



Great American Insurance Company

**Accountants Professional
Liability Insurance Policy**

Accountants Professional Liability Insurance Policy

Great American Insurance Company – Professional Liability Division:
Post Office Box 1178, Cincinnati, OH 45201

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THIS IS A CLAIMS MADE POLICY.

THIS POLICY APPLIES TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD, OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

CLAIM EXPENSES, INCLUDING LEGAL DEFENSE, ARE WITHIN AND REDUCE THE LIMIT OF LIABILITY. THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES MAY BE REDUCED BY UP TO 50% BY CLAIM EXPENSES. FURTHER NOTE THAT CLAIM EXPENSES SHALL BE APPLIED AGAINST THE DEDUCTIBLE BY UP TO 50% OF THE DEDUCTIBLE AMOUNT. PLEASE READ THE ENTIRE POLICY CAREFULLY.

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the insurance company shown in the Declarations (a stock insurance company, hereinafter called the **Company**), and subject to all terms, conditions, and limitations of the Policy, the **Insured** and the **Company** agree as follows.

Section I. Insuring Agreement

The **Company** will pay on behalf of the **Insured** all sums in excess of the deductible that the **Insured** shall become legally obligated to pay as **Damages** and **Claim Expenses** as a result of a **Claim** first made against the **Insured** during the **Policy Period** or the **Extended Reporting Period**, by reason of an act or omission, including **Personal Injury** or **Network Liability**, in the performance of **Professional Services** by the **Insured** or by any person for whom the **Insured** is legally liable, provided that:

- A. no such act or omission, or **Related Act or Omission**, was committed prior to the **Retroactive Date**; and
- B. prior to the inception date of the first policy issued by the **Company**, and continuously renewed, no **Insured** had a basis to believe that any such act or omission, or **Related Act or Omission**, might reasonably be expected to be the basis of a **Claim**; and
- C. the **Claim** must be reported in accordance with Section IX. Notice of **Claims**.

The **Company** has the right and duty to defend any **Claim** against an **Insured** even if any of the allegations of the **Claim** are groundless, false or fraudulent. Defense counsel may be designated by the **Company** or, at the **Company's** option, by the **Insured** with the **Company's** written consent and subject to the **Company's** guidelines.

Section II. Definitions

- A. **"Bodily Injury"** means physical injury, sickness or disease sustained by any person including death resulting from any of these at any time; mental illness, mental anguish or emotional distress, pain and suffering, or shock sustained by that person whether or not resulting from injury to the body, sickness, disease or death of any person.
- B. **"Claim"** means:
 - (1) a written demand for money or services received by an **Insured**; or
 - (2) a civil proceeding in a court of law, or arbitration proceeding, against the **Insured**, commenced by the service of summons or receipt of an arbitration demand;

arising out of an act or omission in the performance of **Professional Services**.

C. "Claim expenses" means:

- (1) fees charged by attorneys designated by the **Company** or designated by the **Insured** with the **Company's** prior written consent;
- (2) all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, negotiation, arbitration, mediation, defense or appeal of a **Claim** if incurred by the **Company** or by the **Insured** with the **Company's** prior written consent; and
- (3) premiums on appeal bonds, attachment bonds or similar bonds; provided, however, that the **Company** is not obligated to apply for or furnish any such bond.

Claim Expenses do not include fees, costs or expenses of employees or officers of the **Company**, or salaries, loss of earnings or other remuneration by or to any **Insured**.

D. "Company" means the insurance company named in the Declarations.

E. "Computer System" means computer hardware, software, networks, applications, associated electronic devices, electronic data storage devices, input and output devices, and back up facilities operated by and either owned by or leased to the **Insured** by written contract for such purposes.

F. "Damages" means a monetary judgment or monetary award which the **Insured** is legally obligated to pay, including pre-judgment and post-judgment interest. **Damages** also means a monetary settlement to which the **Company** agrees on an **Insured's** behalf. However, **Damages** do not include:

- (1) taxes, fines, penalties, forfeitures, or court-imposed monetary sanctions; except that fines or penalties owed by an **Insured** pursuant to Internal Revenue Codes 6694, 6695a, and 7216 shall be included as **Damages**.

Multiple penalties imposed pursuant to the Internal Revenue Code(s) listed above shall not be deemed **Related Claims**;

- (2) the return, restitution, reduction, compromise, or refund of commissions, fees, premiums, charges, gratuities, or other compensation paid to an **Insured**;
- (3) the cost to correct, complete, or re-perform any **Professional Services**;
- (4) the cost of compliance with any order for, grant of, or agreement to provide non-monetary relief, including services or injunctive relief;
- (5) the multiplied portion of any multiplied awards;
- (6) punitive or exemplary amounts; or
- (7) any amounts uninsurable as a matter of law or public policy.

G. "Disciplinary Action" means an action brought against the **Insured** by the American Institute of Certified Public Accountants, any state boards of accounting, public oversight board or governmental agency with the authority to regulate the **Insured's Professional Services** alleging professional misconduct or violation of the Code of Professional Responsibility; provided that such proceeding arises from an act or omission described in Section I. herein.

H. "Extended Reporting Period" means the period of time after the end of the **Policy Period** for reporting **Claims** to the **Company** that are first made against the **Insured** during the applicable **Extended Reporting Period** by reason of an act or omission, which was committed prior to the end of the **Policy Period** and on or subsequent to the **Retroactive Date**, and is otherwise covered by this policy.

