



CPA Mutual Insurance Company of America Risk
Retention Group
Burlington, Vermont

ACCOUNTANTS PROFESSIONAL LIABILITY POLICY (CLAIMS-MADE) LIMITED COVERAGE

This Policy provides professional liability protection for professional services performed by or for you. There are, of course, limitations and exclusions that apply to that protection. This Policy provides coverage more limited in scope than other accountants professional liability policies. Please read this Policy carefully and determine if the limited scope of coverage provided by this Policy will be sufficient to meet your needs.

Important note: This Policy has a claims-made Insuring agreement. To be covered, a claim or suit must be first made or brought, and reported to us, while this agreement is in effect, or during a extended reporting period if one applies. This Agreement should be read carefully, especially the What This Agreement Covers, When This Agreement Covers and Limits of Coverage sections.

Throughout this agreement, the terms “we”, “us”, “our”, and “the Company” refer to CPA Mutual Insurance Company of America Risk Retention Group, and the terms “you” and “your” refer to the **named insured**.

Definitions

Accountant, bookkeeper, enrolled agent, or tax preparer means a **protected person** who, in your name and on your behalf and for your clients:

- provides tax advice;
- prepares tax returns;
- files tax returns;
- provides tax proceeding representation;
- compiles, prepares, or assembles financial data statements in accordance with:
 - Generally Accepted Accounting Principles;
 - Generally Accepted Tax Accounting Principles;
 - Internal Revenue Service Tax Code Guidelines; or
 - Other Comprehensive Basis of Accounting.
- assists in the maintenance and preparation of financial records, including the posting of receipts, disbursements, and adjustments in the accounting records;
- reconciles accounting activity to subsidiary records;
- reviews documents for accuracy and coding;
- maintains fixed asset records;
- maintains payroll registers, records employees earnings, and prepares payroll checks, so long as this person does not sign checks or handle or have access to client funds;
- reviews invoices or statements of account on behalf of your clients and prepares for the payment of such items with client funds, so long as this person does not sign checks or handle or have access to client funds;

- services, consults, orders, delivers, installs, and trains in the use of computer hardware, software, and related supplies; or
- serves as a **Fiduciary**.

Bodily injury means physical harm, including sickness or disease, to the physical health of other persons. It includes any of the following that results at any time from such physical harm, sickness, or disease:

- Mental anguish, injury, or illness.
- Emotional distress.
- Care, loss of services, or death.

Claim means an assertion of a **wrongful act** in the performance of **professional services** and a request for the payment of compensation.

Claim expenses are those fees charged by an attorney we have approved or designated to defend a **claim**, and all other fees, costs and expenses resulting from the investigation adjustment, expert analysis, defense and appeal of a **claim**, if incurred by us or with our written consent. **Claim expenses** do not include salaries of our employees or officers, or fees and expenses of independent adjusters retained by us.

Damages means judgments, awards, and settlements, and does not include civil or criminal fines, sanctions, penalties or forfeitures.

Fiduciary means serving as a trustee, conservator, executor, guardian, or receiver provided that the proper performance of such services are guaranteed under a surety bond.

Incident means circumstances that suggest that a **claim** might be asserted against you, or that suggest you may have committed an act or omission upon which a **claim** could be based.

Interrelated claims are all **claims** and **incidents** arising out of the same acts or omissions, or arising out of **interrelated acts or omissions** in the rendering of **professional services**. **Interrelated claims** are also **claims** that have been or may be consolidated in a single lawsuit or arbitration, or for which joint discovery or joint hearings on the merits may be ordered (or may have been ordered had the **claims** been filed in the same tribunal) as provided by the rules governing any tribunal having jurisdiction over the **claim**.

Interrelated acts or omissions mean all acts or omissions in the rendering of **professional services** that are logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision. **Interrelated acts or omissions** are also acts or omissions that (1) are connected with related client engagements, client financial statements, or client misconduct, errors, or misstatements; or (2) involve the same business failure, financial insolvency or bankruptcy; or (3) involve similar compensatory **damages**, even if sustained by different parties.

Named insured means the individual or entity named on the Declarations as the **named insured**.

Notary public refers to a person authorized by law to administer oaths and to attest that persons have acknowledged their signatures on legal documents.

