

**UTICA NATIONAL INSURANCE GROUP  
UTICA, NEW YORK  
(HEREINAFTER CALLED THE COMPANY)**

**INSURANCE AGENTS AND BROKERS  
ERRORS AND OMISSIONS INSURANCE**

**THIS IS A CLAIMS-MADE POLICY**

THIS POLICY IS LIMITED TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD PROVIDED.

**PLEASE REVIEW THE POLICY CAREFULLY.**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights, duties, and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION IV - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION I - DEFINITIONS**.

**SECTION I - DEFINITIONS**

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Claim" means a written demand or written notice, including service of a subpoena, "suit" or demand for arbitration, received by one or more insureds which alleges a "wrongful act" or asks for money or services.
3. "Claim expense" means:
  - a. Fees charged by an attorney retained by us to defend you;
  - b. Fees charged by an attorney retained by us to assist you or provide advice regarding the production of documents, or prepare you for and represent you during testimony;
  - c. All other fees, costs, and expenses resulting from the investigation, adjustment, and defense of a "claim" if incurred by us or by the insured with our consent; and
  - d. Fees charged by any attorney hired by the insured with our written consent.However, "claim expense" does not include salaries of regular employees or officials of the insured or us.
4. "Coverage territory" means anywhere in the world provided that the insured's responsibility to pay "loss" is determined by:
  - a. A "claim" made or "suit" filed in the United States of America, its territories or possessions, Puerto Rico or Canada; or
  - b. Settlement of a "claim" or "suit" we agree to.
5. "Dealer organization" means an entity organized for the purpose of selling equity-based products and securities.
6. "Interrelated wrongful acts" means "wrongful acts" which arise out of and have as a common basis:
  - a. Related circumstances, situations, events, transactions or facts;
  - b. A series of related circumstances, situations, events, transactions or facts; or
  - c. A common pattern of conduct in selling or servicing products to which this insurance applies.

7. "Litigation expense" means fees and disbursements charged by any attorney retained by us, or hired by you with our written consent, to defend a "suit" against you or consult on such defense. "Litigation expense" does not include salaries or other expenses of our regular employees or officials, or the fees, disbursements, or other expenses of any counsel retained by us prior to any actual "suit" filing.
8. "Loss" means any amount which an insured becomes legally obligated to pay as damages for any "claim" arising out of a "wrongful act" to which this insurance applies and shall include judgments and settlements. "Loss" shall include punitive or exemplary damages only to the extent that such damages are insurable under the law pursuant to which the policy shall be construed. "Loss" shall not include:
  - a. Fines, penalties or sanctions imposed by law;
  - b. The return, reimbursement or repayment of any money received by or credited to an insured for premium, fees, commissions, escrow monies or brokerage charges, loss payments, profit sharing, compensation or other remuneration, payments, costs or expenses;
  - c. Taxes; and
  - d. Other matters deemed uninsurable under the law pursuant to which the policy shall be construed.
9. "Personal injury" means one or more of the following offenses:
  - a. False arrest, detention, or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies by or on behalf of its owner, landlord, or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products, or services; or
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy.
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

"Personal injury" does not include:

- (1) The oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity; or
  - (2) The willful violation of a penal statute or ordinance committed by or with the consent of the insured.
10. "Policy period" means the period from the inception date to the expiration date, stated in the Declarations for this policy, or to its earlier termination date, if any.
  11. "Suit" means a civil proceeding in which damages because of "loss" are alleged. "Suit" includes:
    - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
    - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
  12. "Termination of coverage" means any cancellation or nonrenewal of the policy.
  13. "Wrongful act" means any negligent act, negligent error, negligent omission, or "personal injury" committed by an insured in the lawful performance of their duties for you.

