



Group Professional Liability Insurance Plan for Chartered Professional Accountants of Québec

THIS POLICY PROVIDES CLAIMS RECEIVED AND REPORTED COVERAGE. THE POLICY APPLIES ONLY TO CLAIMS FIRST RECEIVED BY THE INSURED DURING THE POLICY PERIOD AND REPORTED TO ACPAI INSURANCE IN WRITING DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD. PLEASE READ THE ENTIRE POLICY CAREFULLY.

This Policy and the individual Certificate is the contract between the INSURED and the INSURER and were issued in consideration of the premium which the PARTICIPATING MEMBER has agreed to pay. This Policy and the individual Certificate were issued in reliance upon the representations which the PARTICIPATING MEMBER has made and upon the insurance application and premium self assessment form, which forms part of this contract.

Throughout this Policy, certain words have been capitalized to indicate that they have a specific meaning. (See Part I - Definitions and Part V – Policy Extensions).

PART I DEFINITIONS

CPA FIRM:

A general partnership or an undeclared partnership within the meaning of the Civil Code of Québec or a duly constituted joint stock company or limited liability partnership within the meaning of the *Professional Code* (R.S.Q. c. C-26), including entities that are, or can be perceived as being, under common control, ownership or management with it, but only for PROFESSIONAL ACTIVITIES performed by or on behalf of members of the POLICYHOLDER.

This definition includes former CA firms, former CGA firms and former CMA firms, including entities that were, or could have been perceived as being, under common control, ownership or management with it, but only for PROFESSIONAL ACTIVITIES performed by or on behalf of members of the POLICYHOLDER.

However, this definition excludes any multi-disciplinary firm that offers services other than PROFESSIONAL ACTIVITIES, except with respect to PROFESSIONAL ACTIVITIES performed by the PARTICIPATING MEMBER personally in his capacity as a member of the POLICYHOLDER.

This definition also excludes any NON-PARTICIPATING FIRM and FORMER NON-PARTICIPATING FIRM.

CLAIM:

1. (a) A written or oral allegation of breach in rendering or failure to render PROFESSIONAL ACTIVITIES;
or
(b) A written or oral demand for money or services arising from a breach in the rendering or failure to render PROFESSIONAL ACTIVITIES

received by the INSURED and reported to the INSURER during the POLICY PERIOD or during the EXTENDED REPORTING PERIOD.

2. If during the POLICY PERIOD circumstances which any reasonable person would expect to give rise to a CLAIM are reported to the INSURER, then the INSURER will consider these a CLAIM even if a formal demand is advanced against the INSURED only after the POLICY PERIOD.

All demands or allegations arising from a common set of circumstances shall be considered a single CLAIM deemed made and reported on the same date, regardless of the number of INSUREDS, the number of persons or organizations making demands or allegations, or whether all such demands are made concurrently.

Any such CLAIM shall be subject to the Limit of Liability and DEDUCTIBLE in effect at the time the INSURED first reported to the INSURER, through ACPAI Insurance., in accordance with this Policy.

Only one Limit of Liability shall be available per CLAIM, and the Limit of Liability set out in the Certificates issued to INSUREDS will not be cumulated, no matter how many INSUREDS are involved in the CLAIM or have reported the CLAIM to the INSURER.

However, if:

- (a) the INSURED is involved in the same CLAIM as one or more than one other member of the POLICYHOLDER who is an INSURED and who provided PROFESSIONAL ACTIVITIES and was also a partner, principal or employee of the same CPA FIRM as the Certificate-holder, then the Limit of Liability for that CLAIM will be increased to \$2,000,000, for the benefit of all INSUREDS with respect to PROFESSIONAL ACTIVITIES performed by or on behalf of that CPA FIRM. In that case, two DEDUCTIBLES will apply;
- (b) one or more demands or allegations arising from such a common set of circumstances are received by the INSURED and one or more than one other member of the POLICYHOLDER who never worked in the same CPA FIRM as the INSURED, or has never been employed by the INSURED, never worked under contract for or on behalf of the INSURED, has never employed the INSURED or never had the INSURED work under contract for them or on their behalf, then the INSURED shall not share limits or the DEDUCTIBLE with such other member.

