

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m. _____ forms a part of Policy

No. _____ issued to _____ by _____

ACCOUNTANTS EMPLOYEE DISHONESTY

This endorsement modifies insurance provided under the following:

ACCOUNTANTS PROFESSIONAL LIABILITY POLICY

NOTE: THIS EMPLOYMENT DISHONESTY ENDORSEMENT PROVIDES COVERAGE ON A LOSS-SUSTAINED BASIS. IT IS NOT A CLAIMS-MADE AND REPORTED COVERAGE. PLEASE READ THE TERMS AND CONDITIONS OF THIS ENDORSEMENT CAREFULLY.

We agree with you that in consideration of an additional premium paid, the Policy is amended as follows:

1. SCHEDULE OF COVERAGE

Named Insured: As specified in the policy declarations

Coverage Period: As specified in the policy declarations

Limits of Insurance: \$ _____

Deductible \$ _____

Premium: \$ _____

2. For the purpose of the coverage provided by this Endorsement, Section **III., DEFINITIONS**, of the policy is deleted in its entirety and replaced with the following:

I. DEFINITIONS

Client means any person or organization, while engaging for **your professional services**, and for which services a fee inures to **you**.

Covered property means that property shown specifically as "**Covered property**" in Section 3.II. COVERAGE AGREEMENTS.

Employee means:

- A. any natural person:
 - (1) while in **your** service (and for 30 days after termination of service); and
 - (2) whom **you** compensate directly by salary, wages or commissions; or
 - (3) whom **you** have the right to direct and control while performing services for **you**; or
- B. any natural person employed by an employment contractor other than a labor leasing firm while that person is subject to **your** direction and control performing services for **you** excluding, however, any such person while having care and custody of property outside the **premises**.
- C. any natural person employed by a labor leasing firm while that person is subject to **your** direction and control and performing services for **you**.

But, **employee** does not mean any:

- A. agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- B. director or trustee, whether compensated or not, except while performing acts coming within the scope of the usual duties of an **employee**.

Employee Dishonesty means only dishonest acts committed by an **employee**, whether identified or not, acting along or in collusion with other persons, except **you**, an **owner** or a **partner**, with the manifest intent to:

- A. cause **you**, or the rightful **owners** of any **covered property** included in the "**Ownership of Property – Interest Covered**" policy condition, to sustain loss; and also
- B. obtain financial benefit (other than **employee** benefits earned in the normal course of profit sharing or pensions) for:
 - (1) The **employee**, or
 - (2) Any person or organization intended by the **employee** to receive that benefit.

Money means:

- A. Currency, coins and bank notes in current use and having a face value; and
- B. Travelers checks, register checks and money orders held for sale to the public.

Occurrence means all loss caused by, or involving, one or more **employees**, whether the result of a single act or series of acts.

Owner means any natural person who:

- A. In a proprietor of any proprietorship; or
- B. Owns or controls more than 50% of the voting shares of any corporation; and which is named in item 1 of this endorsement, SCHEDULE OF COVERAGE, as a named insured under this coverage.

Partner includes, but is not limited to, any natural person who is a shareholder, member or similar designee with respect to any partnership, limited liability partnership, limited liability corporation, professional corporation or professional association.

Personal fiduciary is an executor, administrator or representative of an estate or a trustee of a **personal trust**.

Personal trust means an individual or family trust established for the sole benefit of the individual or family or a charitable remainder trust as defined under Internal Revenue Code Section 664.

Professional Services mean those services:

- A. Performed in the practice of public accountancy by **you** for others, including but not limited to those services of consulting or personal financial planning; and
- B. Performed by **you** for others:
 - (1) As a **personal fiduciary**;
 - (2) As a member of a formal accreditation, standards review or similar professional board or committee related only to the accounting professional; and
 - (3) As an arbitrator, mediator or notary public.

Property Other Than Money and Securities means any tangible property other than the **Money** and **Securities** that has intrinsic value.

Securities means negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes:

- A. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- B. evidences of debt issued in connection with credit or charge cards, which cards are not issued by **you**; but does not include **money**.

