

**NOTICE**

**ADDENDUM TO APPLICATION AND DECLARATIONS FOR NEW YORK INSURED**

This notice describes some of the major features of the Policy. **READ YOUR POLICY CAREFULLY** to determine your rights, duties and what is and is not covered. Only the provisions of your Policy determine the scope of your insurance protection.

This policy is issued on a “Claims-Made” basis. The Policy covers only Claims first made against those insured during the Policy Period or any Extended Reporting Period.

A Claim is considered first made when the Insured receives written notice of the Claim. However, if the Insurer receives written notice that a Wrongful Act has occurred which may give rise to a Claim, then any Claim which is subsequently made against an Insured based upon such Wrongful Act will be considered first made at the time notice of the Wrongful Act was given to the Insurer. The Insurer must receive notice of a Wrongful Act which may give rise to a Claim during the Policy Period or during the Extended Reporting Period, if purchased. The Insurer must receive written notice of a Claim as soon as practicable.

All coverage under the Policy ceases upon termination of the Policy except for coverage which is afforded or that may be purchased by you under an Extended Reporting Period, as described below.

Defense Costs reduce the limit of liability and are subject to the retention.

**SPECIAL “CLAIMS-MADE” PROVISION**

Certain concepts relating to continuity of coverage under the “Claims-Made” and the pertinent Policy provisions are especially important to understand. These include the retroactive date, if any, and the Extended Reporting Period, if selected.

**RETROACTIVE DATE:** A retroactive date may be entered on the Declarations page of the policy or by endorsement. The Policy provides no coverage for Claims arising out of incidents, occurrences or Wrongful Acts which took place prior to the retroactive date even if the Claim is first made during the Policy Period. The retroactive date will not be changed by the Insurer or the Insured.

**DISCOVERY PERIOD OR “TAIL”:** When applicable, the Extended Reporting Period provisions of the Policy will extend the time which a Claim may be subject to coverage under the Policy. The length of time of the Extended Reporting Period may vary from sixty days to one year or more in the case of the optional Extended Reporting Period. Depending upon the length of the Extended Reporting Period and the coverage afforded by the subsequent Insurer, potential coverage gaps may arise in connection with such Extended Reporting Period coverage. We urge you to read those particular provisions of your Policy carefully to be certain that you understand exactly what coverage you have under those provisions.

The premium, if any, for the additional Extended Reporting Period coverage will be based on the percentage indicated in the Policy Declarations as applied to your last annual policy premium.

The Extended Reporting Period is also referred to in the insurance industry as “tail coverage.” A Claim first received in writing and recorded during a “tail” period is considered made on the last of the expiring or terminated Policy Period. “Tail coverage” will only apply if your “Claims-Made” Policy is cancelled or not renewed by you or the Insurer. The coverage is also available for any change in coverage less favorable to you at renewal.

**“CLAIMS-MADE” RATING:** The rates for “Claims-Made” policies are comparatively lower than those that would be applicable to “occurrence” policies. The rates for a “Claims-Made” policy reflect an incremental rating basis which provides increasing rates during the first several years from the retroactive date or inception of the first “Claims-Made” policy. These incremental rates are independent of overall rate level increases.