

## PROPERTY AND CASUALTY AGENCY PROFESSIONAL LIABILITY POLICY

**THIS IS A CLAIMS MADE AND REPORTED POLICY AND, SUBJECT TO ITS PROVISIONS, APPLIES ONLY TO THOSE CLAIMS WHICH ARE BOTH FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE CERTIFICATE PERIOD AND ARE THE RESULT OF ACTS OR OMISSIONS THAT OCCURRED ON OR AFTER THE RETROACTIVE DATE AS SET FORTH IN SUCH INSURED'S CERTIFICATE OF INSURANCE AND PRIOR TO THE END OF THE CERTIFICATE PERIOD.**

Throughout this Policy, the terms "we", "us" and "our" refer to the Insurance Company listed on the **named insured's certificate of insurance** as providing this Insurance. Other words and phrases that appear in bold have the meaning set forth in Section III. DEFINITIONS.

Whereas, the **policyholder** is a risk purchasing group formed under the federal risk management act;

Whereas, the **policyholder** desires to arrange for insurance for its members from Continental Casualty Company;

Whereas, Continental Casualty Company is willing to insure members of the **policyholder** whose individual applications for coverage under this policy are submitted to and accepted by us,

Now therefore, we hereby agree to insure those members of the **policyholder** to whom we issue **certificates of insurance** subject to the definitions, exclusions, conditions, endorsements and other terms of this policy, as follows.

### **I. INSURING AGREEMENT**

- A. We will pay all amounts, excess of the retention, within the limits of liability stated on the **insured's certificate of insurance**, that the **insured** becomes legally obligated to pay as **damages** as a result of a **claim** by reason of a **wrongful act** in the rendering of **professional services** by the **insured** or by someone for whom the **insured** is legally liable, provided that:
1. such **wrongful act** occurred after the **retroactive date** shown on the **insured's certificate of insurance**;
  2. prior to the effective date of the **certificate period**, the **insured** did not know or could not have reasonably expected that such **wrongful act** or **related wrongful acts** would result in a **claim**;
  3. prior to the effective date of the **certificate period**, the **wrongful act** or **related wrongful acts** has not been the subject of any notice given under any other policy, in whole or in part, regardless of whether or not such other policy affords coverage; and
  4. the **claim** is both made against the **insured** and reported to us during the **certificate period** or any applicable **extended reporting period**.

Subject to the **claim expenses** limit of liability, we will also pay **claim expenses** in connection with any **claims** under the paragraph above.

#### B. Defense

We shall have the right and duty to defend a **claim** even if any of the allegations of the **claim** are groundless, false or fraudulent. We shall have the right to appoint counsel and to make such investigation, settlement and defense of a **claim** as is deemed necessary by us. If a **claim** is submitted to arbitration or mediation, we shall be entitled to exercise all of the **insured's** rights in the choice of arbitrators or mediators and in the conduct of an arbitration or mediation proceeding.



We are not obligated to investigate, defend, pay or settle, or continue to investigate, defend, pay or settle a **claim** or pay any **damages** or **claim expenses**, if the **damages limit of liability** has been exhausted by the payment of **damages**, payment of **claim expenses**, or the payment of both **damages** and **claim expenses**, even if any **claim expenses** limit of liability remains. In such case, we shall have the right to withdraw from the further investigation, defense or settlement of such **claim** by tendering control of such investigation, defense or settlement to the **insureds**. If and when the maximum aggregate **damages limit of liability** is exhausted, our obligation to defend any **claim**, or pay any **damages** or **claim expenses**, shall be completely fulfilled and we shall have the right to withdraw from the further investigation, defense or settlement of such **claim** by tendering control of such investigation, defense or settlement to the **insureds**.

C. Settlement/Consent

We shall not settle any **claim** without the consent of the **insureds**, which consent shall not be unreasonably withheld. If the **insureds** refuse to consent to a settlement or compromise recommended by us, and acceptable to the claimant, then the applicable **damages limit of liability** shall be reduced to the amount for which the **claim** could have been settled. We shall not be liable for any **damages** or **claim expenses** incurred by the **insured** to the extent the **damages** and/or **claim expenses** results from such **insured** admitting liability, consenting to any judgment, agreeing to any settlement, making any settlement offer or incurring expenses without our prior consent.

