

**LawyerCare[®] Professional Liability Policy
For Lawyers and Law Firms
Claims-Made Form
New York**

NOTICE: THIS IS A CLAIMS MADE POLICY. SUBJECT TO ALL ITS TERMS AND CONDITIONS, THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD.

THIS POLICY PROVIDES COVERAGE ONLY FOR CLAIMS AGAINST THE INSURED (1) INVOLVING ACTS, ERRORS, OR OMISSIONS THAT FIRST OCCURRED ON OR AFTER THE RETROACTIVE DATE AND (2) ABOUT WHICH, PRIOR TO THE EFFECTIVE DATE OF THIS POLICY, NO INSURED KNEW OR SHOULD HAVE KNOWN OF FACTS THAT REASONABLY COULD HAVE BEEN EXPECTED TO RESULT IN A CLAIM.

COVERAGE UNDER THIS POLICY OR ANY SUBSEQUENT RENEWAL OF THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR AN EXTENDED REPORTING PERIOD, SUBJECT TO THE POLICY TERMS AND CONDITIONS. THIS POLICY INCLUDES A SIXTY (60) DAY LIMITED AUTOMATIC REPORTING PERIOD, BEGINNING AT THE TERMINATION OF THE POLICY PERIOD, SUBJECT TO THE POLICY TERMS AND CONDITIONS. UPON TERMINATION OF THIS CLAIMS MADE POLICY, ALL COVERAGE UNDER THE POLICY CEASES, EXCEPT FOR THE LIMITED AUTOMATIC REPORTING PERIOD, UNLESS AN EXTENDED REPORTING PERIOD ENDORSEMENT IS IN EFFECT.

THIS POLICY PROVIDES THE NAMED INSURED OR INDIVIDUAL INSURED THE OPTION TO PURCHASE AN EXTENDED REPORTING PERIOD ENDORSEMENT AS STATED IN SECTION 6.2 OF THE POLICY, FOR AN UNLIMITED DURATION OR FOR A ONE (1), TWO (2), THREE (3), FOUR (4) OR FIVE (5) YEAR PERIOD. PLEASE NOTE: FAILURE TO OBTAIN AN EXTENDED REPORTING PERIOD ENDORSEMENT CAN CREATE A GAP IN COVERAGE IF THE NAMED INSURED OR INDIVIDUAL INSURED DOES NOT PURCHASE REPLACEMENT COVERAGE, OR PURCHASES COVERAGE WITH A LATER RETROACTIVE DATE THAN THE APPLICABLE RETROACTIVE DATE OF THIS POLICY. A GAP ALSO MAY OCCUR IF THE EXTENDED REPORTING PERIOD ENDORSEMENT IS NOT IN PLACE FOR AN UNLIMITED DURATION.

CLAIMS MADE RATING: THIS POLICY IS RATED USING A "STEP RATING" PROCESS. THE POLICY WILL MATURE OVER A PERIOD OF YEARS OF CONTINUOUS COVERAGE, AND THE INSURED CAN EXPECT SUBSTANTIAL ANNUAL INCREASES, INDEPENDENT OF OVERALL RATE LEVEL INCREASES, UNTIL THE POLICY IS MATURE, AT WHICH TIME THE STEP RATING WILL END.

NOTICE: UNLESS OTHERWISE STATED IN AN ATTACHED ENDORSEMENT, IF THE EACH CLAIM LIMIT IN ITEM 4 OF THE DECLARATIONS OF THIS POLICY IS \$500,000 OR MORE, CLAIM EXPENSES WILL BE APPLIED TOWARD THE DEDUCTIBLE IN ITEM 5 OF THE DECLARATIONS, NOT TO EXCEED 50% OF THE EACH CLAIM LIMIT OF THE DEDUCTIBLE. CLAIM EXPENSES IN EXCESS OF 50% OF THE EACH CLAIM LIMIT OF THE DEDUCTIBLE WILL BE APPLIED AGAINST THE EACH CLAIM LIMIT IN ITEM 4 OF THE DECLARATIONS, NOT TO EXCEED 50% OF THE EACH CLAIM LIMIT. REGARDLESS OF THE AMOUNT OF CLAIM EXPENSES INCURRED, THE PORTION OF THE LIMIT OF LIABILITY AVAILABLE TO PAY CLAIMS SHALL NOT BE REDUCED TO AN AMOUNT LESS THAN FIFTY PERCENT (50%) OF THE AGGREGATE LIMIT OF LIABILITY OF THE POLICY. THE COMPANY IS NOT OBLIGATED TO PAY ANY FURTHER CLAIM EXPENSES OR DAMAGES ONCE THE COMPANY HAS PAID THE LIMIT OF LIABILITY.

SECTION 1. DEFINITIONS

Claim means a demand or suit for **damages** received by the **Insured**, including any arbitration proceedings to which the **Insured** is required to submit or to which the **Insured** has submitted with the **Company's** consent.

Claim expense(s) means all expenses incurred by or with the written consent of the **Company** in the investigation, adjustment, defense, or appeal of a **claim**, including but not limited to fees charged by a lawyer, mediator, or arbitrator; costs taxed against an **Insured** for a **claim** covered by this **policy**; and commercially reasonable premiums on appeal bonds, the principal amount of which shall not exceed the applicable limit of liability (but the **Company** shall have no obligation to apply for, guarantee, or furnish such bonds). **Claim expenses** do not include salaries and benefits of employees or officials of the **Company**, or supervisory counsel retained by the **Company**, nor the cost of providing a defense for grievance hearings or disciplinary proceedings of any kind. Interest on that part of any covered judgment that does not exceed the applicable limit of liability is excluded from this definition and will be paid in addition to the applicable limit of liability.

Company means the insurance company shown in the Declarations and its successors or assigns.

Continuous coverage effective date means the effective date of the earliest **policy** issued by the **Company** to the **Insured** that is followed by a continuous and unbroken period in which the **Company** provided professional liability insurance coverage to the **Insured**.

