

**THIS IS A CLAIMS MADE AND REPORTED POLICY
WITH CLAIM EXPENSES INCLUDED IN THE LIMIT OF LIABILITY
PLEASE READ THE ENTIRE POLICY CAREFULLY**

EMPLOYED LAWYERS PROFESSIONAL LIABILITY POLICY

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the **Insurer** shown in the Declarations, including the statements made in the **Application**, and subject to all the terms, conditions and limitations of this Policy, the **Employed Lawyer**, the **Company** and the **Insurer** agree:

Section I. Insuring Agreements

- A.** The **Insurer** shall pay on behalf of each **Employed Lawyer** all **Claim Expenses** and **Damages** that the **Employed Lawyer** shall become legally obligated to pay as a result of a **Claim** arising out of the rendering of or failure to render **Professional Legal Services** that is first made against the **Employed Lawyer** during the **Policy Period** and reported to the **Insurer** during the **Policy Period**, except for any **Claim Expenses** or **Damages** that the **Company** actually pays as indemnification.

- B.** The **Insurer** will reimburse the **Company** for **Claim Expenses** and **Damages** that the **Employed Lawyer** shall be legally obligated to pay as a result a **Claim** arising out of the rendering of or failure to render **Professional Legal Services** that is first made against an **Employed Lawyer** during the **Policy Period** and reported to the **Insurer** during the **Policy Period**, but only to the extent the **Company** is required or permitted by law, to the fullest extent possible, to indemnify the **Employed Lawyer**.

- C. The **Insurer** shall have the right and duty to defend any **Claim** arising out of the rendering of or failure to render **Professional Legal Services** that is first made against the **Employed Lawyer** during the **Policy Period** and reported to the **Insurer** during the **Policy Period**, including an appeal thereof, seeking **Damages** to which this insurance applies even if any of the allegations are groundless, false, or fraudulent. The **Insurer** shall have the right to appoint defense counsel and to make any investigation it deems necessary. The **Insurer** shall have the right, with the written consent of the **Employed Lawyer** or the **Company**, to settle any **Claim** covered by the terms of this Policy. If the **Employed Lawyer** or, if applicable, the **Company**, shall refuse to consent to any settlement or compromise recommended by the **Insurer** and acceptable to the claimant and shall elect to contest the **Claim**, then the liability of the **Insurer** under this Policy for **Damages** shall not exceed the amount for which the **Insurer** would have been liable if the **Claim** had been settled or compromised, when and as so recommended. The liability of the **Insurer** for **Claim Expenses** incurred thereafter shall be limited to fifty percent (50%) of the total **Claim Expenses**.

The **Insurer** shall first pay **Damages** and **Claim Expenses** under **Insuring Agreement A.** and thereafter, if applicable, the **Insurer** shall reimburse the **Company** under **Insuring Agreement B.**

Section II. Definitions

- A. “**Application**” shall mean each and every signed application submitted to the **Insurer** for consideration of insurance together with any attachments to such application, other material submitted therewith or incorporated therein, and any other documents submitted in connection with the underwriting of this Policy.
- B. “**Claim**” shall mean a demand received by an **Employed Lawyer** for money or services, including the service of suit or institution of an arbitration proceeding against an **Employed Lawyer**. “**Claim**” shall include a **Disciplinary Proceeding**, a **Securities Claim**, a criminal, civil, regulatory or administrative proceeding, a written request to toll or waive a statute of limitation, an injunctive or declaratory proceeding and an investigative proceeding regarding compliance with Section 307 of the Sarbanes-Oxley Act of 2002 or any rule or regulation thereunder against any **Employed Lawyer**.