- I. “**Insured**” means:
- (1) the **Named Insured**;
 - (2) any **Predecessor Firm**;
 - (3) any past, present or future partner, incorporated partner, officer, director, stockholder, member, manager, associate, independent contractor, professional corporation or employee of the **Named Insured**, but only with respect to **Professional Services** performed on behalf of the **Named Insured** or any **Predecessor Firm**, provided further that if such person has ceased to be employed or affiliated with the **Named Insured** or any predecessor firm, such person shall continue to be an **Insured** hereunder with respect to **Professional Services** performed on behalf of the **Named Insured** during such employment or affiliation;
 - (4) the lawful spouse of any person identified in (1) or (3) above solely by reason of such spousal status or such spouse’s ownership interest in property or assets that are sought as recovery for a **Claim**;
 - (5) the estate, heirs, spouse, executors, administrators and legal representatives of any person identified in (1) or (3) above in the event of such **Insured’s** death, incapacity or bankruptcy, but only with respect to **Professional Services** performed on behalf of the **Named Insured** prior to such **Insured’s** death, incapacity or bankruptcy; or
 - (6) any present or former temporary or leased personnel engaged by the **Insured**, but only while acting on the **Insured’s** behalf in the performance of **professional services**.
- J. “**Investment Adviser**” means any **Insured** who provides financial, economic or investment advice, including personal financial planning and investment management services, provided that **Investment Adviser** does not include any **Insured** while involved in the bartering, purchase or sale of securities, insurance products or other investment products.
- K. “**Malicious Code**” means any unauthorized, corrupting, or harmful virus, Trojan Horse, worms, logic bombs or other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.
- L. “**Named Insured**” means the person or entity specified in Item 1. in the Declarations.
- M. “**Network Liability**” means:
- (1) the inability of an authorized third party to gain access to a **Computer System**;
 - (2) the failure to prevent **Unauthorized Access** to a **Computer System** that results in:
 - (a) the destruction, alteration, deletion or corruption of electronic data on a **Computer System**; or
 - (b) **Removal of Data** from a **Computer System**; or
 - (c) denial of service attacks against Internet sites or computers; or
 - (3) the failure to prevent transmission of **Malicious Code** from a **Computer System** to third party computers and systems.
- N. “**Non-Profit Organization**” means a not-for-profit corporation, fund, foundation or organization that is exempt from federal income tax as an organization according to Section 501(c)(3), 501(c)(4), 501(c)(6), or 501(c)(7) of the Internal Revenue Code of 1986, or any amendments thereto.
- O. “**Personal Fiduciary**” is an executor, administrator or representative of an estate or a trustee of a **Personal Trust** of which no **Insured** or his or her spouse is a beneficiary or distributee.
- P. “**Personal Trust**” means an individual or family trust established for the sole benefit of the individual or family or a charitable remainder trust as defined under Internal Revenue Code Section 664.

Q. “Personal Injury” means:

- (1) false arrest, detention or imprisonment;
- (2) malicious prosecution;
- (3) 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, if such eviction, entry or invasion is by or on behalf of its owner, landlord or lessor;
- (4) (a) oral or written publication, in any manner, including electronic form, of material that slanders or libels a person or organization or disparages a person’s or organization’s goods, products or services; or

(b) oral or written publication, in any manner, including electronic form, of material that violates a person’s right of privacy;

except, in either case, oral or written publication in any manner which arises out of advertising, broadcasting or telecasting activities conducted by or on behalf of any **Insured**.

R. “Policy Period” means the period of time from the effective date shown in Item 3. in the Declarations to the earliest of the date of termination, expiration or cancellation of this policy.

S. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

T. “Potential Claim” means any conduct or circumstance that might reasonably be expected to be the basis of a **Claim**.

U. “Property Damage” means:

- (1) physical Injury to tangible property, including all resulting loss of use of that property; or
- (2) loss of use of tangible property that is not physically injured.

V. “Predecessor Firm” means any partnership, professional association, limited liability partnership, corporation or limited liability company which has undergone dissolution, and as to which the **Named Insured** is the majority successor in interest to its financial assets and liabilities.

W. “Professional Services” means services in the practice of accounting in any of the following capacities:

- (1) accountant or accounting consultant;
- (2) **Investment Adviser**;
- (3) bookkeeper, enrolled agent or tax preparer;
- (4) **Personal Fiduciary**;
- (5) notary public, provided that the **Insured** witnessed and attested to the authenticity of the signature notarized;
- (6) member of a formal accreditation, standards review or similar professional board or committee related only to the accounting profession; or
- (7) Arbitrator or mediator;

Professional Services includes any of the above services performed pro bono with the knowledge and consent of the **Named Insured**.

X. “**Public Relations Crisis**” means any:

- (1) death, incapacitation, or departure of an **Insured**;
- (2) potential dissolution of the **Named Insured**;
- (3) incident of workplace violence; or
- (4) other major event;

that the **Named Insured** reasonably believes will have a damaging effect on the **Named Insured’s** reputation.

Y. “**Related Acts or Omissions**” means all acts or omissions in the rendering of **Professional Services** that are temporally, logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.

Z. “**Related Claims**” means all **Claims** arising out of a single act or omission or arising out of **Related Acts or Omissions**.

AA. “**Removal of Data**” means the unauthorized taking, misuse or disclosure of information, including but not limited to charge, debit, and credit card information, banking, financial, and investment services account information, proprietary information, personal, private, and confidential information on a **Computer System**.

BB. “**Retroactive Date**” means the date shown in Item 8. in the Declarations.

CC. “**Security Incident**” means the unauthorized access to, or use of, data containing private or confidential information in connection with the performance of **Professional Services** which results in the violation of any privacy regulation.

DD. “**Unauthorized Access**” means the use of or access to a **Computer System** by a person not authorized to do so by the **Insured** or the authorized use of or access to a **Computer System** in a manner not authorized by the **Insured**.

