you** for **Defense Expenses** and **Damages** and other reasonable costs or fees paid to third parties as a result of a **Discrimination Complaint** both first made against **you** and reported to **us** during the **Policy Period** in accordance with 9.2 Notice of Claim.

1.2.6 Supplemental **Defense Expenses** Coverage

In the event that the aggregate Limit of Liability as stated in Item 3. of the Declarations and, if appropriate, any professional liability coverage written as excess over this Policy is exhausted by payment of **Damages** or **Defense Expenses** and there remain any unresolved or outstanding claims, **we** agree to reimburse **you** for an amount equal to 10 percent of the Limit of Liability stated in Item 3. of the Declarations, up to a maximum amount of \$250,000, for **Defense Expenses** incurred by **you** in handling defense of such unresolved or outstanding **Claims**.

1.2.7 Not-for-Profit Directorships Coverage

We will reimburse **you** up to a maximum amount of \$25,000 in the aggregate per **Policy Period** for **Damages** or **Defense Expenses** paid by **you** as a direct result of any **Claims** first made against **you** during the **Policy Period** arising out of an act, error, or omission committed by **you** in your capacity as a Director or Officer of a **Not-for-Profit Organization**, provided that **your** position as a Director or Officer of such **Not-for-Profit Organization** has been disclosed to **us** in the application for coverage or in some other written form accepted by **us** prior to **you** committing such act, error, or omission.

Coverage shall be excess and follow-form of all valid and collectible Directors' and Officers' Liability Insurance, which has been issued to such **Not-for-Profit Organization** and any indemnification provided by such **Not-for-Profit Organization**.

1.2.8 Reputation Protection Coverage

We will reimburse **you** up to \$10,000 per **Reputation Claim**, subject to a maximum amount of \$50,000 in the aggregate per **Policy Period**, regardless of the number of **Reputation Claim(s)** or the number of **you** subject to such **Reputation Claim(s)**, directly resulting from reasonable fees, costs, and expenses actually paid by **you** for consulting services provided by a public relations firm hired on **your** behalf in response to a **Reputation Claim(s)** which occurs and is reported to **us** during the **Policy Period**.

2. DEFENSE and LIMIT OF LIABILITY

2.1 Defense

We shall have the right and duty to defend any **Claim**. **We** shall have such right and duty to defend even if any of the allegations in such **Claim** are groundless, false, or fraudulent. **We** retain the sole right to appoint defense counsel. However, we will consider any request for the appointment of qualified defense counsel made by **you**.

We shall not be obligated to pay any **Damages** or **Defense Expenses**, or to undertake or continue the defense of any **Claim** after the applicable Limit of Liability has been exhausted by payment of **Damages** or **Defense Expenses**, or the combined total of both.

We will not settle any **Claim** without **your** written consent.

2.2 Limit of Liability

2.2.1 If option "a" of Item 3. of the Declarations to this Policy is selected, then:

2.2.2 Each **Claim**: **our** maximum liability for the combined total of all **Damages** and **Defense Expenses**, resulting from each **Claim** or **Related Claim** covered by this Policy shall be the Limit of Liability for each **Claim** set forth in Item 3. of the Declarations.

2.2.3 Aggregate: **Our** maximum aggregate liability for the combined total of all **Damages** and **Defense Expenses** resulting from all **Claims** or **Related Claims** covered by this Policy during the **Policy Period** or an **Extended Reporting Period**, if applicable, shall be the aggregate Limit of Liability set forth in Item 3. of the Declarations.

2.2.4 If option “b” of Item 3. of the Declarations to this Policy is selected **our** maximum liability for **Damages** shall be as set forth above in Section 2.2.2 and 2.2.3 of this Policy; however, there shall be an additional amount of **Defense Expenses** available for **Claims** covered under this Policy, equal to the amounts set forth in Item 3. of the Declarations, provided that the applicable Limits of Liability have not been exhausted by the payment of **Damages**. Other than coverage provided by Section 1.2.6 Supplemental **Defense Expenses** Coverage, no further **Defense Expenses** coverage will apply once the Limit of Liability for **Damages** has been exhausted.

2.2.5 Pre-judgment and post-judgment interest, where payable under this Policy is addition to the applicable Limit of Liability and not subject to the Deductible.

2.3 **Related Claims**: All **Related Claims** shall be deemed a single **Claim**, subject to a single each **Claim** Limit of Liability, if covered, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against any of **you**, regardless of whether such date is before or during the **Policy Period**.