You and **your** means the individual or entity named in Item 1. SCHEDULE OF COVERAGE, as the Named Insured. Further, various provisions of this endorsement refer to "knowledge" held or obtained, or

“discovery” made by **you**. Under these provisions, “knowledge” or “discovery” by **you** means knowledge held or obtained, or discovery made, by any natural person who is:

- A. an **owner** or proprietor of any proprietorship;
- B. a **partner** of any partnership;
- C. an officer of any corporation;
- D. an officer, official, director, trustee or administrator of any plan, trust, union, association, club or other organization; which is listed in item 1 of this endorsement, SCHEDULE OF COVERAGE, as a named insured under this coverage.

3. For the purposes of the coverage provided by this Endorsement, Section **I. INSURING AGREEMENTS**, of the policy is deleted in its entirety and replaced with the following:

II. COVERAGE AGREEMENTS

We will pay for loss of, and loss from damage to, **covered property** specified below resulting directly from the Covered Cause of Loss specified below:

Covered property:

**Money;
Securities; and
Property Other Than Money and Securities**

Covered Cause of Loss:

Employee Dishonesty

This coverage is provided on a loss-sustained basis. Any loss must be sustained through acts committed or events occurring during the Coverage Period shown in item 1 of this Endorsement, SCHEDULED OF COVERAGE, or during the applicable Extended Period to Discover Loss, and is subject to all provisions contained within this endorsement.

4. For the purpose of the coverage provided by this Endorsement, Section **IV. LIMITS OF LIABILITY**, of the policy is deleted in its entirety and replaced with the following:

III. LIMITS OF INSURANCE

A. Limit of Insurance

The most we will pay for loss in any one **occurrence** is the applicable Limit of Insurance shown in item 1 of this endorsement, SCHEDULE OF COVERAGE.

B. Deductible

We will not pay for loss in any one **occurrence** unless the amount of loss exceeds the applicable deductible amount shown in item 1 of this endorsement, SCHEDULE OF COVERAGE. We will then pay the amount of loss in excess of the deductible amount, up to the limit of insurance.

You must:

- (1) Give us notice as soon as possible of any loss of the type insured under this endorsement, even if it falls entirely within the deductible amount; and
- (2) Upon our request, give us a statement describing the loss.

5. For the purpose of the coverage provided by this Endorsement, Section **II. EXCLUSIONS**, of the policy is deleted in its entirety and replaced with the following:

IV. EXCLUSIONS

We will not pay for loss as specified below:

- A. Loss resulting from any dishonest or criminal act committed by **you**, any **owner** or any of **your partners** whether acting alone or in collusion with other persons.
- B. Loss resulting from seizure or destruction of property by order of governmental authority.
- C. Loss that is an indirect result of any act or **occurrence** covered by this insured including, but not limited to, loss resulting from:
 - (1) **your** inability to realize income that **you** would have realized had there been no loss of, or loss from damage to **covered property**;
 - (2) payment of damages to **covered property**;
 - (3) payment of damages of any type for which **you** are legally liable.But, we will pay compensatory damages arising directly from a loss covered under this insurance;
- D. Legal expenses, including expenses relating to any legal action.
- E. Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related incident.
- F. Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
- G. Loss caused by an **employee** of **yours**, or predecessor in interest of **yours**, for which similar prior insurance has been cancelled and not reinstated since the last such cancellation.
- H. Loss, or that part of any loss, from inventory shortages, the profit of which as to its existence or amount is dependent upon:
 - (1) an inventory computation; or

(2) a profit and loss computation.

- I. Loss or liability resulting from the quality, truthfulness or accuracy of **your professional services** or of any report **you** prepare in connection with such services.
6. For the purposes of the coverage provided by this endorsement, Section **V. CONDITIONS – CLAIMS** and Section **VI. OTHER CONDITIONS**, of the policy is deleted in its entirety and replaced with the following:

V. POLICY CONDITIONS

A. Cancellation/Non-renewal

Your rights and our rights are stated in the attached State Provisions endorsement.

B. Cancellation as to any employee

This insurance is cancelled, as to any **employee**:

- (1) Immediately upon discover by:
 - (a) **you**; or
 - (b) any natural person not in collusion with the **employee** who is a **partner** of any partnership; an officer of the corporation; or an officer, official, director, trustee or administrator of any plan, trust, union, association, club or other organization which is named in item 1 of this endorsement, SCHEDULE OF COVERAGE, as a named insured under this coverage; of any dishonest act committed by that **employee** whether before or after becoming employed by **you**.
- (2) on the date specified in a notice mailed to **you**. That date will be at least 30 days after the date of mailing. The mailing of notice to **you** at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

C. Changes

This endorsement contains all of the agreements between **you** and us concerning the insurance afforded by this endorsement. The first of **you** named in Section 1. SCHEDULE OF COVERAGE, is authorized to make changes in the terms of this endorsement with our consent. This endorsement's terms can be amended or waived only by endorsement issued by us and made part of this policy.