Policy period means the period of time shown in the Declarations page, or the period of time this agreement is in effect, whichever is less. But when that period is longer than one year, each annual period will be deemed a separate **policy period** and covered by a separate insurance policy.

Personal injury means injury that is caused by any of the following offenses:

- False arrest, detention or imprisonment.
- Malicious prosecution.
- Wrongful entry into, or wrongful eviction from a room, dwelling, or premises that a person occupies.

- Invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies.
- Libel or slander.
- Making known to any person or organization written or spoken material that disparages the products, work or completed work of others.
- Making known to any person or organization written or spoken material that violates a person's right of privacy.

Professional services means those professional services performed by or on behalf of a **protected person** in any of the following capacities:

- **Accountant, bookkeeper, enrolled agent, or tax preparer.**
- **Notary public**

Proof of your total disability means certification from a medical doctor that as a result of sickness or disease you are no longer able to perform any substantial and material duties of your business operations covered under this agreement.

Proof of your death means a certified copy of a death certificate.

Property damage means physical damage to tangible property of others, including all resulting loss of use of that property or loss of use of tangible property of others that is not physically damaged.

Protected person means any person or organization that qualifies for protection in this **Policy** as described under the "Who Is Protected Under This Agreement" heading.

Relative means any person who is related to the fourth degree of consanguinity, and includes step relatives.

Retirement from business operations means the withdrawal of a **protected person** from all business operations covered under this agreement on or after attaining the age of 55.

Retroactive date refers to the date so identified on the Declarations page. It is the earliest date that a **wrongful act** may be committed and result in loss covered by this agreement. If the Declarations page does not identify a **retroactive date**, then the **retroactive date** shall be deemed to be any date before the date on which coverage under this **Policy** took effect.

Suit means a civil proceeding that seeks monetary **damages**. It includes an arbitration proceeding for such monetary **damages** to which the **protected person** must submit, or submits with our consent; and any other alternative dispute resolution proceeding for such monetary **damages** to which the **protected person** submits with our consent.

Wrongful act means an error, omission, negligent act, **advertising injury**, or **personal injury**.

What This Agreement Covers

Accountants Liability

We will pay amounts any **protected person** is legally required to pay as **damages** for covered loss that both:

- results from the performance of **professional services**: and
- is caused by a **wrongful act** committed on or after the **retroactive date** and before this agreement ends. provided that the following conditions precedent to coverage are satisfied:
 1. prior to the effective date of this **Policy** Neither you nor any **protected person** gave notice to any insurer (including us) of any such act error, or omission or **interrelated act or omission**;

2. prior to the effective date of this **Policy**, neither you nor any **protected person** had a belief or a basis to believe that any such act, error, or omission, or **interrelated act or omission**, might result in a **claim**;
3. such act, error, or omission happened after the **retroactive date**, if any; and
4. you did not give notice to any insurer (including us) of the same **claim** or of an **interrelated claim**.

Disciplinary proceeding expenses.

We will pay disciplinary proceeding expenses that:

- result from the performance of **professional services** by or for you;
- are caused by any **wrongful act** that occurs on or after the **retroactive date** and before the ending date of this agreement; and
- are reported to us during the **policy period**.

However, we will not pay more than \$2,500 for the combined total of all such expenses that result from all disciplinary proceedings for all **protected persons** in a **policy period**. No deductible applies to disciplinary proceeding expense payments.

Disciplinary proceeding expenses are fees and expenses that result from the investigation, settlement, defense, or appeal of any disciplinary proceeding and include:

- fees and expenses charged by any attorney that we designate and appoint; and
- expenses we incur, but not the costs of salary, wages or benefits of our employees.

However, disciplinary proceeding expenses do not include any fines, penalties, or sanctions assessed against any **protected person** as a result of any disciplinary proceeding; or the return of client fees.

A disciplinary proceeding includes any formal scheduled hearing by any regulatory or disciplinary official or agency to investigate any charges alleging professional misconduct in performing **professional services**.

Right and duty to defend a **protected person**.

We will have the right and duty to defend any **protected person** against a **claim** or **suit** for loss covered by this agreement. We will have such right and duty even if all of the allegations of the **claim** or **suit** are groundless, false, or fraudulent. But we will not have a duty to perform other acts or services, except as specifically set forth in this **Policy**.

We have the right to investigate any **claim** or **suit** to the extent that we believe is proper. We also have the right to settle any **claim** or **suit** within:

- any applicable deductible; or
- the available limits of coverage.

