

ACCOUNTANTS' PROFESSIONAL LIABILITY POLICY

(Claims Made)

YOUR ACCOUNTANTS' PROFESSIONAL LIABILITY INSURANCE IS WRITTEN ON A "CLAIMS MADE" BASIS. IT PROVIDES COVERAGE FOR THOSE CLAIMS WHICH ARE BOTH FIRST MADE AGAINST YOU AND REPORTED TO US IN WRITING DURING THE POLICY PERIOD.

In consideration of the payment of the premium, in reliance upon the statements and representations in the Application referred to in Item 7 of the Declarations, which shall be deemed incorporated herein, and subject to the Limits of Liability shown in Item 5 of the Declarations and all of the other terms and provisions of this Policy, CPA Mutual Insurance Company of America Risk Retention Group ("the Company") agrees with the Named Insured as follows:

Throughout this Policy, the terms "we" "us" and "our" refer to the Company.

I. DEFINITIONS

As used throughout this Policy, the terms shown in bold font will have only the following meanings:

Affiliated Firm means any person or entity named as such in the Declarations or by endorsement.

Bodily Injury means: (1) physical injury to the body, including sickness or disease, sustained by any person and death resulting from such injuries; and (2) emotional distress or mental anguish sustained by any person whether or not resulting from such physical injury, sickness or disease; and (3) all injuries that are a consequence of the foregoing.

Claim means a writing received by **You** that requests that **You** sign an agreement to toll a statute of limitations, notify **Your** insurer concerning **Your** performance of **Professional Services**, or alleges an act, error or omission committed by **You** in the rendering of **Professional Services**. A **Claim** shall include the service of suit, the institution of arbitration or mediation proceedings, or a demand for money or services. A **Claim** shall not include a **Regulatory Inquiry** or a criminal investigation or proceeding.

Claim Expenses are fees charged by an attorney we designate or consent to represent **You**, 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 by **You** 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 are monetary judgments, awards and settlements, provided any settlement is negotiated by or with our assistance and approval. **Damages** also include pre-judgment or post-judgment interest awarded against **You** on such judgments or awards, and penalties **You** owe pursuant to Internal Revenue Code section 6694. **Damages** do not include any of the following:

- A. Civil or criminal fines, penalties, sanctions or forfeitures, imposed on **You** whether pursuant to law, statute, regulation or court rule.
- B. Punitive or exemplary amounts, including awards of attorneys' fees, and the multiplied portion of multiplied awards on **Claims** otherwise payable under this Policy.
- C. Amounts claimed for the return or reimbursement of fees for **Professional Services**.
- D. Amounts for which **You** are not financially liable or that are without legal recourse to **You**.
- E. Liquidated damages, fees, costs, attorneys' fees, litigation expenses or other amounts payable under any contract or agreement if **You** would not be liable for such amounts if the contract or agreement did not provide for their recovery.

Effective Date shall be the date shown on the Declarations as the date on which the current **Policy Period** begins.

Incident means facts or circumstances that suggest **You** may have violated professional standards, applicable law or regulations, or that a **Claim** might be asserted against **You** or that **You** may have committed acts, errors or omissions upon which a **Claim** could be based. An **Incident** shall include, but is not limited to, any **Regulatory Inquiry** against **You** and may include **Your** receipt of a subpoena for documents or testimony related to **Your** performance of **Professional Services**.

Interrelated Claims are all **Claims** and **Incidents** (including any **Regulatory Inquiries**) arising out of the same facts, circumstances, acts, errors 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**. Multiple penalties imposed pursuant to Internal Revenue Code section 6694 shall not be deemed to be **Interrelated Claims**. Coverage limitations and the limit of liability for **Regulatory Inquiries** still apply when **Regulatory Inquiries** are part of **Interrelated Claims**.

Interrelated Acts or Omissions mean all acts, errors 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, errors 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; or (4) involve the failure to detect knowingly made financial misstatements (including financial misstatements that derive from improper entries or omitted entries in books or records of account) regardless of whether the methods employed to make such misstatements or to conceal such misstatements vary over time, and whether the failure to detect the misstatements arise from continuing or distinct **Professional Services** provided to the same client or to clients related by common ownership, or common control, or common financial management.

Member means all persons associated with the **Named Insured**, including employees, officers, agents, retirees, past employees and temporary employees, and is not limited to persons who are owners or registered principals of business entities.

Named Insured means the individual or entity named on the Declarations as the **Named Insured**. Also, as used in Exclusion B, the term **Named Insured** includes all persons and businesses described below in the definition of **You** and **Your**, and all persons and businesses insured under any endorsement to this Policy.

Policy Period means the period of time from the effective date and time shown in the Declarations to the date and time of termination, expiration or cancellation of this Policy.

Predecessor Firm means a sole proprietor, partnership, professional corporation, professional association, limited liability company or limited liability partnership engaged in **Professional Services**, which has undergone dissolution and of which 50 percent or more of the owners, partners or officers have joined the **Named Insured** as an owner, partner, officer, associate or employee.