- C. **“Claim Expenses”** shall mean:
- (1) reasonable and necessary fees charged by any lawyer designated by the **Insurer** and all other reasonable and necessary fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, if incurred by the **Insurer**. However, **Claim Expenses** do not include salary charges of regular employees or officials of the **Insurer** or fees, costs, expenses, loss of earnings or profit by an **Employed Lawyer**.
 - (2) The **Insurer** will pay the reasonable expenses incurred by the **Employed Lawyer**, including loss of wages, if the **Insurer** requires the **Employed Lawyer** to attend an arbitration proceeding, administrative proceeding or a trial in the defense of a covered **Claim**. The maximum reimbursement for such expenses shall not exceed \$250 per day for each **Employed Lawyer** who attends such proceedings at the request of the **Insurer**. The maximum total liability of the **Insurer** for such payment shall not exceed \$5,000 per **Claim** regardless of the number of **Employed Lawyers** who attend such proceedings at the request of the **Insurer**. Such payments shall not reduce the available Limit of Liability and the Retention amount shall not apply to the payments made by the **Insurer** pursuant to this clause.
- D. **“Company”** shall mean the entity named in Item 1 of the Declarations and any **Subsidiary**.
- E. **“Damages”** shall mean a monetary judgment or settlement, including any such judgment or settlement for **Personal Injury**. **Damages** shall include costs charged against an **Employed Lawyer** in any suit defended by the **Insurer** unless such costs are assessed against the **Employed Lawyer** as a sanction for the delay or misconduct in the litigation process by the **Employed Lawyer**, pre-judgment interest and post-judgment interest assessed before the **Insurer** has paid, offered to pay or deposited in court the part of the judgment that is covered by this Policy and that is within the applicable Limit of Liability and punitive, exemplary or multiple damages, where insurable by law. **Damages** shall not include fines or statutory penalties, sanctions, whether imposed by law or otherwise, any amount awarded in a **Disciplinary Proceeding**, the cost of correcting, performing or re-performing **Professional Legal Services**, the costs and expenses of complying with any injunctive or other form of non-monetary relief, any amount for which the **Employed Lawyer** is not financially liable or that is without legal recourse to the **Employed Lawyer** or matters that may be deemed uninsurable under the law.

- F. **“Disciplinary Proceeding”** shall mean a proceeding alleging violation of any disciplinary rule or other professional misconduct brought before a tribunal of competent jurisdiction that shall make a determination, subject to appeal or other review and/or final and enforceable determination, as to whether such alleged professional misconduct is to be the subject of discipline.
- G. **“Domestic Partner”** shall mean any natural person qualifying as a domestic or civil union partner under the provisions of any applicable, federal, state or local law or the provisions of any formal program established by the **Company**.
- H. **“Employee”** shall mean any past, present or future employee of the **Company**, including any part-time, seasonal and temporary employee of the **Company** acting solely in their capacity as such.
- I. **“Employed Lawyer”** shall mean any attorney at law admitted to the bar in or otherwise licensed to practice law in any of the United States of America or its territories, Canada or any other foreign jurisdiction, but solely while an **Employee** of the **Company**. **Employed Lawyer** shall include such attorney while performing **Moonlighting Services** and *pro bono* services, but solely while a full time, permanent **Employee** of the **Company** performing such services with the written consent of the **Company**. **Employed Lawyer** shall include a licensed attorney under a written agreement with the **Company** to perform legal services for or on behalf of the **Company**. **Employed Lawyer** shall include an **Employee** that supports an **Employed Lawyer** in the performance of legal services but solely while acting under the supervision of and at the direction of an **Employed Lawyer**. **Employed Lawyer** shall also include the estate, heirs, executors, administrators, assigns and legal representatives of each **Employed Lawyer** in the event of the death, incapacity, insolvency or bankruptcy of an **Employed Lawyer** but only to the extent that the **Employed Lawyer** would otherwise be provided coverage under this Policy. **Employed Lawyer** shall not mean a **Secondment Attorney** or any outside law firm and its attorneys that provide legal services for or on behalf of the **Company**.
- J. **“Insurer”** shall mean the **Insurer** stated in Item 8 of the Declarations.
- K. **“Moonlighting Services”** shall mean **Professional Legal Services** that are rendered by an **Employed Lawyer** outside the scope of their employment with the **Company**.

- L. **“Personal Injury”** shall mean:
- (1) False arrest, detention or imprisonment;
 - (2) Malicious prosecution;
 - (3) Libel or slander or other defamatory or disparaging materials;
 - (4) Publication or an utterance in violation of an individual’s right to privacy;
 - (5) Wrongful entry or eviction, or other invasion of the right to private occupancy; and
 - (6) mental anguish, mental injury, shock, humiliation, emotional distress or fright, if arising out of (1) through (5) above.
- M. **“Policy Period”** shall mean the period from the inception date of this Policy to the expiration date of this Policy as set forth in Item 2 of the Declarations, or its earlier termination if applicable. The expiration date of this Policy shall be extended to the next business day if the expiration date otherwise falls on a Saturday, Sunday or legal holiday.
- N. **“Professional Legal Services”** shall mean legal services that are rendered by any **Employed Lawyer** and shall include notarizing, certifying or acknowledging any signature. **Professional Legal Services** shall also include incidental legal advice to co-workers regarding personal matters.
- O. **“Pollutants”** shall mean any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on any list of hazardous substances issued by, the United States Environmental Protection Agency or any state, county, municipality or locality counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants or smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos or asbestos products and any noise.
- P. **“Pollution”** shall mean the actual, alleged or threatened discharge, release, escape or disposal of **Pollutants** into or on real or personal property, water or the atmosphere. **Pollution** also means any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **Pollutants**, or any voluntary decision to do so.
- Q. **“Related Professional Legal Services”** shall mean **Professional Legal Services** that are the same, related or continuous or **Professional Legal Services** that arise from a common nucleus of facts. **Claims** can allege **Related Professional Legal Services** regardless of whether such **Claims** involve the same or different claimants, **Employed Lawyers** or legal causes of action.