CLAIM EXPENSE(S):

All expenses the INSURER incurs to investigate, defend, settle, mediate, arbitrate or litigate a CLAIM for DAMAGES covered by this Policy. This includes but is not limited to costs and fees for the hiring of investigators, adjusters, experts, consultants, arbitrators, mediators and lawyers, and costs for the attendance of witnesses other than the INSURED.

DAMAGES:

Compensatory damages payable to claimants, and does not include fines, penalties (whether contractual or other), punitive or exemplary damages, or fees, commissions or other forms of remuneration which has either not been paid to the INSURED or which the INSURED has been asked to return.

Damages may include interest and penalties levied by tax authorities as a result of a reassessment.

DEDUCTIBLE:

The first portion of the DAMAGES payable under the Policy, for each CLAIM, as indicated on the Certificate, which amount the INSURED is deemed to have agreed to pay.

FORMER MEMBER:

A former member of the POLICYHOLDER who is not otherwise an INSURED during the POLICY PERIOD, and who, if they were a CPA, CA or CMA between April 1, 2010 and April 1, 2013 and if they were a CGA between April 1, 2012 and April 1, 2013, and who, during that time period:

- (a) died, ceased to be a member or had his membership in the POLICYHOLDER terminated for whatever reason; and
- (b) was required to obtain a policy (and would not have been refused a policy) in accordance with:
 - (1) if they were a Chartered Professional Accountant, the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec* (R.R.Q. c. C-48.1, r. 2) that came into force on April 1, 2013;
 - (2) if they were a Chartered Accountant, the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables agréés du Québec* (R.R.Q. c. C-48, r. 2) that came into force on April 1, 2008;

- (3) if they were a Certified Management Accountant, the *Regulation respecting the professional liability insurance of certified management accountants of Quebec* (R.R.Q. c. C-26, r. 26), that came into force on March 11, 1993; or
 - (4) if they were a Certified General Accountant, the *Regulation respecting professional liability insurance for certified general accountants of Quebec* (R.R.Q. c. C-26, r. 46), that came into force on December 17, 1992; and
- (c) did not do so.

FORMER NON-PARTICIPATING FIRM:

A chartered accountancy or chartered professional accountancy partnership or company no longer in existence at the time of the entry into force of this policy but which, during its existence, would have been denied participation in the group insurance plan in accordance with the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables agréés du Québec* (R.R.Q. c. C-48, r. 2) that came into force on April 1, 2008 or the the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec* (R.R.Q. c. C-48.1, r. 2) that came into force on April 1, 2013 such that it would have been a NON-PARTICIPATING FIRM.

INSURED(S):

1. The PARTICIPATING MEMBER, and
2. any CPA FIRM in which the PARTICIPATING MEMBER carries on or has carried on PROFESSIONAL ACTIVITIES as a member of the POLICYHOLDER ; and
3. any present or former: partner, shareholder, officer, director, principal or NON-MEMBER EMPLOYEE of the PARTICIPATING MEMBER or the CPA FIRM which is otherwise covered by paragraph 2 above and who are not themselves a member of the POLICYHOLDER, while acting within the scope of that person's duties for the PARTICIPATING MEMBER, FORMER MEMBER or CPA FIRM, and only then with respect to PROFESSIONAL ACTIVITIES performed under the supervision of a member of the POLICYHOLDER who holds a certificate. The scope of coverage for any such INSURED cannot exceed that granted under the Certificate of his supervisor; and
4. any NON-PARTICIPATING MEMBER, but only for PROFESSIONAL ACTIVITIES they performed while they were a PARTICIPATING MEMBER as defined under the policy then in force. In the case of members of the POLICYHOLDER who were NON-PARTICIPATING MEMBERS on the day this Policy or the policy under the 2008 Group Professional Liability Insurance Plan for Chartered Accountants of Quebec came into force, but who was a PARTICIPATING MEMBER as defined under the policy then in force and who worked at a CPA FIRM or was a sole practitioner prior to the entry into force of either one of said Policies, then the coverage available to them under his Certificate is limited to PROFESSIONAL ACTIVITIES performed as a member of the CPA FIRM or as a sole practitioner; and
5. any FORMER MEMBER, but only for PROFESSIONAL ACTIVITIES they performed while they were a member of the POLICYHOLDER and only for CLAIMS received by the FORMER MEMBER during the POLICY PERIOD and reported to the INSURER during the POLICY PERIOD or the 30 days EXTENDED REPORTING PERIOD, but not during the Six (6) Year EXTENDED REPORTING PERIOD. The Limits of Liability for any such FORMER MEMBER shall not exceed the lesser of i) the Limits of Liability they were required to obtain; and ii) the Limits of Liability otherwise available under this Policy. The DEDUCTIBLE applicable shall be the maximum permitted by the regulation pursuant to which he was required to obtain such coverage; and
6. the heirs, executors, administrators and assigns of each INSURED in their capacity as such and for acts of that INSURED allegedly committed, as long as they were PROFESSIONAL ACTIVITIES by or on behalf of a member of the POLICYHOLDER.

