



Intellectual Property Lawyers' Professional Liability Insurance Policy

- Protective Specialty Insurance Company
- Sagamore Insurance Company
- Protective Insurance Company

hereinafter referred to as **Company**

THIS IS A CLAIMS MADE AND REPORTED POLICY. PLEASE REVIEW THE POLICY CAREFULLY.

*NOTICE: EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR **COVERED ACTS** COMMITTED SUBSEQUENT TO THE **RETROACTIVE DATE**, IF APPLICABLE, FOR WHICH **CLAIMS** ARE FIRST MADE AGAINST **YOU** AND REPORTED WHILE THE POLICY IS IN FORCE. THE COVERAGE OF THIS POLICY DOES NOT APPLY TO **CLAIMS** FIRST MADE AGAINST **YOU** AFTER THE TERMINATION OF THIS POLICY UNLESS, AND IN SUCH EVENT ONLY TO THE EXTENT, AN **EXTENDED REPORTING PERIOD** OPTION APPLIES.*

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is not covered. Throughout this Policy the words "**we**", "**us**" and "**our**" refer to the Company providing this insurance. Other words and phrases that appear in **bold** have special meaning. Refer to Section 4. DEFINITIONS.

In consideration of the payment of the premium, in reliance upon the statements made to **us** in the **application** and subject to the LIMITS OF LIABILITY and all other terms, conditions, exclusions and limitations contained herein, **we** agree as follows:

1. INSURING AGREEMENT

1.1 Coverage

This policy will pay on **your** behalf, **loss** arising from a **claim** first made against **you** during the **policy period** and reported in writing to **us** during the **policy period** or, if applicable, the **extended reporting period** pursuant to the terms of this policy for any actual or alleged **covered act** whenever or wherever such **covered act** has been committed by:

1.1.1 **you** in rendering or failure to render **professional services** for others; and

1.1.2 any other person or law firm in rendering or failure to render **professional services** for others on **your** behalf for whose **covered act you** are legally responsible;

provided that:

- a. **you** report the **claim** in writing to **us** as soon as practicable, but in no event later than sixty (60) days after expiration or termination of this policy as permitted by CONDITIONS 6.9.1 of this policy, or during an optional **extended reporting period**, if applicable; and
- b. the **covered act** was committed on or after the **retroactive date** and before the end of the **policy period**; and
- c. the **claim** does not result from events that you knew, prior to the EFFECTIVE DATE shown in the Declarations, would result in a demand against **you**, unless such demand became known to **you** after the issue of **your** first attorneys' professional liability insurance policy by **us** and that has been continuously renewed by **us**.

1.2 Defense and Settlement:

We have the right and duty to defend, subject to and as part of the Limits of Liability, any **claim** made against **you** during the **policy period** and reported in writing to **us** during the **policy period** or, if applicable, the **extended reporting period** pursuant to the terms of this policy for any actual or alleged **covered act** for which coverage is afforded under this policy, even if any of the allegations of the **claim** are groundless, false, or fraudulent.

We have the right to make any investigation **we** deem necessary with respect to any **claim** or notice of a **covered act** under this policy. **We** have the right to make, with **your** written consent or the consent of **your designee**, any settlement of a **claim** under this policy.

In all events, **we** will not be obligated to settle any **claim**, pay any **loss**, or undertake or continue defense of any **claim** after the applicable LIMIT OF LIABILITY has been exhausted by settlement of any **claim** or payment of any **loss**. In each such case, **we** will have the right to withdraw from the further defense of the **claim** by tendering control of the defense to **you**.

You will not, except at **your** own cost, admit or assume any liability, settle any **claim** or incur any **costs** in connection with a **claim** without **our** written consent.

1.3 Coverage Extensions

1.3.1 Disciplinary Proceedings

Subject to a limit of \$50,000, **we** will pay on **your** behalf **defense costs you** incur responding to a **disciplinary proceeding** first commenced against **you** and reported to **us** in writing during the **policy period**, or an **extended reporting period**, if applicable, as a result of a **covered act** committed by **you** on or after the **retroactive date**.

The limit of liability applicable to this section is the maximum amount payable for the **policy period**, regardless of the number of **disciplinary proceedings** first commenced during the **policy period** or the number of you subject to **disciplinary proceedings** and is in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this coverage extension.

1.3.2 Subpoena Expenses

We will pay on **your** behalf **defense costs** incurred in responding to a subpoena for documents or testimony first received by **you** during the **policy period**, or an **extended reporting period**, if applicable, resulting solely from **your** rendering or failure to render **professional services** performed by **you** on or after the **Retroactive Date** and which has not resulted in a **claim** against **you**. **We** will, at **your** request, and upon receipt of a copy of the subpoena, retain an attorney to advise **you** regarding the document production and represent **you** during the preparation and giving of testimony.

Any notification **you** give to **us** of such subpoena shall be deemed to be notification of a **covered act** that may give rise to a **claim** pursuant to CONDITIONS 6.3.

Defense costs paid pursuant to this coverage extension are in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this coverage extension.