3. CLAIM MITIGATION

Subject to the conditions described therein, **your** Deductible obligation may be subject to one of the following:

3.1 If a **Claim** arises from an assignment in which **you** used an engagement letter that was signed prior to the **Covered Act** being committed, **your** Deductible obligation for such **Claim** shall be reduced by 50% up to a maximum reduction of \$25,000 each **Claim**, and \$50,000 in the aggregate for the **Policy Period**. This section 3.1 does not apply to audit or other attest services.

3.2 In the event a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, as a result of **Alternative Dispute Resolution**, without resorting to litigation, **we** will waive **your** Deductible obligation for such **Claim** up to a maximum waiver of \$50,000 each **Claim**.

3.3 If within one year of being reported, or being deemed to have been made, in accordance with 9.1 of this Policy, a **Claim** is fully and finally resolved to the satisfaction of all parties, including **us**, and all **Damages** and **Defense Expenses** arising from such **Claim** have been paid, **your** Deductible obligation for such **Claim** shall be reduced by 25% up to a maximum reduction of \$25,000 in the aggregate.

3.4 For each consecutive twelve (12) month period in which **you** do not have a **Claim** under the CPAGold™ program or any other qualifying program as approved by **us**, the Deductible stated in Item 4. of the Declarations will be reduced by ten percent (10%), subject to a maximum reduction of fifty percent (50%). If **you** do not have a **Claim** for five (5) consecutive years, the Deductible amount stated in Item 4. of the Declarations will be reduced by fifty percent (50%). If **you** have a **Claim**, the Deductible amount stated in Item 4. of the Declarations will not be reduced on any subsequent Claims during the remainder

of the **Policy Period** and the next **Policy Period**. A **Claim** shall be determined by **us** at the time any **Claim** is notified to **us**.

4. DEDUCTIBLE

4.1. If Deductible Option “a” of Item 4. of the Declarations is selected [Deductible Amount applies to **Damages** and **Defense Expenses**], **we** shall only be liable for those amounts payable hereunder for **Damages** and **Defense Expenses** that are in excess of the applicable Deductible Amount set forth in Item 4.a. of the Declarations.

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

You shall be liable for the Deductible Amount set forth in Item 4. of the Declarations for each **Claim**. The Deductible Amount shall apply separately to each **Claim** and shall be uninsured. For purposes of the Deductible Amount, **Related Claims** shall be considered one **Claim**, and only one Deductible Amount shall apply thereto.

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

5. TERRITORY

The coverage afforded by this Policy applies worldwide.

6. EXTENDED REPORTING PERIODS

6.1. Automatic **Extended Reporting Period**

Without any additional premium being required **you** shall have sixty (60) days after the effective date of cancellation or non-renewal, after the date upon which the **Policy Period** ends, to report any **Claim** first made against **you** during this sixty (60) day period. This Automatic **Extended Reporting Period** shall terminate, and **you** shall not be entitled to any such Automatic **Extended Reporting Period**, in the event that this insurance is replaced with the same or similar insurance issued by **us** or any other professional liability insurer, whether or not the terms, limits or deductibles are identical to those provided under this Policy. This Automatic **Extended Reporting Period** Option shall not be available if this Policy is canceled for non-payment of premium.

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

6.2 Optional **Extended Reporting Period**

If this Policy is canceled or non-renewed, **we** will offer, for an additional premium, an Optional **Extended Reporting Period**.

You may select an Optional **Extended Reporting Period** Option starting at the end of the **Policy Period** and lasting for one (1), three (3), five (5) years, or an Unlimited Period. The additional premium for each Optional **Extended Reporting Period** Option below shall be calculated using the following percentages of the full expiring annual premium:

- i. 90% for the One (1) Year Option;
- ii. 135% for the Three (3) Year Option;
- iii. 150% for the Five (5) Year Option; or
- iv. 200% for an Unlimited Option.

We will issue an Optional **Extended Reporting Period** endorsement only if:

- 6.2.1 **you** request it within sixty (60) days of the end of the **Policy Period**;
- 6.2.2 **you** have paid all premiums for this Policy at the time **you** request an Optional **Extended Reporting Period** Endorsement; and
- 6.2.3 **you** promptly pay when due the additional premium for the endorsement.