INSURER(S):

The insurer(s) is (are) as shown on the Certificate.

NON-MEMBER EMPLOYEE:

A natural person who is or was actually an employee of, or a natural person who performs or has performed PROFESSIONAL ACTIVITIES on a per diem basis or on a contractual basis for or on behalf of a CPA Firm or a Certificate-holder.

NON-PARTICIPATING FIRM:

A partnership or joint stock company whose members are or were NON-PARTICIPATING MEMBERS.

NON-PARTICIPATING MEMBER:

A member of the former *Ordre des comptables agréés du Québec* who has been denied participation in the group insurance plan in accordance with the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables agréés du Québec* (R.R.Q. c. C-48, r. 2) that came into force on April 1, 2008, or a member of the POLICYHOLDER who has been denied participation in the group insurance plan in accordance with the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec* (R.R.Q. c. C-48.1, r. 2) that came into force on April 1, 2013.

PARTICIPATING MEMBER:

A member of the POLICYHOLDER who is required to be insured by the INSURER under the group liability insurance plan as set out in the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec* (R.R.Q. c. C-48.1, r. 2) that came into force on April 1, 2013.

POLICYHOLDER:

Ordre des comptables professionnels agréés du Québec. This definition includes the former *Ordre des comptables agréés du Québec*, *Ordre professionnel des comptables généraux accrédités du Québec* and *Ordre professionnel des comptables en management accrédités du Québec*, but only with regard to PROFESSIONAL ACTIVITIES of someone who was a member of one or more than one of said three *Ordres*.

POLICY PERIOD:

The period commencing on the Policy's Inception Date and ending on the Policy's Expiration Date, both as shown on the Certificate. In the case of Certificate cancellation, the POLICY PERIOD shall expire upon the effective date of the Certificate's cancellation.

POLICY TERRITORY:

The POLICY TERRITORY is Canada, Bermuda and the United States of America, their respective territories or possessions always provided that any suit is brought within the territory so described.

PROFESSIONAL ACTIVITIES:

Those activities, including rendering (or failing to render) opinions and giving (or failing to give) advice, solely within the scope of professional activities of a Chartered Professional Accountant as described in the *Chartered Professional Accountants Act* (R.S.Q. c. C-48.1).

For professional activities performed prior to the *Chartered Professional Accountants Act* (R.S.Q. c. C-48.1) that came into force on May 16, 2012, this definition also includes those activities, including rendering (or failing to render) opinions and giving (or failing to give) advice, solely within the scope of professional activities of a Chartered Accountant, of a Certified Management Accountant or of a Certified General Accountant, as described in the *Chartered Professional Accountants Act* (R.S.Q. c. C-48.1).

WRONGFUL ACT:

Any breach of duty, neglect, error, misstatement, misleading statement, omission or other act done or wrongfully attempted by the Directors or Officers while acting within the scope of their duties as Directors or Officers or any other matter claimed against them solely by reason of their being Directors or Officers.

**PART II
INSURANCE COVERAGE**

A. The INSURER is obliged to fulfill the three (3) following obligations for the INSURED'S benefit. The DEDUCTIBLE applies to the first obligation only.

1. (a) DAMAGES

Subject to the DEDUCTIBLE and Limit of Liability stated in the Certificate, the INSURER will pay on the INSURED'S behalf all sums which the INSURED becomes liable to pay as DAMAGES arising out of a CLAIM received within the POLICY TERRITORY provided that the INSURED's liability is the result of an error, omission or negligent act in the performance of PROFESSIONAL ACTIVITIES for others by or on behalf of a member of the POLICYHOLDER, in their capacity as such, within the POLICY TERRITORY, and that the CLAIM is first received by the INSURED during the POLICY PERIOD and reported to ACPAI Insurance during the POLICY PERIOD or during the EXTENDED REPORTING PERIOD.

