

INSURANCE AGENTS, BROKERS AND LLOYDS COVERHOLDERS ERRORS AND OMISSIONS LIABILITY INSURANCE POLICY

THIS IS A CLAIMS MADE AND REPORTED POLICY AND SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO CLAIMS WHICH ARE BOTH FIRST MADE AGAINST THE INSURED AND REPORTED TO THE INSURER DURING THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD, IF APPLICABLE. IN ADDITION, DEFENSE COSTS ARE INCLUDED IN AND WILL REDUCE THE LIMITS OF LIABILITY.

PLEASE READ THE ENTIRE POLICY CAREFULLY.

In consideration of the payment of premium and in reliance upon the statements in the **Application**, each of which is acknowledged and understood to be material to the decision by the insurer indicated in the Common Policy Declarations (hereafter called the **Insurer**) to underwrite this risk, and which is made a part hereof and subject to the Declarations, terms, conditions and exclusions in this Policy, the **Insurer** and the **Insureds** agree as follows:

I. INSURING AGREEMENT

A. Professional Liability

Subject to the Limit of Liability for Each **Claim** set forth in Item 4.A. and the Aggregate Limit of Liability for all **Claims** set forth in Item 4.B. of the Declarations, the **Insurer** shall pay on behalf of the **Insured** all **Loss** which the **Insured** shall become legally obligated to pay because of a **Claim** that is both first made against the **Insured** and reported to the **Insurer** in writing during the **Policy Period**, or during an Extended Reporting Period, if applicable, for a **Wrongful Act** committed on or after the **Retroactive Date** by the **Insured**, or by any other natural person for whose **Wrongful Acts** the **Insured** is legally responsible, solely in rendering or failing to render **Professional Services** for a client, provided that prior to the Effective Date of the first Policy issued by the **Insurer** or any **Affiliate of the Insurer** and continuously renewed, no **Insured** had knowledge of any actual or alleged **Wrongful Act**, circumstance or situation which could reasonably be expected to result in a **Claim**.

B. Defense Costs for Regulatory Proceedings

Subject to the Limit of Liability set forth in Item 4.C. of the Declarations, which is in addition to and not part of the Each **Claim** and Aggregate Limits of Liability set forth in Item 4.A. and B. of the Declarations, the **Insurer** shall pay on behalf of the **Insured** all **Defense Costs** which the **Insured** shall become legally obligated to pay because of a **Regulatory Proceeding** first commenced against the **Insured** during the **Policy Period**, or an Extended Reporting Period, if applicable, for a **Wrongful Act** committed on or after the **Retroactive Date** by the **Insured** solely in the rendering or failing to render **Professional Services** for a client, provided that prior to the Effective Date of the first Policy issued by the **Insurer** or any **Affiliate of the Insurer** and continuously renewed, no **Insured** had knowledge of any actual or alleged **Wrongful Act**, circumstance or situation which could reasonably be expected to result in a **Regulatory Proceeding**.

C. Litigation Expense Reimbursement

Subject to the Limit of Liability set forth in Item 4.D. of the Declarations, which is in addition to and not part of the Each **Claim** and Aggregate Limits of Liability set forth in Items 4.A. and 4.B. of the Declarations, the **Insurer** shall reimburse the **Insured's** actual loss of earnings and reasonable expenses incurred when the **Insured** attends a hearing, deposition or trial at the request of the **Insurer** in the course of defending an otherwise covered **Claim**.

D. Subpoena Expenses

Subject to the Subpoena Expenses Limit of Liability set forth in Item 4.E. of the Declarations, which is in addition to and not part of the Each **Claim** and Aggregate Limits of Liability set forth in Item 4.A. and 4.B. of the Declarations, the **Insurer** shall, at the **Insured's** request, retain counsel and pay such counsel's reasonable and necessary fees and costs to advise the **Insured** regarding the production of documents and/or represent the **Insured** during the preparation for and giving of testimony, in response to a subpoena not involving a **Claim** against any **Insured** provided that the subpoena is both served on the **Insured** and reported to the **Insurer** in writing during the **Policy Period**.

II. DEFENSE AND SETTLEMENT

The **Insurer** shall have the right and duty to defend any **Claim** against the **Insured's** seeking sums payable under this Policy, even if the allegations of the **Claim** are groundless or false. The **Insured** shall not assume or admit liability, make any payment, consent to any judgment, settle any **Claim** or incur any **Defense Costs** without the prior written consent of the **Insurer**, which consent shall not be unreasonably withheld. The **Insurer** shall not be liable for any expense, settlement, assumed obligation or admission to which the **Insurer** has not consented.