## SECTION II - COVERAGE

### 1. Insuring Agreement

- a. We will pay on behalf of the insured all "loss" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking such "loss" even if the allegations of the "suit" are groundless, false, or fraudulent. However, we will have no duty to defend an insured against any "suit" to which this insurance does not apply. We have the right, but not the duty, to appeal any judgment. We may, at our discretion:
  - (1) Investigate any allegation of a "wrongful act"; and
  - (2) Settle, according to the Settlement-Consent of The Insured Condition, any "claim" or "suit" that may result. But:
    - (a) The amount we will pay for damages is limited as described in **SECTION V - LIMITS OF LIABILITY**; and
    - (b) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of "loss".

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **2.**

**Supplementary Payments.**

b. This insurance applies only to "wrongful acts" which take place:

- (1) In the "coverage territory";
- (2) During the "policy period" and "claim" is first made against any insured during the "policy period" or any Extended Reporting Period provided; or
- (3) Prior to the "policy period", but on or after the Retroactive Date, if any, shown in the Declarations for this policy, provided that prior to the effective date of this policy:
  - (a) The insured did not give notice to any prior insurer of such "wrongful act";
  - (b) The insured had no knowledge that such "wrongful act" was likely to give rise to a "claim" hereunder; and
  - (c) The "claim" is first made against any insured during the "policy period" or any Extended Reporting Period provided.

c. A "claim" will be considered first made at the earliest of the following times:

- (1) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first.
- (2) When we make settlement in accordance with paragraph **1.a.** above.
- (3) On the date during the "policy period" when the first written notice of any facts or circumstances which may subsequently give rise to a "claim" which would be insured hereunder is received by us from an insured. Any "claim" made against an insured arising out of such facts or circumstances after the date of receipt of such notice by us will be considered to have been made on the date we received the first notice of facts or circumstances. Only the policy in force on that date and no other shall apply to all "claims" from such facts or circumstances.

d. All "claims" based on or arising out of a single "wrongful act" or all "interrelated wrongful acts" of one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured.

e. The "loss" must arise out of "wrongful acts" committed in the conduct of the insured's business, by the insured or any person for whose "wrongful acts" the insured is legally liable in rendering or failing to render professional services for others as:

- (1) A General Insurance Agent;
- (2) An Insurance Broker;
- (3) An Insurance Agent;
- (4) An Insurance Consultant;
- (5) A Managing, Master or Brokerage General Agent;
- (6) A Life and Accident and Health Insurance Agent;
- (7) A Surplus Lines Broker;
- (8) A Notary Public;
- (9) An Expert Witness; or
- (10) An Instructor of Insurance Subjects.

f. Professional services include the following for policies written or placed by you:

- (1) Arranging premium financing through a non-related entity.
- (2) Real estate appraising and loss adjustment.
- (3) Providing insurance advice for employee benefit programs.
- (4) Providing insurance program and risk management services and advice.
- (5) Providing loss control services.

**2. Supplementary Payments**

We will pay with respect to any "claim" we investigate or settle, or any "suit" against an insured we defend:

- a. All "claim expenses" and "litigation expenses" we incur.
- b. The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of liability. We do not have to furnish these bonds.
- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit," including actual loss of earnings up to \$500 a day because of time off from work. Such expenses shall include fees charged by any attorney hired by the insured with our written consent.
- d. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

- e. Pre and post-judgment interest on that part of the judgment that we pay up to the policy limits.

These payments will not reduce the Limits of Liability except as stated in part 5., **Deductible**, of **SECTION V - LIMITS OF LIABILITY**.

### 3. Regulatory Response Coverage

We will pay "claim expenses" required to evaluate or respond to a "claim" from any:

- a. Insurance department;
- b. State regulatory agency; or
- c. Other governmental agency;

which is due to or results from an actual or alleged "wrongful act" committed by an insured in the conduct of your business.

You agree to the use of an attorney retained by us, or hired by you with our written consent.

The most we will pay under this supplemental coverage is \$25,000 per "policy period".

The most we will pay under this supplemental coverage during any Optional Extended Reported Period provided is \$25,000.

This supplemental coverage does not apply to payment of any "loss".