(b) CIVIL PENALTIES

Subject to the DEDUCTIBLE and sub-limits stated below, the INSURER will pay on the INSURED's behalf all sums which the INSURED becomes liable to pay for penalties levied to the INSURED pursuant to the *Income Tax Act (Canada)* Section 163.2, *Excise Tax Act* Section 285.1, any provincial legislation relating to the misrepresentation of a tax matter by a third party, and any successor provision thereto, if such liability arises as a result of an error, omission or negligent act in the performance, within the POLICY TERRITORY, of PROFESSIONAL ACTIVITIES for others by or on behalf of a member of the POLICYHOLDER, in their capacity as such.

This Civil Penalties coverage is limited to \$100,000 per CLAIM where the Agence du revenu du Québec levies the penalty.

This Civil Penalties coverage is limited to \$100,000 per CLAIM where CRA and/or any other provincial authority levy the penalty.

(c) DIRECTORS & OFFICERS LIABILITY EXTENSION

If so stated on the Certificate as "Included", the INSURER agrees to fulfill the obligations set out above, for any CLAIM received within the POLICY TERRITORY against the INSURED for a WRONGFUL ACT while acting within the POLICY TERRITORY as a director or officer of a corporation without share capital, constituted for purposes of carrying on, without pecuniary gain to its members, objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character or like object, provided that the CLAIM is first received by the INSURED during the POLICY PERIOD and reported to ACPAI Insurance during the POLICY PERIOD or during the EXTENDED REPORTING PERIOD.

2. DEFENCE

(a) The INSURER will defend the INSURED in any civil suit or arbitration or mediation proceedings within the POLICY TERRITORY resulting from a CLAIM for DAMAGES for which coverage is provided by this Policy, even if the allegations against the INSURED are groundless, false or fraudulent. The INSURER will conduct such investigations and negotiations as it deems expedient.

(b) The INSURER will defend the INSURED in any civil suit or countersuit against the INSURED within the POLICY TERRITORY arising out of a CLAIM for DAMAGES which otherwise would have been covered but for allegations of:

- (i) any intentional fault, dishonest, fraudulent, criminal or malicious act, omission or misrepresentation made or committed by the INSURED with affirmative dishonesty or actual intent to deceive or defraud; or
- (ii) breach of contract or inducement of breach of contract committed with affirmative dishonesty, actual intent to deceive or defraud; or
- (iii) libel, slander or defamation of character committed by the INSURED in bad faith or in willful violation of any statute or ordinance; or
- (iv) failure to act in good faith, where the INSURED benefits from statutory immunity for acts committed in good faith

but the INSURER shall not be liable for any DAMAGES or SUPPLEMENTARY PAYMENTS awarded in any such suits or countersuits which are based on such allegations.

- (c) Where the INSURED has received a demand from a person who is not the INSURED's client, for communication of information or documentation that may be subject to the client's right to professional secrecy, the INSURER will engage counsel to respond to such a demand for the sole purpose of advising the INSURED with respect to protecting that right to secrecy even if no CLAIM for covered DAMAGES has been made, up to a sublimit of \$10,000. Any amount incurred by the INSURER within this sublimit shall be a CLAIM EXPENSE under the Policy in force on the date on which the INSURER received notice of the demand from the INSURED in accordance with this Policy.
- (d) The INSURER'S obligation to defend the INSURED ceases as soon as the INSURER's Limit of Liability per CLAIM has been exhausted by payment of judgments or settlements.

3. SUPPLEMENTARY PAYMENTS

The INSURER will pay, for each CLAIM, in addition to its Limit of Liability as stated on the Certificate, the following:

- (a) CLAIM EXPENSES;
- (b) all premiums on appeal bonds or bonds to release attachments to the extent of coverage provided. (The INSURER has no obligation to furnish bonds but only to pay the premiums thereon); and
- (c) all costs taxed or assessed against the INSURED, all court, arbitration and mediation costs owed by the INSURED, and all interest upon that part of judgment which falls within the remaining Limit of Liability as stated on the Certificate at the time

but the INSURER will not pay or reimburse the INSURED for any expenses so incurred unless specifically authorized in advance by the INSURER.