Our duty to defend **protected persons** ends when we have used up the limits of coverage that apply with the payment of judgments or settlements. However, we will not agree to the final settlement of any **claim** or **suit** without your written consent. But if you refuse to give us your consent, we will not pay more than we would have paid had you consented to the proposed settlement.

Right to appeal a judgment against a **protected person**. We have the right to appeal a judgment awarded in a **suit** for any **wrongful act** covered by this agreement if:

- we defend a **protected person** against the **suit**; and
- the judgment is awarded against that **protected person**.

If we appeal such a judgment, we will pay all expenses that result directly from that appeal, including post-judgment interest and cost of appeal bonds. Such appeal expenses are in addition to the limits of coverage. However, the results of an appeal will not change the limits of coverage that apply under this agreement.

Additional payments.

We will have the duty to make only the additional payments shown below in connection with any **claim** or **suit** under this agreement against a **protected person** when we:

- investigate or settle the **claim** or **suit**; or
- defend the **protected person** against the **claim** or **suit**.

These additional payments are in addition to the limits of coverage. Also, no deductible applies to these additional payments.

Our duty to make additional payments ends when we use up the limits of coverage that apply with the payment of judgments or settlements.

Additional payments consist solely of the following:

1. Bonds to release property - We will pay the cost of bonds to release property that is being used to secure a legal obligation. However, we do not have to furnish such bonds.
2. Expenses incurred by **protected persons** - We will pay all reasonable expenses that any **protected person** incurs at our request while helping us investigate or settle or defend a **protected person** against a **claim** or **suit**. However, we will not pay more than \$500 per day for earnings actually lost by a **protected person** because of time taken off work, and we will not pay more than a total of \$10,000 for all such expenses incurred by all **protected persons** in a policy year. We have no duty to pay any other expenses incurred by any **protected person**.
3. Our expenses - We will pay all expenses we incur, except as this **Policy** may otherwise state.
4. Post- judgment interest - We will pay all interest that accumulates on that part of judgment for which we make a payment from the date of the judgment to the date we pay, or deposit in court, the amount of coverage that applies to the judgment.
5. Prejudgment Interest - We will pay prejudgment interest awarded against the **protected person** on that part of a judgment we pay. We will not pay prejudgment interest that accumulates after the date we make a settlement offer to pay the available Limit of coverage.

What this Agreement will not cover– Exclusions

Check signing - We will not cover **claims** or losses that result from you or any **protected person** signing any check, draft, or similar negotiable instrument.

Contract liability - We will not cover **claims** or losses for which you or a **protected person** assumes liability under any contract. However, we will not apply this exclusion to amounts that you or the **protected person** would be legally required to pay in the absence of that contract.

Deceitful, criminal, dishonest, fraudulent or intentionally wrongful acts or omissions - We will not cover **claims** or losses that result from any deceitful, criminal, dishonest, fraudulent, or intentionally **wrongful act** or omission committed:

- by you
- by the **protected person**; or
- with the consent or knowledge of you or of the **protected person**.

Computer hardware and software development - We will not cover **claims** or losses that result from developing any computer hardware, software, or related supplies.

Directors and officers – We will not cover **claims** or losses arising out of or attributable to the **protected person** acting as a director, officer, partner or employee of any enterprise which is not the **named insured**.

Financial interest – We will not cover **claims** or losses based upon or arising out of **professional services** performed for any client in which any **protected person** or his/her **relatives** owns an equity or ownership interest, or is owed more than 10% of the debt, or serves as a director, officer, partner or trustee.

Fines and penalties – We will not cover **claims** or amounts awarded against a **protected person** for any fines, penalties, punitive or exemplary **damages**; or any similar awards.

Injury or damage - We will not cover **claims** or losses for **bodily injury** or **property damage**.

Insolvency – We will not cover **claims** or losses based upon, attributable to; or resulting from the insolvency or bankruptcy of the **named insured** or any **protected person**.

Investment of funds - We will not cover a **claim** or loss that results from the failure of any investment to perform as expected or as represented.

Foreseeable claims - We will not cover a **claim** or loss that results from any **wrongful act** any **protected person** knew about before the beginning date of this agreement and could reasonably foresee would result in **claim** or **suit** being made or brought. This includes **claims** that were known or anticipated, regardless of whether they were reported to any insurer.