Prior Acts Date, if any, is indicated on the Declarations. This Policy excludes from coverage all **Claims** by reason of acts, errors or omissions that happened before the **Prior Acts Date**.

Prior Insurer means an insurer, including us and any subsidiary or affiliate of ours, who has issued prior accountants' professional liability insurance coverage.

Professional Services means advice given or services performed of whatsoever nature in the practice of public accountancy (including arbitrator, mediator, notary public, trustee, receiver or executor), undertaken by or on behalf of the **Named Insured**, or by an **Affiliated Firm** so named in the declarations, or any other person or entity for whose conduct the **Named Insured** is legally responsible, so long as the services are not otherwise excluded by this Policy, whether assumed by contract or otherwise, provided always that the fee or portion of the fee, unless the work is pro-bono, accruing from such work shall inure to the benefit of the **Named Insured** or **Affiliated Firm**. **Professional Services** also means advice given or services performed in connection with any institute of accountants or any standards board or any similar professional body whether or not on behalf of the **Named Insured**. **Professional Services** also includes the provision of computer software, software packages and products developed, sold or installed by the **Named Insured** or an **Affiliated Firm**, and publications prepared or written by the **Named Insured** or an **Affiliated Firm**.

Regulatory Inquiry means an inquiry or investigation or any administrative, disciplinary or regulatory proceedings, arising out of **Professional Services** that **You** provided, by any board, self-regulatory body or governmental agency with regulatory authority over **You**.

You and **Your** means the **Named Insured** and any **Predecessor Firm** or **Affiliated Firm** and all of the following:

- A. Any person who is or becomes a partner, officer, director, associate or employee of the **Named Insured**, but only for **Professional Services** performed on behalf of the **Named Insured**.
- B. Any person previously affiliated with the **Named Insured** or a **Predecessor Firm** as a partner, officer, director, associate or employee, but only for **Professional Services** performed on behalf of the **Named Insured** or a **Predecessor Firm** at the time of such affiliation.
- C. The heirs, executors, administrators, assigns and legal representatives of any person or their estate as designated in A. or B. above in the event of such person's death, incapacity, insolvency or bankruptcy, but only to the extent that such person would have been provided coverage under this Policy.
- D. Any person while working as an independent contractor on behalf of and in the name of the **Named Insured** and while providing **Professional Services**, as long as the fees inure to the benefit of the **Named Insured**.

II. COVERAGE AGREEMENTS

- A. We will pay on **Your** behalf all sums in excess of the deductible, up to our limits of liability, that **You** become legally obligated to pay as **Damages** and **Claim Expenses** because of a **Claim** that is both first made against **You** and reported in writing to us during the **Policy Period and that is arising out** of acts, errors or omissions in the performance of **Professional Services** by **You** or by any person for whom **You** are legally liable, provided that all of the following conditions precedent to coverage are satisfied:

- 1. **You** did not give notice to a **Prior Insurer** of any such act or omission or **Interrelated acts, errors or omissions**;
- 2. Prior to the effective date of this Policy, none of **You** had a belief or a basis to believe that any such acts, errors or omissions, or **Interrelated acts, errors or omissions**, might result in a **Claim**;
- 3. Such acts, errors or omissions happened subsequent to the **Prior Acts Date**, if any; and
- 4. **You** did not give notice to a **Prior Insurer** of the same **Claim** or of an **Interrelated Claim**.

All **Claims**, **Regulatory Inquiries** and **Incidents** that form **Interrelated Claims** shall be considered one **Claim** and shall be deemed first made when the first of the **Claims**, **Regulatory Inquiries** and/or **Incidents** forming such **Interrelated Claims**, is made.

- B. We have the right and duty to defend any **Claim** seeking **Damages** potentially covered by this Policy, even if any of the allegations of the **Claim** are groundless, false or fraudulent. We will investigate any **Claim** or **Incident** as we deem appropriate. We will not settle any **Claim** without **Your** consent. If we recommend to **You** a reasonable settlement or compromise which is acceptable to the claimant, and **You** withhold consent to such settlement or compromise, then our limit of liability is reduced to the sum or the amount for which the **Claim** could have been settled or compromised plus the amount of **Claim Expenses** and **Damages** incurred up to the time we made the recommendation, which amount shall not exceed the remainder of the limit of liability specified in Section III.A.
- C. We are not obligated to investigate, defend, pay or settle a **Claim** after the applicable limit of our liability has been exhausted by payment of **Damages** or **Claim Expenses**, or by any combination thereof, or after we have tendered the remaining available limits of liability to **You**, or into a court of competent jurisdiction. In such case, we shall have the right to withdraw from the further investigation, defense or settlement of any **Claim** by tendering control of the investigation, defense or settlement to **You**. We will initiate and cooperate in the transfer of control to the **Named Insured** of any **Claims** which were reported to us prior to the exhaustion of such limit. The **Named Insured** must cooperate in the transfer of control of such **Claims**. We agree to take the necessary steps, as we deem appropriate,

to avoid a default in such **Claims** until such transfer has been completed, provided the **Named Insured** is cooperating in completing such transfer.