Damages means monetary judgments, awards, or settlements, but does not include (a) the return or restitution of legal fees, costs, and expenses charged by the **Insured**; (b) any client funds allegedly misappropriated, whether by an **Insured** or any other person, and whether intentionally or not, or interest thereon; or (c) fines, sanctions, penalties, punitive damages, exemplary damages, or any award resulting from the multiplication of compensatory damages, imposed against any **Insured**, any client of an **Insured**, or any other person or entity.

Employment practices means those practices of any **Insured** alleged to have involved discrimination, harassment, wrongful termination, wrongful failure to hire or promote, or any other violation of federal or state employment laws.

Formal mediation means the voluntary process by which a qualified professional mediator, chosen by parties to a **claim** with consent of the **Company**, meets with and intercedes between the parties in an attempt to resolve the **claim**. **Formal mediation** does not include litigation, facilitation, arbitration, or any court-mandated or court-imposed mediation.

Insured means (1) the **Named Insured**; or (2) any **Predecessor Firm**; or (3) any lawyer who is a partner, limited liability partner, limited liability company member, officer, director, stockholder, employee, or independent contractor of the **Named Insured**, solely while acting in a professional capacity on behalf of the **Named Insured** or any **Predecessor Firm**; or (4) any lawyer who was a partner, limited liability partner, limited liability company member, officer, director, stockholder, employee, or independent contractor of the **Named Insured** or any **Predecessor Firm**, solely while acting in a professional capacity on behalf of the **Named Insured** or any **Predecessor Firm**; or (5) any non-lawyer who was or is an employee of the **Named Insured** or any **Predecessor Firm**, solely while acting within the scope of their employment on behalf of the **Named Insured** or any **Predecessor Firm**; or (6) any past or present "of counsel" lawyer, solely while acting in a professional capacity on behalf of the **Named Insured** or any **Predecessor Firm**; or (7) the heirs, assigns, and legal representatives of an **Insured** in the event of the **Insured's** death, incapacity, or bankruptcy, to the extent that the **Insured** would have been covered.

Investment advice means giving advice regarding the value of an investment; or recommending investment in, purchase of, or sale of a particular investment; or managing any investment; or buying or selling any investment for another; or acting as a broker for a borrower or lender; or performing economic analysis of any investment; or inducing others to make a particular investment; or giving advice where the compensation for such advice is contingent upon the performance of a particular investment.

Named Insured means the firm or individual lawyer shown in Item 1 of the Declarations and any **Predecessor Firm**.

Personal injury means false arrest, detention, or imprisonment; or wrongful entry, eviction, or other invasion of private occupancy; or malicious prosecution; or the publication or utterance of libel, slander, or other defamatory or disparaging

material; or a publication in violation of a person's right of privacy; and involving the rendering of or failure to render **professional services** by an **Insured**.

Policy means this policy form, the Declarations, and any endorsement to this policy issued by the **Company**.

Policy period means the period from the effective date of this **policy** to the expiration date or earlier termination date of this **policy**.

Predecessor Firm means the legal entity or sole proprietorship that was engaged in the practice of law to whose financial assets and liabilities the **Named Insured** is the majority successor in interest.

Professional services means services rendered by an **Insured** as a provider of legal services in a lawyer-client relationship. **Professional services** shall also include activities of an **Insured** as a mediator, arbitrator, title insurance agent, notary public, administrator, conservator, receiver, executor, guardian, or trustee, or in any similar fiduciary capacity, or as a member of a formal accreditation, ethics, peer review, licensing, standards review, bar association, or similar professional board or committee, or as an author, publisher, or presenter of legal research.

Retroactive Date means the date shown in Item 3 of the Declarations or in any endorsement attached hereto.

Termination of coverage means, whether made by the **Company** or the **Named Insured** at any time, (1) cancellation or nonrenewal of this **policy**; or (2) a decrease in limits, reduction of coverage, increase in Deductible, new exclusion, or other renewal terms and conditions less favorable to the **Insured**.

SECTION 2. COVERAGE

2.1. WHAT THIS POLICY INSURES

2.1.1. The **Company** will pay on behalf of the **Insured** all sums up to the Limit of Liability shown in Item 4 of the Declarations and in excess of the Deductible amount shown in Item 5 of the Declarations that the **Insured** shall become legally obligated to pay as **damages** because of any **claim** or **claims**, including **claim(s)** for **personal injury**, first made against the **Insured** during the **policy period** or an extended reporting period, involving any act, error, or omission in rendering or failing to render **professional services** by the **Insured** or by any person for whose acts, errors, or omissions the **Insured** is legally responsible, provided that the act, error, or omission first occurred on or after the **Retroactive Date** and that no **Insured** knew or should have known of facts that reasonably could have been expected to result in a **claim** prior to the effective date of this **policy**.

2.1.2. An act, error, or omission that is continuing in nature shall be deemed to have occurred only on the date on which that act, error, or omission or series of related acts, errors, or omissions began and not on any subsequent date. Related acts, errors, or omissions shall be deemed to have occurred on the date that the earliest of such acts, errors, or omissions began.

2.1.3. After an **Insured** has ceased to be affiliated with the **Named Insured**, that **Insured** shall continue to be covered by this **policy** as set forth in Section 2.1.1, solely for acts and omissions committed in a professional capacity on behalf of the **Named Insured** or any **Predecessor Firm**.

2.1.4. The **Named Insured** shall reimburse the **Company** within thirty (30) days after written demand for any Deductible amount paid by the **Company** on behalf of an **Insured**. The **Named Insured** agrees to pay all costs, including attorneys' fees and court costs, incurred by the **Company** in collecting any reimbursement.

2.2. WHEN A CLAIM IS FIRST MADE

A **claim** is first made against the **Insured** at the earlier of the following:

- a) when the **Insured** first receives written notice that a **claim** has been made; or

- b) when the **Insured** first receives information of specific circumstances involving a particular person or entity that could reasonably be expected to result in a **claim** (however, this paragraph does not apply during the Limited Automatic Reporting Period provided in Section 6.1).