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

6.3 Retirement **Extended Reporting Period**

- 6.3.1 If, during the **Policy Period**, any of **you** permanently retire from practice for reasons not related to suspension or revocation of **your** professional license, or Death or Disability as described in 6.4 below, **we** will provide a Retirement **Extended Reporting Period** as set forth below.
- 6.3.2 The Retirement **Extended Reporting Period** will start with the date of **your** retirement and ends when one of the following occurs:
 - 6.3.2.1 **you** resume professional practice; however, **you** may purchase, at **our** option, a Policy from **us** to reinstate full prior acts coverage;
 - 6.3.2.2 any insurance is issued which replaces, in whole or in part, the coverage afforded by the Retirement **Extended Reporting Period**; or
 - 6.3.2.3 the Limits of Liability have been exhausted.
- 6.3.3 The additional premium for this option shall be waived if **you** are an individual and have been continuously insured by **us** or via **CPAGold™** or another qualifying professional liability policy as approved by **us** under a professional liability insurance policy for at least three (3) consecutive years with the program and at least fifty-five (55) years of age.

6.3.4 **We** will issue a Retirement **Extended Reporting Period** endorsement only if:

6.3.4.1 **you** request the endorsement no more than sixty (60) days after the date of **your** retirement, or sixty (60) days after the end of the **Policy Period**, whichever is earlier. Such request must include written notification of retirement;

6.3.4.2 **you** have paid all premiums due for this Policy at the time **you** request a Retirement **Extended Reporting Period Endorsement**; and

6.3.4.3 **you** promptly pay when due the additional premium for the endorsement but no later than 60 (sixty) days after the termination of the **Policy Period**.

6.4 Death or Disablement **Extended Reporting Period**

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

6.4.1.1 has existed for not less than ninety (90) consecutive days; and

6.4.1.2 is expected to be continuous, total, and permanent.

6.4.2 The Death or Disablement **Extended Reporting Period** will start on the date **you** die or become totally and permanently disabled, and will end when one of the following occurs:

6.4.2.1 the executor or administrator of **your** estate has been discharged;

6.4.2.2 the total and permanent disability ends, whether or not **you** resume practice;

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

6.4.2.4 the Limits of Liability have been exhausted.

6.4.3 **We** will issue a Death or Disablement **Extended Reporting Period** endorsement only if **you** or **your** representative request it no more than ninety (90) days after the date of **your** death or total permanent disability, or ninety (90) days after the end of the **Policy Period**, whichever is later. Such request must include:

6.4.3.1 a copy of the certified death certificate; or

6.4.3.2 written proof, certified by **your** attending physician, of total permanent disability including the date it occurred.

6.5 Applicable to all **Extended Reporting Periods**

The **Extended Reporting Periods**:

6.5.1 do not change the scope of coverage provided;

6.5.2 do not reinstate or increase the Limits of Liability, unless specifically agreed by **us** and an endorsement evidencing such reinstatement or increase of Limits of Liability is attached hereto. The Limits of Liability for any **Extended Reporting Period** shall be a part of and do not increase the Limit of Liability stated in Item 3. of the Declarations. This shall apply regardless of the number and type of **Extended Reporting Periods** issued, the number of **you**, or any other factors;

6.5.3 are not renewable; and

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

7. EXCLUSIONS

This Policy does not apply to any **Claim** made against **you** based upon, arising out of, or resulting from:

7.1 any criminal, dishonest, fraudulent, or malicious act or omission; any deliberate misrepresentation, or any intentional or knowing violation of law. However, **we** will defend **you** under this Policy until it is determined by any trial verdict, court ruling, regulatory ruling, or legal admission, whether appealed or not, that **you** did commit such a dishonest, fraudulent, criminal, or malicious act or omission, or deliberate misrepresentation, or intentional or knowing violation of law. This exclusion does not apply to any of **you** who did not intentionally participate in committing such act or had no knowledge or reason to believe such an act, omission, or violation of law was being committed, and who made proper disclosure after obtaining personal knowledge of such conduct;

7.2 **Bodily Injury**, emotional distress, mental anguish, sickness, disease or death of any person, loss of consortium, support, companionship, or services of any kind resulting therefrom. However, this exclusion shall not apply to emotional distress and mental anguish arising solely from **Personal Injury** or **Bodily Injury** arising solely from **Professional Services** performed by **you**;