The **Insurer** has the right to investigate, conduct negotiations and with the **Named Insured's** written consent, settle any **Claim** as it deems expedient. If the **Named Insured** refuses to consent to a settlement or compromise recommended by the **Insurer** and acceptable to the claimant, then the **Insurer's** Limit of Liability under this Policy with respect to such **Claim** shall be reduced to the amount of **Loss** for which the **Claim** could have been settled, including all **Defense Costs** incurred up to the time the **Insurer** made its recommendation to the **Named Insured**.

The **Insurer** shall have no obligation to pay any **Loss** or **Defense Costs**, or to defend, continue to defend, or indemnify as to any **Claim** after the Limit of Liability and the **Additional Defense Cost** Limit have been exhausted by payment of **Loss**, or any deposit or tender of the Limit of Liability into Court.

III. DEFINITIONS

For purposes of this Policy:

- A. Additional Defence Costs Limit** means a limit of liability set forth in Item 4.F. of the Declarations applicable solely to **Defense Costs** and, other than as provided for under Clause V.B., such limit shall be separate and in addition to the Limits of Liability set forth in Items 4.A. and 4.B. of the Declarations.
- B. Application** means all signed applications **and** any attachments and materials submitted therewith for this Policy and for any policy in an uninterrupted series of policies issued by the **Insurer** or any **Affiliate of the Insurer** of which this Policy is a renewal or replacement. All such applications, attachments, materials and information are deemed attached to and incorporated into this Policy.
- C. Affiliate of the Insurer** means any **Insurer** controlling, controlled by or under common control with the **Insurer**.
- D. Claim** means:
- A written demand for compensatory monetary damages received by an **Insured**, including, but not limited to, the institution of arbitration proceedings against the **Insured**;
 - A civil proceeding commenced by the service of a complaint or similar pleading in which monetary damages are sought; or
 - A **Regulatory Proceeding** but only to the extent of coverage provided by Insuring Agreement I. B.
- Claim** does not include any form of criminal proceeding, nor any demand or proceeding for non-monetary or injunctive relief, except a **Regulatory Proceeding**
- E. Defense Costs** means reasonable and necessary fees, costs and expenses incurred by or at the direction of the **Insurer** in the defense of a **Claim**, and the premiums for appeals, attachments or similar bonds. The **Insurer** shall have no obligation to apply for or provide such bonds. **Defense Costs** shall not include, any remuneration, salaries, regular or overtime wages, benefits, or fees of directors, officers, **Managers** and employees of the **Insured** or **Insurer**, or fees and expenses of independent adjusters, except to the extent that coverage is afforded for same as a Litigation Expense Reimbursement pursuant to Insuring Agreement I. C.
- F. Insured** means:
- The **Named Insured** and any **Predecessor Firm**;
 - Any present or former partner, director, officer, **Manager**, or employee of the **Named Insured** or a **Predecessor Firm** solely while acting on behalf of the **Named Insured** or a **Predecessor Firm**;