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## II. LIMITS OF LIABILITY

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A. **Damages limit of liability** - each **claim** per **certificate of insurance**

Subject to paragraph B below, our limit of liability for **damages** for each **claim** shall not exceed the “each **claim**” **damages limit of liability** stated in the **insured’s certificate of insurance**.

B. **Damages limit of liability** - in the aggregate per **certificate of insurance**

Our limit of liability for **damages** for all **claims** shall not exceed the “Aggregate” **damages limit of liability** stated in the **insured’s certificate of insurance**.

C. **Claim expenses** limit of liability – each **claim** per **certificate of insurance**

Our limit of liability for **claim expenses** for each **claim** shall not exceed the “each **claim**” **claim expenses** limit of liability stated in the **insured’s certificate of insurance**.

D. **Claim expenses** limit of liability – in the aggregate per **certificate of insurance**

Our limit of liability for **claim expenses** for all **claims** shall not exceed the “Aggregate” **claim expenses** limit of liability stated in the **insured’s certificate of insurance**.

E. All **claim expenses** under each **certificate of insurance** shall first be applied to this **claim expenses** limit of liability. If and when such limit of liability for **claim expenses** is exhausted by payment of **claim expenses**, then and in that event only shall any remaining **claim expenses** be applied to the applicable **damages limit of liability**.

F. Multiple **insureds**, **claims** and claimants



The limits of liability shown in the **insured's certificate of insurance** is the maximum amount we will pay as **damages** or **claim expenses**, as applicable, regardless of the number of **insureds, claims** made or persons or entities making **claims**.

#### G. Related claims

If **related claims** are made against the **insured** and are reported to us during the **certificate period** or any renewal **certificate period**, all such **related claims** shall be considered a single **claim** first made and reported to us within the **certificate period** in which the earliest of the **related claims** was first made against the **insured** and reported to us.

#### H. Retention

Subject to the applicable limit of liability shown in the **insured's certificate of insurance**, we will pay all covered **damages** excess of the applicable retention as stated in the **insured's certificate of insurance** for "each **claim**". A single and separate retention will apply to all **damages** resulting from each **claim**.

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### III. DEFINITIONS

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**Bodily injury** means bodily injury, sickness, disease or death and includes mental injury, mental anguish, mental tension, emotional distress, pain, suffering or shock sustained by any person, whether or not resulting from injury to the body.

**Certificate of insurance** means the document issued to each **named insured** evidencing the terms, limits, premium and endorsements provided to the **insured**.

**Certificate period** means the period of time between the inception date shown on the **certificate of insurance** and the effective date of termination, expiration or cancellation of the **certificate of insurance** issued to the **named insured**.

**Claim** means a written demand, including the service of suit, a civil adjudicatory proceeding or the institution of an arbitration proceeding, received by the **insured** for monetary amounts arising out of a **wrongful act** in the rendering of **professional services**.

**Claim expenses** mean:

- A. fees charged by attorneys designated by us;
- B. all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **claim** if incurred by us, or by the **insured** with our written consent;
- C. all **prejudgment and postjudgment interest**.

**Claim expenses** shall not include:

- A. fees, costs or expenses of our employees or officers or independent claims adjusters;
- B. salaries, wages, fees, overhead or benefit expenses associated with the directors, officers, principals, owners or employees of the **insured**.

**Client** means a natural person or entity for whom or for which **professional services** are rendered.



**Damages** mean monetary judgments, awards and settlements for which the **insured** is legally obligated to pay on account of a covered **claim** provided any settlement is made with our prior written consent.

**Damages** do not include:

- A. civil or criminal fines, sanctions, penalties or forfeitures, whether pursuant to law, statute, regulation or court rules;
- B. punitive or exemplary amounts;
- C. the multiplied portion of multiplied awards;
- D. injunctive or declaratory relief;
- E. any amount that is not insurable under any applicable law; or
- F. plaintiff's attorneys fees associated with any of the above;
- G. any amounts for which there is no legal recourse against the **insured**;
- H. taxes;
- I. the return of commissions, fees or charges for services rendered by an **insured**.

However, **damages** shall include any taxes, fines, and penalties incurred by a third party and included in such third party's **claims** against the **insured**.

**Extended reporting period** means the period of time after the **certificate period** for reporting **claims** due to a **wrongful act**. The **wrongful act** must happen on or after the **retroactive date** and before the end of the **certificate period**.