- D. If we conclude that the limit of liability applicable to any **Claim** may become exhausted prior to the conclusion of the **Claim**, we will notify the **Named Insured** in writing as soon as practicable to that effect. When the limit of liability applicable to any **Claim** has actually been exhausted prior to the conclusion of the **Claim**, we will notify the **Named Insured** in writing as soon as practicable that such limit has been exhausted. In no event shall untimely notice hereunder cause the Company to be liable for the payment of **Damages** in excess of the applicable limits of liability.

III. LIMITS OF LIABILITY

A. Each **Claim**

Subject to Section III.B. and Section III.C., below, the limit of our liability for **Damages** and **Claim Expenses** for each **Claim** and all **Interrelated Claims**, and for all other amounts payable under this Policy that are expressly made subject to the “Each **Claim**” limit of liability, shall not exceed the amount stated in Item 5.(a) of the Declarations as “Each **Claim**.”

B. Aggregate

Subject to Section III.A., above, the limit of our liability for **Damages** and **Claim Expenses** for all **Claims**, **Interrelated Claims**, and all other amounts payable under this Policy, shall not exceed the amount stated in Item 5.(b) of the Declarations as “Aggregate,” except for amounts payable under this Policy that are expressly stated to be paid in addition to or in excess of the limits of liability.

C. Sub-Limit of Liability for Certain **Claims**

The maximum amount payable by the Company for **Claim Expenses** for each covered **Claim** arising from, related to or in connection with the misappropriation, misuse, theft or embezzlement of funds by any of **You** shall be \$250,000 in excess of the “Each **Claim**” deductible. This sub-limit of liability shall not apply to payment of any **Damages** resulting from such **Claims**. Payment of **Claim Expenses** under this provision is included within, and not in addition to, the Limits of Liability stated in Item 5 of the Declarations.

D. Deductible

Our obligation to pay **Damages** and **Claim Expenses** as a result of a **Claim** is in excess of the amount of the applicable deductible. The **Named Insured** agrees to pay all **Damages** and **Claim Expenses** up to the amount of such deductible unless the **Named Insured’s** obligation is modified by an endorsement to this Policy. The deductible amount applies either on an “Each **Claim**” or Aggregate basis, as is indicated on the Declarations.

E. Multiple Insureds, **Claims** and/or Claimants

The applicable limit of liability shown in the Declarations is the most we will pay for **Damages** and **Claim Expenses** arising out of or resulting from an act, error, or omission committed by **You** in the rendering of **Professional Services**, regardless of the number of **Claims** or **Interrelated Claims** made, or the number of persons who qualify as **You**, or the number of persons or entities making **Claims**.

If **Interrelated Claims** are made against **You** and reported to us, all such **Interrelated Claims**, whenever made, shall be considered a single **Claim** first made and reported to us when the earliest of the **Interrelated Claims** was first made and reported to us. Separate and included limits of liability applicable to **Regulatory Inquiries** do not increase when the **Regulatory Inquiry** is part of **Interrelated Claims**.

If we advise **You** in writing that one or more **Claims**, **Regulatory Inquiries** or **Incidents** are **Interrelated Claims**, **You** shall advise us within sixty (60) days thereafter if you disagree with our determination, and failing to do so, **You** shall be conclusively deemed to agree with such determination. If **You** so advise us, we agree to promptly initiate the mediation and arbitration

provisions of the Policy to determine the applicable limits of liability. While such proceedings are pending, we agree to defend and indemnify **You** to the extent coverage otherwise exists, up to but not exceeding the limits of liability that we have determined to be applicable, and we shall be under no obligation to settle any action against **You** that would cause such limits to be exceeded. We shall give **You** prompt notice of any such settlement offer and of the amount, if any, we agree to pay towards that offer. **You** may accept such settlement offer and reserve **Your** rights, if any, to recover from us the difference between such settlement amount and such lesser amount we may have agreed to pay towards that settlement. We may, but shall be under no obligation to, advance all or some of said difference, and may condition such advances upon **Your** agreement as to terms, including interest, security, and other terms as may assure timely repayment to us of any amounts we may pay or advance that are later determined to be in excess of our limits of liability.

F. Mediation Incentive

If mediation of a **Claim** takes place before service of suit and such **Claim** is ultimately resolved for an amount acceptable to **You** and us by the process of mediation, we will reduce **Your** applicable deductible by fifty percent (50%), up to a maximum of \$25,000, upon **Your** written request. **Your** share of the administrative charges for the mediation service and the mediator's fee will be paid by the Company and will not be part of the deductible.

G. Supplementary Benefits

1. Defendant Reimbursements

When a **Claim** is made against **You**, we will compensate **You** upon **Your** written request for **Your** loss of earnings resulting from being required by us to attend a mediation, an arbitration, a deposition or a trial, subject to all of the following limitations:

- a. We will compensate **You** for each day following the first three (3) days' of **Your** attendance in connection with a **Claim**. We will not compensate **You** for the first three (3) days.
- b. This compensation is a supplementary benefit that we will pay in addition to the limits of liability, and **Your** deductible obligation does not apply to this compensation.
- c. The maximum amount that we will pay when **You** are required to attend a compensable event is \$250 per day per **Claim**, and \$7,000 in the Aggregate for all **Claims** to which this Policy applies.
- d. If **You** purchase an **Extended Claim Reporting Period**, the Aggregate limit for the **Extended Claim Reporting Period** is the Aggregate limit for the terminating **Policy Period**.