## SECTION III - EXCLUSIONS

This insurance does not apply to any "claim" directly or indirectly, in whole or in part, arising out of, involving, resulting from, or caused by any of the following:

### 1. Intentional, Fraudulent, Criminal Or Malicious Acts

Any intentional, criminal, fraudulent, dishonest, malicious, knowing or willful conduct committed or alleged to have been committed by or at the direction of any insured. If a "suit" is brought against an insured alleging both "wrongful acts" within the coverage of the policy and intentional, criminal, fraudulent, dishonest, malicious, knowing or willful conduct, then we will defend the insured in the trial court, but we shall not have any liability for any judgment for intentional, criminal, fraudulent, dishonest, malicious, knowing or willful conduct nor shall we have any further obligation to defend after judgment in the trial court.

This exclusion applies only to insureds who are alleged to have participated in, obtained a financial benefit from, acted with knowledge of, acquiesced to, or disregarded such conduct.

We shall be entitled to recover from any insured who is determined or adjudged to have committed, or directed the commission of, any intentional, criminal, fraudulent, dishonest, malicious, knowing, or willful conduct, or who has admitted to engaging in such conduct, any and all "claim expense" incurred in defending a "claim" against any insured that in any way is based upon or related to such conduct.

### 2. Prior Or Subsequent Conduct

- a. "Wrongful acts" which took place before the Retroactive Date, if any, shown in the Declarations for this policy; or
- b. A "wrongful act" which with any "wrongful act" described in a. above would constitute "interrelated wrongful acts"; or
- c. "Wrongful acts" which take place after the "policy period".

### 3. Prior Notice

- a. A "wrongful act" or circumstance, situation or fact which has been the subject of notice given prior to the effective date of this policy under other insurance which provided protection for the insured; or
- b. A "wrongful act" which with any "wrongful act" described in a. above would constitute "interrelated wrongful acts".

### 4. Bodily Injury Or Property Damage

- a. Bodily injury from whatever cause including emotional distress, sickness, disease, or death, or for care and loss of consortium, support, companionship, or services of any kind resulting from bodily injury; or
- b. Damage to tangible property, including loss of use thereof.

### 5. Violation Of Laws Applicable To Notaries

The certification or acknowledgment of a signature by an insured acting as a notary without the proper compliance with the applicable laws and regulations of the state having jurisdiction.

### 6. Partial Ownership

Conduct by any entity or individual which:

- a. Is wholly or partially owned, operated, managed, or controlled by the insured;
- b. Did wholly or partially own, operate, manage, or control the insured; or
- c. Is wholly or partially under the same ownership, operation, management, or financial control as the insured.

However, this exclusion does not apply if the percentage of partial ownership, operation, management, or control is 10% or less.

## 7. Employment-Related Practices

- a. Refusal to employ;
- b. Termination of employment; or
- c. Coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination, or other employment-related practices, policies, acts, or omissions.

This exclusion applies:

- (1) Whether an event described in Paragraph a., b. or c. above occurs before, during or after a person's employment;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else.

## 8. Discrimination

Discrimination or unfair competition of any type.

## 9. ERISA And Similar Laws

Actual or alleged violations of the Employee Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act and the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments, regulations or enabling statutes pursuant thereto, or any similar federal, state, or provincial statute or regulation.

## 10. RICO Violations

Actual or alleged violation of any federal or state security law or the Racketeer Influenced and Corrupt Organizations Act and/or any of their amendments and regulations.

## 11. Investment Advice

- a. Any investment advice given or alleged to have been given relating to the performance or lack of performance of any investment or resulting from variations in the value of any investment, including, but not limited to, stocks, bonds, real estate, oil or gas, gold, silver, diamonds, or any non-insurance investment.
- b. "Loss" arising out of an insured's representations or omissions regarding:
  - (1) Interest rates; or
  - (2) Future premium payments or market value of insurance products.