**Damages limit of liability** means the limit of liability applicable to **damages**, and, upon exhaustion of the **claim expenses** limit of liability, to **claim expenses**, as set forth in Section II. above.

**Fungi** means any form of fungus, including but not limited to yeast, mold, mildew, rust, smut or mushroom, and any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of fungi.

**Insurance producer** means an individual or entity who or which sells **property & casualty insurance** to a **client**, or negotiates with a **client** or solicits a **client** concerning such **property & casualty insurance** provided that such individual or entity is properly licensed to sell, solicit or negotiate such **property & casualty insurance** in any applicable jurisdiction.

**Insurance wholesaler** means an agent, broker, solicitor, intermediary, reinsurance intermediary or any other insurance professional that sells insurance products to, or negotiates with or solicits another agent, broker, solicitor, intermediary or any other insurance professional in connection with such insurance products.

**Insured** means the **named insured** and any **subsidiary** and the persons and entities described below:

- A. any **insurance producer** who, during the **certificate period**, is, was or becomes a partner, officer, director, manager or employee of the **named insured** or any **subsidiary**, but solely while performing **professional services** on behalf of the **named insured** or such **subsidiary**;
- B. any person who is, was or becomes a secretarial, clerical or administrative employee of the **named insured** or any **subsidiary** but solely for services performed by such person within the course and scope of their employment by the **named insured** or such **subsidiary**, and provided that the services in dispute are **professional services** of the **named insured** or such **subsidiary**;
- C. an **insurance producer** who is an independent contractor but only if prior to the date a **claim** is made:



1. the **named insured** or any **subsidiary** had agreed to provide insurance for the independent contractor's **professional services**; and
2. the **professional services** were performed on behalf of the **named insured** or such **subsidiary** under a written contract between the **named insured** or any **subsidiary** and the independent contractor;

**Managing general underwriter** means a person or entity who or which manages or administers all or part of the insurance business of an insurer, and includes, but is not limited to managing general agents, underwriting administrators or underwriting managers.

**Microbe** means any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease including but not limited to any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of microbes.

**Named insured** means the person or entity named as such on a **certificate of insurance**.

**Personal Injury** is an injury or damage, other than **bodily injury**, arising out of one or more of the following offenses:

- A. false arrest, detention, or imprisonment;
- B. malicious prosecution;
- C. wrongful entry into, wrongful eviction from, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- D. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- E. oral or written publication of material that violates a person's right of privacy.

**Policyholder** means the Agents Professional Liability Service Organization, a risk purchasing group. This Master Policy provides no coverage to the **policyholder**.

**Pollutants** mean any substance exhibiting hazardous characteristics as or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also means, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products or any noise.

**Prejudgment and postjudgment interest** means interest that accrues prior to or after entry of a judgment, verdict or award. However, any interest that is awarded as a penalty against an **insured** does not constitute "prejudgment interest and postjudgment interest".

**Professional services** means only the following services rendered by an **insured** on behalf of the **named insured** and only to the extent they are performed with any license deemed necessary by any applicable jurisdiction:

- A. services as a notary public;
- B. services as an **insurance producer**;
- C. premium financing services but only for **property & casualty insurance** placed by the **insured** for their **clients**;
- D. the following services but only if incidental to the negotiation, solicitation or sale, attempted sale or servicing of **property & casualty insurance** by the **insured** to **clients** and only if there is no separate fee or remuneration paid in connection with such services:



1. insurance claims adjusting services;
2. risk management services; and
3. insurance appraisals.

**Professional services** do not include services as an **insurance wholesaler, managing general underwriter** or **third party administrator**.

**Property & casualty insurance** means any insurance product other than products sold by life insurance companies. **Property & casualty insurance** includes title insurance and surety products.

**Property damage** means injury to, or destruction of, any tangible property, including the loss of use resulting therefrom.

**Related claims** mean all **claims** arising out of a single **wrongful act** or arising out of **related wrongful acts**.

**Related wrongful acts** mean all **wrongful acts** that are logically or causally connected by any common fact, circumstance, situation, transaction, event, advice or decision.

**Retroactive date** is indicated on the **insured's certificate of insurance** provided the **insured** was covered, without interruption under a claims-made Property & Casualty Agent Professional Liability Policy, subject to written proof of such coverage at the time a **claim** is made. This policy excludes from coverage all **claims** by reason of acts or omissions that happened before the **retroactive date**.

