

## **CPAONEPRO PLUS ENDORSEMENT (Claim Expenses Included in the Limit of Liability)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured:

Policy Number:

Issued by The Hanover Insurance Company.

This endorsement, effective 12:01 A.M. modifies the following:

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY  
(RISK PURCHASING GROUP PROGRAM)

**A. The following is added to SECTION A – COVERAGE:**

**Third Party Discrimination Coverage**

**We** will pay on **your** behalf those sums which **you** become legally obligated to pay as **damages** and **claim expenses** because of any **claim** commenced against **you** and reported to **us** in writing during the **policy period**, arising out of **discrimination**, solely while acting on behalf of the **named insured** or **predecessor firm**, after the applicable **retroactive date(s)**, provided that such **claim** is not otherwise excluded by this **policy**, subject to the following:

- a) The coverage provided under this section only applies to **you** if **you** are a partner, limited liability company member, officer, director, stockholder or employee of the **named insured** at the time **you** report the **claim**;
- b) There will be no **extended reporting period** for the coverage provided in this section; and
- c) Any payment made hereunder will not be subject to the deductible and is subject to the Limit of Liability referenced in Item 3. of the Declarations.

**B. SECTION A – COVERAGE, Paragraph 5. is deleted and replaced by:**

**5. Pre-claim Assistance Coverage**

- a. Until the date a **claim** is made, **we** will pay all costs or expenses **we** incur at **our** sole discretion as a result of investigating a **potential claim** that **you** report to **us**.
- b. Pre-claim Assistance is subject to the following:
  - 1) **You** must provide a written request for assistance;
  - 2) The Pre-claim Assistance matter must not have already been reported as a **claim**, or **related claim**, to **us** or any other insurer;
  - 3) The Pre-claim Assistance matter must arise from a **wrongful act** that first occurred on or after the applicable **retroactive date(s)** and before the end of the **policy period**;
  - 4) Pre-claim Assistance ends when a **claim**, which arises out of the matter for which the Pre-claim Assistance is provided, is made; and
  - 5) The manner in which Pre-claim Assistance is provided, and its extent, is determined by **us** in our sole discretion.
- c. Any payment made hereunder will not be subject to the deductible and is in addition to the Limits of Liability referenced in Item 3. of the Declarations.

**C. SECTION A.7.c. under SUPPLEMENTAL COVERAGES is deleted and replaced by:**

**c. Reimbursement for Loss of Income Coverage**

Subject to a limit of \$1,250 each day, **we** will pay actual loss of earnings and reasonable expenses **you** incur to attend hearings, trials or arbitration proceedings at **our** request. Any payment made hereunder will not be subject to the deductible and will be subject to the Limits of Liability referenced in Item 5.c. of the Declarations. The Limit of Liability is in addition to the Limits of Liability referenced in Item 3. of the Declarations.

### Reimbursement for IRS Fines and Penalties

**We** will reimburse **you**, subject to a limit of \$50,000, for fines or penalties assessed against you pursuant to Internal Revenue Code Sections 6694, 6695(a) and 7216. Multiple penalties imposed under Internal Revenue 6694, 6695(a) and 7216 shall not be deemed **related claims** unless they arise from **related wrongful acts**. Any payment made hereunder will not be subject to the deductible and is subject to the limit of liability referenced in Item 3. of the Declarations.

### Regulatory Consumer Privacy Protections Penalty Extension

**We** will pay, subject to a limit of \$10,000, fines, sanctions and/or penalties assessed against **you** for failure to comply with consumer privacy protection regulations promulgated by the Federal Trade Commission's final rule on privacy of consumer financial information (Title 16 CFR Part 313, otherwise known as the Gramm Leach Bliley Act of 1999), where insurable by law. Any payment made hereunder will not be subject to the deductible and is in addition to the limit of liability referenced in Item 3. of the Declarations.

## D. SECTION C – LIMIT OF LIABILITY, DEDUCTIBLE AND RISK MANAGEMENT BENEFITS, Paragraphs 1. and 5. are deleted and replaced by:

### 1. LIMIT OF LIABILITY

- a. The Limit of Liability shown in the Declarations for each **claim** is the most **we** will pay for the sum of all **damages** and **claim expenses** arising out of a single **claim** or a series of **related claims**, regardless of the number of persons or entities insured under this **policy**, number of **claims** made or the number of persons or entities making **claims** during the **policy period** or during the **extended reporting period**, if any.

**Related claims**, whenever made, will be considered a single **claim** first made against **you** at the time that the earliest of the **related claims** was first made, whether prior to or during the **policy period**.

The Limit of Liability shown in the Declarations as the Aggregate Limit of Liability is the most **we** will pay for the sum of all **damages** and **claim expenses** for all **claims** under this **policy**.

All **claim expenses** will first be subtracted from the Limit of Liability, with the remainder, if any, being the amount available to pay for **damages** after **you** have paid the deductible.