2. Regulatory Inquiry

With regard to any **Regulatory Inquiry** that is initiated and reported to us in writing during the **Policy Period** or is part of **Interrelated Claims** deemed to be one **Claim** first made during the **Policy Period**, and that is arising from **Your** performance of **Professional Services**, we agree to pay fifty percent (50%) of **Your** attorneys' fees, costs and court costs, up to a maximum of \$25,000 per such proceeding. No deductible shall apply to this coverage, but all sums paid by us are included within, and are not in addition to, the "Each **Claim**" limit of liability stated in the Declarations.

3. Subpoenas for Documents or Testimony

In the event **You** receive a subpoena for documents or testimony related to or arising from **Your** performance of **Professional Services** and would like to receive legal advice in responding to the subpoena, **You** may provide us with a copy of the subpoena and we may retain legal counsel to advise **You** regarding the document production or to represent **You** in giving sworn testimony. The maximum amount that we will pay on **Your** behalf in connection with all subpoenas received by **You** and reported to us during the **Policy Period** shall not exceed \$15,000 per **Policy Period**. This coverage for the cost of legal advice in responding to subpoenas is included within, and is not in addition to, the "Each **Claim**" limit of liability stated in the Declarations. We may consider **Your** receipt of a subpoena and the attending circumstances in determining whether there is an **Incident**.

4. Services as a Director or Trustee of a Not-for-Profit (Charitable) Organization - **Claim Expenses**

If a **Claim** is made against **You** arising from **Your** services as a director, trustee or other member of a governing body of a Not-for-Profit (Charitable) organization, and is reported to us during the **Policy Period**, we agree to pay up to \$50,000 in **Claim Expenses**, in excess of **Your** deductible, for no more than one of **You** in connection with each **Claim**. We will pay all such **Claim Expenses** from within, and not in addition to, the "Each **Claim**" limit of liability stated in the Declarations. In no event will we have a duty to indemnify any **Damages** in connection with such **Claims**.

5. Use of Engagement Letters

If a **Claim** is made against you in connection with an engagement for which **You** utilized an engagement letter, other than an engagement for audit services or attest services, then, upon **Your** written request, we will reduce **Your** applicable deductible by 50 percent, up to a maximum of \$25,000, provided that all of the following conditions precedent are satisfied:

- a. The engagement letter was signed within the preceding 11 month period prior to rendering the **Professional Services** at issue in the **Claim**.
- b. The engagement letter pertains to the engagement about which the **Claim** is asserted.
- c. The **Claim** is otherwise covered under the Policy.

IV. EXCLUSIONS

This Policy does not apply to:

- A. Any **Claim** or any portion of any **Claim** based on or arising out of **Bodily Injury** to any person.
- B. Any **Claim** or any portion of any **Claim** by one **Named Insured** under this Policy against any other **Named Insured** under this Policy.
- C. Any **Claim** or any portion of any **Claim** based on or arising out of fire, theft, misappropriation, misdirection, malicious activity, sabotage, or other casualty that results in damage to, destruction of, or loss of use of tangible property.
- D. Any **Claim** or any portion of any **Claim** based on or arising out of liability assumed under any contract or agreement, unless **You** would have been liable if the contract or agreement did not exist.
- E. Any **Claim** or any portion of any **Claim** based on or arising out of a dishonest, fraudulent, criminal or malicious act by any of **You**. We shall provide **You** with a defense of such **Claim** unless or until the dishonest, fraudulent, criminal or malicious act has been determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not. Such defense will not waive any of our rights under this Policy. Criminal proceedings are not covered under this Policy regardless of the allegations made against **You**.
- F. Any **Claim** or any portion of any **Claim** based on or arising out of **Professional Services** performed for any entity other than the **Named Insured** if, at the time of the acts, errors or omissions giving rise to the **Claim**, **You** or **Your** spouse were an officer, director, partner or manager of such entity or the owner of more than a 10% equity interest in such entity. This exclusion shall not apply to a **Claim** arising out of:
 1. **Your** provision of non-attestation services that were performed solely by persons who were not officers, directors, partners, managers or more than 10% equity owners; or
 2. **Professional Services** provided by any of **You** to any charitable organization for whom another one of **You** serves as an officer or director of that charitable organization; or
 3. **Professional Services** provided by any of **You** to any entity for which **You** are covered as a trustee or manager or other fiduciary as set forth in subparagraphs H.2. and H.3.
- G. Any **Claim** or any portion of any **Claim** based on or arising out of **Professional Services** rendered by **You** as an executor, administrator or personal representative of an estate or as a trustee if **You** or **Your** spouse are a beneficiary or distributee of said estate or trust.