1.3.3 Expense Reimbursement

Subject to a limit of \$750 each day, \$10,000 per **claim** and an aggregate of \$50,000 for the **policy period, we** will reimburse each of **you** for actual loss of earnings and reasonable **costs** incurred when you attend a hearing, trial or arbitration proceeding at **our** request in the course of defending an otherwise covered **claim**.

Expense Reimbursement paid pursuant to this coverage extension is in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this coverage extension.

1.3.4 First Party Cyber Liability Coverage

We will reimburse **you** up to \$25,000 per policy period for the cost of hiring a third party consultant or adviser approved by **us**, including client notification costs, to mitigate the potential of legal liability claims arising from any security breach which results in the loss or theft of confidential client information.

Coverage shall be excess and follow-form of all valid and collectible first party cyber liability coverage provided to **you** under any specific policy, Business Owners policy or similar property coverage.

Coverage paid pursuant to this coverage extension are in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this coverage extension.

1.3.5 Discriminatory Complaint Regulatory Coverage

We will reimburse **you** up to \$25,000 per policy period for attorney fees and other reasonable costs or fees paid to third parties approved by **us** as a result of a **discrimination complaint** both first made against **you** and reported to **us** during the **Policy Period** in accordance with 6.3 Notice of Claim. In no event shall the amount payable hereunder exceed \$25,000 despite the number of **you** hereunder or the number of such **discrimination complaints**.

Coverage paid pursuant to this coverage extension are in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this coverage extension.

1.3.6 Supplemental Claims Expenses Coverage

Subject to the deductible as set forth in the Declarations, in the event the aggregate limit of liability as stated in Item 3 of the Declarations is exhausted by payment of **loss** or **defense costs** under this policy and there remain any unresolved or outstanding claims, **we** agree to reimburse **you** for an amount equal to 10 percent of the limit of liability stated in Item 3 of the Declarations, up to a maximum amount of \$100,000 for **defense costs** incurred by **you** in handling defense of such unresolved or outstanding **claims**.

1.3.7 Not for Profit Directorships Coverage

Subject to the deductible as set forth in the Declarations, **we** will reimburse **you** up to \$15,000 per claim/\$30,000 per policy period for legal liability arising out of **your** activities as a Director or Officer of a **Not-for-Profit Organization**, provided that such activities have been previously disclosed to **us** in the application for coverage or in some other written form accepted by **us**.

Coverage shall be excess and follow-form of all valid and collectible Directors' and Officers' Liability Insurance, which has been issued to such **Not-for-Profit Organization** and any indemnification provided by such **Not-for-Profit Organization**.

1.3.8 Reputation Protection Coverage

We will reimburse you up to \$10,000 per claim/\$30,000 per **Policy Period** for reasonable fees, costs, and expenses incurred by **you** for consulting services provided by a public relations firm approved by **us** to **you** in response to a **Reputation Claim** which occurs and is reported to **us** during the **Policy Period**. Coverage paid pursuant to this insuring agreement are in addition to the AGGREGATE LIMIT OF LIABILITY as set forth in the Declarations. No DEDUCTIBLE shall apply to this section.

2. LIMITS OF LIABILITY AND DEDUCTIBLE

2.1. LIMITS OF LIABILITY

The LIMITS OF LIABILITY stated in the Declarations as each **claim** and aggregate are described below:

2.1.1 EACH CLAIM

The LIMIT OF LIABILITY, designated in Item 3(a) of the Declarations as EACH **CLAIM**, is the maximum limit of **our** liability for **loss** arising from each **claim** first made against **you** during the **policy period** and reported in writing to **us** during the **policy period** or, if applicable, **extended reporting period**.

2.2.2 AGGREGATE

The LIMIT OF LIABILITY, designated in Item 3(b) of the Declarations as AGGREGATE, is the maximum limit of **our** liability for all **loss** arising from all **claims** first made against **you** during the **policy period** and reported in writing to **us** during the **policy period** or, if applicable, **extended reporting period**.

Our limits of liability for the **extended reporting period**, if any, are part of, and not in addition to, the LIMITS OF LIABILITY stated in Item 3 of the Declarations.

A single set of LIMITS OF LIABILITY will apply to **loss** arising from all **claims** alleging a **covered act** or **interrelated covered acts**.

2.2 DEDUCTIBLE

This policy will pay only that part of the **loss** which exceeds the DEDUCTIBLE amount(s) stated in Item 4(a), or Item 4(b), of the Declarations, such DEDUCTIBLE amount(s) to be borne by **you** and will remain uninsured.

The DEDUCTIBLE amount stated in the Declarations as EACH **CLAIM** or AGGREGATE or both is described below:

2.2.1 EACH CLAIM

The EACH **CLAIM** DEDUCTIBLE amount stated in Item 4(a) of the Declarations, if any, is the amount for which **you** are responsible with respect to **loss** arising from each **claim**.

2.2.2 AGGREGATE

The AGGREGATE DEDUCTIBLE amount stated in Item 4(b) of the Declarations, if any, is the amount for which **you** are responsible with respect to **loss** arising from all **claims**, in the aggregate, under this policy.