Section III. Exclusions

This Policy does not apply to any **Claim**:

- A. based on or arising out of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission by the **Insured**. The **Company** will provide the **Insured** with a defense of such **Claim** unless and until a final adjudication or finding of fact against, or admission by, such **Insured** establishes that such **Insured** committed such dishonest, intentionally wrongful, fraudulent, criminal, or malicious act or omission. Such defense will not waive any of the **Company’s** rights under this Policy. Upon establishing that an **Insured** committed a dishonest, intentionally wrongful, fraudulent, or malicious act or omission, the **Company** will have the right to seek recovery of any **Claim Expenses** incurred on behalf of the **Insured** that committed such acts or omissions;
- B. based on or arising out of **Bodily Injury** or **Property Damage**, except that the exclusion does not apply to mental illness, mental anguish, or emotional distress caused by **Personal Injury**;
- C. based on or arising out of discrimination, humiliation, harassment, or misconduct including, but not limited to, **Claims** based on allegations relating to an individual’s race, creed, color, age, gender, national origin, religion, disability, marital status or sexual preference;
- D. based on or arising out of the **Insured’s** capacity as an officer, director, partner, manager, trustee or employee of any company, corporation, operation, organization or association other than the **Named**

Insured or any **Predecessor Firm**; provided, however, that this exclusion does not apply to an accountant (1) when acting as a trustee for a **Personal Trust** or (2) in his or her capacity as a director or officer of a **Non-Profit Organization**, subject to the terms of Section VI.E. of this Policy;

E. based on or arising out of audit or review services performed for or by any business enterprise not named in Item 1. in the Declarations, including an entity held in a **Personal Trust**, if on or after the date or time of the act or omission giving rise to such **Claim**:

(1) any **Insured** controlled, owned, operated or managed or intended to control, own, operate or manage such entity; or

(2) any **Insured** was, or intended to become, an owner, partner, member, director, officer or employee of such entity.

Control of or ownership in a business enterprise is established if the **Insured**, or the **Insured's** spouse, own or hold, individually or collectively, directly or indirectly, 10% or more of the equity and/or debt instruments of such enterprise;

F. by or on behalf of the **Insured** against any other **Insured** unless such **Claim** arises out of **Professional Services** performed by such other **Insured** in an accountant/client relationship with the **Insured** making the **Claim**;

G. based on or arising out of the **Insured's** activities as a fiduciary or plan administrator under the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act or the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments to each, or under any similar governmental statute or regulation; provided, however that this exclusion shall not apply if an **Insured** is deemed to be a fiduciary solely by virtue of **Professional Services** rendered as an accountant to the plan, including accounting, audit, attest, consulting, tax, investment advisory services or administrative services to an employee benefit plan as an independent third party consultant;

H. based on or arising out of any allegation that the **Insured** is liable for the cost of:

(1) the actual, alleged or threatened emission, discharge, dispersal, seepage, release or escape of **Pollutants**; or

(2) any injury, damage, payments, costs or expense incurred as a result of any testing for, monitoring, removal, containment, treatment, detoxification, neutralization or cleanup of **Pollutants**;

I. based on or arising out of liability assumed by any **Insured** under any contract or agreement, unless such liability would have attached to the **Insured** even in the absence of such contract or agreement;

J. based on or arising out of the loss or destruction of or diminution in the value of any tangible property in the **Insured's** care, custody or control; however this exclusion will not apply to client's records which are in the **Insured's** care, custody or control;

K. based on or arising out of the **Insured** gaining, in fact, any personal profit or advantage to which the **Insured** is not legally entitled;

L. based on or arising out of any **Insured's** capacity as a broker or dealer in securities, as those terms are defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934, or any amendment thereto.

M. based on, arising out of, resulting from, or alleging any failure or malfunction of electrical or telecommunications infrastructure; or

N. based on, arising out of, resulting from, or alleging any fire, flood, earthquake, volcanic eruption, explosion, lightning, wind, hail, tidal wave, landslide, act of God or other physical event; or

- O. brought by or on behalf of the Federal Trade Commission, the Federal Communications Commission, or any similar governmental entity, in such entity's regulatory or official capacity; or
- P. based on, arising out of, resulting from, or alleging any unsolicited electronic dissemination of faxes or emails.

Section IV. Limits of Liability

A. Limit of Liability - Each Claim

Subject to Section IV.B. below, the **Company's** limit of liability for **Damages** and **Claim Expenses** for each **Claim** first made against the **Insured** during the **Policy Period** shall not exceed the amount shown in item 4.A. in the Declarations for "Each **Claim**." The **Company's** limit of liability for each **Claim** may be reduced by up to fifty (50) percent by the payment of **Claim Expenses** if the limit of liability shown in Item 4.A. in the Declarations for "Each **Claim**" is at least \$500,000. If the **Company's** limit of liability for each **Claim** is reduced by fifty (50) percent by the payment of **Claim Expenses**, any additional **Claim Expenses** paid by the **Company** shall not further reduce the limit of liability for each **Claim**.

B. Limit of Liability - Policy Aggregate

The **Company's** limit of liability for **Damages** and **Claim Expenses** for all **Claims** first made against the **Insured** during the **Policy Period** shall not exceed the aggregate amount shown in Item 4.B. in the Declarations as the "Policy Aggregate." The **Company's** limit of liability for all **Claims** may be reduced by up to fifty (50) percent by the payment of **Claim Expenses** if the limit of liability shown in Item 4.A. in the Declarations for "Each **Claim**" is at least \$500,000. If the **Company's** limit of liability for all **Claims** is reduced by fifty (50) percent by the payment of **Claim Expenses**, any additional **Claim Expenses** paid by the **Company** shall not further reduce the limit of liability for all **Claims**.