- H. Any **Claim** or any portion of any **Claim** based on or arising out of acts, errors or omissions committed in **Your** capacity as any of the following:
1. An officer, director, partner or other member of a governing body of an entity, other than the **Named Insured**, except that this exclusion shall not apply to the Supplementary Benefit set forth in Section III.G.4.
 2. A trustee for an investment fund or for a trust established for the benefit of any entity, or group of unrelated individuals, except that this exclusion shall not apply to **You** when acting as a trustee for a trust established by an individual or a family for their sole benefit and operated solely for the purpose of engaging in passive investment activity, or when acting as a manager or partner of a limited liability company or limited liability partnership similarly established and operated for the sole purpose of engaging in passive investment activities on behalf of an individual or a family.
 3. The trustee of an employee benefit plan, or the trustee of any trust established to fund such plan, or any other fiduciary of such plans, regardless of whether the **Claim** is brought against **You** under the Employee Retirement Income Security Act of 1974, its amendments or any other similar state or local law. This exclusion does not apply if **You** are deemed to be a fiduciary solely by virtue of **Professional Services** that **You** render as an accountant to the plan, including accounting, audit attest, consulting, tax, investment advisory services if otherwise covered, or administrative services to an employee benefit plan as an independent third party consultant.

The exclusions set forth above in subparagraphs H.1., H.2., and H.3., do not apply to **Claims** based on or arising out of: (1) **Your** service as a trustee under the United States Bankruptcy Code, Title 11 of the United States Code; and/or (2) services provided by **You** of a fiduciary nature where such fiduciary services are supervised and approved by a court or by a state or federal administrative agency.

- I. Any **Claim** or any portion of any **Claim** based on or arising out of any of the following:
1. Advice, solicitation, purchases or sales related to securities or other investments.
 2. Services for which **You** are paid by commission or on a contingency basis or for any client in which **You** have a financial interest.
 3. Advice as to the value of specific securities or the advisability in investing in or purchasing or selling specific securities or to any **Claim** based on or arising out of **Your** capacity as a broker dealer in securities, as defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934, except that this exclusion I. shall not cause business valuation engagements to be excluded from coverage, nor shall this exclusion I. apply to coverage provided by an endorsement to this Policy for professional investment services.
- J. Any **Claim** or any portion of any **Claim** based on or arising out of any antitrust law violation or any agreement or conspiracy to restrain trade unless the allegations arise solely from **Your** performance of **Professional Services** as a member of a formal accreditation, standards review or similar professional board or committee related only to accountancy and such services are within the scope of that committee's or board's established guidelines.
- K. Any **Claim** or any portion of any **Claim** based on or arising out of the performance of legal services.
- L. Any **Claim** or any portion of any **Claim** based on or arising out of the performance of actuarial services.
- M. Any **Claim** or any portion of any **Claim** based upon or arising out of a **Data Breach Event** (the term "**Data Breach Event**" has the meaning specified in the edition of the Data Breach and Identity Theft Endorsement in force when the Policy was issued) or the loss, damage, destruction, distortion, erasure, corruption, copying, alteration, or loss of use of data, including client records, whether stored electronically or otherwise, from fire, theft, misappropriation, misdirection, misplacement, computer virus, malicious activity, sabotage, or other casualty.
- N. Any **Claim** or any portion of any **Claim** based upon or arising out of **Your** failure to register with the Public Company Accounting Oversight Board (PCAOB).

- O. Any **Claim** or any portion of any **Claim** based on or arising out of **Your** use of, promotion of, recommendation to use or provision of assistance in the use of any legal document preparation firm or service.
- P. Any **Claim** or any portion of any **Claim** based on or arising out of professional services performed by an accountant with whom **You** share or have shared office space or common office facilities, and who does not qualify as one of **You** under this Policy.
- Q. Any **Claim** or any portion of any **Claim** based on, arising out of or in connection with the design, recommendation, referral, sale or promotion of any tax shelter(s) or transaction(s) which:
 - 1. are determined by any tax authority to be used primarily to unreasonably reduce tax, or to have primarily a tax avoidance or evasion purpose, or to be substantially similar to abusive tax shelters or tax avoidance transactions;
 - 2. are identified under federal, state or local law or applicable guidance by tax authorities as substantially similar to abusive tax shelters or tax avoidance transactions; or
 - 3. any transaction that is considered to be a “reportable transaction” under Treasury Regulation §1.6011-4(b) or any superseding law or regulation.

V. POLICY CONDITIONS

A. Coverage Territory

This Policy applies to **Claims** brought against **You** within the United States of America, including its territories and possessions, Puerto Rico and/or Canada, arising from **Professional Services** performed by **You** anywhere in the world.

B. Sole Agent

The **Named Insured** shall be the sole agent of all of **You** for all of the following purposes: (1) effecting or accepting any notices hereunder, or any amendments to or cancellation of this Policy; (2) the completion of any applications; (3) the making of any statements, representations and warranties; (4) the payment of any premium earned or the receipt of any returned premium that may become due under this Policy; and (5) the exercising of, or declining to exercise any right under this Policy.

