

This endorsement, effective at 12:01 AM

forms a part of

Policy number

Issued to:

By:

### TWO YEAR POLICY PERIOD ENDORSEMENT

In consideration of the premium charged, it is hereby understood and agreed that the policy is amended as follows:

- Item 2. of the Declarations, "**Policy Period**," is deleted in its entirety and replaced with the following:

Item 2. **Policy Period:**

- Policy Year One:** From **XXXXXX** to **XXXXXX**  
at 12:01 A.M. standard time at the address of the **named insured** as stated above.
- Policy Year Two:** From **XXXXXX** to **XXXXXX**  
at 12:01 A.M. standard time at the address of the **named insured** as stated above.

- Item 5. of the Declarations, "**Premium**," is deleted in its entirety and replaced with the following:

5	<b>PREMIUM</b>	
5(a)	<b>TWO YEAR PREMIUM PREPAID FOR ALL COVERAGES COMBINED:</b>	\$ Total Second Year Prepaid Premium + \$ Surcharge State Abbr Surcharge (if applicable)
5(b)	<b>TWO YEAR INSTALLMENTS FOR ALL COVERAGES COMBINED (payable each anniversary subject to this endorsement):</b>	Policy Year One: \$ <b>XXXXXX</b>  Policy Year Two: \$ <b>XXXX</b>

- Item 3. of the Declarations, "**Limits of Liability** (inclusive of **claim expenses**)," is deleted in its entirety and replaced with the following:

Item 3. **Limits of Liability** (inclusive of **claim expenses**)

- for all **claims** made during **Policy Year One** \$**XXXX** each **wrongful act**  
\$**XXXX** aggregate
- for all **claims** made during **Policy Year Two** \$**XXXX** each **wrongful act**  
\$**XXXX** aggregate

(c) for all claims made during **Policy Year One** \$XXXX

and **Policy Year Two**

4. In Clause I. **INSURING AGREEMENTS**, paragraph A., "**ERRORS AND OMISSIONS**," is deleted in its entirety and replaced with the following:

**A. ERRORS AND OMISSIONS**

**1. Policy Year One Insuring Agreement:**

We shall pay on **your** behalf those amounts, in excess of the retention, **you** are legally obligated to pay as **damages** resulting from a **claim** first made against **you** and reported to **us** during **policy year one** or any Extended Reporting Period thereto (if applicable) for **your wrongful act** in rendering or failing to render **professional services** for others, but only if such **wrongful act** first occurs on or after the **retroactive date** and prior to the end of **policy year one**.

**2. Policy Year Two Insuring Agreement:**

We shall pay on **your** behalf those amounts, in excess of the retention, **you** are legally obligated to pay as **damages** resulting from a **claim** first made against **you** and reported to **us** during **policy year two** or any Extended Reporting Period thereto (if applicable) for **your wrongful act** in rendering or failing to render **professional services** for others, but only if such **wrongful act** first occurs on or after the **retroactive date** and prior to the end of **policy year two**.

5. In Clause II. **DEFINITIONS**, paragraph I., "**policy period**," is deleted in its entirety.
6. In Clause II. **DEFINITIONS**, paragraph N., "**subsidiary**," is deleted in its entirety and replaced with the following:

**N. Subsidiary** shall mean:

- a. with respect to **policy year one**, any corporation of which the **named insured** owns on the inception date of **policy year one** more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through a **subsidiary**. **Subsidiary** shall also mean any corporation which becomes a **subsidiary** during **policy year one**, provided that such corporation does not represent more than a ten percent (10%) increase in the total assets and/or gross revenue of the **named insured** as of the date of the acquisition. Where such corporation represents an increase in the total assets and/or gross revenue of the **named insured** of more than ten percent (10%), such corporation shall be deemed a **subsidiary** under the policy, but only upon the condition that within ninety (90) days of its becoming a **subsidiary**, **you** shall have provided **us** with full particulars of the new **subsidiary** and agreed to any additional premium and/or amendment of the provisions of this policy required by **us** relating to such new **subsidiary**, subject to the review and acceptance by **us** of full and complete underwriting information. Further, coverage as shall be afforded to the new **subsidiary** is conditioned upon the **named**

**insured** paying when due any additional premium required by **us** relating to such new **subsidiary**. A corporation becomes a **subsidiary** when the **named insured** owns more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through one or more of its **subsidiaries**, and ceases to be a **subsidiary** at such time when the **named insured** ceases to own more than fifty percent (50%) of the issued and outstanding voting stock.