A single DEDUCTIBLE amount will apply to **loss** arising from all **claims** alleging the same **covered act** or **interrelated covered acts**.

Our obligation to pay **loss**, including **defense costs**, in connection with any **claim** will only be in excess of the DEDUCTIBLE, the amount of which must be borne by **you** at **your** own expense. **We** will have no obligation whatsoever, either to **you** or to any other person or law firm, to pay all or any portion of the

DEDUCTIBLE on **your** behalf. **We** will, however, at **our** sole discretion, have the right and option to do so, in which event **you** will repay to **us** any amounts so paid.

3. CLAIM MITIGATION

Subject to the conditions described therein, **your** DEDUCTIBLE obligation may be subject to one of the following:

- 3.1 In the event a **claim** is fully and finally resolved to the satisfaction of all parties, including **us**, as a result of **alternative dispute resolution** in a form acceptable to **us**, without resorting to litigation, **we** will waive **your** DEDUCTIBLE obligation for such **claim**.
- 3.2 If within one year of being reported, or being deemed to have been made, in accordance with CONDITIONS 6.3 of this policy, a **claim** is fully and finally resolved to the satisfaction of all parties, including **us**, and all **loss** and **defense costs** arising from such **claim** have been paid, **your** DEDUCTIBLE obligation for such **claim** shall be reduced by 25% up to a maximum reduction of \$25,000.
- 3.3 If a **claim** arises from an assignment in which **you** used an engagement letter containing a limitation of liability clause and mediation clauses in a form approved by **us** that was signed prior to the **covered act** being committed, **your** DEDUCTIBLE obligation for such **claim** shall be reduced by 50% up to a maximum reduction of \$10,000 each **claim**, and \$25,000 in the aggregate for the **policy period**.
- 3.4 If **we** recommend a settlement within the applicable LIMIT OF LIABILITY which is acceptable to the claimant, and **you** or **your designee** consent to such settlement within 45 days of **our** recommendation or within the time permitted by the claimant to accept the claimant's demand, whichever is less, then **your** DEDUCTIBLE obligation for such **claim** shall be reduced by 25% up to a maximum reduction of \$25,000. **We** will reimburse you for the difference between the DEDUCTIBLE amount previously paid in connection with the **claim** and the amount of the reduced DEDUCTIBLE.

If, however, **you** or **your designee** does not consent to the settlement of the **claim** within the time frame described above, the DEDUCTIBLE will remain at the amount set forth in Item 4 of the Declarations, even if consent is given to a subsequent settlement of such **claim**. Furthermore, in the event **you** or **your designee** does not consent to the settlement within the time frame described above, **our** liability for the **claim** will not exceed the amount for which **we** could have settled the **claim** plus **defense costs** incurred up to the date of the refusal to settle, subject to the LIMIT OF LIABILITY. **We** will have the right but not the obligation to continue the defense of the **claim** after the date of the refusal to settle and may in such a case, at any time after the date of the refusal to settle, deposit in escrow, subject to the applicable LIMIT OF LIABILITY, an amount equal to the proposed settlement amount less any **defense costs** incurred after the date of the refusal to settle and may withdraw from the further defense of the **claim** by tendering control of the defense to you.

The maximum amount of the reduction in **your** DEDUCTIBLE obligation in respect to 3.1, 3.2, 3.3 or 3.4 above shall be \$50,000 for the **policy period**.

4. DEFINITIONS

Whenever used in this policy:

- 4.1 **Alternative dispute resolution** means the use of arbitration or non-binding mediation in a form approved by **us** in which a neutral panel or individual assists the parties in reaching their own settlement.
- 4.2 **Application** means all applications, supplements, written statements and other materials furnished to **us**, by **you** or through **your** agent, to procure lawyers' professional liability insurance and are part of this policy as if physically attached.
- 4.3 **Claim** means:

- a. a written or verbal demand for money or services;
 - b. a written or verbal demand to toll or waive a statute of limitations;
 - c. a judicial civil proceeding;
 - d. a **disciplinary proceeding** including but not limited to a demand, grievance, or allegation involving a **covered act** made against **you** to any professional association or society charged with the responsibility to oversee professional disciplinary matters, whether or not such demand, grievance, or allegation is initiated at or results in a formal civil proceeding in state or federal court but only to the extent of the coverage afforded by Insuring Agreement 1.3.1; or,
 - e. any other regulatory, administrative, or arbitral proceeding.
- 4.4 **Controlling interest** means the right, directly, or indirectly, to (a) vote 30% or more of the issued and outstanding voting stock in an incorporated entity, (b) elect 30% or more of the directors of an incorporated entity, (c) receive 30% or more of the profits of an unincorporated entity, or (d) have the position of general partner of a limited partnership, managing general partner of a general partnership, or comparable position in any other business enterprise.
- 4.5 **Covered act** means an act, error, or omission, including breach of contract or duty, breach of **fiduciary** duty or **personal injury** arising from **professional services** performed by any of **you**.