- c. Any **Subsidiary** of the **Named Insured** but only during the time period in which the entity is a **Subsidiary**;
 - d. Any present or former independent contractor of the **Named Insured** but only for otherwise covered **Claims** arising from the independent contractor's rendering or failing to render **Professional Services** solely on behalf of the **Named Insured** to a client of the **Named Insured**.
 - e. The lawful spouse or domestic partners of any **Insured**, but solely with respect to a **Claim** arising out of such status as spouse, and provided that it does not include any **Wrongful Acts** by such spouse.
 - f. The estate, heirs, executors, administrators or legal representatives of an **Insured** in the event of such **Insured's** death, incapacity or bankruptcy, but only to the extent such **Insured** would otherwise be provided coverage under this Policy.
- G. Lloyd's Coverholder** means a person or entity authorized by a Managing Agent for certain designated Underwriters at Lloyd's, London to issue policies of insurance for such Underwriters pursuant to the terms of a Binding Authority agreement or contract.
- H. Loss** means awards, verdicts, judgments, damages and settlements that an **Insured** is legally obligated to pay as a result of a **Claim** for a **Wrongful Act**. **Loss** also includes:
- a. Pre-judgment and post-judgment interest awarded by a court; and
 - b. Punitive or exemplary damages and the multiplied portion of any multiple damage award, to the extent the damages are insurable under applicable law.
 - c. However, **Loss** does not include fines, penalties, taxes, damages owed solely based on an express obligation by written or oral agreement; disgorgement of profits by an **Insured**; the costs incurred by an **Insured** for correction of any **Wrongful Act**; the repayment or return or any fees, commissions, expenses or costs paid to or charged by an **Insured**; the cost to comply with any injunctive or other non-monetary or declaratory relief, including specific performance, or any agreement to provide such relief; or amounts owed as an obligation under any contract or agreement.
- I. Manager** means any natural person who is a past, present or future manager, managing member, member of the board of managers or equivalent executive of the **Named Insured** or a **Predecessor Firm** that is a Limited Liability Company or Limited Liability Partnership.
- J. Named Insured** means the entity stated in Item 1. of the Declarations.
- K. Personal Injury** means injury or damage arising out of:
- a. False arrest, detention or imprisonment;
 - b. Malicious prosecution;
 - c. Libel or slander or other defamatory or disparaging material or a publication or utterance in violation of an individual's right of privacy;
 - d. Libel or slander that defames a person or organization, or disparages the goods, products or services of a person or organization; or
 - e. Wrongful entry or eviction or other invasion of the right to private occupancy
- L. Predecessor Firm** means any entity listed in Item 7. of the Declarations.
- M. Policy Period** means the period from the Effective Date to the Expiration Date of this Policy as set forth in Item 2. of the Declarations, or earlier termination date, if any.

- N. Pollutants** means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by the United States Environmental Protection Agency or any federal, state, county, municipality or locality counterpart thereof. Such substances include, without limitation, any solid, liquid, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste material. Waste materials include, without limitation, materials to be recycled, reconditioned or reclaimed. **Pollutants** also means any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, asbestos fibers or asbestos products, silica, noise and electric or magnetic or electromagnetic field.
- O. Professional Services** means services performed for others for a fee or a commission, including via electronic means or method, as a
- a. property, casualty, surety, life, accident, health or other insurance agent
 - b. insurance broker
 - c. insurance consultant
 - d. general agent
 - e. managing general agent
 - f. managing general underwriter
 - g. program administrator
 - h. surplus lines broker
 - i. wholesale broker
 - j. **Lloyd's Coverholder**
 - k. claims handler or adjuster
 - l. risk manager
 - m. loss control specialist

Notary services and facilitating the financing of policy premiums are included as part of the **Professional Services** performed in these insured capacities.

Professional Services shall not include the sale, attempted sale, servicing, or any activities in connection with (i) mutual funds or (ii) securities, including but not limited to, stocks, bonds, limited partnerships, promissory notes, viatical settlements, leasing arrangements, real estate trusts, and investment participation or pooling arrangements.

Professional Services shall also not include Any services performed by the **Insured** as a:

- a. Third-party claims administrator;
- b. Financial planner or advisor;
- c. Registered Investment Advisor; or
- d. Registered Representative or Securities Broker and/or Dealer.

- P. Regulatory Proceeding** means a proceeding by a federal, state or other governmental, quasi-governmental, or professional regulatory or disciplinary official, board or agency to investigate charges of professional misconduct by the **Insured** solely in the rendering of or failing to render **Professional Services**.
- Q. Related Claims** means all **Claims**, whether made against more than one **Insured** or by more than one claimant, arising out of a single **Wrongful Act** or a series of **Wrongful Acts** that have a common nexus, are interrelated or are logically or causally connected by reason of any fact, circumstance, situation, event, transaction, practice, act, error, omission, decision or cause or series of causally-connected facts, circumstances, situations, events, transactions, practices, acts, errors, omissions, decisions or causes.

R. **Retroactive Date** means either a. or b. below.

- a. For all **Insureds**, the Retroactive Date shown in Item 6. of the Declarations, provided that any **Insured** other than the **Named Insured** was employed by or contracted or affiliated with the **Named Insured** on the **Retroactive Date** shown in the Declarations; or
- b. For any **Insured**, other than the **Named Insured**, who was not employed by or contracted or affiliated with the **Named Insured** on the Retroactive Date shown in Item 6. of the Declarations, the date on which the **Insured** was first employed by or contracted or affiliated with the **Named Insured**.