D. Examination of Your Books and Records

We may examine and audit **your** books and records as they relate to this coverage at any time during the coverage period and up to three years afterward

E. Inspections and Surveys

We have the right but are not obligated to:

- (1) Make inspections and surveys at any time;
- (2) Give **you** reports on conditions we find; and
- (3) Recommend changes.

Any inspections, surveys, reports or recommendations related only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health and safety of workers or the public. We do not warrant that conditions:

- (1) Are safe or healthful; or
- (2) Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance product inspections, surveys, reports or recommendations.

F. Premiums

The first of **you** named in Item 1, SCHEDULE OF COVERAGE, is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

G. Transfer of **Your** Rights and Duties Under This Endorsement

Your rights and duties under this endorsement may not be transferred without our written consent except in the case of death or an individual named insured.

If **you** die, **your** rights and duties will be transferred to **your** legal representative but only with acting within the scope of duties as **your** legal representative. Until **your** legal representative is appointed, anyone having proper temporary custody of **your** property will have **your** rights and duties but only with respect to that property.

H. Concealment, Misrepresentation or Fraud

This insurance is void in any case of fraud by **you** as it related to this insurance at any time. It is also void if **you** or any other insured at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This insurance;
- (2) The **covered property**;
- (3) **Your** interest in the **covered property**; or
- (4) A claim under this insurance.

I. Consolidation – Merger

If through consolidation or merger with, or purchase of assets of, some other entity:

- (1) Any additional persons become **employees**; or

(2) **You** acquire the use and control of additional **premises**;

Any insurance afforded for **employees** or **premises** also applies to those additional **employees** and **premises** but only if **you** give us notice within 30 days thereafter and pay us additional premium.

J. Extended Period to Discover Loss

We will pay only for covered loss, or that portion of covered loss:

- (1) discovered no later than one year from the end of the coverage period if **you** do not obtain replacement insurance with another carrier or obtain replacement insurance issued by us or any affiliate; or
- (2) discovered no later than one year from the end of the Coverage Period if such loss is not also covered by replacement insurance not issued by us or any affiliate; or
- (3) discovered no later than the number of days equal to any extended period to discover loss provided by replacement insurance not issued by us or any affiliate from the end of the Coverage Period if such loss is:
 - (a) Covered by **your** replacement insurance; and
 - (b) If at the time **you** discover such loss, **your** replacement insurance provides an extended period to discover loss of less than one year and does not provide an extended period to discover loss.

K. Duties in the Event of Loss

After **you** discover a loss or a situation that may result in loss of, or loss from damage to, **covered property you** must:

- (1) notify us as soon as possible. Notice of loss should be reported to
New Hampshire Insurance Company
100 Summer Street
Boston, Massachusetts 02110
Attn: Professional Liability Claims Manager, Claim Department
- (2) submit to an examination under oath at our request, and give us a signed statement of answers;
- (3) give us a detailed, sworn proof of loss within 120 days; and
- (4) cooperate with us in the investigation and settlement of any claim.

L. Joint Insured

- (1) If more than one **insured** is named in the Item 1. SCHEDULE OF COVERAGE, the first **named insured** will act for itself and for every other **insured** for all purposes of this insurance. If the first **named insured** ceases to be covered, then the next **named insured** will become the first **named insured**.
- (2) If any **insured** or **partner** or officer of that **insured** has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every **insured**.

- (3) An **employee** of any **insured** is considered to be an **employee** of every **insured**.
- (4) We will not pay more for loss sustained by more than one **insured** that the amount we would pay if all the loss had been sustained by one **insured**.

M. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) unless **you** have complied with all the terms of this insurance;
- (2) until 90 days after **you** have filed proof of loss with us; and
- (3) unless brought within 3 years from the date **you** discovered the loss.