- b. with respect to **policy year two**, any corporation of which the **named insured** owns on the inception date of **policy year two** more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through a **subsidiary**. **Subsidiary** shall also mean any corporation which becomes a **subsidiary** during **policy year two**, provided that such corporation does not represent more than a ten percent (10%) increase in the total assets and/or gross revenue of the **named insured** as of the date of the acquisition. Where such corporation represents an increase in the total assets and/or gross revenue of the **named insured** of more than ten percent (10%), such corporation shall be deemed a **subsidiary** under the policy, but only upon the condition that within ninety (90) days of its becoming a **subsidiary**, **you** shall have provided **us** with full particulars of the new **subsidiary** and agreed to any additional premium and/or amendment of the provisions of this policy required by **us** relating to such new **subsidiary**, subject to the review and acceptance by **us** of full and complete underwriting information. Further, coverage as shall be afforded to the new **subsidiary** is conditioned upon the **named insured** paying when due any additional premium required by **us** relating to such new **subsidiary**. A corporation becomes a **subsidiary** when the **named insured** owns more than fifty percent (50%) of the issued and outstanding voting stock either directly or indirectly through one or more of its **subsidiaries**, and ceases to be a **subsidiary** at such time when the **named insured** ceases to own more than fifty percent (50%) of the issued and outstanding voting stock.

This policy does not cover any **claim** against a **subsidiary** or any partner, director, officer or employee thereof for any **wrongful act** that occurred when the **named insured** did not own more than fifty percent (50%) of the issued and outstanding voting stock of such **subsidiary**, either directly or indirectly through one or more of its **subsidiaries**.

7. Clause II. **DEFINITIONS** is amended to include the following definitions at the end of that Clause:

TY-A **Policy year one** shall mean the period commencing on the effective date set forth in Item 2(a) of the Declarations and ending on the earlier of either the expiration date set forth in Item 2(a) of the Declarations or the effective date of cancellation of this policy. If **you** become an **insured** under this policy after the effective date set forth in Item 2(a) of the Declarations, the **policy year one** begins on the date **you** became an **insured**;

TY-B **Policy year two** shall mean the period commencing on the effective date set forth in Item 2(b) of the Declarations and ending on the earlier of either the expiration date set forth in Item 2(b) of the Declarations or the effective date of cancellation of this policy. If **you** become an **insured** under this policy

8. In Clause IV. **LIMIT OF LIABILITY**, paragraphs A., B. and C. are deleted in their entirety and replaced with the following:

A. The Limits of Liability set forth in the Declarations of this policy are the most **we** shall pay for **loss** regardless of the number of persons or entities covered by this policy or claimants or **claims** brought.

B. **Policy Year One Per Claim Limit of Liability:** Our total liability for all **loss** arising from any and all **claims** made against **you** during **policy year one** and reported to **us** during **policy year one** or any applicable Extended Reporting Period thereto, alleging any **wrongful act** or series of continuous, repeated or related **wrongful acts** shall not exceed the Limit of Liability set forth in Item 3(a) Declarations as applicable to “each **wrongful act**”.

**Policy Year One Aggregate Limit of Liability:** Our total liability for all **loss** arising from all **claims** made against **you** during **policy year one** and reported to **us** during **policy year one** or any applicable Extended Reporting Period thereto shall not exceed the Limit of Liability set forth in Item 3(a) of the Declarations as “aggregate.” The aggregate Limit of Liability for any Extended Reporting Period shall be part of and not in addition to the aggregate Limit of Liability for **policy year one**.

**Policy Year Two Per Claim Limit of Liability:** Our total liability for all **loss** arising from any and all **claims** made against **you** during **policy year two** and reported to **us** during **policy year two** or any applicable Extended Reporting Period thereto, alleging any **wrongful act** or series of continuous, repeated or related **wrongful acts** shall not exceed the Limit of Liability set forth in Item 3(b) Declarations as applicable to “each **wrongful act**”.

**Policy Year Two Aggregate Limit of Liability:** Our total liability for all **loss** arising from all **claims** made against **you** during **policy year two** and reported to **us** during **policy year two** or any applicable Extended Reporting Period thereto shall not exceed the Limit of Liability set forth in Item 3(b) of the Declarations as “aggregate.” The aggregate Limit of Liability for any Extended Reporting Period shall be part of and not in addition to the aggregate Limit of Liability for **policy year two**.

C. Our total liability for all **loss** arising from all **claims** made against **you** in either **policy year one** or **policy year two** and reported to **us** in accordance with the terms of this policy shall not exceed the Limit of Liability set forth in Item 3(c) of the Declarations as “aggregate.” The aggregate Limit of Liability for any Extended Reporting Period shall be part of and not in addition to the aggregate Limit of Liability set forth in Item 3(c) of the Declarations.