Covered act includes:

- 1. Misdirection of electronic mail or other electronic media, including but not limited to, an intranet, extranet or internet connection; or
- 2. Loss or theft of client information transmitted via electronic media or contained on any portable computer or media device used for **Professional Legal Services**; or
- 3. Introduction of a computer virus or **cybertoxin** into, or enabling a **denial of service attack** on, a third party's computer, computer system, or network; or
- 4. Enabling unauthorized access by a third party into another third party's computer, computer system or network; or
- 5. by the **insured** exceeding authorization in accessing a third party's computer, computer system or network; or
- 6. **Personal Injury** arising from your use of electronic media, including the **insured** publishing an Internet web site or the **insured's** memberships of a social networking website;

arising from **Professional Legal Services** performed by any of the **insured**.

- 4.6 **Cybertoxin** means an unauthorized hazardous and destructive computer code, which includes, but is not limited to a computer virus, mal ware, ad ware and spy ware, Trojan horses, nematodes, time or logic bombs, or worms.
- 4.7 **Defense costs** means:
- a. reasonable and necessary fees and costs incurred by **us** or incurred by **you** with **our** written consent (including premiums for any appeal bond, attachment bond, or similar bond but without any obligation to apply for or furnish any such bond) resulting from the investigation, adjustment, defense, or appeal of a **claim** against any of **you**; provided, however, that **defense costs** will not include compensation of any of **you** or **our** employees or officers; and
 - b. all costs taxed against **you** in a **claim** defended by **us** and interest which accrues after the entry of a judgment and before **we** have tendered or deposited in court, or otherwise, such judgment amount covered by the terms of this policy and for which **you** are legally liable.
- 4.8 **Denial of service attack** means an action that directs excessive data traffic to a Computer or Computer Network in order to overwhelm its resources and capacity in an attempt to prevent appropriate access by authorized users; however this does not include a reduction in resources and capacity caused by a mistake in the original specification of the Computer or Computer Network capacity requirements.

- 4.9 **Designee** means the: (a) individual **you** have identified as Contact Person in the **application**; (b) **your** managing or executive partner; or (c) **your** management committee, executive committee or general counsel.
- 4.10 **Disciplinary proceeding** means a proceeding before a state or local bar association, peer review committee or governmental regulatory agency.
- 4.11 **Discrimination Complaint** means any complaint filed with a government body or commission formed for the express purpose to combat discrimination, against you by any individual who is or was **your** employee, applicant for employment, partner, associate, Of Counsel or volunteer of the **NAMED INSURED**.
- 4.12 **Extended reporting period** means the period of time after the end of the **policy period** for reporting **claims** arising out of **covered acts** occurring during the **policy period**. Terms and conditions relating to the purchase of an **extended reporting period** endorsement are set forth in Condition 6.9.
- 4.13 **Fiduciary**, except in Exclusion 5.4, means **you** in **your** capacity as an administrator, conservator, executor, guardian, committee of an incompetent, trustee, receiver, escrow agent, or any similar capacity but only in the course of rendering or failure to render **professional services** for others.
- 4.14 **NAMED INSURED** means the individual, partnership, or firm engaged in the practice of law under the name stated in Item 1 of the Declarations and its **predecessor practice**, if any.
- 4.15 **Not-for-Profit Organization** means an entity which qualifies as a nonprofit organization under Section 501(c) (3), (c) (4) (c) (6) or (c) (7) of the Internal Revenue Code of 1986, including amendments thereto. As used herein, **Not-for-Profit Organization** shall not include the **Named Insured** or any client of the **Named Insured**.
- 4.16 **Interrelated covered act(s)** means **covered acts** which are the same, related, or continuous; or **covered acts** which arise from the same, related, or common nexus of facts. **Claims** can allege **interrelated covered acts** regardless of whether such **claims** involve the same or different claimants, number of **you**, or legal causes of action.
- 4.17 **Loss** means damages, judgments, settlements, and **defense costs** which **you** are legally obligated to pay; provided, however, that **loss** does not include fines, penalties, sanctions, taxes, or exemplary damages, the multiple portion of multiplied damages, reimbursement, disgorgement, reduction, set-off, or return of fees, costs, or expenses, any amount for which **you** are not financially liable or for which is without legal recourse to **you**, or matters which may be deemed uninsurable under the law pursuant to which this policy is construed.
- 4.18 **Policy period** means the period of time between the inception date shown in Item 2 of the Declarations and the effective date of cancellation or expiration of this policy but specifically excludes any **extended reporting period**.
- 4.19 **Predecessor practice** means the lawyer(s) or law firm identified in the **application** as a **predecessor practice** and to whose financial assets and liabilities the **Named Insured** is the majority successor in interest (50% or more of the former firm's assets and liabilities).
- 4.20 **Personal injury** means allegations of libel, slander, or other defamatory or disparaging material or publication; utterance in violation of an individual's right of privacy; false arrest, detention, or imprisonment; covered entry, eviction, or other invasion of the right of private occupancy; or malicious prosecution.
- 4.21 **Principal Insured** means a member of the board of managers, director, executive officer, natural person, partner, owner of a sole proprietorship, principal, risk manager, or in-house general counsel of the **Named Insured**.
- 4.22 **Professional services** means legal and consulting services and activities performed by **you** for others provided that the remuneration for such services or advice, or a portion thereof, inures to **your** benefit:

- 4.22.1 performed as a lawyer, notary public, arbitrator, mediator, title insurance agent, designated issuing lawyer to a title insurance company, **fiduciary**, or speaker or author of legal treatises;
- 4.22.2 provided by a lawyer in connection with any bar association, its governing board, or any of its committees;
- 4.22.3 the publication or presentation of research papers or similar materials by **you**;
- 4.22.4 provided in connection with pro bono representation; or
- 4.22.5 provided by **your** employee in connection with assisting a lawyer to perform the activities described in 4.22.1, 4.22.2, 4.22.3 and 4.22.4 above for others on the behalf of you.

4.23 **Property Damage** means injury to tangible property, including all resulting loss of use of that property or loss of use of tangible property that is not physically injured.

4.24 **Reputation Claim** means any:

- 1. **Covered Act**;
- 2. death, departure or debilitating illness of a **Principal Insured**;
- 3. potential dissolution of the Named Insured;
- 4. incident of workplace violence; or
- 5. other event,

that the **NAMED INSURED** reasonably believes will have a material adverse effect upon the **NAMED INSURED**'s reputation

4.25 **Retroactive date** means the date specified in Item 5 of the Declarations or **covered act** committed on or after that date.

4.26 **We, our** or **us** means the insurance company whose name appears on the Declarations of this policy.

4.27 **You** or **your** means the **NAMED INSURED** and any person which was, is or becomes any of the following:

- a. a partner, principal, director, member, officer or shareholder, employed lawyer, or patent agent of **you** but only while acting on **your** behalf;
- b. a patent agent for which **you** are legally liable but only while acting on **your** behalf;
- c. **your** employee or leased or temporary employee of you but only while acting on **your** behalf;
- d. an incorporated partner, including the shareholders thereof;
- e. any other person or law firm who is a lawyer and who is: (i) designated as "counsel" or "of counsel" to or (ii) engaged as an independent contractor or on a per diem basis by **you**, but in either case only while acting on **your** behalf; and
- f. the estate, heirs, executors, administrators, assigns, and legal representatives of any person or law firm who previously qualified as **you** in the event of **your** death, incapacity, insolvency, or bankruptcy but only to the extent that **you** would otherwise be provided coverage under this policy.
- g. the lawful spouse of any of **you** solely by reason of:
 - I. spousal status; or,
 - II. a spouse's ownership interest in property or assets that are sought as recovery. This definition shall not apply to the extent a **claim** alleges any wrongful act by such spouse.

In all events, coverage as afforded with respect to a **claim** made against **you** will only apply to **covered acts** committed or allegedly committed by **you** on or after the date **you** joined the **NAMED INSURED** and prior to the time **you** ceased to be a partner, principal, director, officer, shareholder or employee of the **NAMED INSURED**.

5. EXCLUSIONS

This policy excludes coverage for any **loss** in connection with a **claim**:

- 5.1 arising out of, based upon, or attributable to a criminal, fraudulent, malicious, or deliberate misrepresentation, or intentional or knowing violation of law or dishonest **covered act** on the part of any of **you**, or the gaining of any profit or advantage to which **you** were not legally entitled. This exclusion will not apply to **defense costs** incurred in defending any such **claims** until it is determined by any trial verdict, court ruling, regulatory ruling or legal admission, whether appealed or not, that **you** did commit such a

dishonest, fraudulent, criminal or malicious act or omission, or deliberate misrepresentation, or intentional or knowing violation of law. This exclusion does not apply to any of **you** who did not intentionally participate in committing such act or had no knowledge or reason to believe such an act, omission or violation of law was being committed, and who made proper disclosure after obtaining personal knowledge of such conduct;