**Subsidiary** means any property and casualty insurance agency in which and so long as more than 50% of the voting stock is owned by **named insured**, either directly or indirectly:

- A. on or before the effective date of the **named insured's certificate of insurance**; or
- B. after the effective date of such **certificate of insurance** by reason of being created or acquired by the **named insured** after such date, if and to the extent coverage with respect to such entity is afforded pursuant to Section V. I.

**Third party administrator** means a person or entity who manages or administers a third parties' benefit or insurance plans, including a person or entity who provides claims administration services in connection with such plans.

**Wrongful act** means any negligent act, error or omission of, or **personal injury** caused by, the **insured**, or by someone for whom the **insured** is liable, in rendering or failing to render **professional services**.

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#### **IV. EXCLUSIONS**

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We will not defend or pay any **claim**:

- A. whether arising directly or indirectly, by, on behalf of, or for the benefit of:
  1. any natural person or entity that is not a **client**;
  2. the following:
    - a. any past, present or future **insured**, whether it be an individual, class or derivative action, except and to the extent that such **claim** is by an **insured** in their capacity as a **client**,



- provided the **insured** rendering such **professional services** does not have an equity interest in the property or account to be insured; or
- b. an entity in which one or more **insureds** have, or did have at the time of the **wrongful act**, a total of ten percent (10%) or more equity interest, or the **insured** operates, controls, or manages the entity; or
  - c. an individual or entity which has, or did have at the time of the **wrongful act**, a total of ten percent (10%) or more equity interest in an **insured** or operates, controls or manages the **insured**;
3. any governmental or quasi-governmental official, agency or self-regulatory organization in any capacity, including but not limited to any state or federal insurance commission or agency; provided, however, that this exclusion shall not apply to any **claim** by such official, agency or organization in its capacity as a direct **client** of an **insured**;
- B. based on or arising out of, whether directly or indirectly:
1. an **insured's** actual or alleged liability under any oral or written contract, agreement, guaranty, warranty, promise or representation including the actual or alleged making or stating any promises or guarantees as to interest rates or fluctuations in interest rates, the market value of any insurance product or future premium payments; or
  2. the liability of others an **insured** assumes under any oral or written contract or agreement, except that coverage otherwise available to an **insured** shall apply to an **insured's** liability that exists in the absence of such contract, agreement, guaranty or warranty;
- C. for any actual or alleged **bodily injury** or **property damage**;
- D. based on or arising out of, whether directly or indirectly the **insured's** inability or refusal to pay or collect premium, claim or tax monies;
- E. based on or arising out of, whether directly or indirectly any actual or alleged tax advice provided by the **insured** except to the extent that such tax advice is accompanied by a written disclaimer advising the **client** to seek the advice of a tax professional;
- F. based on or arising out of, whether directly or indirectly any actual or alleged commingling or use of **client** funds;
- G. based on or arising out of, whether directly or indirectly any actual or alleged profit, remuneration or pecuniary advantage gained by an **insured**, to which the **insured** was not legally entitled;
- H. based on or arising out of, whether directly or indirectly any insolvency, receivership, conservatorship, liquidation, bankruptcy or inability to pay of any entity, insurance company, reinsurer, risk retention group or captive (or any self insurance plan or trust by whatsoever name), limited partnership in which the **insured** placed, or recommended placement of, the funds of a **client**. However, notwithstanding the foregoing, we shall defend the **insured** against such **claims** provided:
1. the **claim** arises from the **insured's** placement of coverage with an admitted carrier with an A.M. Best rating of B+ or better at the later of the time of placement or subsequent renewals;
  2. our liability for such **claim expenses** shall be limited to 5% of the **claim expenses** limit of liability for each **claim**; and 10% of the **claim expenses** limit of liability as the "aggregate"; and
  3. under no circumstances shall we have any responsibility to pay for **damages** of any kind or to defend or continue to defend once the aforementioned limits have been exhausted through payment of **claim expenses**;



- I. based on or arising out of, whether directly or indirectly intentionally wrongful, dishonest, fraudulent, malicious, or criminal conduct committed by an **insured** or at an **insured's** direction or with the **insured's** prior knowledge. However, notwithstanding the foregoing, in any **claim** alleging the foregoing, we shall defend the **insureds** that did not participate in, act with knowledge of or acquiesced to such conduct provided:
1. the **insureds** notify us as soon as such act has been discovered;
  2. our liability for such **claim expenses** shall be limited to \$25,000 each **claim** and as the "aggregate";
  3. under no circumstances shall we have any responsibility to pay for **damages** of any kind or to defend or continue to defend once the aforementioned limits have been exhausted through payment of **claim expenses**.