9. In Clause VI. **OTHER PROVISIONS AFFECTING COVERAGE**, paragraph A., “**What You Must Do in the Event of a Claim,**” is deleted in its entirety and replaced with the following:

**A. What You Must Do in the Event of a Claim**

1. **For Claims Made During Policy Year One:** Before coverage will apply, **you** must notify **us** in writing of any **claim** against **you** as soon as practicable, but in all events no later than:

a. the end of **policy year one** or any Extended Reporting Period thereto (if applicable); or

- b. within thirty (30) days after the end of **policy year one**, as long as such **claim** is was first made against the **insured** within the final thirty (30) days of **policy year one** and is reported to **us** no later than thirty (30) days after the date such **claim** was first made against the **insured**.
  2. **For Claims Made During Policy Year Two:** Before coverage will apply, **you** must notify **us** in writing of any **claim** against **you** as soon as practicable, but in all events no later than:
    - a. the end of **policy year two** or any Extended Reporting Period thereto (if applicable); or
    - b. within thirty (30) days after the end of **policy year two**, as long as such **claim** is was first made against the **insured** within the final thirty (30) days of **policy year two** and is reported to **us** no later than thirty (30) days after the date such **claim** was first made against the **insured**.
  3. With respect to all **claims**, **you** must also:
    - a. immediately record the specifics of the **claim** and the date **you** received it; and
    - b. send copies of all demands, suit papers, or other legal documents **you** receive, as soon as possible to **us** in c/o AIG Technical Services, Inc., Professional Liability Division, at **our** address indicated in the Declarations.
10. In Clause VI. **OTHER PROVISIONS AFFECTING COVERAGE**, paragraph J., "**Extended Reporting Period**," is deleted in its entirety and replaced with the following:

**J. Extended Reporting Provisions**

**1. Automatic Extended Reporting Period**

- a. With respect to **policy year one**, if **we** or the **named insured** shall elect not to renew this policy after **policy year one**, **you** shall have the right following the effective date of such nonrenewal to a period of sixty (60) days (herein referred to as the "**policy year one automatic extended reporting period**") in which to give written notice to **us** of **claims** first made against **you** during the **policy year one automatic extended reporting period** for any **wrongful act** occurring prior to the end of **policy year one** and otherwise covered by this policy.
- b. With respect to **policy year two**, if **we** or the **named insured** shall elect not to renew this policy after **policy year two**, **you** shall have the right following the effective date of such nonrenewal to a period of sixty (60) days (herein referred to as the "**policy year two automatic extended reporting period**") in which to give written notice to **us** of **claims** first made against **you** during the **policy year two automatic extended reporting period** for any **wrongful act** occurring prior to the end of **policy year two** and otherwise covered by this policy.

The **policy year one automatic extended reporting period** and **policy year two automatic extended reporting period** as described in subparagraphs a.

and b. above shall not apply to **claims** that are covered under any subsequent insurance **you** purchase or which is purchased for **your** benefit, or that would be covered by such subsequent insurance but for (1) the exhaustion of the amount of insurance applicable to such **claims**, or (2) any applicable retention or deductible.

## 2. Optional Extended Reporting Period

- a. With respect to **policy year one**, if **we** or the **named insured** shall elect not to renew this policy after **policy year one**, **you** shall have the right, upon payment of an additional premium of up to 100% of premium for **policy year one** as set forth in Item 5(b) of the Declarations, to a period of up to one (1) year following the effective date of such nonrenewal (herein referred to as the "**policy year one optional extended reporting period**") in which to give written notice to **us** of **claims** first made against **you** during the **policy year one optional extended reporting period** for any **wrongful act** occurring prior to the end of **policy year one** and otherwise covered by this policy.
- b. With respect to **policy year two**, if **we** or the **named insured** shall elect not to renew this policy after **policy year two**, **you** shall have the right, upon payment of an additional premium of up to 100% of premium for **policy year two** as set forth in Item 5(b) of the Declarations, to a period of up to one (1) year following the effective date of such nonrenewal (herein referred to as the "**policy year two optional extended reporting period**") in which to give written notice to **us** of **claims** first made against **you** during the **policy year two optional extended reporting period** for any **wrongful act** occurring prior to the end of **policy year two** and otherwise covered by this policy.

The rights contained in this clause shall terminate, however, unless the **named insured** provides written notice of such election together with the additional premium due to **us** within thirty (30) days of the effective date of non-renewal. The additional premium for the **policy year one optional extended reporting period** and/or **policy year two optional extended reporting period** shall be fully earned at the inception of the applicable Extended Reporting Period. The **policy year one optional extended reporting period** and/or **policy year two optional extended reporting period** are not cancelable. This clause and the rights contained herein shall not apply to any cancellation resulting from non-payment of premium. **Our** offer of renewal terms, conditions, limits of liability and/or premiums different from those of the expiring policy shall not constitute a refusal to renew.