C. Limit of Liability - Embezzlement

Subject to the Limits of Liability for "Each **Claim**" shown in Item 4.A. in the Declarations and the "Policy Aggregate" shown in Item 4.B. in the Declarations, the **Company's** maximum liability for all **Claim Expenses** and **Damages** from all **Claims** based on or arising out of any **Insured's** actual or alleged unlawful taking or use, theft or embezzlement of funds or tangible property shall be \$50,000.

Section V. Deductible

- A. The deductible amount shown in Item 5. of the Declarations for "each **Claim**" is the **Named Insured's** obligation for each **Claim** and applies to the payment of **Damages** and **Claim Expenses**. The deductible will be paid by the **Named Insured**. The Limits of Liability are in addition to and in excess of the deductible.
- B. **Claim Expenses** charged against the deductible amount stated in Item 5. of the Declarations for "each **Claim**" may equal up to fifty (50) percent of the deductible amount if the limit of liability shown in Item 4.A. in the Declarations for "Each **Claim**" is at least \$500,000.
- C. **Related Claims** made against the **Insured** and reported in writing to the **Company** under this Policy or under any renewal of this Policy will be considered a single **Claim** first made and reported to the **Company** during the policy period in which the earliest of the **Related Claims** was first made and reported in writing to the Company. A single deductible and a single "Each **Claim**" Limit of Liability shall apply to any such single **Claim**.
- D. The **Named Insured's** obligation to pay the deductible amount stated in Item 5. of the Declarations will be reduced by twenty percent (20%) for each prior twelve (12) month period of continuous professional liability insurance coverage provided by the **Company** to the **Named Insured**, of which this Policy is a renewal, replacement or successor in time, in which the **Company** did not pay or allocate reserves for any **Claim Expenses**, **Damages**, or supplementary payments under such insurance coverage, but such reduction shall not exceed \$10,000 for each **Claim**. This reduction will not apply to any **Claim** made during any **Extended Reporting Period**.

- E. If any of the following conditions under this Section V.E. has been met, the **Named Insured's** deductible obligation for such **Claim** will be reduced by fifty percent (50%), subject to a maximum reduction of \$25,000 per **Policy Period** for all such **Claims**:
- (1) the **Company** and the **Named Insured** agree to resolve the **Claim** through arbitration or non-binding mediation and the **Claim** is resolved,
 - (2) the **Claim** made during the **Policy Period** is resolved by agreement, with the consent of the **Named Insured** and the **Company**, as reflected in a signed settlement agreement, within one (1) year following the date the **Claim** is reported in writing to the **Company**,
 - (3) the **Claim** arises from **Professional Services** other than audit or review, in which the **Insured** used an engagement letter signed by the client within 12 months prior to the date services were provided, or
 - (4) the **Claim** is based on or arises from pro bono **Professional Services** provided to a **Non-Profit Organization**.
- F. If paragraph D. or E. above apply to reduce the deductible as to any **Claim**, the **Named Insured** shall be entitled only to the largest of the above reductions applicable under paragraphs

Section VI. Supplementary Payments

Supplementary payments are not subject to the deductible and are in addition to the limits of liability.

A. Defense of Disciplinary Actions

The **Company** will reimburse the **Insured** for reasonable attorneys' fees, costs and expenses incurred in responding to a **Disciplinary Action** that is first received by the **Insured** and reported in writing to the **Company** during the **Policy Period** by reason of an act or omission in the performance of **Professional Services**, provided that no act or omission alleged in the **Disciplinary Action** is the same as, or is a **Related Act or Omission** with, an act or omission alleged in a **Claim** made prior to the **Retroactive Date** or a notice of circumstance or potential claim given to a prior insurer. The maximum amount payable shall be \$50,000 for all **Disciplinary Actions** during the **Policy Period**, regardless of the number of **Disciplinary Actions** or the number of **Insureds**. The **Company** shall not be obligated to defend any **Disciplinary Action**, or pay any fine, penalty or award resulting from any **Disciplinary Action**.

B. Reimbursement for Security Incident

The **Company** will reimburse the **Named Insured** for the following response expenses incurred by the **Named Insured** in responding to a **Security Incident** the **Named Insured** first discovers and reports in writing to the **Company** during the **Policy Period**. The maximum amount payable shall be \$25,000 for all **Security Incidents** discovered and reported during the **Policy Period**, regardless of the number of **Security Incidents** or the number of **Insureds**. **Security Incident** response expenses are:

- (1) reasonable fees and expenses by cyber forensic analysts to determine the extent of the **Security Incident**; or
- (2) reasonable fees and expenses by attorneys or consultants to comply with federal, state or local privacy laws requiring that notification and credit monitoring services be provided to individuals when the security, confidentiality, or integrity of their personal information has been compromised by the **Security Incident**.

If the Cyber Extension Endorsement D44454 NY is added to the Policy, any Supplementary Payment under this Section VI.B. will no longer apply.

C. Reimbursement for Loss of Earnings

The **Company** will pay \$100 per hour for loss of earnings to the **Insured** for each day or part of a day the **Insured** is in attendance, at the **Company's** request, at a trial, hearing, arbitration or mediation in connection with a **Claim** against the **Insured**.

D. Subpoena Expenses

The **Company** will pay legal fees and expenses incurred by an attorney the **Company** retains to assist the **Insured** in responding to a subpoena which the **Insured** first receives and reports in writing to the **Company** during the **Policy Period** resulting from the performance of **Professional Services** by the **Insured**, provided that:

- (1) the subpoena does not involve a circumstance or situation underlying or alleged in a **Claim** made prior to the **Retroactive Date** or a notice of circumstance or potential claim given to a prior insurer;
- (2) the subpoena arises out of a lawsuit to which the **Insured** is not a party; and
- (3) the **Insured** has not been engaged to provide advice or testimony in connection with the lawsuit which is the subject of the subpoena, nor has the **Insured** provided such advice or testimony in the past.