## 12. Other Professional Services

Services as an attorney, accountant, actuary, tax preparer or tax consultant, real estate broker, security broker, security dealer, mortgage broker, financial planner, or any other professional services unless such professional services are specifically insured hereunder and an additional premium paid.

## 13. HMO's And Similar Organizations

The involvement by any insured in the ownership, formation, creation, management, administration, operation or oversight of any entity formed for the purpose of providing insurance or benefits including but not limited to any pool, syndicate, Health Maintenance Organization, Preferred Provider Organization, Self-Insurance Program, Risk Retention Group and/or Risk Purchasing Group formed under the Federal Liability Retention Act of 1981 and 1986 as amended or any amendment thereto, Multiple Employer Trust, or Multiple Employer Welfare Arrangement.

## 14. Insolvency

The financial inability to pay, insolvency, receivership, bankruptcy, or liquidation of any entity, person, corporation, estate, trust, or other organization including, but not limited to:

- a. Insurance companies or reinsurance companies;
- b. Health Maintenance Organizations, Preferred Provider Organizations, Dental Service Plans, or Individual Practice Associations;
- c. Risk Retention Groups, Risk Purchasing Groups or captive insurers;
- d. Investment funds, or self-insurance programs;
- e. Multiple Employer Trusts or Multiple Employer Welfare Arrangements;
- f. Any pool, syndicate, association or other combination for the purpose of providing insurance or reinsurance; or
- g. Any healthcare provider or any reinsurer with which the insured placed the subject risk.

However, this exclusion does not apply:

- (1) To any entity described above, if the entity was rated "B" or higher by AM Best at the time the insured placed the risk with such entity;
- (2) To any entity described above, if the entity was operated by a government body or bodies (including but not limited to assigned risk plans, Joint Underwriting Associations, Fair Plans);
- (3) If the insured placed the coverage with a County Mutual reinsured by carriers rated "B" or higher by AM Best; or
- (4) To any self-insurance program designed for the purpose of covering exposures of a single individual or entity other than the Named Insured.

## 15. Employee Benefit Plans

Any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by the insured as an employer.

## 16. Fiduciary Status

The insured's status as a fiduciary.

## 17. Third Party Administrators

The insured's activities as third party administrator of any plan, whether insured or self-insured and whether or not the insured performs such activities.

## 18. Trade Secrets

Actual or alleged misappropriation or unauthorized use of trade secrets, patents, processing methods, customer lists or other proprietary information by an insured.

## 19. Unauthorized Information Disclosure

Actual or alleged unauthorized disclosure of, use of, or access to, any person's or organization's confidential, non-public personal information including, but not limited to their social security number, tax identification number, driver's license number or other state identification number, financial information, credit or debit card information, medical or healthcare data, or any other type of non-public information.

## 20. Dealer Organizations

"Loss" by a "dealer organization".

## 21. Distribution Of Material In Violation Of Statutes

Any actual or alleged violation of:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any federal, state or local statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003 and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

## 22. Viatical Or Life Settlements

- a. Viatical settlements, viatical insurance benefits, viatical investment pools or any security backed by viatical settlements; or
- b. Life settlements.

## 23. Unjust Enrichment

Any personal profit or advantage gained by an insured to which the insured was not legally entitled.

## 24. Nuclear Energy

"Loss":

- a. With respect to which an insured under this insurance is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- c. Resulting from the "hazardous properties" of "nuclear material", if:
  - (a) The "nuclear material" (i) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or (ii) has been discharged or dispersed therefrom;
  - (b) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported, or disposed of by or on behalf of an insured; or
  - (c) The "loss" arises out of the furnishing by an insured of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any "nuclear facility," but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (c) applies only to "loss" to such "nuclear facility" and any property thereat.

As used in this exclusion:

"Hazardous properties" include radioactive, toxic, or explosive properties;

"Nuclear material" means "source material," "special nuclear material," or "by-product material";

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material (i) containing "by-products material"; other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (ii) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (i) separating the isotopes of uranium or plutonium, (ii) processing or utilizing "spent fuel", or (iii) handling, processing, or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating, or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Loss", in this exclusion, includes all forms of radioactive contamination of property.