Misappropriation of funds - We will not cover any **claim** or loss that results from any misappropriation, concealment, theft, or embezzlement of funds or other property, regardless of whether it is alleged that the loss took place due to negligence, or other misconduct on your part or on the part of a **protected person**, and regardless of whether you or the **protected person** played any part, had any knowledge, or failed to detect the circumstances surrounding the loss. Despite this exclusion from coverage, we will pay up to \$25,000 in defense costs to assist in the defense of any **claim** in which such losses are asserted. We shall not pay more than \$25,000 in the aggregate for any such **claim** or any **interrelated claim** or any **claim** arising out of the same or **interrelated acts or omissions**. We shall not have the right or the duty to defend such **claims**, and shall have no duty to select, monitor or direct defense counsel, and our duties hereunder shall be fulfilled by paying defense costs as they are incurred up to the \$25,000 maximum. Should a **claim** for a loss that is subject to this paragraph be joined with a **claim** that is otherwise covered under this **Policy**, we shall provide defense costs as set forth herein for the **claim** subject to this paragraph up to the \$25,000 maximum, and shall thereafter have no responsibility to defend or indemnify any **claim** of loss that is subject to this paragraph, but shall defend and indemnify other **claims** not subject to this paragraph in the manner otherwise provided in this **Policy**.

Related enterprise – We will not cover **claims** or losses made by an enterprise that any **named insured** or **protected person** controls, manages, operates or holds ownership in; or by any enterprise that controls, manages, operates or holds ownership in any **named insured**.

RICO – We will not pay **claims** or losses based upon or arising out of any actual or alleged violation by you or any **protected person** of the Racketeer Influenced and Corrupt Organizations Act, 18 USC Sections 1961 et seq., any amendments thereto, or any rules and regulations promulgated thereunder, or any state laws against racketeering activity.

Securities - We will not cover any **claim** or loss that results from the sale of securities or any actual or alleged violation of:

- The Investment Company Act of 1940, as amended;
- The Securities Act of 1933, as amended;
- The Securities Exchange Act of 1934, as amended;
- any state Blue Sky or Securities law; or
- any similar state or federal statute or regulation.

Specified fiduciary activities - We will not cover a **claim** or loss that results from any **protected person's** activities as:

- a **fiduciary** as defined in the Employee Retirement Income Security Act of 1974, as amended, or any regulations or rulings adopted thereunder; or
- a **fiduciary** when any **protected person** is a beneficiary or distributee of any trust or estate serviced.

Specified services - We will not cover a **claim** or loss that results from:

- the preparation, analysis, or verification of any audited or reviewed financial statement;
- the performance of any attestation engagement other than a compilation engagement, as defined in the Professional Standards of the AICPA;
- services performed by or on behalf of any **protected person** in their capacity as an attorney; or
- services in connection with the preparation and/or issuance of any offering materials which contain or purport to contain tax advantages or deductions; or are sold or offered either wholly or in part as a tax shelter, tax haven or tax avoidance investment.

When This Agreement Covers

During this agreement or the limited reporting period we will apply this agreement to **claims** or **suits** for covered loss only when they are:

- first made or brought against a **protected person** while this agreement is in effect; and
- first reported to us while this agreement is in effect, or during the limited reporting period. If it applies.

We will consider a **claim** or **suit** for covered loss to be first made or brought against a **protected person** on the date that any **protected person** first receives written notice of that **claim** or **suit**. We will also consider all **claims** or **suits** for covered loss caused by a **wrongful act**, or one or more **interrelated acts or omissions**, to have been made or brought on the date that the first of those **claims** or **suits** is first made or brought.

We will consider a **claim** or **suit** for covered loss to be first reported to us on the date that we first receive written notice from any **protected person** of a **claim** or **suit** made or brought against a **protected person**.

Despite the foregoing, we will consider a **claim** or **suit** to be made and reported as of the date on which the **wrongful act** or one or more **interrelated acts or omissions** underlying that **claim** or **suit** was first reported to us, and any **claim** that is later made or reported that arises from the same **wrongful act** or one or more **interrelated acts or omissions** shall be deemed to have been made and reported under this **Policy** and shall be subject to the same **wrongful act limit** and the same **total limit** of this **Policy**. Under no circumstances shall we be liable under any **Policy** other than this **Policy** for any **claims** that are made and reported or deemed to have been made and reported under this **Policy**.