The aggregate Limit of Liability for any Extended Reporting Period shall be part of and not in addition to the aggregate Limit of Liability for the **policy period**.

If the **named insured** exercises its right to purchase either the **policy year one optional extended reporting period** or **policy year two optional extended reporting period** pursuant to the terms of this policy, any otherwise applicable **policy year one automatic extended reporting period** or **policy year two automatic extended reporting period** shall be deemed void *ab initio*.

11. In Clause VI. **OTHER PROVISIONS AFFECTING COVERAGE**, paragraph K., “**Notice of Circumstances**,” is deleted in its entirety and replaced with the following:

**K. Notice of Circumstance**

**Policy Year One:** If during **policy year one** or any Extended Reporting Period thereto, if applicable, **you** become aware of any facts or circumstances that may reasonably be expected to give rise to a **claim** against **you** for a **wrongful act** that occurs on or after the **retroactive date** and prior to the end of **policy year one**, and provided **you** give written notice to **us** during **policy year one** or any Extended Reporting Period thereto, if applicable, of the circumstances and the reasons for anticipating such a **claim**, with full particulars as to the **wrongful act(s)**, dates, persons and entities involved, then any **claim** that is subsequently made against **you** arising out of such **wrongful act** or the same **wrongful act** or series of continuous, repeated or related **wrongful acts**, shall, for the purposes of this policy, be treated as a **claim** made against **you** and reported to **us** during **policy year one**.

**Policy Year Two:** If during **policy year two** or any Extended Reporting Period thereto, if applicable, **you** become aware of any facts or circumstances that may reasonably be expected to give rise to a **claim** against **you** for a **wrongful act** that occurs on or after the **retroactive date** and prior to the end of **policy year two**, and provided **you** give written notice to **us** during **policy year two** or any Extended Reporting Period thereto, if applicable, of the circumstances and the reasons for anticipating such a **claim**, with full particulars as to the **wrongful act(s)**, dates, persons and entities involved, then any **claim** that is subsequently made against **you** arising out of such **wrongful act** or the same **wrongful act** or series of continuous, repeated or related **wrongful acts**, shall, for the purposes of this policy, be treated as a **claim** made against **you** and reported to **us** during **policy year two**.

12. In Clause VI. **OTHER PROVISIONS AFFECTING COVERAGE**, paragraph L., “**Organizational Changes**,” is deleted in its entirety and replaced with the following:

**L. Organizational Changes**

(a) If during **policy year one**:

1. the **named insured** merges into or consolidates with another entity such that the **named insured** is not the surviving entity; or
2. another entity, person, or group of entities and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by other entity(ies) or person(s) of more than fifty percent (50%) of the outstanding securities representing the rights to vote for the election of the **named insured’s** directors;

(either of the above events hereinafter referred to as the “**policy year one transaction**”) then coverage shall continue until the later of the termination of **policy year one** or such other date to which **we** may agree, but only with respect to **wrongful acts** which occurred prior to the **policy year one transaction** and are otherwise covered by this policy. No coverage shall be provided after the **policy year one transaction** unless the **named insured** notifies **us** of the **policy year one transaction** in writing within thirty (30) days of the **policy year one transaction**.

(b) If during **policy year two**:

1. the **named insured** merges into or consolidates with another entity such that the **named insured** is not the surviving entity; or
2. another entity, person, or group of entities and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by other entity(ies) or person(s) of more than fifty percent (50%) of the outstanding securities representing the rights to vote for the election of the **named insured's** directors;

(either of the above events hereinafter referred to as the "**policy year two transaction**") then coverage shall continue until the later of the termination of **policy year two** or such other date to which **we** may agree, but only with respect to **wrongful acts** which occurred prior to the **policy year two transaction** and are otherwise covered by this policy. No coverage shall be provided after the **policy year two transaction** unless the **named insured** notifies **us** of the **policy year two transaction** in writing within thirty (30) days of the **policy year two transaction**.

13. Clause VI. **OTHER PROVISIONS AFFECTING COVERAGE** is amended to include the following paragraph at the end thereof:

**TY-1. PREMIUM**

If a premium amount is provided for in Item 5(a) of the Declarations, as set forth in paragraph 1. of this endorsement, payment of such premium amount shall be remitted within thirty (30) days of the inception of this policy.

If a premium amount is provided for in item 5(b) of the Declarations, as set forth in paragraph 1. of this endorsement, payment of such premium amounts shall be remitted as follows:

- (a) the first year installment shall be remitted within thirty (30) days of the inception date of **policy year one**;
- (b) the second year installment shall be remitted within thirty (30) days of the inception of **policy year two**.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN UNCHANGED.

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**AUTHORIZED REPRESENTATIVE**