#### **SECTION IV - WHO IS AN INSURED**

Each of the following is an insured to the extent set forth below:

1. The individual, partnership, corporation or limited liability company designated as the Named Insured in the Declarations;
2. Your executive officers or directors, but only with respect to their duties as your officers and directors;

3. Your partners or members, but only with respect to the conduct of your business;
4. Your employees (regular, leased, or temporary) or managers, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business; or
5. Your licensed solicitors or office brokers (who is not an employee) but only as respects:
  - a. Such persons who are named in the Real Estate Agents and Brokers Errors And Omissions Insurance Endorsement while acting on your behalf; or
  - b. Such persons who are named in the Mutual Fund And Variable Annuity Coverage Endorsement while acting on your behalf.
6. Any natural person who is an independent contractor licensed to provide professional services covered by this policy acting on your behalf as your sub-producer for "claims" arising out of "wrongful acts" committed in connection with business placed through or serviced by you.
7. Any person who was formerly an insured under parts 1., 2., 3., 4., 5. or 6. above, but only with respect to "wrongful acts" which took place prior to the termination of such relationship.
8.
  - a. Any merged entity for which coverage was added at any time by our Merged or Consolidated Entity Endorsement, 14-E-0006.
  - b. This insurance does not apply to "wrongful acts" which any insured had knowledge of prior to the effective date of the original endorsement which added such coverage.
9.
  - a. You, for legal liability from "wrongful acts" of any merged entity for which coverage was added at any time by our Merged or Consolidated Entity Endorsement, **14-E-0006**.
  - b. This insurance does not apply to "wrongful acts" which any insured had knowledge of prior to the effective date of the original endorsement which added such coverage.
10.
  - a. You, for legal liability from "wrongful acts" of any purchased entity for which coverage was added at any time by our Purchased Entity Endorsement, **14-E-0005**.
  - b. This insurance does not apply to "wrongful acts" which any insured had knowledge of prior to the effective date of the original endorsement which added such coverage.
  - c. This insurance does not apply to "wrongful acts" which occurred prior to the effective date of the original endorsement which added such coverage.

11. The heirs, executors, administrators, or legal representatives of each insured in the event of death, incapacity, or bankruptcy, but solely with respect to the liability of each insured as otherwise insured herein.
12. Any organization you newly acquire or form, and over which you maintain ownership or majority interest will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
  - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
  - b. Coverage does not apply to "wrongful acts" that occurred before you acquired or formed the organization.
13. The lawful spouse or legal domestic partner, of any insured:
  - a. For "wrongful acts" actually or allegedly committed by that insured; and
  - b. Solely by reason of such spouse's or legal domestic partner's status as spouse or legal domestic partner of that insured.

Notwithstanding this provision, no spouse or legal domestic partner shall have any greater coverage under this Coverage Form than the insured. This provision does not extend coverage for "wrongful acts" actually or allegedly committed by the spouse or legal domestic partner of any insured.

Except as stated in **8.**, **9.** and **10.** above, no person or organization is an insured with respect to the conduct of such person or organization, or any current or past partnership or limited liability company that is not shown as a Named Insured in the Declarations.

**SECTION V - LIMITS OF LIABILITY**

1. The Limits of Liability shown in the Declarations and the provisions of this section determine the most we will pay for damages regardless of the number of:
  - a. Persons insured;
  - b. Persons or entities making "claims" or bringing "suits"; or
  - c. "Claims" made or "suits" brought.
2. The total limit of our liability for all payments for all "losses" under this policy shall not exceed the Aggregate Limit of Liability stated in the Declarations.
3.
  - a. Subject to **2.** above, the Each Loss limit is the most we will pay for all "loss" from any one "wrongful act" or "interrelated wrongful acts" of one or more insureds; and
  - b. Only one Deductible Amount applies to all such "loss".