We will consider a covered **wrongful act** to be first reported to us on the date that we first receive written notice of that **wrongful act** from any **protected person**. We may, but shall not be required to, accept such notice unless it also describes what loss may result from the **wrongful act**.

Limited Reporting Period

We will provide you with a limited reporting period of 60 days, starting with the ending date of the **Policy period**, during which **claims** or **suits** for a covered loss, or **wrongful acts**, may be reported to us.

The limited reporting period will automatically apply at the end of the policy year, without an additional premium. However, the limited reporting period will not apply to **claims** or **suits** or **wrongful acts** if other insurance (including any policy of insurance we may issue) provides coverage. For this purpose, a policy provides coverage if the **claim** or **suit** or **wrongful act** is encompassed within the insuring agreement and is not otherwise excluded, and without regard to whether that coverage has been exhausted by payment of policy limits.

The limited reporting period does not extend the time this agreement is in effect. Any **claim** or **suit** or **wrongful act** reported during the limited reporting period shall be deemed made reported during the **policy period** of this **Policy** and shall be subject to the each **wrongful act** limit and the total limit of this **Policy** and no other.

Extended Reporting Period

If this agreement is terminated or non-renewed, an extended reporting period can be added with an extended reporting period endorsement. However, we will not issue an extended reporting period endorsement unless we receive a written request for it within 60 days after this agreement is terminated or non-renewed. In addition, the endorsement will not take effect unless:

- your earned premium for this agreement is paid in full; and
- the additional premium for the extended reporting period is paid when due.

Once the endorsement takes effect, it cannot be cancelled by you or by us.

An extended reporting period can be elected by you if we terminate or non-renew this agreement. If we offer to renew this agreement with an increase in premium or a restriction of conditions, then this does not mean that we have terminated or non-renewed this agreement. An extended reporting period can also be elected by you, should this agreement be terminated or non-renewed by you in the following circumstances:

- your death, your total disability, or your **retirement from business operations**; or
- the **named insured** is acquired by or merges with another firm of certified public **accountants**.

The extended reporting period replaces the limited reporting period. Also, the extended reporting period does not extend the time that this agreement is in effect. Any **claim** or **suit** or **wrongful act** reported during the extended reporting period shall be deemed made reported during the **policy period** of this **Policy** and shall be subject to the each **wrongful act** limit and the total limit of this **Policy** and no other.

In addition, the extended reporting period will cause us to apply this agreement as excess insurance with respect to any other insurance that provides coverage. The premium charge for the extended reporting period shall be 100% of the last annual policy premium. The period of extended reporting shall be 12 months.

Where This Agreement Covers

We will defend **claims** and **suits**, and pay judgments and settlements, for covered loss that is caused by a **wrongful act** committed anywhere in the world, but only if the **claim** or **suit** is brought in the United States of America, its territories or possessions, Puerto Rico, or Canada.

Who Is Protected Under This Agreement

Individual if the **named insured** shown in the Declarations page is an individual, you and your spouse are **protected persons** only for **professional services** performed for business of which you are the sole owner.

Partnership or Joint venture if the **named insured** shown in the Declarations page is a partnership or joint venture, you are a **protected person**. Your partners or co-venturers, and their spouses, are **protected persons** only for **professional services** performed by or for you.

Limited Liability Company if the **named insured** shown in the Declarations page is a limited liability company, you are a **protected person**. Your members are **protected persons** only for performed **professional services**. And your managers are **protected persons** only for their performance of their duties as your managers.

Corporation or other organizations if the **named insured** shown in the Declarations page is a corporation or another organization, you are a **protected person**. Your directors and executive officers are **protected persons** only for their performance of their duties as your directors or executive officers. And your stockholders and former stockholders are **protected persons** only for their liability as your stockholders.

Who else is covered

- Your employees, including temporary employees, are **protected persons** only for work performed within the scope of their employment by you.
- Independent contractors you hire are **protected persons** only for work performed within the scope of their duties for you.
- Partners, directors, executive officers, or employees who have left your firm. Any partner, director, or executive officer who has left your firm is a **protected person**, but only for **professional services** that were performed for you before they left.
- Any employee who has left your firm is a **protected person**, but only for work performed within the scope of and during their employment by you.