We will have the right to seek reimbursement of such **claim expenses** from an **insured** that, in fact, is found to have been involved in such conduct.

Any defense provided under this section will not waive any of our rights under this policy. Criminal proceedings are not covered under this policy regardless of the allegations made against the **insured**;

- J. based on or arising out of, whether directly or indirectly a dispute over fees, commissions or charges, including without limitation the structure of fees or excessive fees; however, this exclusion shall not apply to surrender charges;
- K. based on or arising out of, whether directly or indirectly any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to **pollutants**; any request, direction or order that an **insured** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged **property damage, bodily injury**, or financial loss to the **insured**, their security holders, or their creditors resulting from any of the aforementioned matters;
- L. based on or arising out of, whether directly or indirectly any actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of **fungi** or **microbes**; or the actual, alleged or threatened failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of or in any way respond to assess the effects of or advise of the existence of any **fungi** or **microbes**. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the **damages** claimed. However, notwithstanding the foregoing, we shall defend the **insured** against such **claims** provided:
1. our liability for such **claim expenses** shall be limited to \$25,000 each **claim** and as the "aggregate";
  2. under no circumstances shall we have any responsibility to pay for **damages** of any kind or to defend or continue to defend once the aforementioned limits have been exhausted through payment of **claim expenses**;
- M. based on or arising out of, whether directly or indirectly price fixing, price discrimination, predatory pricing, restraint of trade, antitrust, monopolization, unfair trade, or unfair anti-competitive conduct;
- N. based on or arising out of, whether directly or indirectly the ownership, use or control of policy records or expirations;



- O. based on or arising out of, whether directly or indirectly the placement of a **client's** coverage or funds directly or indirectly with any organization, entity or vehicle of any kind, nature or structure which is not licensed to do business in the state or jurisdiction with authority to regulate such business; however, this exclusion shall not apply to any **claim** arising from or contributed to by the placement of a **client's** coverage or funds directly or indirectly with such organization, entity or vehicle which is an eligible surplus lines insurer in the state or jurisdiction with authority to regulate such business;

## V. CONDITIONS

### A. Territory

This policy applies to **wrongful acts** that happen anywhere in the world provided that **claim** is made or suit is brought against an **insured** in the United States of America, its territories or possessions or Puerto Rico or Canada.

### B. Notice of **Wrongful Acts** and **Claims**

1. The **insured** must provide us with written notice as soon as possible during the **certificate period** of any **claim** made against the **insured** during the **certificate period**. We agree that the **insured** may have up to, but not to exceed, 30 days after the expiration of the **certificate period** to report to us a **claim** made against such **insured** during the **certificate period** if the reporting of such **claim** is as soon as possible.
2. If during the **certificate period** the **insured** gives us notice of a **wrongful act** detailing the following:
  - a. how, when and where the **wrongful act** took place;
  - b. the names and addresses of any injured persons and witnesses;
  - c. the identity of the specific **insured** allegedly responsible for such specific **wrongful act**;
  - d. the consequences which have resulted or may result from such specific **wrongful act**;
  - e. the nature of the potential monetary **damages** or non-monetary relief which may be sought in consequence of such specific **wrongful act**; and
  - f. the circumstances by which the **insured** first became aware of such specific **wrongful act**;then any **claim** that is both made against the **insured** and reported to us during the **certificate period** or after termination of the **certificate period**, and that arises out of such reported **wrongful act** shall be deemed to have been made at the time such written notice was given to us.

### C. Assistance and Cooperation

1. The **insured** shall cooperate with us and upon our request, shall attend hearings, depositions and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and assist in the conduct of suits and proceedings in connection with a **claim**.
2. The **insureds** shall furnish us with copies of reports, investigations, pleadings, and all related papers and such other information, assistance and cooperation as we may reasonably request.
3. The **insureds** shall assist in the enforcement of any right of contribution or indemnity against any person or organization who or which may be liable to any **insured** in connection with a **claim**.
4. No **insureds** shall voluntarily assume or admit any liability or incur any expense, except at its own cost, without our written consent. The **insureds** agree that they shall not knowingly take any action which increases our exposure of **damages** and/or **claim expenses** under this policy resulting from any **claim**.