S. **Subsidiary** means any organization identified in the **Application** during any time in which the **Named Insured** owns directly, or indirectly through one or more of its **Subsidiaries**, more than fifty percent (50%) of the outstanding stock or other interest representing the present right to vote, designate or select a majority of the board of directors of a corporation or the management board of a limited liability company.

T. **Wrongful Act** means a negligent act, error or omission or **Personal Injury** committed by an **Insured** or any natural person for whose **Wrongful Acts** the **Insured** is legally responsible solely in the rendering or failing to render **Professional Services** for a client.

IV. EXCLUSIONS

The **Insurer** will not be liable to make any payment for **Loss**, including **Defense Costs** in connection with, arising out of, directly or indirectly related to or in any way involving:

- A. Any fact, circumstance or situation which has been the subject of any written notice given under any policy of which this Policy is a direct or indirect renewal or replacement or any other policy which preceded this Policy;
- B. Any litigation against any **Insured** filed on or before the Effective Date of this Policy or under any other policy of which this Policy is a direct or indirect renewal or replacement, whichever is earlier, or which is related in any way to the same or substantially the same facts, circumstances or situations which are the subject of or the basis for such litigation;
- C. Bodily injury, sickness, disease or death of any person or damage to or destruction of or loss of use of tangible property. However, this exclusion shall not apply to any **Claim** arising out of the rendering or failure to render **Professional services**;
- D. Any intentional underwriting breach;
- E. Insolvency, receivership, bankruptcy, liquidation, or similar condition, action, or proceeding as to the **Insured**;
- F. The placement of insurance on any property owned by the insured or in the care, custody or control of the **Insured** at any time;
- G. Any employment-related act, error, omission or **Personal Injury**;
- H. Any type of discrimination on any basis as defined by federal, state or local statute, regulation, law or ordinance;
- I. Any **Claim** brought or maintained, directly or indirectly, by or on behalf of:
 - a. An **Insured**;
 - b. Any entity which owns, operates, controls or manages an **Insured**;
 - c. Any entity which an **Insured** owns, operates, controls or manages;
 - d. Any entity which is affiliated with any **Insured** through any common ownership, operation or control; or
 - e. Any governmental or quasi-governmental official, agency or licensing organization; however, this Exclusion shall not apply to a **Claim** brought by or on behalf of such entity in its capacity as a client of an **Insured** or to Regulatory Proceedings under Insuring Agreement I.B.;

- J. Any actual or alleged dishonest, purposeful, malicious, fraudulent, or criminal act or willful violation of any federal, state or local statute, by or at the direction of or with the knowledge of any **Insured**.
However, this exclusion does not apply unless and until such conduct is established in a final and non-appealable judgment or adjudication to be fraudulent, dishonest or criminal.
- K. Any actual or alleged gaining of profit, remuneration or monetary advantage to which any **Insureds** are not legally entitled;
- L. Any actual or alleged rendering of services as an actuary, accountant, attorney, tax preparer, real estate agent, real estate broker, third-party claims administrator, financial planner or advisor, Registered Investment Advisor, securities Registered Representative or broker/dealer, regardless of whether such services are incidental to the rendering of **Professional Services**;
- M. Any actual or alleged sale, attempted sale, servicing, advice or planning with respect to any form of insurance, benefit plan or annuity placed directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed or authorized to do business in the state or jurisdiction with authority to regulate such business;
However, this Exclusion shall not apply to a **Claim** based upon or arising out of the placement of insurance or coverage with an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;
- N. Any commingling, misappropriation or conversion of funds;
- O. The collection, payment or return of, or the failure to collect, pay or return any commission, fee, tax or premium;
- P. Any dispute with another insurance agent or broker, including but not limited to, any dispute concerning commissions, fees, client lists or entitlements;
- Q. Any actual or alleged sale, attempted sale, servicing, administration, or advice with respect to:
 - a. Any Multiple Employer Welfare Arrangement within the meaning of the Employee Retirement Income Security Act of 1974 and amendments thereto;
 - b. Voluntary Employee Beneficiary Associations, within the meaning of the Employee Retirement Income Security Act of 1974 and amendments thereto; or
 - c. Any similar arrangements and associations involving the pooling of funds for the provision of benefits of any nature;
- R. Any benefit plan, insurance program or trust owned or sponsored by any **Insured** or in which any **Insured** is a participant, trustee or named fiduciary;
- S. The ownership, formation, operation or administration of any insurance company, health maintenance organization, preferred provider organization, captive, risk retention group, self-insurance program or purchasing group;
- T. Actual or alleged unfair competition, restraint of trade, unfair business practices, misuse of confidential or proprietary information or copyright, patent, trade mark or trade secret infringement, or illegal, improper or deceptive advertisement of **Professional Services**;
- U. Any notarized certification or acknowledgement of a signature without the physical appearance before the **Insured** of the person who is, or claims to be, the person signing the instrument;
- V. The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any **Pollutants**, or any request, demand, order, statutory or regulatory requirement that any **Insured** abate, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or dispose of or in any way respond to or assess the effects of **Pollutants**. However, this exclusion shall not apply to any **Claim** arising out of the rendering or failure to render **Professional Services**;
- W. Security or system attack, unauthorized access to, unauthorized use of, tampering with or introduction of malicious code into firmware, data, software, system or networks;
- X. Violation of the Racketeer Influenced and Corrupt Organizations Act or any Amendments to the Act or its regulations or any similar Federal, State or Local Law or regulation;