- Legal representatives of certain **protected persons**. Any legal representative of a **protected person** who has died or become mentally incompetent is **protected person** only for the rights and duties of that deceased or mentally incompetent **protected person** under this **Policy**.

Any predecessor in business is a **protected person**. A predecessor in business is any accounting firm that has been dissolved and some or all of such firm's principals, owners, officer, or partners have joined you and such persons were responsible for producing more than 50% of the prior firm's gross billings and such billings have been assigned or transferred to you or at least 50% of the principals, owners, partners, or officers of the prior firm have joined you. Nothing herein shall extend coverage to any act that occurred in whole or in part before the **retroactive date** set forth in the Declarations.

Your successor in business is a **protected person**. However, any successor in business who is an insured under any similar liability policy or agreement, even if the limits of liability under such policy or agreement have been exhausted, is not a **protected person**. After your dissolution, a successor is any accounting firm that some or all of your principals, owners, officers, or partners have joined an existing, or formed a new, accounting firm and such persons were responsible for producing more than 50% of your annual gross billings at the time of dissolution and such billings have been assigned or transferred to the successor accounting firm, or at least 50% of your principals, owners, partners, or officers have joined an existing, or formed a new, accounting firm.

All coverage under this agreement for any successor in business will end at the earliest of the following dates:

- on the ending date of this agreement; or
- 90 days from the date of your dissolution unless we are provided with:
- written notice together with all information we request;
- we agree to continue coverage for the successor in business: and
- any additional premium is paid when due.

Rights of **protected persons**. We will apply this agreement separately to each **protected person**. However, the limits or coverage shown in the declarations page are shared by all **protected persons**, in the manner explained in the Limits of Coverage section of this **Policy**. The **named insured** shall be the sole and irrevocable representative and agent of all **protected persons** under this **Policy**, and we shall deal with only the **named insured** in all matters concerning this **Policy**.

Limits of Coverage

The limits shown in the Declarations page and the information contained in this section set forth the most we will pay as **damages** and **claim expenses**, regardless of the number of:

- **protected persons**;
- **claims** made or **suits** brought; or
- persons or organizations making **claims** or bringing **suits**.

Each wrongful act limit -This is the most we will pay for all covered loss that results from a **claim** or one or more **interrelated claims**.

Total limit -This is the most we will pay for the combined total of all **claims** and **suits** for covered loss that are first made or brought, and reported to us, or deemed to be so, in a **policy period**.

If the **policy period** shown in the Declarations page is extended for less than 12 months, we will consider each extended period to be a part of the last policy year.

The limits of coverage that apply on the ending date of the **policy period** are not renewed or increased for **claims** or **suits** for covered loss first reported to us during the limited reporting period.

If the extended reporting period is added, the total limit for **claims** and **suits** first reported to us during the Extended Reporting Period shall be the amount remaining for the total limit as of the last day of the final **policy period**. In other words, the total limit shall be the same as the total limit that is shown on the Declarations, reduced for the **claims** and **suits** for covered loss that were first reported to us during the final **policy period** and before the start of the extended reporting period.

Deductibles

The deductibles shown in the Coverage Summary and the information contained in this section fix the amount of **damages** and **claim expenses** that you will be responsible for paying. Only those deductibles for which amounts are shown in the Coverage Summary apply.

The deductible will not apply to coverage provided in the Additional Payments section of this agreement.

We will not pay all or part of the deductible for you, unless we agree to do otherwise. When we do make payment you agree to repay us promptly after we notify you of the payment.

Each **wrongful act** deductible. You will be responsible for the amount of **damages** within this deductible for all covered loss that results from a **claim** or one or more **interrelated claims**.

Other Insurance

This agreement is primary Insurance. If there is any other valid and collectible insurance for loss covered by this agreement, the following applies in connection with that other Insurance.

When there is other primary insurance, we will share with that insurance the amounts you are legally required to pay as **damages** and **claim expenses** for losses covered by this agreement. We will do so with one of the following methods of sharing described in the Method of Sharing section. However, if the extended reporting period applies we will apply this agreement as excess insurance over that part of any other insurance that:

- Is in effect during the extended reporting period; and
- provides coverage for **claims** or **suits** for a covered loss covered by this agreement that are first made or brought, and reported to us, during the extended reporting period.