- 5.2 brought by or on behalf of **you**, in any capacity, against any other of **you** unless such **claim** arises solely out of **professional services** performed in an attorney client relationship;
- 5.3 arising out of, based upon, attributable to, or alleging activities performed by **you** in connection with a trust or estate if **you** are a beneficiary or distributee of the trust or estate;
- 5.4 arising out of, based upon, attributable to, or alleging activities performed by **you** as a fiduciary under the Employee Retirement Income Security Act of 1974, its amendments, or any regulations or orders promulgated pursuant thereto unless **you** are a **fiduciary** solely due to professional services rendered to clients;
- 5.5 arising out of, based upon, attributable to, or alleging a **covered act** committed by **you** in connection with any business enterprise which is not the **NAMED INSURED** if, at the time of such **covered act** any of **you**, had a **Controlling Interest** in such business enterprise. This exclusion applies whether or not a lawyer-client relationship existed;
- 5.6 arising out of, based upon, attributable to, or alleging the activities performed by **you** as a public official or as an employee of a governmental body, subdivision, or agency thereof, unless **you** are employed solely to render **professional services** and the remuneration for the **professional services** is paid to **you**;
- 5.7 arising out of, based upon, attributable to, or alleging bodily injury, sickness, disease, death, mental anguish, emotional distress, or humiliation to any person. However, this exclusion does not apply to mental anguish, emotional distress, or humiliation solely caused by **personal injury**;
- 5.8 arising out of, based upon, attributable to, or alleging **property damage** including destruction or loss of use of tangible property. However, this exclusion does not apply to client records which are in **your** care, custody or control, or over which **you** are exercising physical control for any reason;
- 5.9 except as provided in clause 1.3.5 Discriminatory Complaint Regulatory Coverage, arising out of any of **your** past or present directors, officers, partners, members or employees alleging discrimination by **you** on the basis of age, color, race, sex, sexual orientation, creed, national origin, or marital status;
- 5.10 arising out of, based upon, attributable to, or alleging any liability assumed by **you** under any contract or agreement whereby **you** have agreed to participate in the payment of a **loss**, including lawyer's fees, court costs, and **costs** payable under a title insurance policy.
- 5.11 any claim arising in whole or in part out of notarized certification or acknowledgment of a signature without the physical appearance before such notary public.

6. CONDITIONS

6.1 Territory

This policy applies to **Covered Acts** occurring and **Claims** made anywhere in the world.

6.2 Multiple persons and entities insured, **claims**, and claimants

All **claims** alleging a **covered act** or **interrelated covered acts** regardless of: the number of **claims**; the number of **you** insured; or, the number of claimants; are considered to be one **claim**. All such **claims** are considered first made at the time the first **claim** alleging such **covered act** or **interrelated covered acts** was first made. **Interrelated covered acts** are deemed to have occurred at the time the first **interrelated covered act** occurred.

6.3 Notice of **Claim** and **Claim** Reporting Procedures

6.3.1 If, during the **policy period** or, if applicable, **extended reporting period**, either

- a. a **claim** is made against any of **you**; or
- b. (i) **you** (if an individual), (ii) any partner, principal, director, officer or shareholder (iii) any member of your management or executive committee, or (iv) any person of the **NAMED INSURED** with management responsibility for evaluating or dealing with actual or potential **claims** against **you** knows or should reasonably foresee that a **covered act** committed by **you** could be the basis of a **claim**,

then, as a condition precedent to **your** right to coverage under this policy with respect to such **claim** or **covered act**, you or **your designee** will give to **us** Notice in writing of such **claim** or **covered act** as soon as practicable during the **policy period** or within 60 days after the end of the **policy period**.

6.3.2 Such notice shall contain particulars as to the time, place, and circumstances of the events complained of, and the names and, if known, addresses of all claimants and of any available witnesses.

6.3.3 The Notice to **us** in compliance with this Paragraph 6.3 shall be deemed a **Claim** first made against **you** and reported to **us** during the **Policy Period** or **Extended Reporting Period**, if applicable. Any **claim** that may subsequently be made against **you** arising out of such act or omission, or **Covered Act**, shall be deemed for the purposes of this insurance to have been made against **you** on the date **we** received the notice complying with this Paragraph 6.3.

6.4 **Your** assistance and cooperation

You will give **us** and any defense counsel assigned by **us** full cooperation and such information as **we** and defense counsel reasonably request; including upon **our** request, assisting in making settlements in the conduct of **claims**, attending hearings, trials, arbitrations, and mediations, and assisting in securing and giving evidence and obtaining the attendance of witnesses.

Your obligations under this Condition 6.4 will survive the termination or expiration of the policy.

6.5 Innocent Insured – Waiver of Exclusion and Breach of Condition

Whenever coverage under any provision of this policy would be excluded, suspended or lost because of noncompliance with the terms or conditions relating to the giving of notice to **us** of any **claim** with respect to which any other of **you** shall be in default solely because of the default or concealment of such default by one or more of **you** responsible for the **loss** otherwise covered hereunder, **we** agree that such insurance as would otherwise be afforded under this policy shall apply with respect to those of **you** who did not personally commit or personally participate in committing one or more acts, errors or omissions described in such exclusion or condition; provided that if the condition be one with which **you** can comply, after receiving knowledge thereof, those of you entitled to the benefit of this condition shall comply with such condition promptly after obtaining knowledge of such noncompliance.

6.6 Alternative Dispute Resolution with Respect to a **Claim** Made Against **you**

In the event a **claim** made against **you** can, by agreement between **us** and the claimant, be referred to mediation or arbitration, then **we** will have the right to have the **claim** so referred. **We** will give **you** written notice of the intention to refer such **claim** to arbitration or mediation, and **we** will be entitled to exercise any of **your** rights with respect to mediation or arbitration including, without limitation, choice of arbitrator(s) or mediator(s) as the case may be and choice of venue.

6.7 Subrogation

In the event of any payment under this policy, **we** will be subrogated to all of **your** rights of recovery against any person or entity, and **you** will execute and deliver such instruments and paper and do whatever else is necessary to secure such rights. **You** shall do nothing to prejudice such rights.