B. THE INSURER'S LIMIT OF LIABILITY

Subject to the possibility of a CLAIM being received by two unrelated sole practitioners or CPA FIRMS or their members as more fully described in the definition of CLAIM, the maximum amount the INSURER will pay as DAMAGES per CLAIM is as shown on the Certificate no matter how many INSUREDS there are under this Policy or how many persons or organizations make a CLAIM.

The INSURER'S obligations to defend and to make supplementary payments are in addition to its Limit of Liability as spelled out in the Policy.

PART III
THE EXCLUSIONS TO THE INSURED'S COVERAGE

THIS POLICY DOES NOT APPLY TO:

1. DAMAGES arising out of any intentional fault, dishonest, fraudulent, criminal or malicious act, omission or misrepresentation of the INSURED, however, this exclusion shall not apply to any INSURED who is neither the author of the said fault, act, omission or misrepresentation nor an accomplice to it;
2. any CLAIM in which any INSURED has, either directly or indirectly:
 - a) gained any profit or advantage to which that INSURED was not legally entitled; or
 - b) received a loan which has not been repaid; or,
 - c) received a finder's fee or commission, unless such receipt or payment was permitted under the Rules of Professional Conduct or similar regulation or by-law of the INSURED's professional governing body at the time that the alleged error, act, or omission was committed;

whether or not the claimant has alleged such profit, advantage, loan, fee or commission;

3. any CLAIM received by the INSURED:
 - (a) by or on behalf of any current or former business enterprise
 - (i) in which the INSURED either directly or indirectly has or had an interest; or
 - (ii) that directly or indirectly has or had an interest in the INSURED; or
 - (iii) that has or had common ownership with the INSURED;
 - (b) by or on behalf of any current or former employer of the INSURED who:
 - (i) is a Federal or provincial government, Crown corporation, entity to whom a government or legislature appoints the majority of shareholders or members, or a Fund controlled by any combination of the foregoing;
 - (ii) is a municipality or a body thereof;
 - (iii) offers goods or services that are not PROFESSIONAL ACTIVITIES;

For purposes of this exclusion, a person shall be considered an employer of the INSURED even if the contract is through a management or holding company, if the INSURED is or was engaged on a full time or exclusive basis by the person making the CLAIM.

- (c) by or on behalf of any current or former employee, director, partner, officer or shareholder or trustee, receiver or manager of any entity described in 3(a) or 3(b) above;
4. any CLAIM arising out of the provision of property management services except those provided by the INSURED as Receiver and/or Manager, agent of secured creditor(s) or Trustee in Bankruptcy/Liquidator/Insolvency Practitioner, Power of Attorney or Executor of Estate;
5. any CLAIM arising out of the INSURED's insolvency or bankruptcy, or the INSURED undergoing receivership or liquidation;
6. any CLAIM arising out of the sale, provision, installation or maintenance, failure or non-performance of hardware equipment, programming of packaged accounting software or programming of custom accounting systems or the development and/or maintenance of client websites;
7. any CLAIM or portion of a CLAIM arising out of an INSURED's status as or alleging a WRONGFUL ACT committed in an INSURED's status as:

- (a) a company officer, including the status of a CFO, whether the INSURED holds the actual title or is liable because they are deemed in fact to have held the office;
- (b) a member of any Board of Directors, Committee of a Board of Directors, Advisory Board or similar oversight body.

Without limiting the generality of the foregoing, this Policy excludes all coverage for statutory liability, employment practices liability, or any claim for a breach of contract by the corporate entity in which the INSURED's liability is alleged to be triggered by the fact that the INSURED is or was a director or officer of a corporation.