4.
  - a. Our Limit of Liability for Each Loss applies in excess of the applicable Deductible Amount set forth in the policy for Each Loss.
  - b. Subject to the Deductible Amount for Each Loss, the total Deductible Amount for all "losses" under this policy shall not exceed the Aggregate Deductible Amount stated in the Declarations.
  - c. Such Aggregate Deductible Amount applies in conjunction with any and all Deductible Amounts, whether set forth in the policy Declarations or in endorsements forming a part of the policy.

**5. Deductible**

The insured shall pay the Deductible Amount set forth in the Declarations for Each Loss.

- a. If the Deductible Amount indicated in the Declarations applies to Loss Only, the Deductible Amount will only be applied to payments for "loss".
- b. If the Deductible Amount indicated in the Declarations applies to Loss And Litigation Expense, the deductible will be applied to payments for both "loss" and "litigation expense".
- c. We may pay any part or all of the Deductible Amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the Deductible Amount as has been paid by us.
- d. Such Deductible Amounts shall, upon written demand by the company, be paid by the Named Insured within ten days. The total payments requested from the insured with respect to each "loss" shall not exceed the applicable Deductible Amount stated in the policy.

The determination of the company as to the reasonableness of the "litigation expense" shall be conclusive for all parties.

**SECTION VI - CONDITIONS**

1. **Duties In The Event Of Wrongful Act, Claim Or Suit**
  - a. You must see to it that we are notified in writing as soon as practicable of any "wrongful act" which may result in a "claim". To the extent possible, notice should include:
    - (1) How, when and where the "wrongful act" took place;
    - (2) The names and addresses of persons involved in the "wrongful act" and witnesses; and
    - (3) The nature of the harm resulting from the "wrongful act".



- b. If a "claim" is received by an insured, you must:

- (1) Immediately record the specifics of the "claim" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" as soon as practicable.

- c. You and any other involved insured must:
  - (1) Immediately send us copies of any demands, notices, summonses, subpoenas or legal papers received in connection with the "claim" or "suit";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation, settlement, or defense of:
    - (a) Any "claim" or "suit"; or
    - (b) Facts or circumstances which may subsequently give rise to a "claim";
  - (4) Submit to examination or questioning under oath, attend hearings, depositions and trials and assist in effecting settlements, securing and giving evidence and obtaining the attendance of witnesses at deposition and at trial; and
  - (5) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to an insured because of "loss" to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

## 2. Settlement - Consent Of The Insured

We shall not settle any "claim" without the consent of the insured. If, however, the insured:

- a. Refuses to consent to any settlement recommended by us and elects to contest the "claim" or continue any legal proceeding in connection with such "claim", then our liability for the "claim" will not exceed the lesser of the amount for which the "claim" could have been settled or the Limits Of Liability plus the incurred "claims expense" up to the time of such refusal.
- b. Cannot be located by us after a search using reasonable diligence, then we will use our best efforts to make such settlement as we deem appropriate considering the circumstances and facts.

## 3. Other Insurance

This insurance is excess over any other applicable insurance whether such insurance is primary, excess, contributory, contingent, or otherwise and whether such insurance is collectible or not; unless such other insurance is written to be specifically excess over the insurance provided by this policy.

## 4. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after a "wrongful act" to prejudice such rights. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. Any amounts recovered will be applied to reduce the amount we paid for "loss" and expense (after application of the deductible) before being applied to reduce your deductible.

## 5. Cancellation

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
  - (2) 60 days before the effective date of cancellation, if we cancel for any other reason.
- c. We will mail or deliver our notice of cancellation to the first Named Insured's last mailing address known to us.
- d. The notice of cancellation will state the effective date of cancellation. The "policy period" will end on that date.
- e. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, any refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

## 6. Premium

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums and deductibles; and
- b. If the premium is not financed, will be the payee for any return premium; but
- c. If the premium is financed the Named Insured authorizes us to pay any return premium to the premium finance company.