C. Duties in the Event of a **Claim**.

- 1. **You** must give us written notice as soon as reasonably possible during the **Policy Period** of any **Claim** made against **You**. We agree that **You** may have up to, but not to exceed, sixty (60) days after the date on which this Policy expires to report to us a **Claim** made against **You** during the **Policy Period**, if the reporting of such **Claim** is as soon as reasonably possible.
- 2. **You** must also do all of the following:
 - a. Immediately send to us all documents **You** receive in connection with the **Claim**;
 - b. Fully cooperate with us or our designee in the: (i) investigation, the making of settlements, the conduct of suits or other proceedings tendered to us, or the enforcing of any right of contribution or indemnity against another who may be liable to **You** in connection with a **Claim**, and (ii) defense of any **Claim** or **Regulatory Inquiry**, including, without limitation, the securing and giving of evidence and obtaining the attendance of witnesses and the performance of corrective or remedial work at **Your** expense as we or our designee may recommend;
 - c. At our request, attend depositions, hearings and trials;
 - d. Refuse, except at **Your** own cost, to admit any liability or any errors or deficiencies in **Your Professional Services**, assume any **Damages**, voluntarily make any payments, or incur any attorneys’ fees, costs or expense;
 - e. Provide us with information relevant to any **Claim** upon our request; and

- f. Upon our request, **You** must provide sworn statements or submit to examination(s) under oath by our representative regarding information relevant to any **Claim**.

D. Duties in the Event of a **Regulatory Inquiry or an **Incident**.**

1. If, during the **Policy Period**, **You** become aware of a **Regulatory Inquiry** or **Incident**, **You** must give written notice to us as soon as reasonably possible during the **Policy Period**.
2. For **Incidents** that are not a **Regulatory Inquiry**, **Your** notice to us must state the facts or circumstances that suggest that a **Claim** might be asserted against **You**, or that suggest **You** may have committed an act, error or omission upon which a **Claim** could be based.
3. With respect to all **Incidents**, **Your** notice must provide us with a complete explanation of the facts and circumstances, including:
 - a. A detailed description of the **Professional Services** and the dates on which they were rendered;
 - b. The full name and address of **Your** client or clients and all anticipated or possible claimants;
 - c. The circumstances by which **You** first became aware of the **Incident**;
 - d. The facts or circumstances that suggest **You** may have violated any professional standards, applicable law or regulations.
4. **You** must also do all of the following:
 - a. Refuse, except at **Your** own cost, to admit any liability or any errors or deficiencies in **Your Professional Services**, assume any **Damages**, voluntarily make any payments, or incur any attorneys' fees, costs or expenses;
 - b. Provide relevant information and any related documents upon our request;
 - c. Fully cooperate with us or our designee in the investigation of the **Incident**.
5. We may, by writing addressed to **You**, accept alternate notice from **You** of an **Incident** (including any **Regulatory Inquiry**) that does not fully comply with these requirements, but we shall be under no obligation to do so. In the event we determine there is an opportunity to avoid a **Claim** arising out of an **Incident** other than a **Regulatory Inquiry**, and we incur legal or expert expenses to do so, such expenses will be at our cost and will not be subject to **Your** deductible, but shall be paid from within the "Each **Claim**" limit of liability stated in the Declarations. If we advise **You** in writing that we are recognizing or declining to recognize an **Incident**, **You** shall advise us within sixty (60) days thereafter if you disagree with our determination, and failing to do so, **You** shall be conclusively deemed to have agreed with our determination.

E. Notice

Notice of any **Incident**, **Claim**, subpoena, **Regulatory Inquiry**, or other event or circumstance to which this Policy may apply, should be reported to the Company, c/o CPA Mutual Insurance Company of America RRG, 4923 NW 43rd St #C, Gainesville, FL 32606, Tel: (352) 240-7800 or (800) 543-3029.

F. Changes/Transfer of Interest

Notice to any of our agents or knowledge possessed by any such agent or any other person shall not act as a waiver or change in any part of this Policy. **You** agree to first obtain our written consent to make any changes, transfers or assignments of this Policy. None of the provisions of this Policy will be waived, changed or modified except by written endorsement issued to form a part of this Policy.

G. Entire Contract

This Policy includes the Declarations, all endorsements attached to this Policy, the completed and signed application and all supplementary information and statements **You** have provided to us. By acceptance of this Policy, **You** agree that all of the information and statements provided to us by **You** are true, accurate and complete. This Policy has been issued in reliance upon the truth and accuracy of those representations.

No concealment, misrepresentation or fraud shall avoid or defeat recovery under this Policy unless such concealment, misrepresentation or fraud was material. A material misrepresentation means concealment, misrepresentation or fraud in the procurement of this Policy, which, if known by us, would have led to our refusal to make this contract or provide coverage for a **Claim** hereunder, or such concealment, misrepresentation or fraud has prejudiced the Company's ability to defend a **Claim**. **Your** failure to report to us in any original or renewal application any **Claim, Incident or Regulatory Inquiry** previously unreported to CPA Mutual shall be considered a material misrepresentation.