- 8. any CLAIM or portion of a CLAIM arising out of an INSURED's status as a professional or deemed to be a professional other than a member entered on the roll of the POLICYHOLDER, unless they are sued for PROFESSIONAL ACTIVITIES that were performed under the supervision of a member entered on the roll of the POLICYHOLDER;
- 9. any CLAIM arising out of services performed:
 - (a) while the PARTICIPATING MEMBER or NON-MEMBER EMPLOYEE, was a partner, shareholder, officer, director, principal or employee of a NON-PARTICIPATING FIRM or FORMER NON-PARTICIPATING FIRM; or
 - (b) for or on behalf of a NON-PARTICIPATING FIRM or a FORMER NON-PARTICIPATING FIRM, including services performed as a partner, shareholder, officer, director, principal, employee, sub-contractor, per diem or temporary employee or independent contractor, and whether the services were engaged by the NON-PARTICIPATING FIRM or the FORMER NON-PARTICIPATING FIRM directly or indirectly.
- 10. any DAMAGES in excess of \$25,000 payable in respect of any services whereby an INSURED is managing funds or has sole cheque-signing authority on behalf of clients or third parties, except those provided by the INSURED as Receiver and/or Manager, Agent of Secured Creditor(s), Trustee in Bankruptcy/Liquidator/Insolvency Practitioner, Power of Attorney, Executor of Estate or Administrator of property under article 2166 of the Civil Code of Québec;
- 11. any CLAIM arising out of any situation reported to a previous insurer, or any CLAIM received by or pending against the INSURED or any partners, employers or employees, or NON-MEMBER EMPLOYEES or any CLAIM arising out of any mistake or error, actual or alleged, of which the INSURED had knowledge prior to the entry into force of the Certificate;
- 12. any CLAIM arising out of human resources services;
- 13. any CLAIM arising out of the INSURED's activities as an author;
- 14. any CLAIM arising out of the INSURED's failure to act in good faith, where the INSURED benefits from statutory immunity for acts committed in good faith;
- 15. any CLAIM for which an INSURED benefits from insurance coverage or an undertaking from a NON-PARTICIPATING FIRM in accordance with the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables agréés du Québec* (R.R.Q. c. C-48, r. 2) that came into force on April 1, 2008 or the *Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec* (R.R.Q. c. C-48.1, r. 2) that came into force on April 1, 2013.

PART IV GENERAL CONDITIONS

THE INSURED'S DUTIES

WHAT THE INSURED MUST DO:

1. REPORT

As soon as the INSURED becomes aware of a CLAIM or any mistake or error, actual or alleged, the INSURED must immediately report to the INSURER, in writing, giving all pertinent details as to the circumstances surrounding the CLAIM or mistake or error, and identifying the PARTICIPATING MEMBER, NON-PARTICIPATING MEMBER or FORMER MEMBER whose PROFESSIONAL ACTIVITIES are involved. As events unfold which may have an effect on the CLAIM or reported mistake or error, the INSURED must continue to report to the INSURER.

The written report shall be sent by the INSURED to the head office of ACPAI Insurance. The INSURER shall be entitled to deny coverage for any CLAIM not notified in accordance herewith, if the INSURER has suffered prejudice. Failure to give the above report will not affect the right of any INSURED who did not have knowledge of the CLAIM, mistake or error, on the condition that such failure to report be corrected during the POLICY PERIOD.

2. CO-OPERATION

The INSURED must co-operate with the INSURER and, upon request, provide written statements, submit to examinations and questioning, assist in affecting settlement, secure and give evidence and assist in any reasonable way the INSURER deems necessary. The INSURED must give this co-operation at its own cost.

3. DEDUCTIBLE

The INSURED must pay the DEDUCTIBLE promptly upon request.

WHAT THE INSURED MUST NOT DO:

1. ADMISSIONS

The INSURED must not admit responsibility, assume any obligation or make any commitment of money or services without the INSURER'S consent, even if the INSURED believes there may have been an error, omission, or negligent act on the INSURED'S part. Any such admission, obligation or commitments will vitiate this Policy as far as that particular CLAIM is concerned.

2. RECOVERIES

The INSURED must not do anything which might imperil the INSURER's rights of recovery against any other party.

INSURED'S CONSENT TO SETTLE

The INSURER will not settle any CLAIM without the consent of the INSURED. If the INSURED fails or refuses to consent to the settlement of a CLAIM as reasonably recommended by the INSURER, then all the INSURER'S obligations with respect to that CLAIM shall cease and the INSURED will then be responsible for conducting his own defence. If later the INSURED settles the CLAIM, or if the matter is resolved through arbitration or litigation, then the INSURER'S liability for that CLAIM shall not exceed the amount of the offer or demand plus the CLAIM EXPENSES incurred up to the date of the failure or refusal of consent.

OTHER INSURANCE

Subject to Exclusion 15, this insurance is in excess of all other valid and collectible insurance and shall not be called upon in contribution.

THE INSURER'S RIGHTS TO RECOVER FROM OTHERS

If the INSURED has rights to recover all or any part of any payment the INSURER has already made, those rights are automatically transferred to the INSURER to the extent of the payment(s) it has made. The INSURED shall do everything needed to assist the INSURER and the INSURED must not prejudice its rights of recovery.