N. Loss Sustained During Prior Insurance

- (1) If **you**, or any predecessor in interest, sustained loss during the period of any prior insurance that **you** or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
 - (a) this insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (b) the loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- (2) The insurance under this Condition is part of, and not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
 - (a) this insurance as of its effective date; or
 - (b) the prior insurance had it remained in effect.

O. Loss Covered Under This Insurance and Prior Insurance

- (1) If any loss is covered:
 - (a) partly by this insurance; and
 - (b) partly by any prior cancelled or terminated insurance that we or any affiliate had issued to **you** or any predecessor in interest;

The most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

- (2) If any loss is covered:
 - (a) partly by this insurance; and
 - (b) partly by any prior cancelled or terminated insurance issued to **you** or any predecessor in interest by any carrier other than us or any affiliate:
 - (i) any deductible amount applicable to such loss will be reduced by any deductible amount applicable or sustained by **you** under the prior insurance; and

- (ii) the limit of insurance applicable to such loss will be reduced by any amount paid or payable to **you** under prior insurance.

P. Non-cumulation of Limit of Insurance

Regardless of the number of years this insurance remains in force or the number of premiums paid or the duration of any loss, no limit of insurance or deductible amount applicable to the coverage provided by this endorsement cumulates from year to year or period to period.

Q. Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in Item 1. of this Endorsement, SCHEDULE OF COVERAGE.

R. Ownership of Property – Interests Covered

The property covered under this insurance is limited to property:

- (1) that **you** own or lease;
- (2) that **you** hold for others on **your premises**;
- (3) for which **you** are legally liable; or
- (4) subject to the limits of insurance and deductible amount shown in item 1 of this Endorsement, SCHEDULE OF COVERAGE, that is owned or held by **your clients** on their **premises** while **your employees** are performing assigned duties on the **premises of your clients**.

However, this insurance is for **your** benefit only. It provides no rights or benefits to any other person or organization.

S. Records

You must keep records of all **covered property** so we can verify the amount of any loss.

T. Recoveries

- (1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
 - (a) to **you**, until **you** are reimbursed for any loss that **you** sustain that exceeds the Limit of Insurance and the Deductible amount, if any;

- (b) then to us, until we are reimbursed for the settlement made;
 - (c) then to **you**, until **you** are reimbursed for that part of the loss equal to the Deductible amount, if any.
- (2) Recoveries do not include any recovery:
- (a) from insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (b) of original **Securities** after duplicates of them have been issued.

U. Territory

This insurance covers only acts committed or events occurring within the United States of America, its territories and possessions, Puerto Rico, and Canada.

V. Transfer of **Your** Rights of Recovery Against Others to Us

You must transfer to us all **your** rights of recovery against any person or organization for any loss **you** sustained and for which we have paid or settled. **You** must also do everything necessary to secure those rights and do nothing after loss to impair them.

W. Valuation - Settlement

- (1) Subject to the applicable Limit of Insurance provision, we will pay for:
- (a) loss of **Money** but only up to and including its face value. We may, at our option, pay for loss of **Money** issued by any country other than the United States of America:
 - (i) at face value in the **Money** issued by that country; or
 - (ii) in the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
 - (b) loss of **securities** but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (i) pay the value of such **securities** or replace them in kind, in which event **you** must assign to us all **your** rights, title and interest in and to the **securities**;
 - (ii) pay the cost of any Lost **securities** Bond required in connection with issuing duplicates of the **securities**. However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - 1. value of the **securities** at the close of business on the day the loss was discovered: or
 - 2. Limit of Insurance.
 - (c) loss of, or loss from damage to, **property other than Money and Securities** or loss from damage to the **premises** for not more than the:

1. actual cash value of the property on the day the loss was discovered;
2. cost of repairing the property or **premises**; or
3. cost of replacing the property with property of like kind and quality,

We may, at our option, pay the actual cash value of the property or repair or replace it. If we cannot agree with **you** upon the actual cash value of the cost of repair or replacement, the value cost will be determined by arbitration.

- (2) We may, at our option, pay for loss of, or loss from damage to, property other than **Money**:
 - (a) in the **Money** of the country in which the loss occurred; or
 - (b) in the United States of America dollar equivalent of the **Money** of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
 - (c) any property that we pay for or replace becomes our property.

All other terms and conditions of the policy remain the same.

Authorized Signature