All **claims**, including **claims** for **personal injury**, involving a single act, error, or omission or a series of related acts, errors, or omissions shall be deemed to be one **claim** and to be first made when the first of such **claims** is made.

2.3. TERRITORY

This **policy** applies, subject to the terms and conditions herein, to acts, errors, or omissions occurring anywhere in the world, provided that the **claim** is made and the suit is brought within the United States of America, its territories, Puerto Rico, or Canada.

2.4. PRIOR ACTS COVERAGE FOR INDIVIDUAL LAWYERS

If the **Retroactive Date** shown for any individual lawyer in the Schedule of Lawyers Endorsement precedes the date on which the lawyer became a partner, limited liability partner, limited liability company member, officer, director, stockholder, or employee of the **Named Insured** or any **Predecessor Firm**, the individual lawyer is an **Insured** for (1) **claims** resulting from the rendering of, or failure to render, **professional services** on behalf of the **Named Insured** or any **Predecessor Firm** and (2) **claims** resulting from the rendering of, or failure to render, **professional services** on or after the individual lawyer's **Retroactive Date** and prior to the date that he or she joined the **Named Insured** or any **Predecessor Firm**.

SECTION 3. DEFENSE AND SETTLEMENT

3.1. DUTY OF DEFENSE

The **Company** has the right to investigate and settle **claims**, and the **Company** will defend, subject to the Limit of Liability shown in Item 4 of the Declarations and as explained in Section 5, any suit or arbitration seeking **damages** against the **Insured** to which this **policy** applies, even if any of the allegations of the **claim** are groundless, false, or fraudulent. Once the **Company** has paid the Limit of Liability:

- a) the **Company** will not be obligated to pay any further **damages** or expense, or to undertake or continue the defense or investigation of any **claim** or suit;
- b) the **Company** will notify the **Named Insured**, in writing, as soon as practicable, that such Limit of Liability has been exhausted and that the **Company's** duty to defend any **claim** subject to that Limit of Liability also has ended;
- c) the **Company** will initiate and cooperate in the transfer of control, to any appropriate **Insured**, of all **claims** that are subject to the Limit of Liability and that are reported to the **Company** before the Limit of Liability is exhausted. The **Insured** must cooperate in the transfer of control of such **claims**;
- d) the **Company** will take the steps it deems appropriate to avoid default in, or to continue the defense of, such **claims** until such transfer is completed, provided that the appropriate **Insured** is cooperating in completing such transfer;
- e) the **Company** will take no action whatsoever with respect to any **claim** that is reported to the **Company** after the applicable Limit of Liability has been exhausted; and
- f) the **Named Insured** will reimburse the **Company** for expenses incurred in taking steps the **Company** deems appropriate in accordance with subsection c) above.

3.2. CONSENT TO SETTLE

The **Company** will not settle a **claim** without the consent of the **Named Insured**, unless:

- a) the **Named Insured** cannot be located and contacted after reasonable efforts are made by the **Company**; or
- b) the settlement is made after a verdict or judgment has been rendered against an **Insured**.

The **Named Insured** agrees not to unreasonably withhold such consent.

3.3. REPRESENTATION

The **Company** has the right to select defense counsel in any **claim** defended under the **policy**. The **Named Insured** may request representation by a lawyer or law firm on the **Company's** list of approved lawyers, and such request, if reasonable, will be honored by the **Company**.

SECTION 4. EXCLUSIONS

This **policy** does not apply to:

- a) any **claim** involving willful wrongdoing or any dishonest, criminal, malicious, or fraudulent act, error, or omission by any **Insured**; provided, however, that:
 - (i) the **Company** will defend any **claim** alleging liability excluded by this paragraph until such time as the **Insured** is adjudged to be liable to pay because of such conduct or is adjudged to have committed, or pleads guilty to, an act, error, or omission described in this paragraph;
 - (ii) the **Company** will not indemnify an **Insured** for any **damages** the **Insured** is adjudged to be liable to pay because of such conduct;
 - (iii) criminal proceedings are not covered under this **policy** regardless of the allegations made against any **Insured**; and
 - (iv) this exclusion will not apply to any **Insured** who did not participate in, acquiesce in, or fail to take appropriate action after having knowledge of such acts, errors, or omissions, provided that such **Insured** complied with all **policy** provisions;
- b) any **claim** made by or against any entity not named in the Declarations in which any **Insured** is a ten percent (10%) or more owner, partner, member, principal, or stockholder; or in which any **Insured** is an employee; or that is directly or indirectly controlled, operated, or managed by any **Insured**;
- c) any **claim** made against any **Insured** involving any **Insured's** activities as an owner, partner, officer, director, member, principal, stockholder, employee, or independent contractor of an entity (other than a prior law firm) not named in the Declarations;
- d) any **claim** involving any **Insured's** activities as a public official or employee of a governmental body, subdivision, or agency, except that this exclusion does not apply to any **Insured** who rendered **professional services** to a governmental body, subdivision, or agency solely in the capacity of retained outside counsel;
- e) any **claim** involving any **Insured's** activities and/or capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, its amendments, and any regulation or order issued pursuant thereto, except if an **Insured** is deemed to be a fiduciary solely because of legal advice that was or should have been rendered with respect to an employee benefit plan;
- f) any **claim** involving a public offering or sale, registration, or qualification of securities under any federal, state, or local law, rule, or regulation, including, without limitation, the Securities Act of 1933, as amended, the Securities Act of 1934, as amended, and any and all rules and regulations promulgated under any or all of the foregoing laws;
- g) any **claim** of any type whatsoever based upon the **employment practices** of any **Insured**;
- h) any **claim** for bodily injury, physical injury, sickness, disease, mental or emotional distress, or death of any person, or injury to or destruction of any tangible property or loss of use resulting therefrom;