- Y. Any actual or alleged guarantee of any future premium payment, any investment result or return, any interest rate or yield, or any tax consequence in connection with any life insurance product, annuity, mutual fund or security;
- Z. Any actual or alleged lack of good faith or fair dealing in the handling of any **Claim** or obligation due or alleged to be due under any insurance contract; provided however, that this **Exclusion** will not apply unless there is an admission, finding or a final adjudication in any proceeding establishing that such conduct occurred;
- AA. Any liability assumed by any **Insured** under any contract, indemnity agreement, purchase agreement, hold harmless clause or other similar agreement provided however, that this **Exclusion** will not apply to:
 - a. liability that would have been attached to the **Insured** in the absence of such contract;
 - b. liability the **Insured** assumed under a Standard Agency, Brokerage, MGA, MGU, Claims Administrator or Lloyds Coverholder Agreement to indemnify an insurer whom the **Insured** represents for **Claims** the insurer incurs solely and exclusively due only to a **Wrongful Act** or **Personal Injury** committed by the **Insured** or by any other person or organization for whose **Wrongful Act** or **Personal Injury** the **Insured** is legally responsible.

V. LIMIT OF LIABILITY, RETENTION, RELATED CLAIMS AND NON-STACKING OF LIMITS

A. Limit of Liability Each Claim

The **Limit of Liability** for all **Loss** and **Defense Costs** for a **Claim** made against an **Insured** and reported to the **Insurer** in writing during the **Policy Period** or **Extended Reporting Period**, if applicable, shall not exceed the "**Limit of Liability each Claim**" stated in Item 4.A. of the Declarations, plus the unused portion of the **Additional Defense Costs Limit**.

The inclusion of multiple **Insureds** or multiple claimants in a **Claim** shall not increase the applicable "**Limit of Liability each Claim.**"

The Insurer's obligations under this **Policy** shall cease as to a **Claim** after the applicable "**Limit of Liability each Claim**" has been paid by the **Insurer** for **Loss** and/or **Defense Costs**.

Payment by the **Insurer** of **Defense Costs** incurred with any **Claim** shall erode the **Additional Defense Costs Limit** first, but shall not reduce the "**Limit of Liability each Claim**" stated in Item 4.A. of the Declarations until the **Additional Defense Costs Limit** has been exhausted.

B. Limit of Liability in The Aggregate

The **Limit of Liability** for all **Loss** and **Defense Costs** for all **Claims** first made against the **Insureds** and reported to the **Insurer** in writing during the **Policy Period** or **Extended Reporting Period**, if applicable, shall not exceed the "**Limit of Liability Aggregate for all Claims**" stated in Item 4.B. of the Declarations, plus the **Additional Defense Costs Limit**.

All obligations of the **Insurer** under this **Policy** shall cease after the **Additional Defense Costs Limit** has been paid for **Defense Costs** and the "**Limit of Liability Aggregate for All Claims**" has been paid by the **Insurer** for **Loss** and/or **Defense Costs**; provided, however, that all of the **Insurer's** obligations under this Policy shall cease, if the "**Limit of Liability Aggregate for All Claims**" stated in Item 4.B. of the Declarations has been paid by the **Insurer** for **Loss**, regardless of whether the **Additional Defense Costs Limit** has been exhausted.