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

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

7.5 any **Covered Act** in the rendering of or failure to render audit and review services performed for any organization, corporation, company, partnership, or operation while **you** are an officer, director, general partner, or manager of such entity, or where **you** or **your** spouse has more than a 10% equity position in such entity;

7.6 any act, error, or omission by **you** solely in your capacity as an officer, director, partner, manager, or employee of a business enterprise not part of **you**;

7.7 by any of **you** under this Policy against another of **you** under this Policy, unless such **Claim** arises solely out of **Professional Services** performed by **you** for another of **you**;

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

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

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

7.11 **your** capacity as a broker or dealer in securities as those terms are defined in Section 3(a)(4) and 3(a)(5) respectively, of the Securities Exchange Act of 1934, or any amendment thereto; or

7.12 or brought by a trust or estate if **you** are a beneficiary or distributee of such trust or estate.

8. DEFINITIONS

8.1 **Affiliated Firm** means any person or entity with which **you** have entered into a professional relationship or agreement and which is performing **Professional Services** at **your** direction or on **your** behalf.

8.2 **Alternative Dispute Resolution** means the use of arbitration or non-binding mediation in a form approved by **us** in which a neutral panel or individual assists the parties in reaching their own settlement.

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

8.4 **Claim** means:

8.4.1 a written or verbal demand received by **you** for **Damages** or a civil proceeding, request for **Alternative Dispute Resolution**, or demand for injunctive relief arising out of a **Covered Act** committed by **you**; or

8.4.2 a **Disciplinary Proceeding** or subpoena but only to the extent of coverage provided by Insuring Agreements 1.2.1 and 1.2.2.

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

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

8.5 **Client Notification and Consultant Costs** means credit monitoring and notification expenses approved by **us** in writing to mitigate potential legal liability for **Claims** arising from a **Privacy Covered Act** which results in the loss or theft of **Confidential Client Information**.

8.6 **Confidential Client 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.

8.7 **Covered Act** means any actual or alleged act, error, omission, or **Personal Injury** committed by **you** in the rendering of or failure to render **Professional Services** including activities as a fiduciary after the **Retroactive Date**.

Covered Act includes a **Privacy Covered Act** and a **Network Security Covered Act**.

8.8 **Cybertoxin** means an unauthorized hazardous and destructive computer code, which includes but is not limited to a computer virus, mal ware, ad ware, spy ware, Trojan horses, nematodes, time or logic bombs, or worms.

8.9 **Damages** mean a compensatory monetary amount for which **you** may be held legally liable, including any amounts to correct, monitor, and safeguard personal identities, other than **your** personal identity, that **you** have a legal liability to protect from identity theft. **Damages** shall include prejudgment interest, judgments, awards, or settlements negotiated with our approval. **Damages** shall also include punitive or exemplary damages or the multiple portion of any multiplied damage award if such damages are insurable pursuant to applicable law. **Damages** do not include fines, fee forfeitures, sanctions, taxes, penalties, or awards deemed uninsurable pursuant to any applicable law, except fines or penalties **you** owe pursuant to Taxpayer Protection Act of 2016 or any amendments thereto. Multiple penalties imposed pursuant to Taxpayer Protection Act of 2016 shall not be deemed **Related Claims** under any circumstances.

Damages do not include the voluntary return or repayment of fees for **Professional Services**.

Damages also do not include fines or penalties levied against **you**:

8.9.1 except fines or penalties **you** owe pursuant to Internal Revenue Code §7216 or unless such fines or penalties are a result of **your** willful or intentional acts. Multiple penalties imposed pursuant to Internal Revenue Code §7216 shall not be deemed **Related Claims** under any circumstances.

8.9.2 except that penalties **you** owe pursuant to Internal Revenue Code §6694 shall be considered **Damages**. Multiple penalties imposed under Internal Revenue Code §6694 shall not be deemed **Related Claims** under any circumstances.

8.9.3 except that penalties imposed upon **you** pursuant to Internal Revenue Code §6695A shall be considered **Damages**. Multiple penalties imposed under Internal Revenue Code §6695A shall not be deemed **Related Claims** under any circumstances.

8.9.4 except this Policy will cover fines, sanctions, and/or penalties levied against **you** for failure to comply with the consumer privacy protection regulations promulgated by the Federal Trade Commission's final rule on privacy of consumer financial information (Title 16 CFR Part 313) otherwise known as the Gramm Leach Bliley Act of 1999. This extension of coverage is further subject to the internal laws of the applicable jurisdiction regarding the insurability of such fines, sanctions, and/or penalties. Any payment made by **us** under this extension shall not apply to the Deductible.