- i) any **claim** involving the rendering of or failure to render **investment advice**;
- j) any **claim** involving sexual contact or conduct or the threat of sexual contact or conduct by any **Insured**;
- k) any **claim** made against, or loss sustained by, any **Insured** as a beneficiary or distributee of any trust or estate;
- l) any **claim** made by any **Insured** against another **Insured** that does not involve **professional services** that were or should have been rendered by such other **Insured** to the first **Insured** in a lawyer-client relationship existing between them;
- m) any **claim** involving the liability of another person or entity that any **Insured** assumes through a written or oral agreement, provided that this exclusion shall not apply to any liability that would be imposed on the **Insured** by law in the absence of the written or oral agreement;
- n) any **claim** involving any **Insured's** activities as a Certified Public Accountant, Insurance Broker or Agent, or Real Estate Broker or Agent;
- o) any **claim** for fines, sanctions, penalties, punitive damages, exemplary damages, or any award resulting from the multiplication of compensatory damages imposed against any **Insured**, any client of an **Insured**, or any other person or entity;
- p) any **claim** involving a certificate or acknowledgement of signature notarized by any **Insured** without the physical appearance or proof of identity of the signatory;
- q) any **claim** involving discrimination by any **Insured** on the basis of race, creed, age, sex, marital status, national origin, height, weight, disability, sexual preference, or any other discrimination prohibited by law;
- r) any **claim** involving any act, error, or omission in rendering or failing to render **professional services** during any time the **Insured's** license to practice his or her profession has been suspended, revoked, or voluntarily surrendered;
- s) any **claim**, disciplinary action, or other legal action involving any circumstance, act, error, or omission (1) disclosed in the information and representations made by the **Insured** in connection with the application submitted to the **Company** prior to the **continuous coverage effective date**; (2) reported to another insurance carrier prior to the **continuous coverage effective date**; or (3) that occurred prior to the **continuous coverage effective date**, if on that date, the **Insured** knew or believed, or had reason to know or believe, that the circumstance, act, error, or omission might reasonably be expected to result in a **claim**, disciplinary action, or other legal action against the **Insured**; and
- t) any **claim** or other request involving or relating to any conversion, improper commingling, or misappropriation, whether by an **Insured** or any other person, and whether intentionally or not, of client funds or trust account funds or funds of any other person held by any **Insured** in any capacity.

SECTION 5. LIMIT OF LIABILITY

5.1. LIMIT OF LIABILITY - EACH CLAIM

5.1.1. Except as provided in the following paragraph, the Each Claim limit in Item 4 of the Declarations is the most the **Company** will pay for the sum of all **damages** and **claim expenses** involving a single act, error, or omission or a series of related acts, errors, or omissions, regardless of the number of **claims** made, the number of **Insureds** involved in the **claim(s)**, or the number of persons or entities making the **claim(s)**. **Claim expenses** charged against the Each Claim limit will not exceed fifty percent (50%) of the Each Claim limit. Except for the offset against the Deductible as set forth in Section 5.4, any **claim expenses** in excess of fifty percent (50%) of the Each Claim limit will be paid by the **Company**.

If the Each Claim limit in Item 4 of the Declarations is less than \$500,000, **claim expenses** will not reduce the Limit of Liability applicable to a **claim**.

5.1.2. The **Company** shall have the right to allocate **damages** or **claim expenses** among claimants, **Insureds**, and **policies** as the **Company** deems expedient.

5.2. LIMIT OF LIABILITY - AGGREGATE

The Aggregate limit in Item 4 of the Declarations is the most the **Company** will pay for the sum of **damages** and **claim expenses** for all **claims** first made during the **policy period** or an extended reporting period, subject to the following:

- a) **Claim expenses** shall not reduce the Aggregate limit on any **policy** issued with an Each Claim limit of less than \$500,000 stated in Item 4 of the Declarations.
- b) For any **policy** issued with an Each Claim limit of \$500,000 or greater stated in Item 4 of the Declarations:
 - (i) **claim expenses** shall not reduce the portion of the limit of liability that remains available to pay **claims** until **claim expenses** are first applied toward the Deductible amounts shown in Item 5 of the Declarations that remain, if any, not to exceed fifty percent (50%) of the Each Claim limit of the Deductible;
 - (ii) the portion of the limit of liability available to pay **claim expenses** shall not exceed fifty percent (50%) of the Each Claim limit of the **policy**;
 - (iii) except for the offset against the Deductible, any **claim expenses** in excess of fifty percent (50%) of the Each Claim limit of the **policy** will be paid by the **Company**; and
 - (iv) regardless of the amount of **claim expenses** incurred, the portion of the limit of liability available to pay **claims** shall not be reduced to an amount less than fifty percent (50%) of the Aggregate limit of the **policy**.

5.3. CLAIM EXPENSE

Subject to the restrictions in Section 5.1.1, **claim expenses** shall be subtracted from the Limit of Liability shown in Item 4 of the Declarations, with the remaining limit, if any, being the amount available to pay for **damages**. The **Named Insured** has the right, upon written request to the **Company**, to an accounting of **claim expenses** actually expended.

5.4. DEDUCTIBLE

The Deductible amounts shown in Item 5 of the Declarations apply to each **claim** and in the Aggregate for the **policy period** and are in excess of the Limit of Liability shown in Item 4 of the Declarations.

Except as provided in the following paragraph, the Each Claim Deductible applies to the sum of all **damages** and **claim expenses**, but to **claim expenses** only in an amount up to 50 percent (50%) of the applicable Each Claim Deductible. Except for the offset against the Each Claim limit established in Section 5.1.1, any **claim expenses** in excess of fifty percent (50%) of the Deductible will be paid by the **Company**. The Aggregate Deductible amount is the most the **Named Insured** shall pay for the sum of all **damages** and **claims expenses** for all **claims** first made during the **policy period** or an extended reporting period.