C. Limit of Liability for Defense Costs as to All Regulatory Proceedings

The **Limit of Liability** of the **Insurer** for all **Defense Costs** for all **Regulatory Proceedings** first instituted against the **Insured** and reported to the **Insurer** during the **Policy Period** and **Extended Reporting Period**, if applicable, shall not exceed the amount stated in Item 4.C. of the Declarations.

D. Supplemental Limit of Liability for Litigation Expense Reimbursement

The **Insurer** will pay, in addition to the applicable Limit of Liability and subject to the amount stated in Item 4. D. of the Declarations as loss of earnings and expenses pursuant to Insuring Agreement **I. C.** incurred at the direction of the **Insurer** in the defense of any **Claim** to which this insurance applies.

E. Limit of Liability Subpoena Expense

The Limit of Liability of the **Insurer** for all reasonable and necessary fees and costs incurred by the **Insureds** for advice and representation as to all subpoenas first served on the **Insureds** and reported to the **Insurer** during the **Policy Period** and Extended Reporting Period, if applicable, pursuant to Insuring Agreement I.D. shall not exceed the amount stated in Item 4. E. of the Declarations.

F. Retention

The Retention Amount stated in Item 5. of the Declarations is applicable to each **Claim** and applies to the payment of **Loss**. The Retention Amount shall be paid by the **Named Insured** and shall be uninsured. The Limits of Liability set forth in Item 4. of the Declarations are in addition to and in excess of the Retention Amount.

The Retention Amount is not applicable to Insuring Agreement I. B. Defense Costs for Regulatory Proceedings, Insuring Agreement I. C. Litigation Expense Reimbursement and Insuring Agreement I. D. Subpoena Expenses.

G. Related Claims

All **Related Claims** shall be deemed a single **Claim**, and such **Claim** shall be considered first made on the date the earliest such **Related Claim** is first made against an **Insured**, regardless of whether such date is before or during the **Policy Period**.

H. Non-Stacking of Limits

If a **Claim** covered under this Policy is also covered under one or more policies issued by the **Insurer** or an **Affiliate of the Insurer**, then with respect to such **Claim**:

- a. The **Insurer** shall not be liable under this Policy for a greater portion of the **Loss** than the applicable Limit of Liability under this Policy bears to the total Limits of Liability of all other policies which provide the same coverage as is provided under this Policy and issued by the **Insurer** or an **Affiliate of the Insurer**; and
- b. The maximum amount payable in total under all such policies shall not exceed the Limit of Liability of that policy which has the highest applicable Limit of Liability and the amount attributable to each policy shall be allocated pursuant to V.F.1. above.

VI. EXTENDED REPORTING PERIODS

In the case of cancellation or nonrenewal of this Policy by either the **Insurer** or the **Named Insured**, the **Named Insured** shall have the right to Extended Reporting Periods as follows:

A. Automatic Extended Reporting Period

The **Insured** shall have a period of thirty (30) days after the expiration of the **Policy Period** to report to the **Insurer** any **Claim** which is first made against the **Insured** during the **Policy Period** and arises out of a **Wrongful Act** committed on or after the **Retroactive Date** and prior to the end of the **Policy Period**.

B. Optional Extended Reporting Period

The **Named Insured** shall have the right to purchase an Optional Extended Reporting Period during which to report **Claims** first made against the **Insured** during such Optional Extended Reporting Period and arising from **Wrongful Acts** committed on or after the **Retroactive Date** and prior to the end of the **Policy Period**, upon payment of an additional premium. The premium for and length of the Optional Extended Reporting Period shall be negotiated at the time of purchase.

The Total Annual Premium is the sum of the original annualized premium and the fully annualized amount of any additional premiums charged by the **Insurer** during the **Policy Period**.

The rights contained in this section shall terminate unless written notice of such election together with the additional premium due is received by the **Insurer** within thirty (30) days after the effective date of cancellation or nonrenewal. The entire premium for such Optional Extended Reporting Period shall be deemed fully earned and non-refundable upon payment.

The first thirty (30) days of the Optional Extended Reporting Period, if purchased, shall run concurrently with the Automatic Extended Reporting Period.