Any notice given to the **Company** of such subpoena shall be deemed notification under Section IX.C. of this Policy.

E. Non-Profit Directors and Officers Coverage

The **Company** will reimburse the **Insured** for any **Damages** and **Claim Expenses** that such **Insured** becomes legally obligated to pay as a result of a **Claim** first made against such **Insured** and reported in writing to the **Company** during the **Policy Period** or **Extended Reporting Period** arising out of such **Insured's** acts or omissions in his or her capacity as a director or officer of a **Non-Profit Organization**, provided that **Insured's** service on such **Non-Profit Organization** has been disclosed to the **Company** in the application or other written notification which has been accepted in writing by the **Company**. The maximum amount payable shall be \$15,000 for all such **Claims** during the **Policy Period**. Coverage shall be excess of all valid and collectible Director's and Officer's liability insurance which has been issued to the **Non-Profit Organization**.

F. Public Relations Crisis Expenses

The **Company** will reimburse the **Insured** for reasonable public relations consulting services provided to the **Named Insured** by a public relations consulting firm in response to a **Public Relations Crisis** which first occurs and is reported to the **Company** during the **Policy Period**. The maximum amount payable shall be \$30,000 for all **Public Relations Crises** during the **Policy Period**, regardless of the number of **Public Relations Crises** or the number of **Insureds**.

G. Pre-Claim Assistance

The **Company** will pay all fees, costs and expenses the **Company** incurs in the investigation of a **Potential Claim** reported by the **Insured** in accordance with Section IX. Notice of Claim. The fees, costs and expenses paid under this provision must be incurred prior to the date a **Claim** is made. Once a **Claim** is made, **Claim Expenses** and **Damages** incurred are subject to Section IV. Limits of Liability and Section V. Deductible provisions of this Policy.

Section VII. Defense and Settlement

- A. The **Company** is not obligated to pay any **Damages** or **Claim Expenses** or to defend or continue to defend any **Claim** after the applicable "Each **Claim**" or "Policy Aggregate" Limit of Liability has been exhausted by the payment of **Damages** or **Claim Expenses** or any combination thereof; or after the

Company has deposited the remaining available “Each **Claim**” or “Policy Aggregate” Limit of Liability into a court of competent jurisdiction or tendered the remaining available “Each **Claim**” or “Policy Aggregate” Limit of Liability to the **Named Insured** or, if applicable, to the excess insurer(s) of the **Named Insured**. In such case, the **Company** shall have the right to withdraw from the further investigation, defense or settlement of such **Claim** by tendering control of said investigation, defense and settlement of the **Claim** to the **Insured**.

- B.** The **Company** will have the right to make, with the consent of the **Named Insured**, any settlement of a **Claim** under this Policy. If the **Named Insured** refuses to consent to a settlement within the Policy’s applicable Limit of Liability that is recommended by the **Company** and acceptable to the claimant, then the **Company’s** maximum liability under this Policy for such **Claim** will be the sum of the **Damages** for which the **Claim** could have been settled, the **Claim Expenses** incurred up to the time the **Company** made such recommendation and fifty percent (50%) of all **Claim Expenses** and **Damages** incurred after the time the **Company** made such recommendation, subject at all times to the applicable “Each **Claim**” or “Policy Aggregate” Limit of Liability.

Section VIII. Extended Reporting Periods

A. Automatic Extended Reporting Period

Upon termination of coverage by either the **Company** or by the **Named Insured** or if the **Company** offers, or if the **Named Insured** requests, any change in coverage less favorable to the **Named Insured**, including but not limited to decrease in limits, reduction of coverage, increase in deductible or self-insured retention or new exclusion, the **Company** will provide to the **Insured** an automatic, non-cancelable **Extended Reporting Period** starting at the end of the **policy period**. This automatic **Extended Reporting Period** will terminate after sixty (60) days. The automatic **Extended Reporting Period** provided hereunder shall not increase the limit of liability, or create a separate or additional limit of liability, and the limit of liability with respect to **Claims** made during the automatic **Extended Reporting Period** shall be part of, and not in addition to, the limit of liability as set forth in Item 4. of the Declarations.

B. Optional Extended Reporting Period

Upon termination of coverage by either the **Company** or by the **Named Insured** or if the **Company** offers, or if the **Named Insured** requests, any change in coverage less favorable to the **Named Insured**, including but not limited to decrease in limits, reduction of coverage, increase in deductible or self-insured retention or new exclusion, the **Named Insured** will have the right to purchase an optional **Extended Reporting Period** that would extend the period of time during which **Claims** may be reported. Within thirty (30) days after termination of coverage, the **Company** will advise the **Named Insured** in writing of the automatic **Extended Reporting Period** coverage and the availability of, the premium for, and the importance of purchasing optional **Extended Reporting Period** coverage.

- (1) Such right to purchase optional **Extended Reporting Period** coverage must be exercised by the **Named Insured** by providing written acceptance to the **Company** accompanied by the amount of additional premium described below within: 1) sixty (60) days of the termination of the **Policy Period** or 2) within thirty (30) days after the **Company** mails written notice advising of the availability and importance of **Extended Reporting Period** coverage, whichever is greater.
- (2) The first sixty (60) days of the optional **Extended Reporting Period** coverage, if it is purchased, shall run concurrently with the automatic, non-cancelable **Extended Reporting Period**.
- (3) There is no right to any optional **Extended Reporting Period** if the **Named Insured** has been insured by the **Company** for less than one (1) year and this policy has been terminated due to nonpayment of premium or fraud.
- (4) The additional, non-refundable premium for an optional **Extended Reporting Period** shall be:
 - (a) seventy-five percent (75%) of the annual premium for a one-year **Extended Reporting Period**;