If the Each Claim limit in Item 4 of the Declarations is less than \$500,000, the Each Claim and Aggregate Deductibles shall apply only to **damages**, not to **claim expenses**.

The **Named Insured** shall reimburse the **Company** within thirty (30) days after written demand for any Deductible amount paid by the **Company** on behalf of an **Insured**. The **Named Insured** agrees to pay all costs, including attorneys' fees and court costs, incurred by the **Company** in collecting any reimbursement.

5.5. MEDIATION

If any **claim** covered under this **policy** is resolved through the use of **formal mediation** within six months from the date it is first reported to the **Company** or within ninety (90) days after suit is filed, the Deductible amount the **Named Insured** is obligated to pay will be reduced by fifty percent (50%), or by \$12,500, whichever is less.

5.6. ATTORNEY DISCIPLINE DEFENSE

5.6.1. The **Company** shall pay up to \$15,000 for the reasonable fees of an attorney assigned by the **Company**, or with the **Company's** written consent, to defend an **Insured** in an investigation or action by a bar association, disciplinary board, or other similar entity, which may restrict or rescind the **Insured's** ability to practice as a lawyer, provided that such investigation or action

- a) is first made against an **Insured** during the **policy period**;
- b) involves acts, errors, or omissions that first occurred on or after the **Retroactive Date**;
- c) results from **professional services** that were or should have been rendered by such **Insured**; and
- d) does not involve acts, errors, or omissions for which coverage for **claims** would be excluded by Section 4.

5.6.2. The **Company** will not pay more than an aggregate total of \$30,000 per **policy period** under Section 5.6.1 regardless of the number of such investigations or actions or the number of **Insureds** subject to such investigations or actions. The **Company** reserves the right in its sole discretion to determine the priority of payment under this section. Any payments made by the **Company** under Section 5.6.1 shall be in addition to the Limit of Liability shown in Item 4 of the Declarations.

5.6.3. In the event an **Insured** receives notice of such investigation or action, the **Insured** must:

- a) as soon as practicable give notice of the investigation or action to the **Company**; and
- b) forward every request, notice, summons, or other communication received by the **Insured** to the **Company**.

5.6.4. All of the terms and conditions of this **policy** shall apply with respect to the Attorney Discipline Defense provided under Section 5.6.1, except that Section 5.6.1 is not subject to any Deductible.

5.7. INSURED'S REIMBURSEMENT ALLOWANCE

In addition to the applicable limit of liability, the **Company** will reimburse the **Insured**, upon written request and provision of reasonable documentation, up to \$500 per day and \$10,000 per **policy period** for the **Insured's** loss of earnings and travel expenses due to the **Insured's** attendance, at the **Company's** request, at a trial, hearing, or arbitration proceeding involving a **claim** against the **Insured**.

5.8. SUBPOENA ASSISTANCE

5.8.1. The **Company** will pay reasonable attorney fees and other expenses up to \$10,000 resulting from a subpoena to an **Insured** for documents or testimony involving **professional services** rendered by the **Insured**, provided that:

- a) if the subpoena arises out of a lawsuit, no **Insured** is a party to the lawsuit;
- b) no **Insured** has been previously engaged to provide advice or testimony as an expert or consultant in connection with the lawsuit, nor has any **Insured** provided such advice or testimony in connection with the lawsuit in the past; and
- c) the subpoena is initiated against the **Insured** during the **policy period** and reported to the **Company** as soon as practicable after receipt by the **Insured**.

5.8.2. The **Company** will not pay more than an aggregate total of \$20,000 per **policy period** under Section 5.8.1 regardless of the number of subpoenas issued or the number of **Insureds** subpoenaed. Any notice the **Insured** gives the **Company** of such subpoena shall be deemed notification to the **Company** under Section 7.1. Such fees and expenses incurred under Section 5.8.1 shall be in addition to the Limit of Liability shown in Item 4 of the Declarations, and are not subject to any Deductible.

SECTION 6. EXTENDED REPORTING PERIOD OPTION

6.1. LIMITED AUTOMATIC REPORTING PERIOD

This **policy** shall include an automatic sixty (60) day Reporting Period, available upon a **termination of coverage**. Upon the effective date of such **termination of coverage**, an **Insured** may report any **claim** if the **Insured** first received written notice of the **claim** during the **policy period** or the Limited Automatic Reporting Period, provided that the **claim** is based upon an act, error, or omission in rendering or failing to render **professional services** that first occurred on or after the **Retroactive Date** and prior to the **termination of coverage**. Paragraph b) of Section 2.2 does not apply during the Limited Automatic Reporting Period. All other terms and conditions of the **policy** apply. Coverage for **claims** first reported during the Limited Automatic Reporting Period is excess over other valid and collectible insurance.

The Limited Automatic Reporting Period does not reinstate or increase the Limit of Liability of the **policy** or change the applicability or amount of the Deductible. The Limit of Liability applicable to **claims** reported to the **Company** during the Limited Automatic Reporting Period shall be the same Limit of Liability that would have been applicable if the **claim** had been reported to the **Company** on the last day of the **policy period**.

6.2. EXTENDED REPORTING PERIOD ENDORSEMENT – NAMED INSURED

The **Named Insured** may purchase an Extended Reporting Period Endorsement upon a **termination of coverage**.

6.2.1. The Extended Reporting Period Endorsement applies only to **claims** otherwise covered by this **policy** that:

- a) involve acts, errors, or omissions that occurred on or after the **Retroactive Date** and prior to the effective date of the **termination of coverage**; and
- b) are first made against any **Insured** as set forth in Section 2.2 on or after the effective date of the **termination of coverage** and prior to the Extended Reporting Period Expiration Date shown in the Extended Reporting Period Endorsement.

6.2.2. Except as provided in the following paragraph, the **Company** will advise the **Named Insured** in writing of the Limited Automatic Reporting Period coverage and the availability of, the premium for, and the importance of purchasing the Extended Reporting Period Endorsement. This notice shall be sent no earlier than the date that notification of **termination of coverage** under the **policy** is given, but no later than thirty (30) days after the effective date of the **termination of coverage**. When the notice is sent to the **Named Insured**, notice will also be sent to the individual **Insured** lawyers listed on the Schedule of Lawyers Endorsement at that time.