- R. **“Secondment Attorney”** shall mean an attorney employed by an outside law firm and temporarily assigned by agreement between such law firm and the **Company** to perform legal services at the direction of the **Company**.
- S. **“Securities Claim”** shall mean a **Claim** made against an **Employed Lawyer** arising from **Professional Legal Services**:
- (1) alleging a violation of any federal, state, or local or foreign regulation, rule or statute regarding securities (including but not limited to the purchase or sale or offer or solicitation of an offer to purchase or sell securities) that is:
- a. brought by any person or entity alleging, arising out of, based upon or attributable to the purchase or sale or offer or solicitation of an offer to purchase or sell any securities of the **Company**;
 - b. brought by a security holder of the **Company** with respect to such security holder’s interest in the securities of the **Company**; or
 - c. brought derivatively on behalf of the **Company** by a security holder of the **Company**.
- (2) **Securities Claim** shall also mean the following in connection with a. or b. above:
- a. a criminal proceeding commenced by indictment, information, notice of charges or similar document; or
 - b. a civil, administrative or regulatory investigation of an **Employed Lawyer** by the Securities and Exchange Commission, Department of Justice or a similar state or foreign government authority, commenced by the service of a subpoena upon such **Employed Lawyer**.

- T.** “**Subsidiary**” shall mean any entity in which the **Company** owns, directly or indirectly, more than fifty percent (50%) of the voting stock;
- (1) on or before the inception date of this Policy;
 - (2) subsequent to the inception date of this Policy by reason of being created or acquired by the **Company** after such date, if the entity’s total assets do not exceed fifteen percent (15%) of the total consolidated assets of the **Company** as of the inception date of this Policy; or
 - (3) subsequent to the inception date of this Policy by reason of being created or acquired by the **Company** other than as described in (2) above. Coverage will be provided from the date such **Subsidiary** is created or acquired, provided that the **Company**, within ninety (90) days of such creation or acquisition, provides the **Insurer** with written notice thereof and agrees to any premium adjustment and/or coverage revision that may be required by the **Insurer**.
- U.** “**Totally and permanently disabled**” shall mean that an **Employed Lawyer** has become so disabled as to be wholly prevented from rendering **Professional Legal Services** provided that such disability:
- (1) has existed continuously for not less than 6 months, and
 - (2) is expected to be continuous and permanent.

“**Totally and permanently disabled**” shall not include any condition that is a result of war or acts of war, whether or not declared, occurred during active service in the armed forces of any country or results from intentionally self-inflicted injuries, attempted suicide, whether or not sane or the abuse or misuse of addictive chemical compounds or alcohol.

Section III. Exclusions

The **Insurer** shall not be liable to make any payments in connection with any **Claim** made against any **Employed Lawyer**:

- A.** alleging, arising out of, based upon or attributable to:
- (1) an **Employed Lawyer** gaining any profit, advantage or remuneration to which they were not legally entitled; provided, however, this exclusion shall only apply when it is finally adjudicated that such conduct occurred;

- (2) the deliberately fraudulent or criminal acts of an **Employed Lawyer**; provided, however, this exclusion shall only apply when it is finally adjudicated that such conduct occurred; or
- (3) **Professional Legal Services** for a trust or estate if the **Employed Lawyer** is or becomes a beneficiary or distributee of such trust or estate.

The liability of an **Employed Lawyer** to which 1, 2 or 3 above may apply shall not be imputed to any other **Employed Lawyer**.