- (b) one hundred fifty percent (150%) of the annual premium for a three-year **Extended Reporting Period**;
 - (c) one hundred seventy-five percent (175%) of the annual premium for a five-year **Extended Reporting Period**; or
 - (d) two hundred percent (200%) of the annual premium for a seven-year **Extended Reporting Period**.
- (5) If this Policy has been issued to a corporation, partnership or other entity, any individual covered under the policy may purchase additional **Extended Reporting Period** coverage pursuant to this section provided that:
- (a) such entity has been placed in liquidation or bankruptcy or permanently ceases operation;
 - (b) the entity or its designated trustee does not purchase the optional **Extended Reporting Period** coverage that may be available pursuant to paragraph B. (1) above; and
 - (c) such individual **Insured** requests the **Extended Reporting Period** coverage and pays the appropriate premium within one hundred twenty (120) days of the termination of coverage.

The premium charge for coverage to such an individual **Insured** shall be commensurate with such coverage. The **Company** shall have no obligation to provide notice to any individual **Insured** of the availability of the additional **Extended Reporting Period** coverage pursuant to this subparagraph.

C. Retirement Extended Reporting Period

Upon retirement from the practice of accountancy, any accountant who qualifies as an **Insured** shall be entitled to an unlimited individual **Extended Reporting Period** with no additional premium if such **Insured**:

- (1) is at least fifty-five (55) years old;
- (2) was not at the time of retirement or thereafter the subject of a license suspension or revocation;
- (3) was employed by, or a partner, officer, director or stockholder of the **Named Insured** during the **Policy Period** and had been insured by the **Company** under the Accountants Professional Liability Policy continuously for at least four (4) full years; and,
- (4) notifies the **Company** of the retirement and requests an individual **Extended Reporting Period** within sixty (60) days of the cancellation, nonrenewal or expiration of this policy.

D. Death or Permanent Disability Extended Reporting Period

Any accountant who qualifies as an **Insured** who dies or becomes permanently disabled during the **Policy Period** shall be entitled to an unlimited individual **Extended Reporting Period** with no additional premium, if:

- (1) the accountant was employed by the **Named Insured** during the **Policy Period** and died or became disabled during the **Policy Period**; and
- (2) satisfactory written evidence of death or permanent disability is provided to the **Company**; and
- (3) the accountant or accountant's representative notifies the **Company** of the death or disability and requests issuance of an individual **Extended Reporting Period** within sixty (60) days following the cancellation, nonrenewal or expiration of this policy.

E. Claims

Any **Extended Reporting Period** is not a new policy and any **Claim** submitted during such **Extended Reporting Period** shall be governed by the terms and conditions of this policy.

F. Limits of Liability

- (1) The limit of liability of the **Company** for all **Claims** reported during an optional **Extended Reporting Period** purchased by the **Named Insured** pursuant to Section VIII.B shall be:
 - (a) at least equal to one hundred (100) percent of the policy's annual aggregate limit where the **Named Insured** has been continuously insured by the **Company** for three years or more; or
 - (b) if the **Named Insured** has been continuously insured by the **Company** for less than three years, the limit liability shall be at least equal to the greater of:
 - (i) the amount of coverage remaining in policy's annual aggregate limit of liability, or
 - (ii) fifty (50) percent of such policy's annual aggregate liability limit.
- (2) There are no separate or additional Limits of Liability for the Retirement **Extended Reporting Period** or the Death or Permanent Disability **Extended Reporting Period**.

G. Extended Reporting Period For Certain Named Insureds

If the **Named Insured** is a corporation, partnership or other entity, any **Insured** covered under this policy may purchase a one (1), three (3), five (5), or seven (7) year **Extended Reporting Period** if:

- (1) such an entity has been placed in liquidation or bankruptcy or permanently ceases operations;
- (2) the entity or its designated trustee does not purchase **Extended Reporting Period** coverage; and
- (3) such **Insured** requests **Extended Reporting Period** coverage within one hundred twenty (120) days of the termination of coverage.

The **Company** may charge the **Insured** for whom **Extended Reporting Period** coverage is provided under this section a premium commensurate with such coverage.

Section IX. Notice of Claim

- A. The **Insured**, as a condition precedent to the obligations of the **Company** under this policy, will give written notice of any **Claim** made against the **Insured** as soon as reasonable after a **Claim** is made, but in no event after the end of the **policy period** or the end of any **Extended Reporting Period**.
- B. Failure to give any notice required by this Policy within the time prescribed shall not invalidate any **Claim** made by an **Insured**, an injured person or by any claimant, if it shall be shown that it was not reasonably possible to give such notice within the time prescribed and that notice was given as soon as was reasonably possible thereafter. Moreover, failure to give any notice required to be given within the time prescribed shall not invalidate any **Claim** made by an **Insured**, or any other claimant, unless the failure to provide timely notice has prejudiced the **Company**, provided that the notice shall have been made during the **Policy Period** or any applicable **Extended Reporting Period**.
- C. If during the **policy period**, any **Insured** becomes aware of any act or omission which may reasonably be expected to be the basis of a **Claim** against any **Insured**, including but not limited to any notice, advice or threat, whether written or verbal, that any person or entity intends to hold the **Insured** responsible for any alleged act or omission and gives written notice to the **Company** with all full particulars, including:

- (1) the specific act or omission;
- (2) the dates and persons involved;
- (3) the identity of anticipated or possible claimants;
- (4) the circumstances by which the **Insured** first became aware of the **Potential Claim**; and
- (5) potential damages or injury;

then any **Claim** that is subsequently made against the **Insured** arising out of such act or omission will be deemed to have been made on the date such written notice was received by the **Company**.