If the **policy** is canceled for nonpayment of premium or fraud, the notice in the preceding paragraph is not required, and the **Company** may elect to provide a premium quote for an Extended Reporting Period Endorsement only upon the request of the **Named Insured**. If the **Named Insured** has had less than one (1) year of continuous claims-made coverage with the **Company**, the **Company** is not required to provide a premium quote or to issue an Extended Report Period Endorsement even at the **Named Insured's** request.

6.2.3. The additional premium for the Extended Reporting Period Endorsement is a percentage of the annual premium set forth in Item 6 of the Declarations, and the **Named Insured** may select from the following options: a) 90% for a one-year period; b) 150% for a two-year period; c) 225% for a three-year period; d) 250% for a four-year period; e) 275% for a five-year period; or f) 300% for an unlimited duration. At the effective date of the Extended Reporting Period Endorsement, the premium is deemed fully earned. The **Company** may not cancel the Extended Reporting Period Endorsement except for nonpayment of premium.

6.2.4. An **Insured** may purchase the Extended Reporting Period Endorsement subject to the following conditions:

- a) any premium and Deductible amounts due the **Company** must be paid by the **Named Insured**. When premium is due to the **Company** for claims-made coverage under this **policy**, any monies received by the **Company** as premium for an Extended Reporting Period Endorsement shall be applied first to the premium owing for the **policy**;

- b) the **Insured** must submit written acceptance of the Extended Reporting Period Endorsement to the **Company** within sixty (60) days after the effective date of the **termination of coverage** or within thirty (30) days of the mailing of any notice required by Section 6.2.2, whichever is later and pay the premium when due;
- c) at the **Named Insured's** election, any return premium due to the **Named Insured** on the effective date of the **termination of coverage** will be credited toward the premium for an Extended Reporting Period Endorsement if the **Named Insured** elects such coverage; and
- d) when an Extended Reporting Period Endorsement is purchased, the endorsement replaces the Limited Automatic Reporting Period (Section 6.1).

6.2.5. An Extended Reporting Period Endorsement does not change the applicability or amount of the **policy** Each Claim limit or the Deductible. The Aggregate limit for an Extended Reporting Period Endorsement will be determined as follows:

- a) if the **Named Insured** has been insured by the **Company** on a claims-made basis for at least three (3) consecutive years as of the effective date of the **termination of coverage**, with no gap in coverage, the Aggregate limit applicable to all **claims** made during the Extended Reporting Period will be one hundred percent (100%) of the Aggregate limit shown in Item 4 of the Declarations; or
- b) if the **Named Insured** has been insured by the **Company** on a claims-made basis for less than three (3) consecutive years as of the effective date of the **termination of coverage**, or if there have been gaps in the **Named Insured's** claims-made coverage with the **Company** during the last three (3) years, the Aggregate limit for the Extended Reporting Period Endorsement will be the greater of the following:
 - (i) the amount of coverage remaining, as of the effective date of the **termination of coverage**, on the Aggregate limit in Item 4 of the Declarations; or
 - (ii) fifty percent (50%) of the Aggregate limit in Item 4 of the Declarations.

6.2.6. If the **Named Insured** is a corporation, partnership, or other non-human entity, an individual **Insured** lawyer listed on the Schedule of Lawyers Endorsement may purchase an Extended Reporting Period Endorsement issued in the name of the **Named Insured** for the benefit of all **Insureds** on the following terms:

- a) an Extended Reporting Period Endorsement is available under this section only if:
 - (i) the **Named Insured** has been placed in liquidation or bankruptcy or permanently ceases operations;
 - (ii) the individual **Insured** lawyer is listed on the Schedule of Lawyers Endorsement at the time the event in the preceding paragraph (i) occurs; and
 - (iii) the **Named Insured** or its designated trustee does not purchase an Extended Reporting Period Endorsement; and
- b) the individual **Insured** lawyer must request from the **Company** in writing and pay the premium due for the Extended Reporting Period Endorsement within one hundred twenty (120) days of the effective date of the **termination of coverage**. The premium charged for the Extended Reporting Period Endorsement will be commensurate with such coverage. The **Company** will not be required to provide any notice to individual **Insured** lawyers of the availability of an Extended Reporting Period Endorsement under this section.

6.3. EXTENDED REPORTING PERIOD ENDORSEMENT - NON-PRACTICING INSURED

6.3.1. A Non-Practicing Insured Extended Reporting Period Endorsement providing an unlimited extended reporting period will be issued and the premium and Deductible amounts shown in the Declarations will be waived (other than Deductible amounts the **Insured** becomes obligated to pay prior to the exercise of this provision) if an **Insured** lawyer:

- a) dies;

- b) becomes totally and permanently disabled and unable to engage in **professional services** as a result of accidental bodily injury, physical illness, or disease, and not involving the abuse of intoxicants or controlled substances, as certified by a physician acceptable to the **Company**; or
- c) has been continuously insured with the **Company** for the immediately preceding three (3) years and is no longer engaged in **professional services** for which the **Insured** lawyer receives monetary or other financial compensation, as a result of total and permanent retirement or voluntary cessation of the full-time or part-time practice of law.

6.3.2. The Non-Practicing Insured Extended Reporting Period Endorsement does not extend the **policy period** or change the scope of coverage provided. The Non-Practicing Insured Extended Reporting Period Endorsement does not reinstate or increase the Limit of Liability on the **policy**. The Non-Practicing Insured Extended Reporting Period Endorsement is excess over other valid and collectible insurance.

6.3.3. If a Non-Practicing Insured Extended Reporting Period Endorsement is received as a result of retirement or disability and at a later date the **Insured** resumes rendering **professional services**, for any reason, in any jurisdiction, the **Insured** agrees that on that date coverage under the Non-Practicing Insured Extended Reporting Period Endorsement will terminate.