When this agreement is excess insurance, we will not have a duty to defend the **protected person** against the part or parts of any **claim** or **suit** for which any other insurer has the duty to defend the **protected person**. However, we will defend the **protected person** against a **claim** or **suit** for loss covered by this agreement if no other insurer will do so. In return, we the **named insured** and all **protected persons** agree to assign to us all of the **protected person's** rights against each such insurer.

Also, we will pay only the amount of **damages** and **claim expenses** that are in excess of:

- the total amount that all such other insurance would pay if this agreement did not exist; and
- the total of all deductible and self-insured amounts under all such other Insurance.

However, we will share such excess **damages** and **claim expenses** with any other insurance that:

- is not described in the Other Insurance section; and
- was not bought specifically to apply in excess of the limits of coverage shown in the Declarations page.

But we will not pay more than the limits of coverage that apply under this agreement.

Method of sharing - If other primary insurance permits contribution by equal shares, the Company will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first. If any other insurance does not permit contribution by equal shares, the Company will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all primary insurers.

Duties in the event of a claim

You must give us written notice as soon as reasonably possible during the **policy period** of any **claim** made against a **protected person**. Your duties include:

- immediately forward all documents received in connection with the **claim** to us;
- fully cooperate with us or our designee in the investigation, the making of settlements, the conduct of **suits** or other proceedings, or enforcing any right of contribution or indemnity against another who may be liable to a **protected person** in connection with a **claim**;
- attend depositions, hearings and trials, assist in securing and giving evidence obtaining the attendance of witnesses; and
- refuse, except at your own cost, to admit any liability, assume **damages**, voluntarily make payments, or incur any **claims** expenses.

Duties in the event of a potential claim

If, during the **policy period**, you become aware of an act or omission that may reasonable be expected to be the basis of a **claim** against you, you must give written notice to us as soon as reasonably possible during the **policy period**. Such notice must state the reasons for anticipating a **claim**, with full facts and particulars, including but not limited to:

- the specific act or omission;
- the dates and persons involved;
- the identities of anticipated or possible claimants;
- the circumstances by which you first became aware of the possible **claim**; and
- a description of any loss that has resulted or may be anticipated to result.

Notice

Notice of any **claim** or potential **claim** should be reported to the Company, c/o CPA Mutual Management, Inc. 11801 Research Drive, Alachua, FL 32615, (386) 418-4003 or (800) 543-3029

Bankruptcy/Insolvency

The insolvency or bankruptcy of you, or the insolvency of your estate, shall not release us from the payment of **damages** or **claim expenses** recoverable under this **Policy**.

Cancellation/Non-Renewal

This Agreement may be canceled by **named insured** by surrender of this **Policy** to the Company, c/o CPA Mutual Management, Inc., or by mailing to the Company, c/o CPA Mutual Management, Inc., 11801 Research Drive, Alachua, FL 32615, written notice stating when thereafter the cancellation shall be effective. This **Policy** may be canceled by the Company by mailing to the **named insured** stated in Item 1(a) of the Declarations, at the address shown in Item 1(b) of the Declarations, written notice stating when, not less than forty-five (45) days thereafter, such cancellation shall be effective. However, notwithstanding the foregoing, if the Company cancels this **Policy** because the **named insured** has failed to pay a premium or a premium installment when due, or has failed, after demand, to pay any portion of an applicable Deductible, this **Policy** may be cancelled by the Company by mailing written notice of cancellation to the **named insured** stated in Item 1(a) of the Declarations, at the address shown in Item 1(b) of the Declarations, and such cancellation shall be effective upon such mailing by the Company. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender of the **Policy** or of the effective date of cancellation stated in any notice of cancellation by either the **named insured** or the Company shall become the end of the **policy period**. Delivery of such written notice either by the **named insured** or by the Company shall be equivalent to mailing; and

If the **named insured** cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed on a pro rata basis. Premium adjustment may be made either at the time cancellation is effective or as soon as practicable thereafter, but payment or tender of any unearned premium is not a condition precedent of cancellation. The Company shall be entitled to deduct any amounts due it from the **named insured** from any amount of unearned premium.

IN WITNESS WHEREOF, we have caused this agreement to be executed by our President and Secretary, but this Agreement shall not be binding upon us unless completed by the attachment of the Declarations.

Secretary

President