- C. If the Insurer cancels this Policy because the **Named Insured** failed to pay a premium or other amounts when due or the **Insureds** are not in compliance with the terms and conditions of the Policy, the **Insureds** shall not have the right to the Automatic Extended Reporting Period or to purchase the Optional Extended Reporting Period as described in paragraphs **A.** and **B.** above.
- D. The quotation of a different premium, retention amount, Limit of Liability or policy terms or conditions for renewal shall not constitute a cancellation or nonrenewal for purposes of paragraphs **A.** and **B.** above.
- E. The Extended Reporting Periods do not reinstate or increase the available Limit of Liability beyond the limits shown on the Declarations, nor extend the **Policy Period**.
- F. **Claims** which are properly reported during an Extended Reporting Period will be deemed to have been made on the last day of the **Policy Period**.
- G. Notwithstanding any of the provisions of this Policy, the Extended Reporting Periods provided herein shall not apply if an **Insured** has other insurance that applies to a **Claim** in whole or in part.

VII. CONDITIONS

A. Notice and Cooperation

The **Insured** shall, as a condition precedent to the availability of rights provided under this Policy, give written notice to the **Insurer** as soon as practicable during the **Policy Period**, or Extended Reporting Period, if applicable, but in no event later than thirty (30) days after the end of the **Policy Period** of any **Claim** made against the **Insured** if such **Claim** was first made against the **Insured** during the **Policy Period**.

The **Insured** shall furnish the **Insurer** with copies of all demands, reports, investigations, pleadings and related papers, and provide other such information, assistance and cooperation as the **Insurer** may reasonably request in the investigation, settlement and defense of a **Claim**.

The **Insured** shall further cooperate with the **Insurer** and do whatever is necessary to secure and affect any rights of indemnity, contribution or apportionment that the **Insured** may have as to any **Claim**.

B. Notice of Circumstances Giving Rise to a Claim

If during the **Policy Period**, an **Insured** becomes aware of a **Wrongful Act** that could give rise to a **Claim** against an **Insured** and gives written notice to the **Insurer** prior to the end of the **Policy Period** of the following:

- a. The names of all potential claimants;
- b. The names of each **Insured** who committed or may have committed the **Wrongful Act**;
- c. A detailed description of the **Wrongful Act**;
- d. The damage which has or may result from the **Wrongful Act**; and
- e. The circumstances by which the **Insured** first became aware of such **Wrongful Act**;

then, any **Claim** which subsequently arises out of such **Wrongful Act** shall be treated as a **Claim** first made against the **Insured** during the **Policy Period**. Documents and information should be mailed or emailed to the address set forth in Item 11 of the Declarations.

C. Mediation of Claims

If a **Claim** is fully and finally resolved, with the **Insurer's** consent, through mediation, the Retention Amount applicable to such **Claim** shall be reduced by fifty percent (50%) up to a maximum of \$25,000.

D. Territory

This Policy applies to **Wrongful Acts** committed anywhere in the world provided that the **Claim** is made against the **Insured** in the United States of America, its territories or possessions, Puerto Rico or Canada.

E. Other Insurance

If the **Insured** has other insurance which applies to any **Loss** insured under this Policy, this Policy shall be excess over any other valid and collectible insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written as specific excess insurance over this Policy.

F. Subrogation

In the event of any payment under this Policy, the **Insurer** shall be subrogated to all the **Insured's** rights of recovery thereof and the **Insured** shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing after loss to waive or prejudice such rights. Any amounts recovered in excess of the **Insurer's** total payment shall be paid to the **Insured's**, less the cost to the **Insurer** of recovery.

G. Changes

Notices to any agent or knowledge possessed by any agent shall not affect a waiver or a change in any part of this Policy or prevent the **Insurer** from asserting any rights under the terms of this Policy, nor shall the terms of this Policy be waived or changed, unless endorsed hereon.

H. Action Against the Insurer

No action shall be taken against the **Insurer** unless, as a condition precedent thereto, the **Insured** shall have fully complied with all the terms of this Policy, nor until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the **Insurer**.

Any person or organization or the legal representative thereof who has secured a judgment or written agreement shall thereafter be entitled to recover under this Policy to the extent of the insurance afforded by this Policy. No person or organization shall have any right under this Policy to join the **Insurer** in any action against the **Insured** to determine the **Insured's** liability, nor shall the **Insurer** be impleaded by the **Insured** or their legal representative.

I. Assignment of Interest

No assignment of interest under this Policy shall be binding on the **Insurer** unless its consent is endorsed hereon.