## 7. Nonrenewal

If we decide not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

## 8. Your Right To Claim And Wrongful Act Information

Upon written request, we will provide the first Named Insured shown in the Declarations the following information relating to this and any other Insurance Agents and Brokers Errors and Omissions Liability claims-made policy we have issued to you during the previous three years:

- a. A list or other record of each "wrongful act", not previously reported to any other insurer, of which we were notified in accordance with paragraph 1.a. of this Section. We will include the date and a brief description of the "wrongful act" if that information was in the notice we received.
- b. A summary by policy year, of payments made and amounts reserved, stated separately under the applicable Aggregate Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values. You must not disclose this information to any claimant or any claimant's representative without our consent.

If we cancel or elect not to renew this policy, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured. In this case, we will provide this information within 45 days of receipt of the request.

We compile "claim" and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate or incomplete information.

## 9. Action Against Company

No action shall lie against us unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment after actual trial or by written agreement of the insured, the claimant, and us.

Any person or organization or the legal representative thereof, who is signatory to such judgment or written agreement, shall thereafter be able 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 us as a party to any action against an insured to determine the insured's liability, nor shall we be impleaded by an insured or an insured's legal representative.

## 10. Bankruptcy

Bankruptcy or insolvency of the insured shall not relieve us of any of our obligations hereunder.

## 11. Changes

This policy embodies all agreements existing between each insured and us or any of our agents relating to this insurance. Only the first Named Insured shown in the Declarations is authorized to request changes in the terms of this policy. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## 12. Agency Of Named Insured

By acceptance of this policy the first Named Insured agrees to act on behalf of all insureds with respect to the giving and receiving of notices to and from us, the cancellation of this policy, the payment of premiums and deductibles when due, and the receiving of any return premiums that may become due. In addition, all insureds agree that the first Named Insured shall act on their behalf. If the first Named Insured does not comply with the obligations under this policy then each Named Insured agrees that it will be responsible for the payment of premiums and deductibles when due.

### 13. Sale, Transfer, Or Assignment

The controlling interest of any insured under this policy shall not be assignable to any other person without our written consent. In the event of the death or incompetency of the insured, this policy shall cover the insured's legal representative as an insured as respects any liability of that insured which is covered by this policy.

Coverage under this policy ends on the date ownership of (or stock which comprises a controlling interest in) any Named Insured is sold, transferred, or assigned unless our written consent is obtained before said date.

### 14. Application

By acceptance of this policy, you and all insureds affirm as of the effective date of this policy that the statements in the application attached hereto and made a part hereof are each insured's agreements and representations and are binding on each insured. You and all insureds acknowledge that we have issued this policy in reliance upon the truth and accuracy of such representations.

### 15. Conformance To Statute

Any terms of this policy which conflict with the statutes of the state where this policy is issued are hereby amended to conform to such statutes.

### 16. Liberalization Clause

If, after the effective date of this policy or of the latest renewal certificate attached thereto, we adopt revised provisions for this policy form affording broader coverage with no premium increase, then this policy shall be construed in accordance with the revised provisions as of the effective date of such revision.

### 17. Notification of Newly Acquired or Formed Organizations

If you acquire or form a new organization, you shall notify us by either the end of the policy period or 90 days after the effective date of such changes, whichever comes first.

## SECTION VII - EXTENDED REPORTING PERIODS

1. We will provide an Automatic Extended Reporting Period as described in paragraph 3., or if you purchase it, an Optional Extended Reporting Period Endorsement as described in paragraphs 4. through 7. below, in the event of any "termination of coverage".
2. If we provide an Extended Reporting Period, a "claim" first made during an Extended Reporting Period will be considered made during the "policy period". Extended Reporting Periods:

- a. Do not extend the "policy period" or change the scope of coverage provided.
- b. Apply only to "claims" for "wrongful acts" that occurred:
  - (1) On or after the Retroactive Date, if any, shown in the Declarations; and
  - (2) Before the end of the "policy period".
- c. Apply only as excess insurance over any other valid and collectible insurance available to the insured, whether primary, excess, contingent, or on any other basis, whose policy period begins or continues after the Extended Reporting Period takes effect.