Your obligations under this Condition 6.7 shall survive the termination or expiration of the policy.

Any amounts so recovered shall first be applied toward reimbursement of any payments made by **you** pursuant to **your** DEDUCTIBLE and any remaining balance shall be **ours**.

6.8 Notice of Cancellation

This policy may be canceled by **you** by surrender of this policy to **us** or any of **our** authorized agents or by mailing to **us** written notice stating when thereafter the cancellation will be effective.

If **you** do not owe **us** any premium or other monies, this policy may only be canceled by **us** for material misrepresentation, however **we** may elect not to renew the policy by mailing to **you** at the address shown in Item 1 of the Declarations written notice stating when, no less than 60 days prior to expiration. If **you** owe **us** any monies, this policy may be canceled by **us** by mailing a written notice of cancellation to **you** at the address shown in Item 1 of the Declarations stating when, not less than 20 days thereafter, such cancellation will be effective.

The mailing of notice as stated above will be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice will become the end of the **policy period**. Delivery by hand or overnight courier (where permitted) of such notice either by **you** or by **us** will be equivalent to mailing.

If **you** cancel the policy, returned premium will be computed in accordance with customary short rate table and procedure. If **we** cancel the policy, earned premium will be computed pro rata.

Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective. Payment or tender of unearned premium is not a condition precedent of cancellation, but such payment will be made as soon as practicable.

6.9 Extended Reporting Period Options

6.9.1 Automatic Extended Reporting Period

If the Policy is cancelled or non-renewed by either **us** or **you**, **we** will provide to the Named Insured an automatic, non-cancellable **extended reporting period** starting at the expiration date of the policy period if the Named Insured has not obtained another policy of lawyer's professional liability insurance within sixty (60) days of the expiration date of the Policy. This automatic **extended reporting period** will terminate after sixty (60) days.

6.9.2 Optional Extended Reporting Period

In the event of cancellation or nonrenewal of this policy by either **you** or **us**, **you** have the right, upon payment to **us** or any of **our** authorized agents of an appropriate additional premium within 60 days of such termination, to have issued an endorsement providing an **extended reporting period**. Coverage for claims reported during the **extended reporting period** applies only to **claims** 1) for **covered acts** which occurred prior to the cancellation, termination, or nonrenewal date of this policy and 2) which are otherwise covered under this policy.

The appropriate additional premium and corresponding **extended reporting period** are a percent of the last annual premium charged as follows:

- a. For 125% of the Firm's last annual premium charged for this policy, a 1 year **Extended Reporting Period**;
- b. For 175% of the Firm's last annual premium charged for this policy, a 2 year **Extended Reporting Period**;
- c. For 225% of the Firm's last annual premium charged for this policy, a 3 year **Extended Reporting Period**; **And**
- d. For 275% of the Firm's last annual premium charged for this policy, an unlimited **Extended Reporting Period**.

We will issue an Optional **Extended Reporting Period** endorsement only if:

- 6.9.2.1 **you** request it within sixty (60) days of the end of the cancellation, termination, or nonrenewal date of this policy;
- 6.9.2.2 **you** have paid all premiums for this Policy at the time **you** request an Optional **Extended Reporting Period** Endorsement; and
- 6.9.2.3 **you** promptly pay when due the additional premium for the endorsement but no later than 60 (sixty) days after the cancellation, termination, or nonrenewal date of this policy.

The right to either **extended reporting period** option under this Condition 6.9.2 is not available to any of **you** where cancellation or nonrenewal by **us** is due to nonpayment of premium or other monies due to **us**.

Any coverage afforded under the **extended reporting period** cannot be canceled or terminated. The additional premium for the **extended reporting period** will be fully earned at the inception of the **extended reporting period**.

6.9.3 Non-Practicing **Extended Reporting Period**

If **you** are a sole practitioner and during the **policy period** **you** permanently cease professional practice for reasons not related to suspension or revocation of **your** license or death or disability as described in CONDITIONS 6.9.4 below, **we** will provide a non-practicing **extended reporting period** as set forth below.

- a. The non-practicing **extended reporting period** will start with the date **you** cease professional practice and ends when one of the following occurs:
 - I. **you** resume professional practice; however, **you** may purchase, at **our** option, a policy from **us** to reinstate full prior acts coverage;
 - II. any insurance is issued which replaces, in whole or in part, the coverage afforded by the non-practicing **extended reporting period**; or
 - III. the LIMITS OF LIABILITY have been exhausted.
- b. The additional premium for this option shall be waived if **you** are a sole practitioner and have been continuously insured by **us** or via **Firemark**[™] under a professional liability insurance policy for at least three consecutive years prior to such cancellation or nonrenewal and are at least fifty-five (55) years of age at the time **you** cease professional practice.
- c. **We** will issue a non-practicing **extended reporting period** endorsement only if:
 - I. **you** request the endorsement no more than sixty (60) days after the date **you** cease professional practice, or sixty (60) days after the end of the **policy period**, whichever is earlier. Such request must include written notification of **your** cessation of professional practice;
 - II. **you** have paid all premiums due for this Policy at the time **you** request a non-practicing **extended reporting period endorsement**; and,
 - III. **you** promptly pay when due the additional premium for the endorsement.