J. Termination

This Policy shall terminate at the earliest of the following times:

- a. Upon the Expiration Date of the **Policy Period** as set forth in Item 2. of the Declarations, or the effective date of cancellation, if earlier; or
- b. Ten (10) days after receipt by the **Named Insured** of a written notice of termination from the **Insurer** for failure to pay a premium when due.

K. Cancellation

- a. This Policy may be cancelled by the **Named Insured** by surrender thereof to the **Insurer** or by providing written notice to the **Insurer** stating when thereafter cancellation shall be effective. If this Policy is cancelled by the **Named Insured**, the **Insurer** shall retain the customary short rate proportion of the premium. Premium shall be deemed fully earned if any **Claims** have been reported to the **Insurer** during the **Policy Period**.

- b. This Policy may be cancelled by the **Insurer** by providing written notice of cancellation to the **Named Insured** at the address shown in Item 1. of the Declarations, with the effective date of the cancellation not less than sixty (60) days thereafter. Proof of mailing the notice of cancellation shall be sufficient proof of notice and this Policy shall terminate on the date and time specified in such notice. If the **Insurer** cancels this Policy, the earned premium shall be computed pro-rata. Payment or tender of any unearned premium by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation.

L. Acquisition or Creation of Another Organization

If, during the **Policy Period**, the **Named Insured**:

- a. Acquires voting securities in another organization or creates another organization, which as a result of such acquisition or creation becomes a **Subsidiary**; or
- b. Acquires any organization by merger into or consolidation with the **Named Insured**;

then, subject to the terms and conditions of this Policy, such organization shall be covered under this policy but only with respect to any **Claim** for **Wrongful Acts** taking place after such acquisition or creation.

If the total revenue of such acquired organization, as reflected in the then most recent consolidated financial statements of the organization, exceeds ten percent (10%) of the total revenue of the **Named Insured** and the **Subsidiaries** as reflected in the then most recent consolidated financial statements of the **Named Insured**, the **Named Insured**, as a condition precedent to coverage with respect to such **Insureds**, shall, no later than thirty (30) days after the effective date of such acquisition or creation:

- a. Give written notice of such acquisition or creation to the **Insurer**;
- b. Pay any additional premium required by the **Insurer**; and
- c. Agree to any additional terms and conditions of this Policy as required by the **Insurer**.

If the **Named Insured** fails to provide such notice within the thirty (30) day period after the effective date of such acquisition or creation, no coverage shall be afforded under this Policy for such acquired or created organization.

M. Change of Control of the Named Insured

If during the **Policy Period**, the **Named Insured** consolidates with or merges into, or sells all or substantially all of its assets to any other person or entity or group of persons or entities acting in concert, or any person or entity or group of persons or entities acting in concert shall acquire an amount of the outstanding securities representing more than fifty percent (50%) of the voting power for election of directors or **Managers** of the **Named Insured**, or acquires the voting rights of such an amount of securities, then this Policy shall continue in full force and effect but only as to **Wrongful Acts** occurring prior to the effective date of such event.

The **Named Insured** shall give the **Insurer** written notice of any such event as soon as practicable but no later than thirty (30) days after the date of such event.

N. Authorization Clause

By acceptance of this Policy, the **Named Insured** shall act on behalf of all of the **Insureds** for all purposes including, but not limited to, the payment or return of premium, receipt and acceptance of any endorsement issued to form a part of this Policy and giving and receiving notice of cancellation, termination or nonrenewal.

O. Service of Suit

It is agreed that in the event of the failure of the **Insurer** to pay any amount claimed to be due under this Policy, the **Insurer**, at the request of the **Insured**, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the **Insurer's** rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the **Insurer's** representative, designated in Item 10 of the Declarations, and that in any suit instituted against any one of them upon this contract, the **Insurer** will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The **Insurer's** representative designated in Item 10 of the Declarations is authorized and directed to accept service of process on behalf of the **Insurer** in any such suit and/or upon the request of the **Insured** to give a written undertaking to the **Insured** that they will enter a general appearance upon the **Insurer's** behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the **Insurer** hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this Policy, and hereby designate the Insurer's representative, designated in Item 10 of the Declarations, as the person to whom the said officer is authorized to mail such process or a true copy thereof.

P. Choice of Law

Any disputes involving this Policy shall be resolved applying the law designated in Item 12 of the Declarations.