H. Other Insurance

If **You** have any other valid and collectible insurance that applies to a **Claim** or any other source of indemnification or reimbursement for **Damages** or **Claim Expenses** because of **Your** acts, errors or omissions to which this Policy applies, then the insurance provided by this Policy shall be excess over any such other insurance, source of indemnification or reimbursement, self-insurance or self-insured retention, or any other plan or agreement of risk assumption, whether primary, excess, contingent or on any other basis.

If no other insurer or other source of indemnity or reimbursement defends **You** against a **Claim** that we have an obligation to defend, we will do so, but we will be entitled to **Your** rights against all those other insurers or sources of indemnity or reimbursement. We will pay only our share of the amount of the loss, if any, that exceeds: (a) the sum of the total amount that all such other insurance or source of indemnity or reimbursement would pay in absence of this insurance, and (b) the total of all deductible, self-insured amounts, and other sources of indemnity or reimbursement, or other available programs. This provision does not apply to other insurance that was purchased by **You** specifically to apply in excess of the limits of liability shown on the Declarations of this Policy.

I. Payment and Legal Action Limitations

We have no obligation to pay **Damages** unless the amount of **Your** obligation to pay has been finally decided. Such amount can be decided by final judgment against **You** or by written agreement between **You**, us and the claimant. **You** agree to resolve any claims or disagreements concerning our obligations in connection with any such judgment or agreement exclusively through the mediation and arbitration provisions of this Policy, and **You** agree to commence such proceedings within two years of any final judgment or written agreement fixing **Your** obligation to pay. Only the Company shall be liable for the coverage provided by this Policy and **You** shall not maintain or allow to be maintained any claim or legal proceeding against any representative of the Company concerning whether the obligations of this Policy have been fulfilled.

Only **You** have rights under this Policy. No other individual or entity, or their legal representative, is entitled to recover under this Policy. No individual or entity has any right under this Policy to include us in any action against **You** to determine **Your** liability, nor will we be brought into such an action by **You** or **Your** representative.

J. Subrogation

In the event of any payment under this Policy, we shall be subrogated to all **Your** rights of recovery thereof against any person, organization or entity, including any rights **You** may have against any other person insured under this Policy who is involved in dishonest, fraudulent, criminal, malicious or intentional conduct. **You** shall execute and deliver instruments and papers and do whatever else is necessary to secure and collect upon such rights. **You** shall do nothing to prejudice such rights.

K. Innocent Insureds

Subject to the sub-limit of liability stated in Section III.C., if any coverage under this Policy would be void, suspended or excluded as a result of any criminal, dishonest, fraudulent or malicious acts of any of **You**, this Policy will continue to apply to any of **You** who did not personally commit, have knowledge of, or participate in such criminal, dishonest, fraudulent or malicious acts or in the concealment thereof from us, provided **You** promptly give notice to us in accordance with Section I. COVERAGE AGREEMENTS and Section V. POLICY CONDITIONS.

L. Reimbursement

If we elect to advance any amounts in payment of **Damages** or **Claim Expenses** within the amount of the applicable deductible or in excess of the applicable limit of liability, **You** agree to be jointly and severally liable to reimburse us immediately for such amounts upon our request. If **You** do not reimburse us within sixty (60) days of our request for reimbursement of sums we have paid for **Damages** or **Claim Expenses** within the amount of the applicable deductible, we also will be entitled to recover from **You** the reasonable attorneys' fees and costs we incur in collecting the amount we have paid from within **Your** deductible. If we provide coverage to **You** under circumstances (including the issuance of a reservation of rights) in which questions are raised as to whether there is coverage under the Policy, and it is thereafter determined by arbitration or a court of competent jurisdiction that we have paid sums in excess of the amounts we owe under the terms of this Policy, **You** agree to reimburse us for the amount we paid in excess of coverage provided by this Policy.

M. 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.

N. Cancellation and Non-Renewal

This Policy may be canceled by the **Named Insured** by surrender of this Policy to the Company, c/o CPA Mutual, 4923 NW 43rd St #C, Gainesville, FL 32606, by mailing to the Company, at such address, 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 canceled 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. Proof of mailing the notice of cancellation 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.

If the **Named Insured** cancels the Policy, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels the Policy, 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 from the **Named Insured** from any amount of unearned premium.

The failure of the Company to issue or to offer to issue a subsequent insurance agreement does not constitute Policy cancellation. The Company is under no obligation to issue or to offer to issue a subsequent insurance agreement and may elect not to do so for any reason.

O. Changes in Policy

Notice to any agent or any other person, or knowledge possessed by any agent or by any other person, shall not effect a waiver or change in any part of this Policy or estop the Company from asserting any right under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by express endorsement validly issued to this Policy and signed by a duly authorized agent of the Company.