6.9.4 Death or Disablement **Extended Reporting Period**

- a. If, during the **policy period**, any of **you** die or become totally and permanently disabled, **we** will extend a death or disablement **extended reporting period** at no charge. Totally and permanently disabled means that **you** have become so disabled as to be completely prevented from rendering **professional services**, and such disability:
 - I. has existed for not less than ninety (90) consecutive days; and
 - II. is expected to be continuous, total, and permanent.
- b. The death or disablement **extended reporting period** will start on the date **you** die or become totally and permanently disabled, and will end when one of the following occurs:
 - I. the executor or administrator of **your** estate has been discharged;
 - II. the total and permanent disability ends, whether or not **you** resume practice;

- III. any insurance is issued which replaces, in whole or in part, the coverage afforded by the death or disablement **extended reporting period**; or
 - IV. the LIMITS OF LIABILITY have been exhausted.
- c. **We** will issue a death or disablement **extended reporting period** endorsement only if **you** or **your** representative request it no more than ninety (90) days after the date of **your** death or total permanent disability, or ninety (90) days after the end of the **policy period**, whichever is the later. Such request must include:
- I. a copy of the certified death certificate; or
 - II. written proof, certified by **your** attending physician, of total permanent disability including the date it occurred;

6.9.5 Applicable to all **extended reporting periods**

The **extended reporting periods**:

- a) do not change the scope of coverage provided. The **extended reporting periods** only apply to **claims** resulting from **covered acts** committed before the end of the **policy period** and on or after the **Retroactive Date**, if any, shown in the Declarations;
- b) do not reinstate or increase the LIMITS OF LIABILITY;
- c) are not renewable; and
- d) cannot, once in effect, be canceled. **We** need not return any part of the premium paid for any reason whatsoever.

6.10 Change in **Named Insured** Membership

If, during the **policy period**, the total number of lawyers in the firm increases or decreases by more than 25% or 10, whichever is less, **you** must within 30 days of such increase or decrease give **us** written notice thereof, and **we** will be entitled to impose such additional coverage terms and adjust the premium at **our** discretion.

6.11 Other Insurance

This policy shall apply only as excess insurance over any other valid and collectible insurance, bond, indemnification plan or self-insurance program unless such policy was purchased specifically written to be excess of this policy.

If it is determined that both this insurance and any other primary, excess or contingent insurance or self-insurance, apply to any **claim** covered by this policy on the same basis, **we** shall not be liable under this policy for a greater proportion of the **loss** and **defense costs** than the applicable LIMITS OF LIABILITY under this policy for such **loss** and **defense costs** bears to the total applicable LIMITS OF LIABILITY of all valid insurance whether or not collectible against such **claims**.

6.12 Liberalization

If **we** adopt any revision that would broaden the coverage under the policy applicable to the **Firemark™** program in your state without additional premium within forty-five (45) days prior to or during the **policy period**, the broadened coverage will immediately apply to this policy.

6.13 Assignment

The interest of any of **you** under this policy is not assignable without **our** written consent. If **you** are an individual and die or are adjudged incompetent, this policy will cover **your** legal representative with respect to liability previously incurred and covered by this policy.

6.14 Authorization and Notice to Agent

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop **us** from asserting any right under the terms, conditions,

exclusions, or limitations of this policy; nor will the terms, conditions, exclusions, or limitations of this policy be waived or changed, except by endorsement issued to form a part of this policy and signed by **our** duly authorized agent.

The **NAMED INSURED** will be the sole agent of all of **you** under this policy for the purpose of:

1. completing any **applications** and making any representations;
2. paying any premium and receiving any return premium that may become due under this policy;
3. effecting or accepting notices of cancellation, nonrenewal, premium increase, or change in policy terms; and
4. exercising or declining to exercise any right under this policy, including declining or exercising the **extended reporting period** options set forth in CONDITIONS 6.9, **extended reporting period** options.

6.15 Headings

The descriptions in the headings and subheadings of this policy are solely for convenience and form no part of the terms, conditions, exclusions and limitations of this policy.

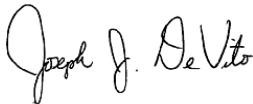
6.16 Integration of Contract

All the provisions of this policy are intended to be read together as one integrated document. No applicable provision, nor any part thereof, is intended to be separable from the balance of the applicable policy provisions. The meaning of each applicable provision of this policy is created by what is written in such provision and by what is written in the balance of the applicable policy provisions.

6.17 Entire Agreement

By acceptance of this policy **you** agree that the statements in the Declarations and **application** are your statements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between **you** and **us** or any of **our** agents relating to this insurance.

IN WITNESS WHEREOF, the insurer has caused this Policy to be signed by its President and Secretary, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Insurer.



Signature



Signature