The INSURER waives any right of subrogation against any INSURED except the author of or accomplice to any intentional fault, dishonest, fraudulent, criminal or malicious act or misrepresentation for any amounts paid, pursuant to the provisions of the Policy.

ASSIGNMENT OF POLICY

The INSURED cannot assign the INSURED'S rights under this Policy to anyone else without the INSURER'S consent. If the INSURED should be adjudged bankrupt, insolvent, incompetent or die during the POLICY PERIOD, this Policy will cover the INSURED'S legal representatives in the same manner as it presently covers the INSURED.

THE INSURER'S RIGHTS OF AUDIT

During the POLICY PERIOD, during any extension thereof, and for one year thereafter, the INSURER has the right to inspect the INSUREDS' premises and operations and to examine and audit the INSURED'S books and files, but strictly as they relate to this insurance or to the calculation of the premium of this Policy.

For CLAIMS investigation and settlement purposes, the INSURER may exercise this right of audit and inspection until the delivery of final releases by all interested parties.

The INSURER assumes no responsibility whatsoever by exercising or declining to exercise these rights.

CHANGES

Only the POLICYHOLDER is authorized to make changes in the terms of this Policy with the INSURER'S consent. Policy terms can be amended or waived only by endorsement issued by the INSURER and made part of this Policy.

CANCELLATION OR AMENDMENT BY THE INSURER

The INSURER may cancel or amend this Policy by giving the POLICYHOLDER one hundred and twenty (120) days notice of the amendment or cancellation in writing stating the date on which the amendment or cancellation is to take effect.

If the INSURER cancels a Certificate because the entire premium has not been paid, the date of cancellation shall be at least fifteen (15) days after the date on which the notice was received by the INSURED at his last known address.

If the INSURER cancels this Policy, the INSURER shall be entitled to the earned premium computed pro rata. If following cancellation, there is return premium payable, the INSURER'S cheque will be sent to the PARTICIPATING MEMBER as soon as possible but the cancellation is not contingent upon this.

**PART V
POLICY EXTENSIONS**

EXTENDED REPORTING PERIOD

There are two circumstances in which an extended reporting period applies:

1. In the event of the death, withdrawal from the *Ordre des comptables professionnels agréés du Québec* or termination of the PARTICIPATING MEMBER or NON-PARTICIPATING MEMBER's membership in the *Ordre des comptables professionnels agréés du Québec* for any reason, and if no other valid and collectible insurance applies, such PARTICIPATING MEMBER or NON-PARTICIPATING MEMBER and any INSURED whose rights derive from his Certificate shall automatically be entitled to a Six (6) Year EXTENDED REPORTING PERIOD for no additional premium. Except as may be otherwise provided herein, this extension of coverage granted hereunder shall be subject to all the terms and conditions of this Policy and shall apply to CLAIMS first received by the INSURED and reported to ACPAI Insurance, in writing, during the six (6) years immediately following the death or effective date of withdrawal or termination of membership in the *Ordre des comptables professionnels agréés du Québec*, for acts committed prior to that date.
2. In the event that an INSURED's first knowledge of a CLAIM or any mistake or error, actual or alleged, is acquired during the last 29 days of the POLICY PERIOD, the INSURED shall be entitled to report that CLAIM or mistake or error within 30 days of such knowledge.

The fact that the period during which CLAIMS may be first received by the INSURED and reported to the INSURER, in writing, under this Policy is extended by virtue of the EXTENDED REPORTING PERIOD shall not in any way increase the Limit of Liability of the Policy that was in force at the time of the death, withdrawal from the *Ordre des comptables professionnels agréés du Québec* or termination of the PARTICIPATING MEMBER or NON-PARTICIPATING MEMBER's membership in the *Ordre des comptables professionnels agréés du Québec*. Also, if a such CLAIM is covered both by this Policy and by another Policy issued under the 2008 Group Professional Liability Insurance Plan for Chartered Accountants of Quebec or under the current Group Professional Liability Insurance Plan for Chartered Professional Accountants of Quebec which has been terminated, cancelled or otherwise expired but which the INSURED may still rightfully invoke, this Policy will contribute only in excess of said other Policy and only to the extent necessary to reach the applicable Limit of Liability. ©