D. Legal Action Limitation

1. The **insureds** agree not to bring a legal action against us concerning their coverage under this policy unless they have fully complied with all the provisions of this policy.
2. If, after the final adjudication or settlement of a **claim**, there is any dispute concerning tort allegations against us regarding the handling or settlement of any **claim**, we and the **insured** agree to submit such dispute to any form of alternative dispute resolution acceptable to both parties. Should we and the **insured** be unable to agree on the form of alternative dispute resolution, then such dispute shall be submitted to binding arbitration by the American Arbitration Association, under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

E. Other Insurance

If any **damages** or **claim expenses** resulting from any **claim** is insured under any other policies, the **insured's** coverage under this policy shall apply only to the extent the **damages** or **claim expenses** exceeds the limit of liability under such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over this policy.

F. Subrogation

In the event of any payment, we shall be subrogated to all of the **insured's** rights of recovery against any person or organization. The **insured** shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

G. Cancellation/Nonrenewal

The Cancellation/Nonrenewal provisions are as set forth in the Cancellation/Nonrenewal Endorsement attached to the **insured's certificate of insurance**.

H. Changes to Policy

None of the provisions of this policy will be waived, changed or modified except by written endorsement to this policy.

I. Mergers and Acquisitions

1. If, during the **certificate period**, a **named insured** or any **subsidiary** merges with another entity such that such **named insured** or such **subsidiary** is the surviving entity, then coverage under this policy shall continue until such **named insured's certificate of insurance** is otherwise terminated, but only with respect to **claims** for **wrongful acts** occurring in whole or in part before the effect date of such consolidation, or merger, or for any **wrongful act** occurring on or after such date which, together with any **wrongful acts** occurring before such date, would be considered **related wrongful acts**.
2. If, during the **certificate period**, a **named insured** creates or acquires a property and casualty insurance agency then such newly created or acquired entity shall be covered as a **subsidiary** for 90 days after the effective date of such creation or acquisition. However, no such entity will be deemed a **subsidiary** beyond 90 days after the **named insured** acquires or creates it. For coverage to continue beyond the first 90 days, the following conditions apply:
  - a. within 90 days of such creation or acquisition, the **named insured** must provide us with full particulars of such entity;



- b. we, after receipt of such notice, must agree to endorse the **named insured's certificate of insurance** to insure such entity; and
- c. the **named insured** must pay the additional premium, if any, and agree to any amendment of the provisions of the **named insured's certificate of insurance** by reason of such creation or acquisition.

Coverage exists for **claims** made against such entity, only if, prior to the earlier of the acquisition date or creation date, no officer, director, principal, partner or manager of the **named insured** or such entity knew or could reasonably have expected that a **claim** would be made.

#### J. Transfer of Interests

For a transfer of interest or an assignment of the **insured's** rights under this policy to be effective, the **insured** must obtain our written consent.

#### K. Entire Contract

By acceptance of coverage under this policy, the **insureds** agree that:

1. this policy, the **insured's certificate of insurance** and the endorsements thereto, together with the completed and signed application and any and all supplementary information and statements provided by the **insureds** to us (all of which are deemed to be incorporated herein) embody all of the agreements existing between the **insureds** and us and shall constitute the entire contract between the **insureds** and us;
2. coverage under this policy is issued in reliance upon the **insureds'** representations; and
3. the misrepresentation of any material matter by any **insured** or the **insured's** agent will render the coverage under this policy null and void.

#### L. Notices

Any notices required to be given by the **insureds** shall be submitted in writing to us or our authorized representative at the address specified in the **named insured's certificate of insurance**.

#### M. Bankruptcy

Bankruptcy or insolvency of any **insured** or of the **insured's** estate will not relieve us of our obligations under this policy.

#### N. Termination of Master Policy

This Master Policy shall remain continuously in effect until canceled by the **policyholder** or by us upon 60 days written notice. **Certificates of insurance** in effect at the time of cancellation shall remain in effect until the expiration date of the **certificate of insurance** as set forth in the **certificate of insurance** and **claims** submitted under such **certificates of Insurance** shall be otherwise governed by this policy. In such event, each **insured** will be notified of non-renewal pursuant to the requirements of the Cancellation/Nonrenewal Endorsement attached to the **insured's certificate of insurance**.