D. Notices pursuant to the foregoing paragraphs must be emailed, mailed, or faxed to the **Company** at the following address:

- (1) Emailed to: PLDClaims@gaig.com; or
- (2) Mailed to: Great American Insurance Group
Professional Liability Division
PO Box 1178
Cincinnati, OH 45201
- (3) Faxed to: 855-806-8402

Under this Section, written notice to any licensed agent of the **Company** in the State of New York shall be deemed notice to the **Company**.

Section X. General Conditions

A. Assistance and Cooperation

- (1) The **Insured** will cooperate with the **Company** in the defense, investigation and settlement of any **Claim**. Upon the **Company's** request, the **Insured** will attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and proceedings in connection with a **Claim**.
- (2) The **Insured** will assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any **Insured** in connection with a **Claim**.
- (3) The **Insured** will not, except at the **Insured's** own cost, voluntarily make any payment of **Claims Expenses** or **Damages**, assume or admit any liability or incur any **Claims Expenses** or other expense without the prior written consent of the **Company**.

B. Action against the Company

- (1) No action may be brought against the **Company** unless, as a condition precedent thereto:
 - (a) the **Insured** has fully complied with all the terms of this policy; and
 - (b) until the amount of the **Insured's** obligation to pay has been determined either by judgment against the **Insured** or by written agreement of the **Insured**, the claimant and the **Company**.
- (2) Nothing contained in this policy will give any person or organization the right to join the **Company** as a defendant or co-defendant or other party in any action against the **Insured** to determine the **Insured's** liability.
- (3) With respect to **Claims**, if the **Company** denies coverage or does not admit liability because an **Insured** or the injured person, or someone acting for the injured person or other claimant fails to give the **Company** written notice as soon as practicable, then the injured person, someone acting for the injured person or other claimant may bring an action against the **Company**, provided the sole question is whether the denial of coverage or non-admission of liability is based on the failure to

provide timely notice.

However, the injured person, someone acting for the injured person or other claimant may not bring an action if within sixty (60) days after the **Company** denies coverage or does not admit liability, the **Company** or an **Insured**:

- (a) brings an action to declare the rights of the parties under the policy; and
- (b) names the injured person, someone acting for the injured person or other claimant as a party to the action.

C. Bankruptcy

Bankruptcy or insolvency of the **Insured** or of the **Insured's** estate will not relieve the **Company** of any of its obligations hereunder.

D. Other Insurance

The insurance provided for in this policy, including any supplementary payments shall be excess over, and shall not contribute with, any other valid and collectible insurance, whether such insurance is stated to be primary, contributory, excess, umbrella, contingent or otherwise. This does not apply to insurance that is purchased by the **Named Insured** specifically to apply in excess of this insurance. This Policy will not be subject to the terms of any other insurance.

E. Subrogation

In the event of any payment under this policy, the **Company** shall be subrogated to all the **Insured's** rights of recovery thereof against any person or organization, including any rights such **Insured** may have against any other **Insured** who personally participated or personally acquiesced in or remained passive after having knowledge of any dishonest, intentionally wrongful, fraudulent, criminal or malicious act or omission. The **Insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure and collect upon such rights. The **Insured** shall do nothing to prejudice such rights.

F. Changes

Notice to any agent of the **Company** or knowledge possessed by any such agent or by any other person will not affect a waiver or a change in any part of this policy, and will not prevent or preclude the **Company** from asserting or invoking any right or provision of this policy. None of the provisions of this policy will be waived, changed or modified except by a written endorsement issued by the **Company** to form a part of this policy.

G. Mergers, Acquisitions, Spin-offs and Dissolution

- (1) The **Named Insured** must report to the **Company** any mergers, acquisitions, entity formations, spin-offs and dissolutions at least thirty (30) days prior to the projected date of such change, but no later than sixty (60) days after such change. Except as noted in G.2. below, the **Company** will have the right to decline additional coverage or to charge additional premium, where applicable.
- (2) If, during the **Policy Period**, the **Named Insured** acquires or forms an entity, the entity will be covered under this Policy for **Professional Services** performed during a 90-day period following the acquisition or formation of such entity, or until the end of the **Policy Period**, whichever is earlier, unless the **Company** endorses additional coverage to this Policy.

H. Cancellation/Nonrenewal

- (1) This policy may be cancelled by the **Named Insured** by returning it to the **Company**. The **Named Insured** may also cancel this policy by giving written notice to the **Company** stating at what future date cancellation is to be effective.

- (2) During the first 60 days this policy is in effect, the **Company** may cancel this policy by sending written notice to the **Named Insured** at the address shown in Item 2. in the Declarations and to the **Named Insured's** authorized agent or broker. The **Company** will provide such written notice at least twenty (20) days before such cancellation is to be effective if the cancellation is for any reason included in paragraph 3 below or thirty (30) days before such cancellation is to be effective if such cancellation is for any reason not included in paragraph 3 below.
- (3) After this policy has been in effect for 60 days, the **Company** may cancel this policy by mailing to the **Named Insured** at the address shown in Item 2. in the Declarations and to the **Named Insured's** authorized agent or broker written notice stating when, not less than thirty (30) days thereafter, such cancellation will be effective. Cancellation by the **Company** shall be limited to the following reasons:
- (a) non-payment of premium provided, however, that a notice of cancellation on this ground shall inform the **Named Insured** of the amount due; or
 - (b) failure of the **Named Insured** to comply with the terms or conditions of this policy in a manner that substantially increases the hazard insured against; or
 - (c) revocation or suspension of the **Named Insured's** license to offer the **Professional Services**; or
 - (d) discovery of fraud or material misrepresentation in the obtaining of this policy or in the presentation of a **Claim**.
- (4) If the **Company** elects not to renew this policy, the **Company** shall send notice as provided in paragraph 6 below.
- (5) If the **Company** conditions the renewal of this policy upon:
- (a) change in limits;
 - (b) change in type of coverage;
 - (c) reduction of coverage;
 - (d) increased deductible or self-insured retention;
 - (e) addition of exclusion;
 - (f) increased premiums in excess of ten percent (10%), exclusive of any premium increase due to and commensurate with added or increased exposure; or as a result of experience rating, loss rating, retrospective rating, or audit;

the **Company** shall send notice as provided in paragraph 6 below.