Coverage provided under the foregoing additional sections 8.9.1, 8.9.2, 8.9.3, and 8.9.4 is included within, and is not in addition to, the Limit of Liability as stated in Item 3. of the Declarations. No Deductible shall apply to **Damages** set forth in Section 8.9.1, 8.9.2, 8.9.3, and 8.9.4.

8.10 **Defense Expenses** means:

- 8.10.1 reasonable and necessary fees charged by an attorney(s) designated by **us** to defend a **Claim**; and
- 8.10.2 all other fees, costs, and charges, resulting from the investigation, adjustment, defense, and appeal of a **Claim**, if incurred by **us**, including premiums on appeal bonds, provided that **we** shall not be obligated to apply for or furnish such appeal bonds.

The determination by **us** as to the reasonableness of **Defense Expenses** shall be conclusive on **you**. **Defense Expenses** do not include salary charges, wages, or expenses of any of **you** or **us**, except as provided by Section 1.2.3 of this Policy.

8.11 **Denial of Service Attack** means an action that directs excessive data traffic to a computer or computer network in order to overwhelm its resources and capacity in an attempt to prevent appropriate access by authorized users; however, this does not include a reduction in resources and capacity caused by a mistake in the original specification of the computer or computer network capacity requirements.

8.12 **Disciplinary Proceeding** means a proceeding before a state licensing board, peer review committee, or governmental regulatory agency. **Disciplinary Proceeding** includes a proceeding before the Public Companies Accounting Oversight Board or before any Federal or State Securities Administrators.

8.13 **Discrimination Complaint(s)** means any complaint filed with a government body or commission formed for the express purpose to combat discrimination, against **you** by any individual who is or was **your** employee, applicant for employment, partner, member, independent contractor, or **Affiliated Firm** of the **Named Insured**.

8.14 **Extended Reporting Period(s)** means the applicable period of time after the end of the **Policy Period** for reporting **Claims** arising out of **Covered Acts** committed or alleged to have been committed, prior to the end of the **Policy Period** and on or after the **Retroactive Date**, and otherwise covered by this Policy.

8.15 **Named Insured** means the individual, partnership, or firm stated in Item 1. of the Declarations and any **Predecessor in Business**.

8.16 **Network Security Covered Act** means:

- 8.16.1 Introduction of a computer virus or **Cybertoxin** into, or enabling a **Denial of Service Attack** on, a third party's computer, computer system, or network;
- 8.16.2 Enabling unauthorized access by a third party into another third party's computer, computer system, or network; or
- 8.16.3 Unauthorized access by **you** into another third party's computer, computer system, or network;

but only if arising from **Professional Services** performed by any of **you**.

8.17 **Not-for-Profit Organization** means an entity which qualifies as a nonprofit organization under Section 501(c)(3), (c)(4), (c)(6), or (c)(7) of the Internal Revenue Code of 1986, including amendments

thereto. As used herein, **Not-for-Profit Organization** shall not include the **Named Insured** or any client of the **Named Insured**.

8.18 **Personal Injury** means (a) false arrest, detention or imprisonment; (b) covert entry, eviction, or other invasion of private occupancy; (c) malicious prosecution; (d) the publication or utterance of libel, slander, or other defamatory or disparaging materials, or a publication or an utterance in violation of an individual's right of privacy; (e) injury arising out of an offense occurring in the course of **your** advertising activities, including but not limited to, infringement of copyright, title, slogan, patent, trademark, trade dress, trade names, services marks, or service number. **Personal Injury** also includes emotional distress and mental anguish arising from any of the above.

8.19 **Predecessor in Business** means any firm or individual's practice which has ceased providing professional services for their own account and in their own name, and to whose assets or liabilities **you** are a successor in interest. **Predecessor in Business** includes, without limitation, any firm or individual practice merged or acquired by **you** during the **Policy Period**, provided details of such firm or individual practice are provided to **us** in writing as soon as reasonably practical, but in any event no later than the expiration of the **Policy Period**.