#### O. Estates, Heirs and Legal Representatives

The estate, heirs, executors, administrators, spouses, assigns and legal representatives are covered under this policy in the event of death, incapacity, insolvency or bankruptcy of a natural person **insured**, but only to the extent that such **insured** would have been provided coverage under this policy, and in the case of a spouse, where such **claim** seeks **damages** from marital community



property, jointly-held property or property transferred from the **insured** to the spouse. No coverage is provided for any **wrongful act** of an estate, heir, executor, administrator, spouse, assign or legal representative.

P. Automatic **Extended Reporting Period**

If the **insured's certificate of insurance** is canceled or non-renewed by either us or by the **named insured**, we will provide an automatic, non-cancelable **extended reporting period** starting at the termination of the **certificate period** if the **named insured** has not obtained another policy of professional liability insurance within sixty (60) days of the termination of such **certificate period**. This automatic **extended reporting period** will terminate after sixty (60) days.

Q. Optional **extended reporting period**

In addition to the automatic **extended reporting period**, the **named insured** shall have the right to purchase an optional **extended reporting period**. Such right must be exercised by the **named insured** within sixty (60) days of the termination of the **certificate period** by providing:

1. written notice to us; and
2. with the written notice, the applicable total additional premium paid which will be calculated in accordance with the rates and rules in effect on the inception date of the **named insured's certificate of insurance**.

The first sixty (60) days of the optional **extended reporting period**, if it is purchased, shall run concurrently with the automatic **extended reporting period**.

R. Provisions applicable to all **extended reporting periods**

1. **Extended reporting period** limits of liability

Our limit of liability for all **claims** reported during any **extended reporting period** shall be part of and not in addition to the limits of liability set forth in the **insured's certificate of insurance**.

2. Elimination of right to any **extended reporting period**

There is no right to any **extended reporting period** if we shall cancel or refuse to renew the **insured's** coverage under this policy due to:

- a. non-payment of any premium or deductibles due under this policy; or
- b. non-compliance by the **insured** with any of the terms and conditions of this policy; or
- c. any misrepresentation or omission in the application for coverage under this policy.

3. **Extended reporting period** not a new Policy

It is understood and agreed that the **extended reporting period** shall not be construed to be a new policy and any **claim** submitted during such period shall otherwise be governed by this policy.

4. Premium fully earned

The premium for any **extended reporting period** is fully earned on the effective date of such **extended reporting period**.

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**VI. TRADE EMBARGOES AND SANCTIONS**

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In accordance with law and regulations of the United States concerning economic and trade embargoes, the **insured's** coverage under this policy is void from its inception with respect to any term or condition of this policy that violates any laws or regulations of the United States concerning economic and trade embargoes including, but not limited to the following:

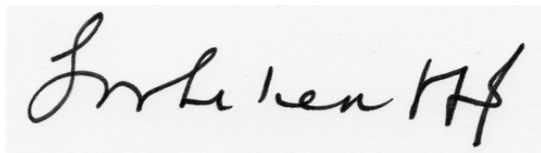
- A. any **insured**, or any person or entity claiming the benefits of an **insured**, who is or becomes a Specially Designated National or Blocked Person or who is otherwise subject to U.S. economic or trade sanctions;
- B. any **claim** that is brought in a Sanctioned Country or by a Sanctioned Country Government, where any action in connection with such **claim** is prohibited by U.S. economic or trade sanctions;
- C. any **claim** that is brought by any Specially Designated National or Blocked Person or any person or entity who is otherwise subject to U.S. economic or trade sanctions;
- D. property that is located in a Sanctioned Country or that is owned by, rented to or in the care, custody or control of a Sanctioned Country Government, where any activities related to such property are prohibited by U.S. economic or trade sanctions; or
- E. property that is owned by, rented to or in the care, custody or control of a Specially Designated National or Blocked Person, or any person or entity who is otherwise subject to U.S. economic or trade sanctions.

As used in this Policy a Specially Designated National or Blocked Person is any person or entity that is on the list of Specially Designated Nationals and Blocked Persons issued by the U.S. Treasury Department's Office of Foreign Asset Control (O.F.A.C) as it may be from time to time amended.

As used in this Policy a Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States of America.

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IN WITNESS WHEREOF, we have caused this Policy to be executed by our Chairperson and Secretary, but this Policy shall not be binding upon us unless completed by the attachment of the **certificate of insurance** and executed by our duly authorized representative.



Chairman



Secretary