- B. alleging, arising out of, based upon or attributable to any **Professional Legal Services** or **Related Professional Legal Services** or any fact, circumstance or situation that has been the subject of any notice or **Claim** given under any other policy of which this Policy is a renewal or replacement;
- C. alleging, arising out of, based upon or attributable to any pending or prior civil, criminal, administrative or investigative proceeding involving the **Employed Lawyer** as of the effective date of the first Employed Lawyers Professional Liability Policy issued by the **Insurer** to the **Employed Lawyer** or any **Professional Legal Services** or **Related Professional Legal Services** or any fact, circumstance or situation underlying or alleged in such proceedings;
- D. alleging, arising out of, based upon or attributable to **Professional Legal Services** prior to the Retroactive Date stated in Item 6 of the Declarations and any subsequent **Related Professional Legal Services**;
- E. alleging, arising out of, based upon or attributable to **Professional Legal Services** if an **Employed Lawyer**, prior to the effective date of the first Employed Lawyers Professional Liability Policy issued by the **Insurer** to the **Employed Lawyer**, had knowledge of the circumstances that gave rise to the **Claim** and reason to believe that a **Claim** might result;
- F. alleging, arising out of, based upon or attributable to any **Claim** where an **Employed Lawyer** is an **Employee** of a **Subsidiary**, and the **Claim** against the **Employed Lawyer** alleges, arises out of or results from, directly or indirectly, any **Professional Legal Services** occurring prior to the date such entity became a **Subsidiary**, or the **Claim** is based on a **Related Professional Legal Services** that occurred before the date such entity became a **Subsidiary** (whether or not any such **Claim** is made);

- G. alleging, arising out of, based upon or attributable to any **Claim**:
- (1) directly or indirectly, by or on behalf of the **Company**. However, this exclusion shall not apply to **Claim Expenses** incurred in connection with such a **Claim**;
 - (2) derivatively or directly brought by a security holder or member of the **Company** unless that **Claim** is brought and maintained totally independent of and totally without the solicitation, or assistance or active participation of, or intervention of an **Employed Lawyer**, the **Company** or any executive of the **Company**. This exclusion shall not apply to: (1) any **Claim** brought by any past executive of the **Company** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the management board, General Counsel or Risk Manager (or equivalent position) of or consultant for the **Company** for a least four (4) years prior to such **Claim** being first made against the **Employed Lawyer**; or (2) any **Claim** brought by an Executive of the **Company** formed and operating in a foreign jurisdiction against the **Company** or any executive thereof, provided that such **Claim** is brought and maintained outside the United States of America, Canada or any other common law country (including any territories thereof);
- H. alleging, arising out of or resulting from the violation of any of the responsibilities, obligations or duties imposed by the Fair Labor Standards Act (except the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidate Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar federal, state, local or foreign statutory law or common law. It is further understood and agreed that the **Insurer** shall not be liable to make any payment for **Damages** or **Claim Expenses** in connection with a **Claim** made against an **Employed Lawyer** for wages or overtime pay (or amounts representing such wages or overtime pay) for services rendered (as opposed to tort-based back pay or front pay **Damages** for torts other than conversion); improper payroll deductions taken from any employee or purported employee; or failure to provide or enforce legally required meal or rest break periods;

- I. for any **Professional Legal Services** of an **Employed Lawyer** in connection with any pension or welfare plan of the **Employed Lawyer** or of any other entity, including, without limitation, any **Claim** against an **Employed Lawyer** for a violation of the duties, obligations, and responsibilities under the Employee Retirement Income Security Act of 1974, any rules or regulations thereunder or amendments thereto. This exclusion shall not apply to any **Claim** arising out of the **Employed Lawyer** providing **Professional Legal Services** to an ERISA fiduciary;
- J. alleging, arising out of, based upon or attributable to service by an **Employed Lawyer** in the capacity as an officer or director of the **Company**, or as an officer, director, partner, trustee or employee of any corporation, partnership, association, trust or fund, including a pension, welfare, profit sharing, mutual or investment or trust or fund, any other entity, law firm, business enterprise or charitable organization of any kind or nature. This exclusion shall not apply to any **Claim** arising out of the **Employed Lawyer** providing **Professional Legal Services** to such an entity;
- K. alleging, arising out of, based upon or attributable to the alleged certification or acknowledgement by an **Employed Lawyer** in the capacity as a notary public of a signature on a document that the **Employed Lawyer** did not personally witness being placed on the document;
- L. alleging, arising out of, based upon or attributable to the conversion, misappropriation, improper commingling of funds, the return of or restitution, or disgorgement of fees, costs and expenses, or other amounts, or arising out of the rendering or failing to render investment advice;
- M. alleging, arising out of or resulting from, directly or indirectly, any misappropriation of a trade secret;
- N. alleging that the price or consideration paid or proposed to be paid for the acquisition or completion of the acquisition of all or substantially all of the ownership interest in or assets of any entity is inadequate. This exclusion shall not apply to **Claim Expenses**;
- O. alleging, arising out of, based upon or attributable to a breach of contract, warranty or guarantee or liability assumed under any contract or agreement. This exclusion shall not apply to a **Claim** alleging negligent performances of **Professional Legal Services** or liability an **Employed Lawyer** would have in the absence of such contract, agreement warranty or guarantee;