8.20 **Privacy Covered Act** means:

8.20.1 accidental loss, misdirection, or theft of client, customer, or commercial data, or other personally identifiable information transmitted via electronic media or contained on any computer, portable computer, media device, cloud, or server;

8.20.2 **Personal injury** arising from **your** use of electronic media, including the publishing of an Internet website or **your** memberships of a social networking website;

8.20.3 Misdirection of electronic mail or other electronic media; or

8.20.4 Solely with respect to **Client Notification and Consultant Costs**, loss or theft of **Confidential Client Information**;

But only if arising from **Professional Services** performed by any **you**.

8.21 **Professional Services** means services performed or advice given by **you** to others provided that the remuneration for such services or advice, or a portion thereof, inures to **your** benefit (unless, with **your** consent and knowledge, such services or advice are provided Pro Bono). **Professional Services** shall include **your** activities performed on behalf of any professional institute or society or duly constituted standards board, and activities performed involving the process of peer review.

8.22 **Policy Period** means the period of time from the inception date and time stated in Item 2. of the Declarations to the earlier of the expiration date and time stated in Item 2. of the Declarations or the effective date and time of cancellation of this Policy.

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

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

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

8.26 **Reputation Claim** means any:

8.26.1 **Covered Act**;

8.26.2 death, departure, or debilitating illness of a Principal of **you**;

8.26.3 potential dissolution of the **Named Insured**;

8.26.4 incident of workplace violence; or

8.26.5 other event,

that **you** reasonably believe will have a material adverse effect upon **your** reputation.

8.27 **Subsidiary** means any entity in which **you** own more than 50% of the available stock or shares, either directly or indirectly, that performs **Professional Services** as otherwise covered by this Policy. This Policy only applies to **Covered Acts** arising from **Professional Services** performed by a **Subsidiary** on or after the **Retroactive Date** as appears in Item 5. of the Declarations, the date of formation by **you**, the date of merger or acquisition by **you**, or as otherwise stated by endorsement attaching to this Policy.

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

8.28.1 the **Named Insured** designated in Item 1. of the Declarations, or by endorsement to this Policy;

8.28.2 any person who is, was, or hereafter becomes **your** partner, principal, officer, director, member, or employee, but only while acting on **your** behalf;

8.28.3 any in-house counsel, general counsel, or internal attorney, but only in respect to management, operations, administration, and compliance of the **Named Insured**, including without limitation, services in connection with the defense or initiation of legal proceedings against **you** or on **your** behalf;

8.28.4 any of **your** present or former temporary or leased personnel, or a present or former subcontractor engaged by **you**, but only while acting on **your** behalf;

8.28.5 the heirs, executors, administrators, and legal representatives of any of **you**, in the event of the death, incapacity, or bankruptcy of any of **you**, but only for **Covered Acts** committed prior to such death, incapacity, or bankruptcy, and only to the extent **you** would have otherwise been provided coverage under this Policy;

8.28.6 any **Subsidiary** or **Predecessor in Business** of **you**;

8.28.7 any **Affiliated Firm**;

8.28.8 the lawful spouse or domestic partner of any of **you** solely by reason of:

a spousal or domestic partner status; or

- b. a spouse's ownership interest in property or assets that are sought as recovery.

This definition shall not apply to the extent a **Claim** alleges any act, error, or omission by such spouse or domestic partner.

9. CONDITIONS

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

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

- 9.1.1 particulars as to the reasons for anticipating such a **Claim**; and
- 9.1.2 the nature and dates of the alleged **Covered Act**; and
- 9.1.3 the alleged injuries or damages sustained; and
- 9.1.4 the names of potential claimants, if available; and
- 9.1.5 the manner in which **you** first became aware of the specific **Covered Act**.

9.2 Notice of Claim

In the event of a **Claim**, **you** shall as a condition precedent to the coverage afforded by this Policy:

- 9.2.1 immediately forward to **us** every demand, notice, summons, or other process including institution of arbitration proceedings received by **you**; and
- 9.2.2 give written notice containing particulars sufficient to identify **you** and the claimant and full information with respect to the time, place, and circumstances of the event complained of, and the names and addresses of the injured and of available witnesses, to **us** as soon as practicable.

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

9.3 Liberalization

If **we** adopt any revision that would broaden coverage under this Policy without additional premium at any time during the **Policy Period**, the broadened coverage: i) will immediately apply to this Policy beginning the effective date of the approval by the regulatory authorities of the state in which this Policy

is issued or otherwise implemented by us; and ii) will not apply to **Claims** that were first made against **you** prior to the effective date of such revision.

