

LAWYERS PROFESSIONAL LIABILITY INSURANCE POLICY

NOTICE

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

THE POLICY IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD UNLESS AND TO THE EXTENT THAT AN EXTENDED REPORTING PERIOD OPTION APPLIES.

ARCH INSURANCE COMPANY

(a stock insurance company, herein called the Company)

agrees with all **Insureds**, in consideration of the payment of the premium, and in reliance upon the statements in the Declarations and subject to the limit of liability, exclusions, conditions and other terms of this policy, as follows:

INSURING AGREEMENTS

I. COVERAGE

The Company will pay on behalf of the **Insured** all sums which the **Insured** shall become legally obligated to pay as **Damages** for **Claims** first made against the **Insured** and reported to the Company during the **Policy Period** or Extended Reporting Period, as applicable, arising out of any negligent act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** for others by an **Insured** covered under this policy. Provided always that such **Professional Services** or **Personal Injury** happen:

- A. during the Policy Period; or
- B. prior to the Policy Period provided that prior to the effective date of the first Lawyers Professional Liability Insurance Policy issued by this Company to the **Named Insured** or **Predecessor in Business**, and continuously renewed and maintained in effect to the inception of this policy period:
 1. the **Insured** did not give notice to any prior insurer of any such act, error, omission or **Personal Injury**; and
 2. the **Named Insured**, any partner, shareholder, employee, or where appropriate the **Named Insured's** management committee or any member thereof, had no reasonable basis to believe that the **Insured** had breached a professional duty or to **Reasonably Foresee** that a **Claim** would be made against the **Insured**; and
 3. there is no prior policy or policies which provide insurance (including any Automatic or Optional Extended Reporting Period or similar provision) of such policies for such **Claim**, unless the available limits of liability of such prior policy or policies are insufficient to pay any **Claim**, in which event this policy will be **Specific Excess** over any such prior coverage, subject to this policy's terms, limits of liability, exclusions and conditions.

The Company shall have the right and duty to defend any suit against the **Insured** seeking **Damages** to which this insurance applies even if any of the allegations of the suit are groundless, false or fraudulent. The Company, at its option, shall select and assign defense counsel; however, the **Insured** may engage additional counsel, solely at their expense, to associate in their defense of any **Claim** covered hereunder. The Company shall also have the right to investigate any **Claim** and/or negotiate the settlement thereof, as it deems expedient, but the Company shall not commit the **Insured** to any settlement without their consent. If the **Insured** refuses to consent to any settlement recommended by the Company and elects to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the liability of the Company for **Damages** and **Claim Expenses** shall not exceed the amount for which the **Claim** could have been settled, as well as the **Claim Expenses** incurred by the Company, or with the Company's consent, up to the date of such refusal. Furthermore, the **Insured** shall not assume any obligations, incur any costs, charges, or expenses or enter into any settlement without the Company's consent.

In the event:

A rate increase is defined as any increase in premium except increase due to change in exposure (including claims-made step factors) and/or rating plans based solely on the **Insured's** developed experience.

Any notice of renewal rate increase or change in policy terms will be mailed by first class registered or certified mail to all **Named Insureds** at the last mailing address known to the Company. Proof of mailing will be sufficient proof of notice.

N. **Declarations and Applications:** By acceptance of this policy, the **Insured** agrees that the statements in the Declarations and application are his agreements and representations, and that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.

O. **Extended Reporting Period Option:**

1. **Cancellation/Nonrenewal:** In the case of:

- (a) cancellation or nonrenewal of this policy by the **Named Insured** or the Company for any reason other than flat cancellation at policy inception for non-payment of premium; or
- (b) advancing a retroactive or prior acts date from or previously applied by the Company

the **Named Insured** shall have the right, subject to the other terms and conditions of this policy, or an endorsement attached thereto, to have an endorsement issued extending the time during which **Claims** can be reported for an additional premium of:

- (i) 100% of the full annual premium for this policy, to a period of twelve (12) months;
- (ii) 150% of the full annual premium for this policy, to a period of twenty-four (24) months;
- (iii) 185% of the full annual premium for this policy, to a period of thirty-six (36) months; or
- (iv) 250% of the full annual premium for this policy, for an unlimited period.

following the effective date of such cancellation or nonrenewal in which to give written notice to the Company of **Claims** first made against the **Insured** during this Extended Reporting Period for any act, error, omission or **Personal Injury** arising from the rendering of or failure to render **Professional Services** occurring prior to the termination of the final **Policy Period**, subject to its terms, limitations, exclusions and conditions. This right shall terminate sixty (60) days after the effective date of such action as is indicated in subparagraphs (a) or (b) above unless written notice of such election, together with the additional premium, is received by the Company or its authorized agent from the **Named Insured** within that sixty (60) day period.