- P. alleging, arising out of, based upon or attributable to **Professional Legal Services** by an **Employed Lawyer** with respect to any entity, other than the **Company**, if the **Employed Lawyer** is an employee of the entity or controls, operates or manages the entity, either individually or in a fiduciary capacity, or if the **Employed Lawyer** and/or members of the immediate family of the **Employed Lawyer** own 10% or more of the issued and outstanding shares, units or other portions of the capital of the entity;
- Q. alleging, arising out of, based upon or attributable to services as a title insurance agent where there is alleged to be a defect in title of which an **Employed Lawyer** had actual knowledge as of the date of issuance of the title insurance policy or any actual or alleged breach of underwriting authority by an **Employed Lawyer**;
- R. alleging, arising out of, based upon or attributable to actual or threatened discharge, dispersal or release of any **Pollutant**; or the creation of an injurious condition involving any **Pollutant**; or the existence of any **Pollutant** on any property; or the cleanup, removal, testing, monitoring, containment, treatment, detoxification or neutralization of any **Pollutant**. This exclusion is effective whether or not the **Pollution** was sudden, accidental, gradual, intended, expected or preventable and whether or not an **Employed Lawyer** caused or contributed to the **Pollution**. This exclusion shall not apply if **Professional Legal Services** were an alleged cause of the **Pollution**;
- S. alleging, arising out of or resulting from, directly or indirectly, any employment practices or any discrimination against any person or entity on any basis, including but not limited to race, creed, color, religion, ethnic background, national origin, age, handicap, disability, sex, sexual orientation or pregnancy; provided, however, this exclusion shall not apply the extent that such employment practices are in reliance upon the **Professional Legal Services** of an **Employed Lawyer**;
- T. alleging, arising out of or resulting from, directly or indirectly, any bodily injury, sickness, disease, or death of any person, or damage to or destruction of any tangible or intangible property, including the loss of use there; or alleging, arising out of or resulting from, directly or indirectly, any emotional distress or mental anguish of any person; provided, however, this exclusion shall not apply to any **Personal Injury**;
- U. alleging, arising out of, based upon or attributable to the radioactive, toxic or explosive properties of nuclear material that includes, but is not limited to, source material, special nuclear material and by product material as those terms are defined in the Atomic Energy Act of 1954 and any amendments thereto and any similar provisions of any federal, state or local statutory, regulatory or common law;

- V. alleging, arising out of, based upon or attributable to the insolvency, conservatorship, receivership, bankruptcy or liquidation of any bank, banking firm, broker, dealer, investment company, investment banker, insurance company, or other entity of a similar nature; or the failure to pay or suspension of payment by any such entity; however, this exclusion shall not apply to **Claim Expenses** incurred in defending such a **Claim**.

Section IV. Limit of Liability

- A. The **Insurer** shall be liable to pay **Damages** and **Claim Expenses** in excess of the applicable Retention amount stated in the Declarations up to the Each Claim Limit of Liability stated in Item 3 of the Declaration.
- B. The liability of the **Insurer** for all **Damages** and **Claim Expenses** arising from any and all **Claims** first made and reported pursuant to **Section VII** of this Policy shall be the amount stated in Item 3 of the Declarations as the Aggregate Limit of Liability which shall be the maximum aggregate Limit of Liability of the **Insurer** for the **Policy Period** and Discovery Period, if applicable, regardless of the time of payment or the number of **Claims**.
- C. **Claim Expenses** shall be part of, and not in addition to, the Limit of Liability stated in Item 3 of the Declarations. Such **Claim Expenses** shall serve to reduce the Limit of Liability.
- D. More than one **Claim** involving the same **Professional Legal Services** or **Related Professional Legal Services** of one or more **Employed Lawyers** shall be considered a single **Claim**, subject to the Each Claim Limit of Liability stated in Item 3 of the Declaration and only one Retention shall be applicable to such single **Claim**. All such **Claims** constituting a single **Claim** shall be deemed to have been made on the earlier of the following date: (1) the earliest date on which any such **Claim** was first made; or (2) the earliest date on which any such **Professional Legal Services** or **Related Professional Legal Services** were reported under this Policy or any other policy providing similar coverage.
- E. If two or more policies issued by the **Insurer** apply to the same **Claim** for which the **Employed Lawyer** is jointly and severally liable, the **Insurer** shall not be liable under this Policy for a greater proportion of such **Damages** and **Claim Expenses** than the liability of the **Insurer** under this Policy bears to the total liability of the **Insurer** under all applicable valid and collectible insurance issued by the **Insurer**. Provided, the **Insurer** shall not be obligated to pay any sum that exceeds the Limit of Liability of the Policy issued by the **Insurer** that has the highest applicable Limit of Liability.

