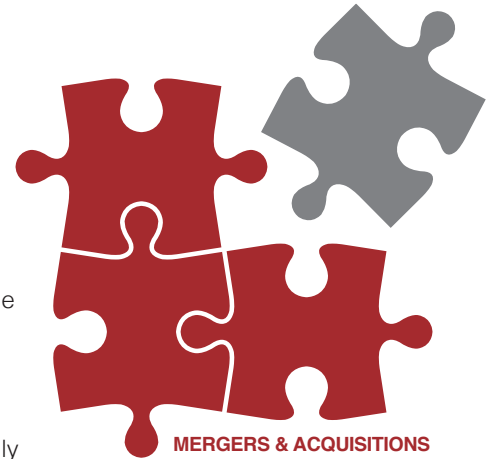


Tips for Mergers and Acquisitions

Selling an Agency

- Identify the name of the purchasing agency and communicate it with your Agents' Errors & Omissions (E&O) carrier. If needed, refer to our E&O program's capabilities for more information.
- Secure the name of the purchasing agency's E&O carrier and mention that you will be following your carrier's process and advice. If needed, you could share our Mergers and Acquisitions E&O Checklist.
- The option to purchase Extended Reporting Period Coverage or "tail" coverage is only offered once and should be given strong consideration. In most cases the buyer's E&O coverage will not pick up the prior acts of the seller. The buyer's E&O policy cannot be relied upon to pick up the seller's prior acts exposure. The purchase of tail may be your only option to cover this exposure. Our Claim Reporting Timeline Chart can help in this situation.
- If the buyer offers assignment of his or her E&O policy as an objection to needing to purchase tail coverage, talk about the key points of our document, "Facts to Know When Considering Assignment of your E&O Policy."
- If the agency sale is definite and has been finalized, written cancellation needs to be submitted to your carrier with the effective day of cancellation listed.
- At Utica National, there are 60 days of tail coverage provided at no extra charge per the policy form. Optional tail coverage will begin on the 61st day.
- There are several tail options available for Agents' E&O coverage. Typically, endorsements such as Employment Related Practices Liability Insurance (ERPLI) may have separate tail options.
- Payment in full is required for tail coverage to be in effect and must be mailed to your carrier with written request noting the desired tail option.



Buying an Agency

- When purchasing an agency, the buyer and seller do not have unlimited time to think about what changes need to be made to their insurance policies. Contacting your E&O carrier early on in the process is critical so the carrier can assist you in making the right decisions.
- The E&O policy provides 90 days of automatic coverage for an agency you acquire. It is very important to contact your Underwriter within that 90-day period to ensure that proper coverage is obtained.

- For the buyer of an agency, the E&O policy can be endorsed to provide for the agency being purchased through the Purchased Entity Endorsement. This will provide protection against any errors made by the purchasing agency beginning with the effective day of the purchase. There may be an additional premium for this endorsement, but in most instances, Utica National would look to address the additional exposure at renewal time. At Utica National, the Coverage for a Purchased or Merged Entity Application is necessary to write this endorsement.
- As the buyer, you do not want to pick up the prior acts of the agency that you purchased. A Prior Acts Limitation Endorsement would be added to the E&O policy if another named insured is added as a result of the purchase.
- Share our Mergers and Acquisitions E&O Checklist with the seller so you can determine a proper course of action regarding tail coverage.
- If the seller mentions assignment of the E&O policy as an objection to needing to purchase tail coverage, share with him or her the key points of the Facts to Know When Considering Assignment of your E&O Policy.

Assignment of an E&O Policy

- E&O policies are not automatically assignable without the written consent of the carrier.
- Assignment of the E&O policy can be considered with the Buyer/Seller Agreement forms signed by both parties involved. The seller must be aware that he or she is forfeiting the right to purchase tail coverage and the buyer must be aware that he or she is assuming all liability of the prior owner and all of the potential claims made prior to the date of purchase.

For more information or to obtain a quote, contact our underwriting staff at 800-274-1914 or visit our Agents' Errors & Omissions page on uticanational.com.

This summary represents an outline of coverages available from the companies of Utica National Insurance Group. No coverage is provided by this summary. All coverages are individually underwritten. Coverage availability, terms and conditions are dictated by the policy and may vary by state. In the event of a loss, the terms of the policy issued will determine the coverage provided.