SECTION 7. CLAIMS

7.1. NOTICE OF CLAIM

In the event of a **claim**, the **Insured** must as soon as practicable give notice to the **Company** of the **claim** or other communication received by the **Insured** or his or her authorized representative. If the **Insured** receives information of specific circumstances involving a particular person or entity that could reasonably be expected to result in a **claim**, the **Insured** shall notify the **Company** as soon as practicable with the available information.

- a) Notice by or on behalf of the **Insured**, or written notice by or on behalf of the injured person or other claimant, to any agent of the **Company** licensed in the State of New York, with particulars sufficient to identify the **Insured**, shall be deemed notice to the **Company**.
- b) Failure to give notice as required above shall not invalidate any **claim** made by the **Insured**, injured person, or any other claimant if it can be shown that it was not reasonably possible to give such notice as required above and that notice was given as soon as reasonably possible thereafter.
- c) Late notice of a **claim** will not invalidate the **claim** unless the late notice has prejudiced the **Company**, provided that the **claim** must be made during the **policy period** or an extended reporting period.
- d) With respect to a **claim** arising out of the death or **personal injury** of any person, if the **Company** disclaims liability or denies coverage based upon the failure to provide timely notice, then the injured person or other claimant may maintain an action directly against the **Company**, in which the sole question is the **Company's** disclaimer or denial based on the failure to provide timely notice, unless within sixty (60) days following such disclaimer or denial, the **Insured** or the **Company**:
 - (i) initiates an action to declare the rights of the parties under the **policy**; and
 - (ii) names the injured person or other claimant as a party to the action.

7.2. ASSISTANCE AND COOPERATION OF THE INSURED

All **Insureds** must cooperate with the **Company** for purposes of investigation and defense. An **Insured's** duty to cooperate includes but is not limited to preparing for and attending meetings, hearings, depositions, and trials and providing documents, testimony, and other evidence. An **Insured** shall not make any payment, admit any liability, waive any rights, settle any **claims**, assume any obligations, or incur any expense relating to **claims** reported under this **policy** without the prior written consent of the **Company**.

7.3. SUBROGATION

The **Company** will be subrogated to any **Insured's** rights of recovery to the extent of any payment under this **policy**. An **Insured** will do whatever is necessary to secure such rights and will do nothing to prejudice these rights. The **Company** will not exercise any such rights to recover from any **Insured** under this **policy**.

SECTION 8. CONDITIONS

8.1. ACTION AGAINST THE COMPANY

8.1.1. No action shall lie against the **Company** unless:

- a) all **Insureds** have complied in full with all of the terms of this **policy**; and
- b) the amount of all **Insureds'** obligations to pay has been fully and finally determined either by judgment against all **Insureds**, including any appeals, or by written agreement of the **Named Insured**, the claimant, and the **Company**.

8.1.2. No person or entity may join the **Company** as a party to any action against any **Insured** to determine any **Insured's** liability under this **policy**. Bankruptcy or insolvency of any **Insured** or any **Insured's** estate will not relieve the **Company** of any of the **Company's** obligations under this **policy**.

8.1.3. If judgment against any **Insured** remains unsatisfied thirty (30) days after the service of notice of entry of judgment upon the **Insured** or the **Insured's** attorney, and the **Company**, an action may be maintained against the **Company** under this **policy** for the amount of the judgment, except during a stay or limited stay of execution against the **Insured** on the judgment. Any such payment made by the **Company** is subject to the **policy** terms and conditions and the then-available Limit of Liability, if any, in Item 4 of the Declarations.

8.2. APPLICATION AND DUTY TO SUPPLEMENT

This **policy** has been issued in reliance upon all information and representations made by the **Insureds** and submitted to the **Company** in connection with the application. By acceptance of this **policy**, the **Named Insured** agrees that:

- a) the statements in the application are personal representations of all **Insureds** for the purposes of inducing the **Company** to issue this **policy**, and the representations were true when made and remained true through such time this **policy** was issued;
- b) this **policy** has been issued in reliance upon the truth of such representations;
- c) this **policy** embodies all of the agreements between the **Named Insured**, the **Company**, and any of the **Company's** agents; and
- d) each **Insured** shall notify the **Company** in writing as soon as practicable of the occurrence of any one or more of the following:
 - (i) the **Insured** receives a reprimand or complaint or undergoes treatment, or is advised by a physician, Bar committee, or other licensing or professional agency to undergo treatment related to alcohol, drug, or other substance abuse;
 - (ii) the **Insured** suffers an illness or physical defect that impairs, or is likely to impair, the **Insured's** ability to practice for a period of thirty (30) days or more;
 - (iii) the **Insured** is convicted of, or pleads guilty or no contest to, any felony; or
 - (iv) the **Insured's** license to practice law is revoked, suspended, surrendered, or limited in any respect.

In the event of any such occurrence, the **Company** reserves the right to evaluate the risk and adjust the premium, re-underwrite the **policy**, or decline to continue insuring the risk where allowed by New York Insurance Law.

8.3. CHANGES

The terms of this **policy** shall not be changed, except by written endorsement issued and duly signed by the **Company**. Any additions to or deletions from the lawyers listed in the application must be reported to the **Company** within sixty (60) days. In the event of any such changes, the **Company** reserves the right to evaluate the risk and adjust the premium, re-underwrite the **policy**, or decline to continue insuring the risk where allowed by New York Insurance Law.

8.4. OTHER INSURANCE

If any **Insured** has another policy of insurance against a loss covered by this **policy**, the **Company** shall not be liable under this **policy** for a greater proportion of such loss than the applicable Limit of Liability shown in Item 4 of the Declarations bears to the total applicable limits of liability of all valid and collectible insurance against such loss.

8.5. ASSIGNMENT

No **Insured** may assign this **policy** to any other person or entity without the written consent of the **Company**.