### 3. Automatic 60 Day Extended Reporting Period

The Automatic Extended Reporting Period is provided without additional charge. This period starts upon "termination of coverage" and lasts for sixty (60) days. The Automatic Extended Reporting Period may not be cancelled.

### 4. Optional Extended Reporting Period

If this policy is subject to any "termination of coverage," then you shall have an option to purchase an Optional Extended Reporting Period according to the schedule in 5. below.

### 5. Available Options

If you purchase the Optional Extended Reporting Period Endorsement, the Optional Extended Reporting Period will start when the Automatic Extended Reporting Period described in Paragraph 3. above ends and will last:

- a. Twelve (12) months for a premium of 70% of the last full annual premium;
- b. Twenty-four (24) months for a premium of 100% of the last full annual premium;
- c. Thirty-six (36) months for a premium of 130% of the last full annual premium;
- d. Forty-eight (48) months for a premium of 160% of the last full annual premium;
- e. Sixty (60) months for a premium of 190% of the last full annual premium; or
- f. One hundred and twenty (120) months for a premium of 200% of the last full annual premium.

**6. Optional Extended Reporting Period Notice and Acceptance**

- a. We will notify you in writing within thirty (30) days of the date of "termination of coverage" of the premium for and provisions of the Extended Reporting Period unless we cancel for nonpayment of premium or fraudulent activities of an insured.

If the policy is cancelled for nonpayment of premium or fraudulent activities of an insured, we will only provide a premium quotation for the Optional Extended Reporting Period upon your request.

- b. You will have until the later of sixty (60) days after the date of "termination of coverage," or thirty (30) days after the date of mailing of the Extended Reporting Period notice provided for above, to request the Optional Extended Reporting Period. Your request must:

- (1) Be submitted to us in writing;
- (2) Show the length of the period of extension desired; and
- (3) Include payment of the premium for the requested extension.

- c. If such request and premium payment are not received, the Extended Reporting Period options may not be exercised at a later date.

- d. If, in the event of "termination of coverage" you elect to purchase the Optional Extended Reporting Period Endorsement:

- (1) Any return premium due you for the "termination of coverage" will be credited to the premium due for the Optional Extended Reporting Period Endorsement; and
- (2) Any additional premium or Deductible Amount due us for the period the policy was in force must be fully paid before any payments will be applied to the premium due for the Optional Extended Reporting Period Endorsement.

- e. The Optional Extended Reporting Period Endorsement will not take effect unless the additional premium is paid when due. If that premium is paid when due, the Endorsement may not be cancelled.

- f. The premium for the Optional Extended Reporting Period Endorsement:

- (1) Is determined as shown above or in any endorsement changing the premium because of any change in the nature or extent of the risk during the "policy period";
- (2) Will be commensurate with the coverage provided; and
- (3) Will be fully earned when the Optional Extended Reporting Period Endorsement takes effect.

- g. The Optional Extended Reporting Period Endorsement shall set forth the terms, not inconsistent with this Section, applicable to the Optional Extended Reporting Period including a provision to the effect that the insurance afforded for "claims" made during such period is excess over any other valid and collectible insurance available under policies in force after the Optional Extended Reporting Period starts.

**7. Optional Extended Reporting Period Aggregate Limit**

If you purchase the Optional Extended Reporting Period Endorsement, the each "loss" limit shown in the Declarations will continue to apply. Subject to the each "loss" limit, we will provide a single aggregate limit of liability for the entire Optional Extended Reporting Period equal to the Aggregate Limit of Liability entered in the Declarations.

The Optional Extended Reporting Period aggregate limit of liability described above applies only for "claims" first made during the Optional Extended Reporting Period.