Subject to the foregoing, in the event that the **Named Insured** is a partnership or a corporation, and the policy is terminated, the premium calculation stated in i. through iv. above shall not include a charge for any individual legal professional who qualifies for a free Extended Reporting Period under section 2., 3. or 4. following, provided always that the notice is given to the Company as required and the other provisions of these sections are fully satisfied.

2. **Retiree Provision:** Notwithstanding **CONDITION O.1.** above, the **Named Insured** shall also have the right to have an endorsement issued extending the reporting period for this policy to an unlimited period following the effective date of such cancellation or non-renewal upon his or her retirement from the private practice of law and the payment of additional premium for this option will be waived if:

- (a) the **Named Insured** has been continuously insured by the Company under a **Claims-made** Lawyers Professional Liability Insurance policy for at least:
 - (i) seven consecutive years prior to such cancellation or nonrenewal, and is at least 55 years of age at the time of retirement; or
 - (ii) six consecutive years prior to such cancellation or nonrenewal and is at least 56 years of age at the time of retirement; or
 - (iii) five consecutive years prior to such cancellation or nonrenewal and is at least 57 years of age at the time of retirement.

- (b) written notice of this election is given to the Company within sixty (60) days after termination of this policy; and

(c) all premiums and deductibles due the Company have been paid in full.

3. **Death or Disability of Insured:** Notwithstanding **CONDITION O.1.** of this policy, if the **Named Insured** designated in the Declaration is an individual and shall cancel or nonrenew this policy, the **Named Insured** shall have the right, at no cost, to have an endorsement issued extending the reporting period for this policy to an unlimited period following the effective date of such cancellation or nonrenewal provided that:
- (a) such cancellation or nonrenewal results from the death or disability of the **Named Insured** during the **Policy Period**;
 - (b) in the event of disability, the **Named Insured** is totally and continuously disabled from the practice of law a minimum of six (6) months prior to the election of this option;
 - (c) satisfactory written evidence of death or disability is provided to the Company within one (1) year of such death or disability; and
 - (d) all premiums and deductibles due the Company have been paid in full.

This right shall terminate, however, unless written notice of election is received by the Company or its authorized agent from the **Named Insured** or legal representative of **Named Insured** within sixty (60) days after the effective date of such cancellation or nonrenewal.

4. At the commencement of any Extended Reporting Period option, the entire premium therefore shall be deemed earned and the Company shall not be liable to return to the **Named Insured** any portion of the premium for the Extended Reporting Period. The cost of any Extended Reporting Period option is based on the rates and rules in effect at the time the policy was issued or last renewed.

The fact that the period during which a **Claim** must be first made against the **Named Insured** under this policy is extended by virtue of any Extended Reporting Period option shall not in any way increase the limit of this policy. The limit of liability under any Extended Reporting Period option shall be part of, and not in addition to, the limit of liability available under the last policy or renewal certificate issued to the **Named Insured**.

5. An automatic sixty (60) day **Extended Reporting Period Option**, effective at the termination of the policy period, will be provided by the Company at no additional cost unless this insurance is replaced with the same or similar insurance issued by the Company, whether or not the limits or deductibles are identical to those provided under this policy. This extended reporting period option shall only apply to **Claims** made during the policy period and reported to the Company within sixty (60) days of the policy termination. The limits available under this extension shall be part of, and not in addition to, the limits available under the expiring policy period. Coverage provided by this automatic extended reporting period shall be **Specific Excess** over any replacement policy providing the same or similar coverage. This Extended Reporting Period option shall not be available if the policy is cancelled for non-payment of premium effective at policy inception.

Any provision in the policy which conflicts with this extension is amended accordingly.

- P. **Reimbursement:** While the Company has no duty to do so, if the Company pays **Damages** or **Claims Expenses**:
- 1. Within the amount of the applicable deductible; or
 - 2. In excess of the applicable limit of liability

all **Insureds** shall be jointly and severally liable to the Company for such amounts. Upon written demand, the **Insured** shall repay such amounts to the Company with thirty (30) days thereof. Failure to pay any amount indicated may lead to policy cancellation.

Q. **Liberalization Clause:**

If the Company adopts any revision that would broaden the coverage under the policy without additional premium at any time during the **Policy Period**, the broadened coverage will immediately apply to this policy.