P. Mandatory Arbitration

All disputes, claims or controversies arising out of or relating to this Policy or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall exclusively be resolved by binding arbitration in Burlington, Vermont, or such other location as **You** and the Company may agree. The arbitration shall be before three arbitrators and will be administered by JAMS, or its successor, pursuant to the JAMS Comprehensive Arbitration Rules and Procedures, or JAMS Streamlined Arbitration Rules and Procedures, as applicable. The arbitrators shall have no authority to alter or amend the terms of this Policy. Any award shall not include any attorneys' fees or costs awarded to any party, each of which will bear its own costs and expenses and share equally in the costs of arbitration. This clause shall not preclude parties from seeking provisional remedies in aid of mediation or arbitration from a court of appropriate jurisdiction, and judgment on any award may be entered in any court having jurisdiction.

If for any reason JAMS is unable to mediate this case, the parties may select a mediator who has no less than five (5) years of experience mediating insurance-related disputes who shall mediate as far as practical in accordance with the standard JAMS procedures and protocols. If JAMS is unable to arbitrate this case for any reason, the parties shall each appoint a neutral arbitrator who is an attorney with at least five (5) years of experience in insurance coverage disputes, and the two arbitrators shall appoint a third neutral arbitrator with similar qualifications, and the three arbitrators so chosen shall arbitrate the case as far as practical in accordance with the JAMS Comprehensive Arbitration Rules and Procedures, or JAMS Streamlined Arbitration Rules and Procedures, as applicable.

Q. Mediation Prior to Arbitration

Any dispute, claim or controversy arising out of or relating to this Policy, shall and must first be submitted to JAMS, or its successor, for mediation and, if not resolved, only then may be submitted for final and binding arbitration as set forth above. **You** or the Company may commence mediation by providing to JAMS and the other party a written request for mediation, setting forth the subject of the dispute and the relief requested. **You** and the Company will cooperate with JAMS and with one another in selecting a mediator from the JAMS panel of insurance-experienced neutrals, and in scheduling the mediation, and will participate in the mediation in good faith and pursuant to standard JAMS procedures and protocols, and share equally in its costs. **You** or the Company may initiate arbitration with respect to matters first submitted to mediation by filing a written demand for arbitration at any time following the initial mediation session, or thirty (30) days after the date of a written request for mediation, whichever occurs first. Unless otherwise agreed by the parties, the mediator shall be disqualified from serving as arbitrator in the case.

R. Exclusive Forum

All dispute resolution, whether by mediation, arbitration or any other legal process, shall presumptively take place exclusively in Burlington, Vermont; provided, however, that mediation or arbitration may take place at any JAMS office or at the offices of chosen mediators or arbitrators, or at such other place as **You** and the Company may agree.

S. Severability

In the event that any provision, portion or aspect of the Policy conflicts with applicable law, or may be found to be illegal or unenforceable under applicable law, such conflict, illegality or unenforceability shall not affect any other provision, portion or aspect of the Policy that can be given effect without the offending provision(s), and are declared to be severable and each aspect thereof to be separately enforceable.

VI. EXTENDED CLAIM REPORTING PERIOD

As used herein, “**Extended Claim Reporting Period**” means the period of time after the end of the **Policy Period** for reporting **Claims** to us that are made against **You** during the applicable **Extended Claim Reporting Period** by reason of acts, errors or omissions that happened prior to the end of the **Policy Period** and are otherwise covered by this Policy. It is understood and agreed that the **Extended Claim Reporting Period** shall not be construed to be a new policy and that any **Claim** submitted during such period shall otherwise be governed by this Policy.

A. Automatic **Extended Claim Reporting Period**

If this Policy is canceled or non-renewed either by us or by the **Named Insured**, we will provide to the **Named Insured** an automatic, non-cancelable **Extended Claim Reporting Period** starting at the termination of the **Policy Period** if the **Named Insured** has not obtained another policy of accountants’ professional liability insurance. This automatic **Extended Claim Reporting Period** will terminate after sixty (60) days.

B. Optional **Extended Claim Reporting Period**

If this Policy is canceled or non-renewed either by us or by the **Named Insured**, then the **Named Insured** shall have the right to purchase an optional **Extended Claim Reporting Period**. Such right must be exercised by the **Named Insured** within sixty (60) days of the termination of the **Policy Period** by providing written notice to us. The optional **Extended Claim Reporting Period** shall not apply to any **Claim** arising out of an **Incident** or **Regulatory Inquiry** reported pursuant to Section V. or to any **Claim** arising out of any **Interrelated Acts or Omissions** related to an **Incident** or **Regulatory Inquiry** about which **You** first notify us during the **Extended Claim Reporting Period**, unless such **Claim** is actually made and reported to us during the **Extended Claim Reporting Period**. The additional premium for the **Extended Claim Reporting Period** shall be (other options may be available upon request) as follows:

1. 12 months for 100% of the Policy’s annual premium.
2. 24 months for 150% of the Policy’s annual premium.
3. 36 months for 185% of the Policy’s annual premium.
4. 48 months for 200% of the Policy’s annual premium.
5. 60 months for 225% of the Policy’s annual premium.

C. Elimination of Right To Any **Extended Claim Reporting Period**

There is no right to the optional **Extended Claim Reporting Period** if we cancel or refuse to renew this Policy due to nonpayment of premiums, deductibles or any material misrepresentations in the application for this or any previous Policy.

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

Secretary

President