8.6. CANCELLATION OR NONRENEWAL

8.6.1. This **policy** may be canceled:

- a) by the **Named Insured** at any time by mailing or delivering to the **Company** advance notice of cancellation, in which case the **Company** shall refund the excess of paid premium or assessment above the pro rata rates for the expired time; or
- b) by the **Company**, if the **policy** has been in effect for sixty (60) days or less and is not a renewal policy, for any valid underwriting reason by mailing to the **Named Insured**, at the **Named Insured's** last known address, and to his agent or broker of record, with postage fully prepaid, twenty (20) days' written notice of cancellation; or
- c) by the **Company**, if the **policy** has been in effect for more than sixty (60) days or is a renewal policy, by mailing to the **Named Insured**, at the **Named Insured's** last known address, and to his agent or broker of record, with postage fully prepaid, fifteen (15) days' written notice of cancellation, but only for one or more of the following reasons:
 - (i) non-payment of premium, in which case the notice of cancellation will inform the **Named Insured** of the amount due;
 - (ii) conviction of a crime arising out of acts increasing the hazard insured against;
 - (iii) discovery of fraud or material misrepresentation in the obtaining of the **policy** or in the presentation of a **claim** thereunder;
 - (iv) after issuance of the **policy** or after the last renewal date, discovery of an act or omission, or a violation of any **policy** condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current **policy period**;
 - (v) material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the **policy**, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the **policy** was issued or last renewed;
 - (vi) a determination by the Superintendent of Financial Services that continuation of the **Company's** present premium volume would jeopardize its solvency or be hazardous to the interests of the **Company's** policyholders, creditors, or the public;
 - (vii) a determination by the Superintendent of Financial Services that the continuation of the **policy** would violate, or would place the **Company** in violation of, any provision of the insurance code; or
 - (viii) revocation or suspension of the **Insured's** license to practice his or her profession.

8.6.2. The minimum earned premium shall be the pro rata premium for the expired time.

8.6.3. If the **Company** decides not to renew this **policy**, the **Company** will mail written notice, including reason for the nonrenewal, to the **Named Insured**, at the **Named Insured's** last known address, and to the broker or agent of record, at least sixty (60) days but not more than one hundred twenty (120) days before the end of the **policy period**.

8.6.4. If the **Company** provides a notice described in Section 8.6.3 and thereafter extends the **policy** for ninety (90) days or less, an additional notice of nonrenewal will not be sent with respect to the extension.

8.7. RENEWAL

8.7.1. Neither the **Company** nor the **Named Insured** has any obligation to renew this **policy**. The **Company** may offer to renew this **policy** at the terms and rates applicable at the expiration date. The **Company** will not amend the **Retroactive Date** during a period of continuous coverage.

8.7.2. If the **Company** elects to renew the **policy** with a change of limits of liability, change in the type of coverage, reduction of coverage, increased Deductible, addition of exclusions, or increased premiums in excess of ten percent (10%) not attributable to value added pursuant to the **policy**, the **Company** will mail notice to the **Named Insured**, at the **Named Insured's** last known address, and to the broker or agent of record, at least sixty (60) days but not more than one hundred twenty (120) days before the end of the **policy period**. The notice will include, to the extent applicable, the reason for conditional renewal, the amount of any premium increase (or, if such amount cannot reasonably be determined at the time notice is provided, a reasonable estimate of the premium increase based upon the information available to the **Company** at the time), and a description of any other proposed changes upon renewal.

8.7.3. If the **Company** provides a notice described in Section 8.7.2 and thereafter extends the **policy** for ninety (90) days or less, an additional notice of conditional renewal will not be sent with respect to the extension.

8.7.4. If the **Company** violates any of the provisions of this subsection by sending the **Named Insured** an incomplete or late conditional notice:

- a) coverage shall remain in effect at the same terms and conditions of this **policy** at the current rates until sixty (60) days after such notice is mailed or delivered, unless the **Named Insured**, during this sixty (60) day period, has replaced the coverage or elects to cancel, in which event such cancellation shall be on a pro rata premium basis; provided, however, that if the **Named Insured** elects to renew on the basis of the conditional renewal notice, then such terms, conditions and rates shall govern upon expiration of such sixty (60) day period unless such notice was provided at least thirty (30) days prior to the effective date of the **termination of coverage**, in which event the terms, conditions, and rates set forth in the conditional renewal notice shall apply as of the renewal date; and
- b) the Aggregate limit shall be increased in proportion to the policy extension, provided, however, that if the **Named Insured** elects to accept the terms, conditions, and rates of conditional renewal, a new annual aggregate limit shall become effective as of the effective date of the renewal policy, subject to regulations promulgated by the Superintendent of Financial Services.

8.8. CONFORMANCE TO STATUTE

Any terms of this **policy** that conflict with the statutes of the state in which this **policy** is issued are hereby amended to conform to such statutes.

8.9. RISK MANAGEMENT CONSULTATION; AUDIT

The **Named Insured** agrees to allow authorized representatives of the **Company** to inspect the **Named Insured's** records for the purpose of risk management consultation and to audit any information requested by the **Company** on the **Named Insured's** application for coverage. This inspection shall occur at reasonable times, as agreed to by the **Named Insured** and the **Company** representative, and shall be performed in a manner that does not breach the **Named Insured's** obligations of client confidentiality. A risk management consultation does not warrant that the **Named Insured's** practice is in compliance with any applicable statutes, rules, regulations, or professional standards, or that the practice is free from exposure to a **claim** relating to the **Named Insured's** professional liability.

8.10. PREMIUM PAYMENT

This **policy** shall not be effective unless the completed application has been received by the **Company** and the **Named Insured** has paid the applicable premium when due.

IN WITNESS WHEREOF, the **Company** has caused this **policy** to be signed by its President and Secretary, but this **policy** shall not be valid unless countersigned on the Declarations by a duly authorized representative of the **Company**, when required by law.

Secretary

President

SPECIMEN