- b. If the Limit of Liability shown in the Declarations for each **claim** and in the Aggregate are exhausted, an additional limit equal to 10% of the each **claim** limit shown in the Declarations (or \$250,000, whichever is less) will be available to reimburse **you** for additional **claim expenses** **you** incur, with **our** written consent, defending any unresolved **claims**.

### 5. RISK MANAGEMENT BENEFITS

- a. If **you** and **we** agree to use **mediation** or arbitration to resolve any **claim** brought against **you**, and if the **claim** is resolved by **mediation** or arbitration, without litigation, **your** deductible obligation for that **claim** will be reduced by 100% to a maximum amount of \$30,000. If **your** deductible exceeds \$30,000, we will reduce any additional deductible obligation by 50%, not to exceed \$20,000.
- b. If a **claim** arises from **professional services**, other than audit or review, that are the subject of an **engagement letter**, then **your** deductible obligation for that **claim** will be reduced by 50%. The maximum amount of any reduction is \$25,000 for each **claim**, not to exceed \$50,000 for all **claims** in the Aggregate.
- c. **Your** deductible obligation will be reduced by 10%, subject to a maximum reduction of 50%, each consecutive twelve (12) month policy period in which **you** do not have a **claim**. After a **claim** is made, the reduction resets to zero (0).

## E. The following is added to SECTION D – DEFINITIONS:

**Connected firm** means any person(s) or entities with which **you** have entered into a professional relationship, contract or agreement to perform **professional services** at **your** direction or on **your** behalf.

**Insured** also means:

- a. **Subsidiary**;
- b. **Connected firm**, solely for liability arising from any **wrongful act** arising from **professional services** rendered on **your** behalf;
- c. Association, Affiliation or Networking Group, solely for liability arising from any **wrongful act** arising from **professional services** rendered on **your** behalf; or

d. **Your** lawful spouse or **domestic partner**, solely for liability arising from any **wrongful act** of an **insured** committed without the participation of such spouse or **domestic partner**.

**Professional services** includes services performed by **you** as a **trustee** for any **trust**, but solely when such services are performed on behalf of the **named insured**. **Professional services** does not include **trustee** services or **trusts** where you or your spouse is a beneficiary or a distributee of the **trust**, unless specifically endorsed to the **policy**. This **policy** shall be excess over, and shall not contribute with, any Trust Agreement Indemnification, or other insurance, unless such other insurance is specifically written to be excess of this **policy**.

**Professional services** also means services performed by **you** as an attorney, provided the details of the services are disclosed on the application and supplemental applications, approved by **us**, and endorsed to the **policy**.

**Subsidiary** means any entity in which the **named insured** owns more than fifty (50)% of the issued and outstanding voting stock either directly or indirectly. This **policy** only applies to **wrongful acts** by a **subsidiary** first occurring on or after the later of: the **retroactive date**; the date of formation by **you**; the date of merger or acquisition by **you**; or as otherwise stated by endorsement.

**Trust** means a legal entity, created by a grantor under the laws of a state and governed by a valid trust instrument, for the benefit of designated beneficiaries.

**Trustee** means acting in a fiduciary relationship where the **trustee** is responsible for paying premiums, or managing the liabilities, assets and income of a **trust** for the economic benefit of the beneficiaries of the **trust**. Trustee does not include any services rendered for **you** or **your** employees as a fiduciary.

F. **SECTION E – EXCLUSIONS**, Paragraph d., is deleted and replaced by:

d. Any breach of responsibility, or obligation, or alleging activities **you** performed in connection with any employee benefit or pension plan, including violations of the responsibilities, obligations or duties imposed upon trustees, administrators or fiduciaries by the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, or similar statutory or common law of the United States of America or any state or jurisdiction therein. However, this exclusion does not apply if **you** are deemed to be a fiduciary solely as a result of **professional services** provided by **you** to such plan; or

Any breach by a trustee of any investment fund established for the benefit of any entity or group of unrelated individuals. However, this exclusion does not apply to **you** in your capacity as a **trustee** of a **trust**;

G. **SECTION E – EXCLUSIONS** is amended to include:

This **policy** does not apply to **claim(s)**:

a. Based upon or arising out of, or in any way relating, directly or indirectly, to any defect in real estate title performed by **you**.

b. Based upon, arising out of or in any way related to, directly or indirectly, any transfer, payment or delivery of funds, money or property, by anyone, which was caused or induced by, trick, artifice or the fraudulent misrepresentation of a material fact including, but not limited to, social engineering, pretexting, phishing, spear phishing or any other confidence trick.

H. **SECTION F.3. DEATH OR DISABILITY EXTENDED REPORTING PERIOD** and **SECTION F.4. RETIREMENT EXTENDED REPORTING PERIOD** is amended to include:

For purposes of determining eligibility for either respective extended reporting period endorsement, whole years continuously insured with the CPA ProSecure program shall be considered years with **us**.

I. **SECTION H – CONDITIONS**, Paragraph 1. **CANCELLATION AND NON RENEWAL**, is amended to include:

The **insurer** will only cancel this **policy** for failure to pay premium when due.

All other terms and conditions remain unchanged.