9.4 Prohibition of Voluntary Payments and Settlements Provision

With respect to any **Claim** covered under this Policy **you** shall not, except at **your** cost, make any payment, admit liability, settle any **Claim**, assume any obligation, agree to **Alternative Dispute Resolution** or any other means of resolution of any dispute, waive any rights, or incur **Defense Expenses** without **our** prior written approval, which shall not be unreasonably withheld.

9.5 Cooperation

You shall cooperate with **us** and upon **our** request submit to examination and interrogation by **our** representative, under oath if required, and shall attend hearings and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of the defense of **Claims**.

9.6 Authorization

The first person or entity identified as **Named Insured** in Item 1. in the Declarations Page agrees to act as designee with respect to the giving and receiving of all notices, the exercising of an **Extended Reporting Periods**, the cancellation of this Policy, the payment of premiums and Deductible amounts, and receiving of any return premiums that may become due.

9.7 Subrogation

To the extent of any payment under this Policy, **we** shall be subrogated to all **your** rights of recovery therefore against any person, organization, or entity and **you** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. **You** shall do nothing after any loss to prejudice such rights.

9.8 Other Insurance

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

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

9.9 Legal Action Against Us

A person or organization may bring a suit against **us** including a suit to recover on an agreed settlement or a final judgment against **you**; **we** will not be liable for **Damages** or **Defense Expenses** that are not payable under this Policy or that are in excess of the applicable Limit of Liability. An agreed settlement means a settlement and release of liability signed by **us**, **you**, and the claimant or the claimant's legal representative. No person or organization shall have any right under this Policy to join **us** in any action

against **you** to determine **your** liability, nor shall **we** be impleaded by **you** or **your** legal representative. However, no action by any of **you** shall lie against **us** unless there has been full compliance with all of the terms of this Policy.

9.10 Coverage in Bankruptcy

Your personal bankruptcy or insolvency or that of **your** estate shall not relieve **us** of **our** obligations under this Policy.

9.11 Cancellation

9.11.1 **We** may cancel this Policy for non-payment of any premium when due by providing to the **Named Insured** written notice stating when, not less than thirty (30) days thereafter, such cancellation shall be effective.

9.11.2 The earned portion of the premium shall be computed on a pro-rata basis, even in the event of cancellation by the **Named Insured**.

9.11.3 Minimum premium shall not apply to the return of unearned premium if cancellation is by **us**.

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

9.11.5 **We** shall refund the paid premium less the earned portion thereof within thirty (30) days of the latter of the effective date of cancellation or the date of the notice of intent to cancel.

9.12 Non-Renewal and Renewal Rate Increase or Change in Policy Terms:

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

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

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

9.13 Arbitration and Mediation

Should **we** disagree with **you** as to the interpretation or application of this Policy, including the appropriateness or value of any settlement or final disposition of any **Claim**, the dispute shall be resolved through the following procedure:

9.13.1 Mediation

The parties agree to first meet with a mediator appointed by the American Arbitration Association in a good faith effort to negotiate a resolution of the dispute. Mediation shall continue until resolution of the dispute, or the mediator notifies the parties that it is unlikely that the dispute will be resolved through mediation, or any party elects after a minimum of thirty (30) days of mediation effort to end mediation.

9.13.2 Arbitration

If the dispute is not resolved through mediation as described in 9.13.1 above, the dispute will be submitted to final and binding arbitration which, except as set forth below, shall be conducted in accordance with the rules of the American Arbitration Association. The arbitration panel shall consist of one arbitrator selected by **us**, one arbitrator selected by **you**, and one arbitrator selected by the two arbitrators. In the event that the two arbitrators selected cannot agree on a third arbitrator then the American Arbitration Association shall appoint an arbitrator. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.

If acceptable to **us** and **you**, any dispute may, in lieu of binding arbitration, be submitted to another form of alternative dispute resolution.

9.14 Sending of Notices

Any notice of cancellation, nonrenewal, or renewal premium increase or change in policy terms will be mailed by first class registered or certified mail to the first **Named Insured** at the last mailing address known to **us**. Proof of mailing will be sufficient proof of notice.

9.15 Innocent Insureds

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

9.16 Conformity to Statute

Notwithstanding anything contained herein to the contrary, in the event that any terms or conditions of this contract conflict with any law applicable to the coverage afforded hereunder, the terms of this contract shall by this statement, be amended to conform to such law or laws.

9.17 Declarations and Applications

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

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