- (6) If the **Company** decides not to renew this policy or conditionally renew this policy as provided in paragraphs 4 or 5, the **Company** shall mail or deliver written notice to the **Named Insured** at least sixty (60) days, but not more than one hundred twenty (120) days before:
- (a) the expiration date of the policy; or
 - (b) the anniversary date if this is a continuous policy.

Notice will be mailed or delivered to the **Named Insured** and its authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

Notice will include the specific reason or reasons for nonrenewal or conditional renewal, the specific proposed premium increase, if any, and any proposed changes described in paragraph 5, if any.

The **Company** will not send the **Named Insured** notice of non-renewal or conditional renewal if the **Named Insured** or its authorized agent or broker or another insurer of the **Named Insured** mails or delivers notice that this policy is replaced or no longer desired.

- (7) If the **Company** violates any of the provisions of paragraphs 4, 5, or 6 by sending the **Named Insured** an incomplete or late notice of nonrenewal or conditional renewal:
- (a) if such notice is sent prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this 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 this sixty (60) day period, has replaced the coverage or elects to cancel.
 - (b) if such notice is sent on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the **Named Insured**, during the additional policy period, has replaced the coverage or elects to cancel.

The limit of liability of this policy shown in the Declarations will be increased in proportion to any policy extension provided by this paragraph 7.

- (8) If the **Company** or **Named Insured** cancels this policy, the earned premium will be computed on a pro rata basis. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.
- (9) The offering of terms and conditions different from the expiring terms and conditions, including limits of liability, deductible or premium, shall not constitute a refusal to renew.

I. Territory

This Policy applies to an act or omission taking place anywhere in the world provided that this Policy shall not apply to any risks that would be in violation of the laws of the United States including but not limited to, U.S. economic or trade sanction laws or export control laws administered by the U.S. Treasury, State, and Commerce Departments (e.g. the economic and trade sanctions administered by the U.S. Treasury Office of Foreign Assets Control).

J. Named Insured Sole Agent

The **Named Insured** will be the sole agent and will act on behalf of all **Insureds** for the purpose of giving or receiving any notices, any amendments to or cancellation of this policy, for the completing of any applications and the making of any statements, representations and warranties, for the payment of any premium and the receipt of any return premium that may become due under this policy and the exercising or declining to exercise any right under this policy including the purchase of an **Extended Reporting Period** under Section VIII.B. of this policy.

K. Entire Contract

By acceptance of this policy the **Insured** attests that:

- (1) all of the information and statements provided to the **Company** by the **Insured**, including but not limited to, the application and any supplemental information, are true, accurate and complete and will be deemed to constitute material representations made by the **Insured**;
- (2) this policy is issued in reliance upon the **Insured's** representations;
- (3) this policy, endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **Insured** to the **Company** (all of which are deemed to be incorporated herein), embody all of the agreements existing between the **Insured** and the **Company** and shall constitute the entire contract between the **Insured** and the **Company**; and

L. Notices

Other than reporting a **Claim**, all other notices required to be given by the **Insured** will be submitted in writing to the **Company** or its authorized representative. If mailed, the date of mailing of such notice will be deemed to be the date such notice was given and proof of mailing will be sufficient proof of notice.

M. Assignment

No assignment of interest of the **Insured** under this policy is valid, unless the **Company's** written consent is endorsed hereon.

N. Innocent Insured

Whenever coverage under this policy would be excluded because of Exclusion A., the **Company** agrees that such insurance as would otherwise be afforded under this policy will be applicable with respect to those **Insureds** who did not personally participate or personally acquiesce in or remain passive after having knowledge of such conduct. Each **Insured** must promptly comply with all provisions of this policy upon learning of any concealment.

O. Liberalization

If the **Company** obtains approval for any amended state filing that would broaden coverage under this policy form D44100 (05/13) without additional premium at any time during the current **Policy Period**, the broadened coverage will immediately apply to this policy, except that it will not apply to **Claims** that were first made against the **Insured** prior to the effective date of such revision.

P. Reimbursement

While the **Company** has no duty to do so, if the **Company** pays **Damages** and **Claim expenses**:

- (1) within the amount of the applicable deductible, or
- (2) in excess of the applicable Limit of Liability, or
- (3) under a reservation of rights to seek reimbursement, and it is determined that the **Company** is entitled to reimbursement,

all **Insureds** shall be jointly and severally liable to the **Company** for such amounts. Upon written demand, the **Insured** shall repay such amounts to the **Company** within 30 days. Failure to pay any amount indicated may lead to the termination of this Policy.

Q. Conformity to Law

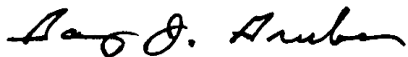
Any terms of this Policy which are in conflict with the terms of any applicable laws are hereby amended to conform to such laws.

R. Representative of the Company

Great American Insurance Group, Professional Liability Division, Post Office Box 66943, Chicago, Illinois, 60666 shall act on behalf of the **Company** for all purposes including, but not limited to, the giving and receiving of all notices and correspondence.

In witness whereof the **Company** has caused this Policy to be signed by its President and Secretary.

GREAT AMERICAN INSURANCE COMPANY®



President



Secretary

SPECIMEN